

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

**TÜRKİYE HALK BANKASI  
ANONİM ŞİRKETİ**

**Consolidated Financial Statements  
As of 31 December 2021  
With Auditors' Report Thereon**  
(Convenience Translation of Consolidated  
Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)

**CONVENIENCE TRANSLATION OF  
INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH)**

**INDEPENDENT AUDITOR'S REPORT**

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

**A) Report on the Audit of the Consolidated Financial Statements**

**1) Qualified Opinion**

We have audited the consolidated financial statements of Türkiye Halk Bankası A.Ş. (“the Bank”) and its consolidated subsidiaries (“the Group”), which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters on the consolidated financial statements described in the basis for the qualified opinion paragraphs, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

**2) Basis for Qualified Opinion**

The Group reclassified the government bonds amounting to TRY 18.965.006 thousand, which were previously classified under financial assets at fair value through other comprehensive income according to the business model prepared in accordance with Turkish Financial Reporting Standard (“TFRS”) 9, into financial assets measured at amortised cost and reversed the marketable securities revaluation fund accumulated under other comprehensive income or loss to be reclassified through profit or loss amounting to TRY 2.229.977 thousand on 23 May 2018. The reclassification constitutes a departure from TFRS 9. The government bonds reclassified into financial assets measured at amortised cost as at 31 December 2021 amounted to TRY 24.842.952 thousand. If such classification were not made, total assets and shareholders’ equity excluding tax effect would be lower by TRY 3.862.373 thousand as at 31 December 2021.

We conducted our audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* (“Code of Ethics”) published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **3) Emphasis of Matter**

As detailed in Section Six Note One, we draw attention to the following:

On October 15, 2019, the US Department of Justice, United States Attorney Southern District of New York indicted the the Parent 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. The proceedings are stayed as the the Parent Bank requests an appeal on the “Foreign Sovereign Immunity Act” (“FSIA”) decision. The Parent Bank is currently at the stage of appealing the decision in the US Supreme 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.

At this stage, the Parent Bank's Management stated that there is no penalty, compensation, sanction or other measure arising from the pending criminal and civil cases against the Parent Bank. There is an uncertainty if any decisions will be made by the US authorities that may adversely affect the financial position of the Parent Bank. No provision has been made in the accompanying unconsolidated financial statements related to these matters. However, the above mentioned matters do not affect the opinion provided by us.

### **4) Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter explained in the Basis for Qualified Opinion section, the issues described below have been identified as key audit matters and are disclosed in our report.

Key Audit Matter	How the matter was addressed in the audit
<p data-bbox="199 264 804 331"><b><i>Impairment of loans in accordance with TFRS 9 “Financial Instruments Standard”</i></b></p> <p data-bbox="199 360 804 629">Impairment of loans is a key area of judgement for the management. The Group has the total loans and receivables amounting to TRY 557.620.219 thousand, which comprise 60% of the Group’s total assets in its consolidated financial statements and the total provision for expected credit loss amounting to TRY 22.685.903 as at 31 December 2021.</p> <p data-bbox="199 667 804 1070">The Group recognizes provisions for impairment in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. Applied accounting policies are explained in detail in the Section 3 Note VIII. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p data-bbox="199 1108 804 1400">The Group exercises significant decisions using judgement, interpretation and assumptions over calculating loan impairments. These judgements, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans. In addition, the impairment of loans and receivables includes estimates and assumptions about the effects of the Covid-19 outbreak.</p> <p data-bbox="199 1438 804 1706">There is a potential risk of impairment losses/provisions provided/will be provided may not meet the requirements of the TFRS 9. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans is considered as a key audit matter.</p> <p data-bbox="199 1744 804 1845">Related explanations relating to the impairment of loans and receivables are presented in Section V Note I.5.</p>	<p data-bbox="826 360 1433 427">As part of our audit work, the following procedures were performed:</p> <p data-bbox="826 465 1433 667">We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p data-bbox="826 705 1433 840">We have read and analysed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.</p> <p data-bbox="826 878 1433 1102">We have performed audit procedures on selected samples of loans and receivables with the objective of identifying whether the loss event had occurred and whether the provision for expected credit loss has been recognized in a timely manner within the framework of the provisions of the relevant regulation.</p> <p data-bbox="826 1140 1433 1588">We have tested relevant inputs and assumptions used by the management considering the effects of the Covid-19 outbreak in each stage of the expected credit loss calculation by considering whether those appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p data-bbox="826 1626 1433 1693">We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p data-bbox="826 1753 1433 1854">We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p>

	<p>Based on our discussions with the Group management, we evaluated whether the key assumptions and other judgements, including the effects of Covid-19, underlying the estimations of impairments were reasonable.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the consolidated financial statements of the Group with respect to loans and receivables and related impairment provisions.</p>
<p><b>Key Audit Matter</b></p>	<p><b>How the matter was addressed in the audit</b></p>
<p><b><i>Valuation of Pension Fund Obligations</i></b></p> <p>Defined benefit pension plan that the Parent Bank provides to its employees is managed by Türkiye Halk Bankası AŞ Emekli Sandığı Vakfı and T.C. Ziraat Bankası ve T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (“Plan”) which were established by the 20th provisional article of the Social Security Law numbered 506 (“Law”).</p> <p>As disclosed in the Section III Note XVII to the consolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation (“SSF”) as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds’ members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation deed.</p> <p>As of 31 December 2021, the Parent Bank’s transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in</p>	<p>Our audit work included the following procedures:</p> <p>We involved external experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates.</p> <p>It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used.</p> <p>In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Bank’s actuary.</p> <p>We have assessed whether there is a significant change in the actuarial assumptions, methods, legal regulations and legislation used in the calculations and whether the assumptions are reasonable. In addition, we have reviewed the sufficiency of disclosures prepared with this regard.</p>

<p>accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.</p> <p>As described in Section Five Note II.9.f considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this a key audit matter.</p>	
<p><b>Key Audit Matter</b></p>	<p><b>How the matter was addressed in the audit</b></p>
<p><b><i>Information Technologies Audit</i></b></p> <p>The Group and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Group and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Group means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> <li>• We identified and tested the Group's controls over information systems as part of our audit procedures.</li> <li>• Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> <li>• Security management</li> <li>• Change management</li> <li>• Operations management</li> </ul> </li> <li>• We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner.</li> </ul>

	<ul style="list-style-type: none"> <li>• We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation.</li> <li>• Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation.</li> <li>• We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.</li> <li>• Finally, we understood and tested the controls over database, network, application and operating system layers of applications.</li> </ul>
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**5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Group Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Reporting Regulations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

**6) Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code (“TCC”), nothing has come to our attention that may cause us to believe that the Bank’s set of accounts for the period 1 January - 31 December 2021 does not comply with TCC and the provisions of the Bank’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor’s report is Mjde Aslan.

### **Additional Paragraph for English Translation**

The effect of the differences between the accounting principles summarized in Section III and the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified and reflected in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the Group’s consolidated financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS.

**DRT BAĐIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MŞAVİRLİK A.Ş.**

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Mjde Aslan  
Partner

Istanbul, 14 February 2022

**TÜRKİYE HALK BANKASI AŞ**  
**THE CONSOLIDATED FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

1. The Bank's Headquarter Address:  
Barbaros Mahallesi Şebboy Sokak No: 4 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](http://www.halkbank.com.tr)  
E-mail Address: [halkbank.ir@halkbank.com.tr](mailto:halkbank.ir@halkbank.com.tr)

The consolidated year ended financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures consists of the sections listed below:

- **Section One** : GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section Two** : CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- **Section Three**: EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE PERIOD
- **Section Four** : INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- **Section Five** :EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** : OTHER EXPLANATIONS
- **Section Seven**: AUDITOR'S REPORT

Subsidiaries and associates which are consolidated within this financial report are as below:

<b>Subsidiaries</b>		<b>Associates</b>	
1.	Halk Yatırım Menkul Değerler AŞ	1.	Demir-Halk Bank N.V.
2.	Halk Gayrimenkul Yatırım Ortaklığı AŞ	2.	Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ
3.	Halk Finansal Kiralama AŞ		
4.	Halk Faktoring AŞ		
5.	Halk Banka A.D., Skopje		
6.	Halkbank A.D. Beograd		
7.	Halk Varlık Kiralama AŞ		

The consolidated financial statements for year ended 31 December 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, 14 February 2022

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 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: Atiye Ece Gülergün / Specialist

Tel : 0216 503 52 48

Fax No : 0212 340 09 90

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**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK**

**I. ESTABLISHMENT DATE OF THE PARENT BANK, INITIAL ARTICLES OF ASSOCIATION, HISTORY OF THE PARENT BANK INCLUDING THE CHANGES OF THESE ARTICLES**

Türkiye Halk Bankası Anonim Şirketi (the “Parent Bank” or “Halkbank”) began its operations in accordance with the law no: 2284 in 1938 and still continues its activities as a public commercial bank.

**II. CAPITAL STRUCTURE OF THE PARENT BANK, SHAREHOLDERS THAT RETAIN DIRECT OR INDIRECT CONTROL AND MANAGEMENT OF THE PARENT BANK SOLELY OR TOGETHER, CHANGES ABOUT THESE ISSUES DURING THE YEAR AND DISCLOSURES ABOUT THE GROUP**

The capital of the Parent Bank is controlled directly by the Türkiye Varlık Fonu.

As of 31 December 2021 the shareholders’ structure and their respective ownerships are summarized as follows:

<b>Shareholders</b>	<b>31 December 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>TRY 1.224.326 of the shares among the total shares of Türkiye Varlık Fonu are traded on the exchange.

<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 (though these shareholders have been dematerialized in their own accounts.)

In accordance with the Law No: 6327 dated 13 June 2012 and 3rd sub-article added to the Article 2 of the Law No: 4603, as per the Turkish Commercial Code, the Public shares will be controlled and represented by the Minister the Parent Bank is reporting to, until the sale procedures of the public shares are completed.

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

**III. EXPLANATIONS REGARDING THE PARENT BANK’S CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS AND THEIR SHARES ATTRIBUTABLE TO THE PARENT BANK, IF ANY**

<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 Monitoring 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 Parent Bank’s capital.

- a) The professionals to the Parent Bank’s top management 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 professionals from the Parent Bank’s top management 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**  
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*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

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

**IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT BANK**

Except for Türkiye Varlık Fonu, no person or institute has any qualified shares attributable to the Parent Bank.

**V. BRIEF INFORMATION ON THE PARENT BANK'S FUNCTIONS AND LINES OF ACTIVITY**

1) General information about the Parent Bank:

Türkiye Halk Bankası Anonim Şirketi began its operations in accordance with the Law No: 2284 in 1938 and still continues its activities as a public commercial bank.

2) Restructuring process of the Parent Bank:

Law numbered 4603 regarding the "Law on Türkiye Cumhuriyeti Ziraat Bankası, Türkiye Halk Bankası Anonim Şirketi and Türkiye Emlak Bankası Anonim Şirketi", was prepared within the framework of the macro-economic program for the period 2000-2002. The purpose of the law is to modernize the operations of the banks to arrive at a point where the requirements of the international norms and international competition can both be reached and it also aims to sell the majority of the banks' shares to individuals or legal entities in the private sector. The Parent Bank revised its charter of establishment, elected a new board of directors and increased its nominal capital from TRY 250.000 to TRY 1.250.000 in the extraordinary general assembly held on 14 April 2001. Within the scope of the restructuring process, the Parent Bank received government bonds in settlement of the accumulated specific duty losses and the Parent Bank's whole specific duty loss receivable was thus eliminated as at 30 April 2001. In addition, a significant number of personnel were encouraged to sign new contracts and transferred to other government institutions.

According to Article 2.2 of Law No: 4603, subsequent to the completion of the restructuring procedures, the procedures involved in sale of the shares of the Parent Bank were to be concluded under the provisions of Law No: 4046 based on the "Regulation of Privatization Applications and Amendment of Some Laws and Decrees with the Force of Law". The procedures relating to restructuring and sale of the shares were going to be completed within three years (until 25 November 2003) as of the effective date of the related law. However, by Law No: 5230 dated 31 July 2004, the term "3 years" in Article 2.2 of Law numbered 4603 was previously amended to "5 years" and subsequently by Law No: 5572 dated 10 January 2007 the related term was amended to "10 years". As a result of these amendments, the privatization period of the Parent Bank was extended. The Council of Ministers has the authority to extend this period by the half of that period for one time only. The Council of Ministers extended the half of that "10 years" period as published in the Official Gazette by the Decree numbered 2010/964 and dated 6 November 2010.

As per the Higher Council of Privatization decision numbered 2006/69 dated 11 August 2006, the public shares were transferred to the Privatization Administration and 99,9% of the Parent Bank shares were decided to be sold before 25 May 2008 using the block sale method. 13th Department of Council of State with its decision numbered 2006/4258 dated 29 November 2006 to cease the execution of the High Council of Privatization's decision numbered 2006/69 dated 11 August 2006. Thereupon, as per the decision of the Higher Council of Privatization numbered 2007/8 dated 5 February 2007, up to 25% of the public shares that were previously transferred to the Privatization Administration, were decided to be privatized by a public offering and it was decided to be concluded by the end of 2007. The first phase of the privatization process of the Bank corresponding to 24,98% was completed in the first week of May 2007 and Halkbank shares were started to trade on Borsa İstanbul AŞ as of 10 May 2007 with the base price of TRY full 8,00. As per the decision of the Higher Council of Privatization numbered 2012/150 dated 4 October 2012; 23,92% of the public shares held by the Privatization Administration were privatized by a second public offering and privatization was completed on 21 November 2012.

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

**V. BRIEF INFORMATION ON THE PARENT BANK’S FUNCTIONS AND LINES OF ACTIVITY (continued)**

2) Restructuring process of the Parent Bank (continued):

Under No: 25539 Law regarding the “Act No: 5230 with regards to the transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası AŞ and amendments to other acts” which came into force as published in the Official Gazette numbered 25539 dated 31 July 2004, Pamukbank (whose shares, management, and control were previously inherited to the Saving Deposit Insurance Fund (“SDIF”)) was transferred to the Halkbank. Insolvent Pamukbank TAŞ was a private sector deposit bank established by Çukurova İthalat ve İhracat TAO, Karamehmetler limited partnership and more than 500 shareholders. Pamukbank started its private banking operations as an incorporation in accordance with the decision of the Council of Ministers numbered 4/4573 dated 5 March 1955. According to the decision of the Banking Regulation and Supervision Agency numbered 742 published in the Official Gazette numbered 24790 dated 19 June 2002 including 3rd and 4th Sub-articles in the Article 14 of the Banking Law No: 4389, the shareholders rights, excluding dividends, management and supervision of Pamukbank were transferred to the Saving Deposit Insurance Fund as of 18 June 2002.

3) The Parent Bank’s service activities and operating areas:

The Parent Bank’s operating areas include, commercial financing and corporate banking, fund management operations, retail banking and credit card operations.

As of 31 December 2021, the Parent Bank operates with a total of 1.023 branches consisting of 1.018 domestic and 5 foreign branches that are 4 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 33 satellite branches. The Parent Bank has also 3 representative office in England, Iran and Singapore. (Singapore Representative activities were terminated on December 31, 2021.)

**VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION**

The Parent Bank and its subsidiaries;

- Halk Yatırım Menkul Değerler AŞ
- Halk Gayrimenkul Yatırım Ortaklığı AŞ
- Halk Finansal Kiralama AŞ
- Halk Faktoring AŞ
- Halk Banka AD Skopje
- Halkbank AD Beograd
- Halk Varlık Kiralama AŞ

are consolidated “line by line” in the accompanying consolidated financial statements.

The Parent Bank’s associates;

- Demir-Halk Bank N.V.
- Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ

are accounted for at “equity method” in the accompanying consolidated financial statements.



**TÜRKİYE HALK BANKASI AŞ**  
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*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

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

**VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION (continued):**

Halk Gayrimenkul Yatırım Ortaklığı AŞ (“Halk GYO”), a subsidiary of the Parent Bank established in 2010, was registered on 18 October 2010. Halk GYO’s main line of business is, to form and improve real estate portfolios and to invest in real estate based capital market instruments. Halk GYO’s main operational objective is to invest in capital market instruments based on real estates, real estate projects and rights based on real estates, as per the Capital Markets Board’s (“CMB”) regulation on investment trusts.

As at 15 February 2013 28% shares of Halk GYO has been offered to public. After collecting potential investors’ book building, Halk GYO’s shares started to be traded on Borsa İstanbul AŞ since 22 February 2013.

Halk Finansal Kiralama AŞ (“Halk Leasing”) was established in September 1991 in Turkey and its main line of business is financial leasing. Halk Leasing operates under the provisions of the Turkish financial leasing law number 6361.

Halk Banka A.D., Skopje, formerly Export and Credit Bank A.D., Skopje is a subsidiary of the Parent Bank as of 8 April 2011, operating in Macedonia. The Bank’s main activities include commercial lending, accepting deposits, and retail banking services in the country and abroad. In addition, the Company has been engaged in insurance activities through Halk Osiguruvanje purchased on 28 January 2019.

Halk Faktoring AŞ’s (“Halk Faktoring”) main line of business is to provide factoring services that include legitimate commercial lending for all domestic and international trade operation.

Halkbank A.D. Beograd is a subsidiary of the Parent Bank as of 28 May 2015. Its main activities include commercial lending, accepting deposits, and retail banking services in the country and abroad.

Halk Yatırım Menkul Değerler AŞ (“Halk Yatırım”), was established in 1997 to carry out capital markets activities, to purchase and sell capital markets instruments, and to execute stock exchange transactions. Halk Yatırım became a subsidiary in early 2006 when Halkbank bought the shares of Turkey Halk Bankası Personnel Provident Fund.

Halk Varlık Kiralama AŞ was established on 3 October 2017 with the purpose of issuing “Lease Certificate” in accordance with the Capital Markets Board Law No. 6362, the CMB Communiqué and the related regulations of the CMB.

For the purposes of the consolidated financial statements, the Parent Bank and its consolidated subsidiaries are referred to as “the Group”.

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

**VII. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE INSTITUTIONS SUBJECT TO LINE-BY-LINE METHOD OR PROPORTIONAL CONSOLIDATION AND INSTITUTIONS WHICH ARE DEDUCTED FROM EQUITY OR NOT INCLUDED IN THESE THREE METHODS**

There is no difference for the Parent 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 Parent Bank's subsidiaries Halk Yatırım Menkul Değerler AŞ, Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Finansal Kiralama AŞ, Halk Banka AD, Skopje and its subsidiary Halk Osiguruvanje AD Skopje, Halk Faktoring AŞ, Halkbank AD Beograd and Halk Varlık Kiralama AŞ are included in the scope of consolidation by line-by-line method.

Demir-Halk Bank NV ("Demir Halk Bank") and Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ which are qualified as investments in associates, are presented in the consolidated financial statements based on equity method of accounting. An associate is a partnership in whose capital the Parent Bank participates and over which it has no significant influence and control, established at home and abroad.

**VIII. THE EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES ON THE TRANSFER OF SHAREHOLDER'S EQUITY BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES OR THE REIMBURSEMENT OF LIABILITIES**

Immediate transfer of the shareholder's equity between the Parent Bank and its subsidiaries is not in question. Dividend distribution from shareholders' equity is done according to related regulations.

There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Parent Bank and its subsidiaries. The Parent Bank charge or pay cost of the services according to the service agreements done between the Parent Bank and its subsidiaries.

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL**  
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*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION II: CONSOLIDATED FINANCIAL STATEMENTS**

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

**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021**

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

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

ASSETS	Note	Audited			Audited		
		Current Period			Prior Period		
		31 December 2021			31 December 2020		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. FINANCIAL ASSETS (NET)</b>		<b>87.010.685</b>	<b>146.698.865</b>	<b>233.709.550</b>	<b>62.791.771</b>	<b>84.132.043</b>	<b>146.923.814</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>19.878.637</b>	<b>110.657.200</b>	<b>130.535.837</b>	<b>8.916.830</b>	<b>59.391.599</b>	<b>68.308.429</b>
1.1.1 Cash and Balances with Central Bank	(1)	19.514.354	106.515.213	126.029.567	8.396.106	56.588.336	64.984.442
1.1.2 Banks	(3)	397.656	4.142.797	4.540.453	287.479	2.803.592	3.091.071
1.1.3 Money Markets		1.001	-	1.001	252.997	-	252.997
1.1.4 Expected Loss Provision (-)		34.374	810	35.184	19.752	329	20.081
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	(2)	<b>25.218.576</b>	<b>29.518</b>	<b>25.248.094</b>	<b>15.704.422</b>	<b>19.241</b>	<b>15.723.663</b>
1.2.1 Government Debt Securities		24.928.717	725	24.929.442	15.529.875	1.349	15.531.224
1.2.2 Equity Instruments		167.148	28.793	195.941	145.757	17.892	163.649
1.2.3 Other Financial Assets		122.711	-	122.711	28.790	-	28.790
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(4)	<b>39.174.606</b>	<b>29.762.118</b>	<b>68.936.724</b>	<b>38.164.766</b>	<b>22.379.674</b>	<b>60.544.440</b>
1.3.1 Government Debt Securities		38.593.800	29.416.308	68.010.108	37.529.538	22.192.136	59.720.674
1.3.2 Equity Instruments		56.023	345.810	401.833	44.745	187.538	232.283
1.3.3 Other Financial Assets		524.783	-	524.783	591.483	-	591.483
<b>1.4 Derivative Financial Assets</b>	(2)(11)	<b>2.738.866</b>	<b>6.250.029</b>	<b>8.988.895</b>	<b>5.753</b>	<b>2.341.529</b>	<b>2.347.282</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		2.738.866	6.250.029	8.988.895	5.753	2.341.529	2.347.282
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST(Net)</b>		<b>460.538.565</b>	<b>213.642.571</b>	<b>674.181.136</b>	<b>401.555.604</b>	<b>129.174.012</b>	<b>530.729.616</b>
<b>2.1 Loans</b>	(5)	<b>389.086.149</b>	<b>168.534.070</b>	<b>557.620.219</b>	<b>353.822.723</b>	<b>103.387.503</b>	<b>457.210.226</b>
<b>2.2 Lease Receivables</b>	(10)	<b>2.337.332</b>	<b>2.566.281</b>	<b>4.903.613</b>	<b>1.882.644</b>	<b>2.339.714</b>	<b>4.222.358</b>
<b>2.3 Factoring Receivables</b>		<b>1.570.484</b>	<b>184.114</b>	<b>1.754.598</b>	<b>1.810.629</b>	<b>44.496</b>	<b>1.855.125</b>
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	(6)	<b>90.130.549</b>	<b>43.048.115</b>	<b>133.178.664</b>	<b>60.843.380</b>	<b>23.961.309</b>	<b>84.804.689</b>
2.4.1 Government Debt Securities		90.080.026	43.048.115	133.128.141	60.792.861	23.961.309	84.754.170
2.4.2 Other Financial Assets		50.523	-	50.523	50.519	-	50.519
<b>2.5 Expected Credit Loss (-)</b>		<b>22.585.949</b>	<b>690.009</b>	<b>23.275.958</b>	<b>16.803.772</b>	<b>559.010</b>	<b>17.362.782</b>
<b>III. DISCONTINUED OPERATIONS (NET)</b>	(16)	<b>2.481</b>	<b>-</b>	<b>2.481</b>	<b>1.441</b>	<b>-</b>	<b>1.441</b>
3.1 Held for Sale		2.481	-	2.481	1.441	-	1.441
3.2 Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>87.462</b>	<b>1.108.396</b>	<b>1.195.858</b>	<b>83.121</b>	<b>681.339</b>	<b>764.460</b>
<b>4.1 Investments in Associates (Net)</b>	(7)	<b>87.462</b>	<b>1.108.396</b>	<b>1.195.858</b>	<b>83.121</b>	<b>681.339</b>	<b>764.460</b>
4.1.1 Associates Valued Based on Equity Method		20.907	1.108.396	1.129.303	16.566	681.339	697.905
4.1.2 Unconsolidated Associates		66.555	-	66.555	66.555	-	66.555
<b>4.2 Subsidiaries (Net)</b>	(8)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non- Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>	(9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>	(12)	<b>10.813.557</b>	<b>859.307</b>	<b>11.672.864</b>	<b>9.775.477</b>	<b>503.411</b>	<b>10.278.888</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(13)	<b>525.246</b>	<b>154.870</b>	<b>680.116</b>	<b>579.463</b>	<b>59.245</b>	<b>638.708</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		525.246	154.870	680.116	579.463	59.245	638.708
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(14)	<b>1.357.537</b>	<b>16.280</b>	<b>1.373.817</b>	<b>1.197.116</b>	<b>10.145</b>	<b>1.207.261</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>2.013</b>	<b>2.013</b>	<b>339.626</b>	<b>2.897</b>	<b>342.523</b>
<b>IX. DEFERRED TAX ASSET</b>	(15)	<b>223.025</b>	<b>8.018</b>	<b>231.043</b>	<b>37.353</b>	<b>4.748</b>	<b>42.101</b>
<b>X. OTHER ASSETS (Net)</b>	(17)	<b>7.768.396</b>	<b>868.944</b>	<b>8.637.340</b>	<b>4.738.592</b>	<b>547.246</b>	<b>5.285.838</b>
<b>TOTAL ASSETS</b>		<b>568.326.954</b>	<b>363.359.264</b>	<b>931.686.218</b>	<b>481.099.564</b>	<b>215.115.086</b>	<b>696.214.650</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021**

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

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

LIABILITIES	Note	Audited			Audited		
		Current Period			Prior Period		
		31 December 2021			31 December 2020		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. DEPOSITS</b>	(1)	259.451.635	387.977.650	647.429.285	261.818.132	206.243.696	468.061.828
<b>II. FUNDS BORROWED</b>	(3)	938.425	16.660.140	17.598.565	706.399	12.548.123	13.254.522
<b>III. MONEY MARKETS</b>		137.390.073	2.644.672	140.034.745	103.487.981	1.114.631	104.602.612
<b>IV. SECURITIES ISSUED (Net)</b>	(4)	8.176.772	-	8.176.772	6.692.145	7.553.277	14.245.422
4.1 Bills		4.890.092	-	4.890.092	3.655.382	-	3.655.382
4.2 Assets Backed Securities		2.579.698	-	2.579.698	1.958.530	-	1.958.530
4.3 Bonds		706.982	-	706.982	1.078.233	7.553.277	8.631.510
<b>V. FUNDS</b>	(5)	138.541	-	138.541	3.617.303	-	3.617.303
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		138.541	-	138.541	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)(8)	18.187	2.452.250	2.470.437	20.113	514.112	534.225
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		18.187	2.452.250	2.470.437	20.113	514.112	534.225
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		771	1.346	2.117	1.002	636	1.638
<b>IX. LEASE LIABILITIES</b>	(7)	867.842	188.993	1.056.835	768.088	125.686	893.774
<b>X. PROVISIONS</b>	(9)	3.437.997	275.837	3.713.834	2.116.831	116.754	2.233.585
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		2.272.800	46.666	2.319.466	1.487.055	16.345	1.503.400
10.3 Insurance for Technical Provision (Net)		-	206.379	206.379	-	93.638	93.638
10.4 Other Provisions		1.165.197	22.792	1.187.989	629.776	6.771	636.547
<b>XI. CURRENT TAX LIABILITY</b>	(10)	948.351	673	949.024	777.424	989	778.413
<b>XII. DEFERRED TAX LIABILITIES</b>	(10)	-	2.152	2.152	331.752	2.152	333.904
<b>XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(12)	6.051.459	15.591.893	21.643.352	6.036.525	8.824.063	14.860.588
14.1 Loans		-	15.591.893	15.591.893	-	8.824.063	8.824.063
14.2 Other Debt Instruments		6.051.459	-	6.051.459	6.036.525	-	6.036.525
<b>XV. OTHER LIABILITIES</b>	(6)	41.711.494	2.747.694	44.459.188	28.274.400	1.743.535	30.017.935
<b>XVI. SHAREHOLDERS' EQUITY</b>	(13)	42.439.742	1.571.629	44.011.371	41.839.276	939.625	42.778.901
16.1 Paid-in Capital		2.473.776	-	2.473.776	2.473.776	-	2.473.776
16.2 Capital Reserves		6.844.632	150.373	6.995.005	6.708.624	82.326	6.790.950
16.2.1 Share Premium		5.815.863	-	5.815.863	5.815.863	-	5.815.863
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.028.769	150.373	1.179.142	892.761	82.326	975.087
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		3.244.094	379	3.244.473	2.998.743	4.280	3.003.023
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(1.817.314)	(278.853)	(2.096.167)	(220.937)	(218.119)	(439.056)
<b>16.5 Profit Reserves</b>		28.006.515	1.361.322	29.367.837	25.276.429	601.525	25.877.954
16.5.1 Legal Reserves		2.657.665	133.811	2.791.476	2.498.334	33.826	2.532.160
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		25.301.669	168.943	25.470.612	22.730.914	104.574	22.835.488
16.5.4 Other Profit Reserves		47.181	1.058.568	1.105.749	47.181	463.125	510.306
<b>16.6 Income or (Loss)</b>		3.419.585	325.178	3.744.763	4.347.012	461.862	4.808.874
16.6.1 Prior Periods' Income or (Loss)		1.689.647	219.145	1.908.792	796.482	327.750	1.124.232
16.6.2 Current Period Income or (Loss)		1.729.938	106.033	1.835.971	3.550.530	134.112	3.684.642
<b>16.7 Minority Shares</b>	(14)	268.454	13.230	281.684	255.629	7.751	263.380
<b>TOTAL LIABILITIES</b>		<b>501.571.289</b>	<b>430.114.929</b>	<b>931.686.218</b>	<b>456.487.371</b>	<b>239.727.279</b>	<b>696.214.650</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF**  
**31 DECEMBER 2021**

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

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

		Audited			Audited		
		Current Period			Prior Period		
		31 December 2021			31 December 2020		
OFF-BALANCE SHEET	Note	TRY	FC	TOTAL	TRY	FC	TOTAL
<b>A. COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>177.033.710</b>	<b>274.567.982</b>	<b>451.601.692</b>	<b>115.245.846</b>	<b>128.240.627</b>	<b>243.486.473</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(1)	<b>81.865.909</b>	<b>113.439.756</b>	<b>195.305.665</b>	<b>55.057.122</b>	<b>61.446.729</b>	<b>116.503.851</b>
1.1 Letters of guarantee		71.263.082	95.656.326	166.919.408	50.051.793	52.484.618	102.536.411
1.1.1 Guarantees subject to public procurement law		4.022.784	9.819.863	13.842.647	2.868.957	6.032.807	8.901.764
1.1.2 Guarantees given for foreign trade operations		188.413	18.996.368	19.184.781	151.890	11.076.113	11.228.003
1.1.3 Other letters of guarantee		67.051.885	66.840.095	133.891.980	47.030.946	35.375.698	82.406.644
1.2 Bank loans		1.079.481	10.501.763	11.581.244	185.902	6.309.693	6.495.595
1.2.1 Import acceptances		-	272.303	272.303	-	161.040	161.040
1.2.2 Other bank acceptances		1.079.481	10.229.460	11.308.941	185.902	6.148.653	6.334.555
1.3 Letters of credit		22.275	7.111.154	7.133.429	55.249	2.554.133	2.609.382
1.3.1 Documentary letters of credit		22.275	7.111.154	7.133.429	55.249	2.554.133	2.609.382
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		9.501.071	170.513	9.671.584	4.764.178	98.285	4.862.463
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>38.457.173</b>	<b>17.199.370</b>	<b>55.656.543</b>	<b>42.401.518</b>	<b>7.565.424</b>	<b>49.966.942</b>
2.1 Irrevocable commitments	(1)	37.152.475	7.892.295	45.044.770	41.793.629	2.726.999	44.520.628
2.1.1 Forward asset purchase commitments		3.206.791	5.837.543	9.044.334	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		5.086.550	1.315.230	6.401.780	3.912.914	808.401	4.721.315
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Payment commitments for reserve deposits		-	-	-	-	-	-
2.1.7 Payment commitments for Cheques	(3)	6.146.359	-	6.146.359	4.472.298	-	4.472.298
2.1.8 Tax and fund liabilities from export commitments		106.220	-	106.220	124.240	-	124.240
2.1.9 Commitments for credit card expenditure limits		17.272.727	192.393	17.465.120	27.941.932	90.210	28.032.142
2.1.10 Commitments for credit cards and banking services promotions		27.584	-	27.584	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		5.306.244	547.129	5.853.373	4.948.441	372.695	5.321.136
2.2 Revocable commitments		1.304.698	9.307.075	10.611.773	607.889	4.838.425	5.446.314
2.2.1 Revocable loan granting commitments		-	4.340.194	4.340.194	-	2.210.353	2.210.353
2.2.2 Other revocable commitments		1.304.698	4.966.881	6.271.579	607.889	2.628.072	3.235.961
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>56.710.628</b>	<b>143.928.856</b>	<b>200.639.484</b>	<b>17.787.206</b>	<b>59.228.474</b>	<b>77.015.680</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		56.710.628	143.928.856	200.639.484	17.787.206	59.228.474	77.015.680
3.2.1 Forward foreign currency buy/sell transactions		1.524.482	14.931.282	16.455.764	203.727	2.589.660	2.793.387
3.2.1.1 Forward foreign currency transactions-buy		770.538	9.871.952	10.642.490	114.039	2.395.844	2.509.883
3.2.1.2 Forward foreign currency transactions-sell		753.944	5.059.330	5.813.274	89.688	193.816	283.504
3.2.2 Currency and interest rate swaps		54.300.111	94.460.632	148.760.743	17.149.875	47.388.846	64.538.721
3.2.2.1 Currency swap-buy		-	45.197.519	45.197.519	-	18.551.480	18.551.480
3.2.2.2 Currency swap-sell		53.790.111	5.796.883	59.586.994	15.739.875	4.681.336	20.421.211
3.2.2.3 Interest rate swap-buy		255.000	21.733.115	21.988.115	705.000	12.078.015	12.783.015
3.2.2.4 Interest rate swap-sell		255.000	21.733.115	21.988.115	705.000	12.078.015	12.783.015
3.2.3 Currency, interest rate and marketable securities options		885.958	3.591.388	4.477.346	433.604	3.440.442	3.874.046
3.2.3.1 Currency call options		442.917	1.795.760	2.238.677	216.802	1.720.219	1.937.021
3.2.3.2 Currency put options		443.041	1.795.628	2.238.669	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		77	30.945.554	30.945.631	-	5.809.526	5.809.526
<b>B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)</b>		<b>1.741.759.115</b>	<b>862.522.036</b>	<b>2.604.281.151</b>	<b>1.497.151.707</b>	<b>500.356.330</b>	<b>1.997.508.037</b>
<b>IV. CUSTODIES</b>		<b>715.432.584</b>	<b>96.026.233</b>	<b>811.458.817</b>	<b>631.841.811</b>	<b>61.211.567</b>	<b>693.053.378</b>
4.1 Assets under management		-	-	-	-	-	-
4.2 Custody marketable securities		140.142.055	5.684.265	145.826.320	127.376.877	2.619.679	129.996.556
4.3 Cheques in collection process		35.411.665	63.657.110	99.068.775	21.031.738	44.640.396	65.672.134
4.4 Commercial notes in collection process		494.230.474	19.077.446	513.307.920	427.050.907	9.156.674	436.207.581
4.5 Other assets in collection process		-	-	-	-	-	-
4.6 Underwritten securities		-	-	-	-	-	-
4.7 Other custodies		870.991	1.702.098	2.573.089	2.319.655	1.143.741	3.463.396
4.8 Custodians		44.777.399	5.905.314	50.682.713	54.062.634	3.651.077	57.713.711
<b>V. PLEDGED ASSETS</b>		<b>1.026.326.531</b>	<b>766.495.803</b>	<b>1.792.822.334</b>	<b>865.309.896</b>	<b>439.144.763</b>	<b>1.304.454.659</b>
5.1 Marketable securities		9.295.804	2.381.421	11.677.225	6.996.977	1.733.141	8.730.118
5.2 Collateral notes		15.652.676	3.284.084	18.936.760	7.863.081	1.769.758	9.632.839
5.3 Commodity		25.812	-	25.812	25.813	-	25.813
5.4 Warranty		-	-	-	-	-	-
5.5 Land and buildings		778.975.982	586.021.434	1.364.997.416	650.415.346	338.008.605	988.423.951
5.6 Other pledged assets		171.863.800	112.178.647	284.042.447	169.327.906	56.874.541	226.202.447
5.7 Pledges		50.512.457	62.630.217	113.142.674	30.680.773	40.758.718	71.439.491
<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>1.918.792.825</b>	<b>1.137.090.018</b>	<b>3.055.882.843</b>	<b>1.612.397.553</b>	<b>628.596.957</b>	<b>2.240.994.510</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED**  
**31 DECEMBER 2021**

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

**III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

		Audited	Audited
		Current Period	Prior Period
		1 January -31 December	1 January -31 December
		2021	2020
INCOME AND EXPENSES	Note		
<b>I. INTEREST INCOME</b>	<b>(1)</b>	<b>90.120.928</b>	<b>54.729.179</b>
1.1 Interest on Loans		54.577.733	38.299.040
1.2 Interest on Reserve Requirements		3.387	1.660
1.3 Interest on Banks		1.284.000	278.677
1.4 Interest on Money Market Transactions		106.931	47.629
1.5 Interest on Marketable Securities Portfolio		33.160.653	15.337.624
1.5.1 Fair Value Through Profit or Loss		26.433	29.860
1.5.2 Fair Value Through Other Comprehensive Income		8.339.941	4.570.645
1.5.3 Measured at Amortized Cost		24.794.279	10.737.119
1.6 Financial Lease Interest Income		440.076	366.211
1.7 Other Interest Income		548.148	398.338
<b>II. INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>64.079.138</b>	<b>35.197.360</b>
2.1 Interest on Deposits		42.067.453	22.370.782
2.2 Interest on Funds Borrowed		385.278	427.462
2.3 Interest Expense on Money Market Transactions		17.743.935	8.798.676
2.4 Interest on Securities Issued		3.300.097	2.480.878
2.5 Interest on Leases		110.553	77.732
2.6 Other Interest Expenses		471.822	1.041.830
<b>III. NET INTEREST INCOME (I - II)</b>		<b>26.041.790</b>	<b>19.531.819</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>4.524.121</b>	<b>2.889.949</b>
4.1 Fees and Commissions Received		6.254.189	3.922.178
4.1.1 Non – cash Loans		1.357.298	962.059
4.1.2 Other	<b>(13)</b>	4.896.891	2.960.119
4.2 Fees and Commissions Paid (-)		1.730.068	1.032.229
4.2.1 Non – cash Loans		6.554	4.228
4.2.2 Other	<b>(13)</b>	1.723.514	1.028.001
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>4.051</b>	<b>4.960</b>
<b>VI. TRADING INCOME / LOSS (Net)</b>	<b>(4)</b>	<b>(12.602.946)</b>	<b>(5.213.013)</b>
6.1 Trading Gains / (Losses) on Securities		67.410	100.666
6.2 Gains / (Losses) on Derivate Financial Transactions		18.541.329	2.731.597
6.3 Foreign Exchange Gains / (Losses)		(31.211.685)	(8.045.276)
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>6.626.116</b>	<b>1.820.064</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>24.593.132</b>	<b>19.033.779</b>
<b>IX. EXPECTED LOSS PROVISIONS (-)</b>	<b>(6)</b>	<b>12.121.844</b>	<b>6.980.823</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>(6)</b>	<b>36.293</b>	<b>18.161</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>4.629.937</b>	<b>3.804.543</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>5.958.346</b>	<b>4.750.152</b>
<b>XIII. NET OPERATING INCOME /LOSS (IX-X-XI)</b>		<b>1.846.712</b>	<b>3.480.100</b>
<b>XIV. INCOME AFTER MERGER</b>		-	-
<b>XV. INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>36.237</b>	<b>25.498</b>
<b>XVI. INCOME / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVII. PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	<b>(8)</b>	<b>1.882.949</b>	<b>3.505.598</b>
<b>XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>(38.491)</b>	<b>(752.503)</b>
18.1 Current Tax Provision		187.703	602.783
18.2 Deferred Tax Income Effect (+)		4.705.132	865.404
18.3 Deferred Tax Expense Effect (-)		4.854.344	715.684
<b>XIX. CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(10)</b>	<b>1.844.458</b>	<b>2.753.095</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	1.481.462
20.1 Income from Non-Current Assets Held for Sale		-	613.933
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	867.529
20.3 Income from Other Discontinued Operations		-	-
<b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	494.089
21.1 Expenses for Non-current Assets Held for Sale		-	494.089
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses for Other Discontinued Operations		-	-
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (IXX-XX)</b>	<b>(8)</b>	-	<b>987.373</b>
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	<b>(9)</b>	-	(48.603)
23.1 Current Tax Provision		-	48.981
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	<b>378</b>
<b>XXIV. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX±XXII)</b>	<b>(10)</b>	-	<b>938.770</b>
<b>XXV. NET PROFIT/(LOSS) (XVIII+XXIII)</b>	<b>(11)</b>	<b>1.844.458</b>	<b>3.691.865</b>
25.1 Profit / (Loss) of Group		1.835.971	3.684.642
25.2 Profit / (Loss) of Minority Shares (-)	<b>(12)</b>	8.487	7.223
Profit / (Loss) Per Share (full TRY)		0,74217350	1,84326000

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

**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED**  
**31 DECEMBER 2021**

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

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

		Audited	Audited
		Current Period	Prior Period
INCOME EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		1 January -31 December 2021	1 January -31 December 2020
<b>I.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>1.844.458</b>	<b>3.691.865</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(1.415.661)</b>	<b>(341.419)</b>
<b>2.1</b>	<b>Not Reclassified Through Profit or Loss</b>	<b>241.450</b>	<b>351.123</b>
2.1.1	Property and Equipment Revaluation Increase/Decrease	619.526	448.027
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(417.291)	(98.012)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(2.440)	4.802
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	41.655	(3.694)
<b>2.2</b>	<b>Reclassified Through Profit or Loss</b>	<b>(1.657.111)</b>	<b>(692.542)</b>
2.2.1	Foreign Currency Translation Differences	(134.384)	3.776
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(1.852.554)	(823.049)
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	329.827	126.731
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>428.797</b>	<b>3.350.446</b>

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



**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED**  
**31 DECEMBER 2021**

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

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

Audited (1 January -31 December 2020)	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	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair 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>I. Prior Period End Balance</b>	1.250.000	39.773	-	975.617	2.665.635	(61.018)	47.283	(5.846)	259.332	-	24.052.179	419.572	2.267.608	31.910.135	287.253	32.197.388
<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	39.773	-	975.617	2.665.635	(61.018)	47.283	(5.846)	259.332	-	24.052.179	419.572	2.267.608	31.910.135	287.253	32.197.388
<b>IV. Total Comprehensive Income</b>	-	-	-	-	424.621	(78.300)	4.802	3.776	(696.318)	-	-	-	3.684.642	3.343.223	7.223	3.350.446
<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>	-	(134)	-	(530)	-	-	-	-	-	-	50.299	2.481.540	(2.267.608)	263.567	(32.500)	231.067
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	1.775.476	(1.776.880)	-	(1.404)	1.404	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(1.404)	-	(1.404)	1.404	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1.775.476	(1.775.476)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (III+IV+.....+X+XI)</b>	2.473.776	5.815.863	-	975.087	3.090.256	(139.318)	52.085	(2.070)	(436.986)	-	25.877.954	1.124.232	3.684.642	42.515.521	263.380	42.778.901
<b>(1 January -31 December 2021)</b>																
<b>I. Prior Period End Balance</b>	2.473.776	5.815.863	-	975.087	3.090.256	(139.318)	52.085	(2.070)	(436.986)	-	25.877.954	1.124.232	3.684.642	42.515.521	263.380	42.778.901
<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	5.815.863	-	975.087	3.090.256	(139.318)	52.085	(2.070)	(436.986)	-	25.877.954	1.124.232	3.684.642	42.515.521	263.380	42.778.901
<b>IV. Total Comprehensive Income</b>	-	-	-	-	578.018	(334.128)	(2.440)	(134.384)	(1.522.727)	-	-	-	1.835.971	420.310	8.487	428.797
<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>	-	-	-	204.055	-	-	-	-	-	-	592.689	3.682.645	(3.684.642)	794.747	8.926	803.673
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	2.897.194	(2.898.085)	-	(891)	891	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(891)	-	(891)	891	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	2.897.194	(2.897.194)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (III+IV+.....+X+XI)</b>	2.473.776	5.815.863	-	1.179.142	3.668.274	(473.446)	49.645	(136.454)	(1.959.713)	-	29.367.837	1.908.792	1.835.971	43.729.687	281.684	44.011.371

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

**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED**  
**31 DECEMBER 2021**

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

**VI. CONSOLIDATED STATEMENT OF CASH FLOW**

	Note	Audited	Audited
		Current Period	Prior Period
		1 January -31 December 2021	1 January -31 December 2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>(30.624.282)</b>	<b>4.681.250</b>
1.1.1 Interest received		66.829.360	45.845.461
1.1.2 Interest paid		(62.211.565)	(34.737.175)
1.1.3 Dividend received		4.051	4.960
1.1.4 Fees and commissions received		5.904.352	4.550.474
1.1.5 Other income		3.410.697	1.044.949
1.1.6 Collections from previously written off loans		2.400.110	1.786.986
1.1.7 Cash payments to personnel and service suppliers		(4.682.688)	(3.846.371)
1.1.8 Taxes paid		(479.404)	(1.109.206)
1.1.9 Other	(1)	(41.799.195)	(8.858.828)
<b>1.2 Changes in Assets and Liabilities Subject to Banking Operations</b>		<b>50.775.271</b>	<b>64.693.769</b>
1.2.1 Net Increase / decrease in financial assets at fair value through profit or loss		(9.520.702)	581.561
1.2.2 Net (increase) / decrease in due from banks		(115.480)	-
1.2.3 Net (increase) / decrease in loans		(26.523.151)	(145.850.059)
1.2.4 Net (increase) / decrease in other assets		(46.313.725)	(10.611.237)
1.2.5 Net increase / (decrease) in bank deposits		16.477.100	7.366.126
1.2.6 Net increase / (decrease) in other deposits		65.648.431	160.055.469
1.2.7 Net Increase / decrease in financial liabilities at fair value through profit or loss		-	-
1.2.8 Net increase / (decrease) in funds borrowed		3.181.246	(1.350.472)
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities	(1)	47.941.552	54.502.381
<b>I. Net cash provided from banking operations</b>		<b>20.150.989</b>	<b>69.375.019</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II. Net cash provided from/ (used in) investing activities</b>		<b>(18.137.234)</b>	<b>(49.553.545)</b>
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		(57.435)	(183.498)
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries		-	225.190
2.3 Fixed assets purchases		(1.463.907)	(936.919)
2.4 Fixed assets sales		2.720.721	1.852.907
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(9.217.105)	(58.930.404)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		3.189.231	10.889.499
2.7 Cash paid for purchase of investment securities		(23.878.099)	(19.468.313)
2.8 Cash obtained from sale of investment securities		10.839.704	17.561.792
2.9 Other		(270.344)	(563.799)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>(5.632.148)</b>	<b>434.302</b>
3.1 Cash obtained from loans borrowed and securities issued		12.527.707	13.855.727
3.2 Cash used for repayment of loans borrowed and securities issued		(17.927.019)	(20.198.723)
3.3 Bonds issued		-	7.000.000
3.4 Dividends paid		-	-
3.5 Payments for leases		(232.836)	(222.702)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(1)</b>	<b>24.031.077</b>	<b>(1.597.022)</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>20.412.684</b>	<b>18.658.754</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>(4)</b>	<b>43.121.553</b>	<b>24.462.799</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>(5)</b>	<b>63.534.237</b>	<b>43.121.553</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED**  
**31 DECEMBER 2021**

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

**VII. STATEMENT OF PROFIT DISTRIBUTION**

	<b>Audited</b>	<b>Audited</b>
	<b>Current Period *</b>	<b>Prior Period</b>
	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT</b>		
1.1. Current Period Profit	1.406.093	3.229.900
1.2. Taxes and Legal Duties Payables (-)	101.636	(629.855)
1.2.1. Corporate Tax (Income Tax)	(19.615)	(491.513)
1.2.2. Withholding Tax	-	-
1.2.3. Other Taxes and Duties	121.251	(138.342)
<b>A. Net Profit For The Period (1.1-1.2)</b>	<b>1.507.729</b>	<b>2.600.045</b>
1.3. Accumulated Losses (-)	-	-
1.4. First Legal Reserves (-)	-	130.002
1.5. Other Statutory Reserves (-)	-	-
<b>B. Net Profit Available for Distribution [(A-(1.3+1.4+1.5))]**</b>	<b>-</b>	<b>2.470.043</b>
1.6. First Dividend to shareholders (-)	-	-
1.6.1. To Owners of Ordinary Shares	-	-
1.6.2. To Owners of Privileged Shares	-	-
1.6.3. To Owners of Redeemed Shares	-	-
1.6.4. To Profit Sharing Bonds	-	-
1.6.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.7. Dividends to personnel (-)	-	-
1.8. Dividends to Board of Directors (-)	-	-
1.9. Second Dividend to Shareholders (-)	-	-
1.9.1. To Owners of Ordinary Shares	-	-
1.9.2. To Owners of Privileged Shares	-	-
1.9.3. To Owners of Redeemed Shares	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders Of Profit And Loss Sharing Certificates	-	-
1.10. Statutory reserves (-)	-	2.470.043
1.11. General reserves	-	-
1.12. Other reserves	-	1.163.178
1.13. Special funds	-	-
<b>II. Distribution of Reserves</b>		
2.1. Appropriated Reserves	-	-
2.2. Second Legal Reserves (-)	-	-
2.2.1. Dividends to Shareholders (-)	-	-
2.2.2. To Owners of Ordinary Shares	-	-
2.3.3. To Owners of Privileged Shares	-	-
2.3.4. To Profit Sharing Bonds	-	-
2.3.5. To Holders of Profit and Loss Sharing Certificates	-	-
2.3. Dividends to Personnel (-)	-	-
2.4. Dividends to the Boards of Directors (-)	-	-
<b>III. Earnings per Share</b>		
3.1. To Owners of Ordinary Shares	0,6094849	1,051043
3.2. To Owners of Ordinary Shares (%)	%60,95	%105,10
3.3. To Owners of Privileged Shares	-	-
3.4. To Owners of Privileged Shares (%)	-	-
<b>IV. Dividend per Share</b>		
4.1. To Owners of Ordinary Shares	-	-
4.2. To Owners of Ordinary Shares (%)	-	-
4.3. To Owners of Privileged Shares	-	-
4.4. To Owners of Privileged Shares (%)	-	-

(\*) As of 31 December 2021 financial reporting date, General Assembly has not been held yet.

(\*\*) Under the TFRS-9 standard, returns on the sales of partnerships reported at fair value are put down in the equities account. The 75% exception to these returns, as provided by Article 5/1/e, Corporate Tax no. 5520, amounts to TRY 1.163.178 and this will continue to be put down in the special funds account.

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

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS ON BASIS OF PRESENTATION**

The Parent Bank prepares its financial statements in accordance with the BRSA Accounting and Reporting Regulation” which includes the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board (“BRSA”) and circulars and pronouncements published by the BRSA Turkish Financial Reporting Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) for the matters not regulated by the aforementioned legislations.

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis except for financial assets and liabilities carried at fair value. Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.

Accounting policies and valuation principles used in the preparation of financial statements, have been determined and implemented in accordance with accounting and financial reporting principles in scope of the regulations, communiqués, explanations and circulars issued by the BRSA and for the matters not legislated by the aforementioned regulations, in accordance with TAS / TFRS principles (all together referred to as “BRSA Accounting and Financial Reporting Regulations”) issued by the POA.

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. Therefore, no inflation adjustment has been made for TAS 29 in the financial statements as of 31 December 2021.

In accordance with the Group's statement of financial position dated 31 December 2021 prepared in accordance with the uniform chart of accounts that entered into force on January 1, 2021, in the statement of financial position dated 31 December 2020, between cash and cash equivalents and other assets, TRY 409.925 over derivative transactions with foreign banks. A reclassification process has been made for the guarantee amounts given. The effects of this classification on the cash flow statement have also been updated. Collaterals in institutions that are not foreign banks continue to be monitored in the other assets item. The related reclassification did not have any impact on the size and performance of the Group's statement of financial position.

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

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

***Effects of COVID 19***

In 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 a 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, BRSA, CBRT, CMB and 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, however, 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 as of October 1, 2021. As of 31 December 2021, the above mentioned application was terminated and the due day period became 90 days for all loans.

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 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.

According to the BRSA Board Decision dated December 21, 2021, in case the net valuation differences of the securities held in the portfolio of Securities at Fair Value Through Other Comprehensive Income as of December 21, 2021 are negative, these differences may not be taken into consideration in the calculation of equity to be used in the calculation of CAR.

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.

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

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

*Effects of COVID 19 (continued)*

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.

As of 31 December 2021, the relevant regulations were terminated and classification period to loans under close monitoring has become 30 days for all loans.

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.

With the BRSA Board Decision dated 21 December 2021, it has been decided to use the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of 31 December 2021 starting from January 1, 2022, until a Board decision is taken to the contrary.

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 Parent Bank has regulated its activities within the scope of the above mentioned decisions.

As regards to the consideration of macroeconomic factors, the Parent 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 Parent Bank's financial statements are regularly monitored by the relevant Units and the Parent Bank Management.

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

**II. EXPLANATIONS ON THE STRATEGY OF USE OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS**

a) The Group's strategy on financial instruments:

Due to its historical mission, the Parent Bank focuses on granting loans to Small and Medium Size Enterprises and craftsmen besides corporate, commercial and individual segmented firms. In addition to the main fund source deposits, the Group can raise funds from money markets and borrowings abroad.

The Group follows the developments in the markets and uses funds raised in most yielding areas. The strategies of the Parent Bank are evaluated Asset and Liability Committee meetings.

b) The Group's explanations on foreign currency transactions:

In the statutory records of the The Parent Bank, transactions accounted in foreign currencies (currencies except for TRY) are converted into TRY by using the prevailing exchange rates at the transaction dates. Foreign currency monetary asset and liability items are converted into TRY by using the prevailing exchange rate at the balance sheet date. Non-monetary items in foreign currencies carried at fair value are converted into TRY by using the exchange rates at the date of which the fair value is determined. Exchange differences arising from the conversions of monetary foreign currency items and collections of foreign currency transactions are reflected to the profit or loss statement.

The financial statements of the foreign branches and subsidiaries of the Parent Bank are prepared in the currency of the primary economic environment in which the entity operates (functional currency). The financial statements of foreign branches and subsidiaries are expressed in TRY which is the functional currency of the Group and the presentation currency of the financial statements.

Assets and liabilities of the foreign branches and subsidiaries of the Parent Bank are converted into TRY by using the prevailing exchange rates at the balance sheet date. The foreign branches' income and expenses are converted by at exchange rates at the dates of the transactions. The foreign subsidiaries' income and expenses are converted by average rate of the exchange of the current year.

The Group hedged the net investment risk from the foreign currency exchange rate fluctuations on foreign financial investments (Halkbank A.D. Beograd (subsidiary), Demir-Halk Bank N.V. (affiliate) and Halk Banka A.D., Skopje (subsidiary) with the foreign currency denominated funds (hedging instrument) as of 1 July 2015. In this context, exchange differences recorded in profit/loss and arising from funds denominated in foreign currencies that are determined to be effective in the current period will be shown in equity.

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

**III. INFORMATION ABOUT THE CONSOLIDATED ASSOCIATES AND SUBSIDIARIES**

1. Basis of consolidation:

The accompanying consolidated financial statements are prepared in accordance with the communiqué on “Preparation of Consolidated Financial Statements of Banks” and the Turkish Accounting Standards are applied in the consolidation.

a. Basis of consolidation of subsidiaries:

The Parent Bank’s subsidiaries Halk Yatırım Menkul Değerler AŞ, Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Finansal Kiralama AŞ, Halk Faktoring AŞ; Halk Banka AD, Skopje, Halkbank Osiguruvanje AD; Skopje (subsidiary), Beograd and Halk Varlık Kiralama AŞ are included in the scope of consolidation.

Subsidiaries are entities that are controlled by the Parent Bank. Control is the power of the Parent Bank to appoint or remove from office the decision-taking majority of members of board of directors through direct or indirect possession of the majority of a legal person’s capital irrespective of the requirement of owning minimum fifty-one per cent of its capital; or by having control over the majority of the voting right as a consequence of holding preferred shares or of agreements with other shareholders although not owning the majority of capital.

Under line-by-line method, the assets, liabilities, income and expenses and off-balance sheet items of subsidiaries are combined with the equivalent items of the Parent Bank on a line-by-line basis. The book value of the Parent Bank’s investment in each subsidiary and the Group’s each subsidiary are eliminated. All significant transactions and balances between the Parent Bank and its consolidated subsidiaries are eliminated. Minority interests in the net income and in the equity of consolidated subsidiaries are calculated separately from the Group’s net income and the Group’s equity. Minority interests are identified separately in the balance sheet and in the income statement.

In preparing the consolidated financial statements, if a subsidiary uses accounting policies other than those adapted by the Parent Bank, appropriate adjustments are made to subsidiaries’ financial statements. There is no item that a different accounting policy is applied.

b. Basis of consolidation of associates:

The Parent Bank’s investments in associates, Demir-Halk Bank N.V. (“Demir Halk Bank”) and Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ are presented in the accompanying financial statements based on the equity method of accounting. An associate is an entity established domestically and abroad in which the Parent Bank invests with a significant influence but no control.

Significant influence is the power to participate in the financial and operating policy of the investee. If the Parent Bank holds ten percent or more of the voting power of the associate, it is presumed that the Parent Bank has significant influence unless otherwise demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

Qualified share is the share that directly or indirectly constitute ten percent of a subsidiary’s capital or voting rights and irrespective of this requirement, possession of preferred shares giving right to appoint members of board of directors.

Equity accounting method is an evaluation method of associates by which the Parent Bank’s share in the associates’ equity is compared with the book value of the associate accounted for in the Parent Bank’s balance sheet.

Accounting principles used by the consolidated associates accounted for at equity method, Demir-Halk Bank N.V. and Kobi Girişim Sermayesi AŞ are the same of the Parent Bank.

c. Basis of consolidation of joint ventures:

The Parent Bank does not have any joint ventures which subject to consolidation.



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

**III. INFORMATION ABOUT THE CONSOLIDATED ASSOCIATES AND SUBSIDIARIES (continued)**

1. Basis of consolidation(continued):

d. Principles applied during share transfer, merger and acquisition:

*Accounting for business combinations*

From 1 January 2010, the Group applies TFRS 3 Business Combinations (2008) in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

*Acquisitions after 1 January 2010*

Goodwill at the acquisition date for business combinations on or after 1 January 2010 are measured as below:

- The fair value of the acquisition cost; plus
- The recognized amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When this total is negative, the gain on acquisition is recognized immediately in profit or loss.

Fair values of the identifiable acquired assets, liabilities and contingent liabilities if the initial recognition of the combination is to be made temporarily at the end of the period in which the combination takes place since the cost of the combination can be determined only temporarily on the basis of the carrying values, the acquirer accounts for the business combination on with temporary amounts. The temporary acquisition value of the combination should be adjusted within 12 months to reflect the completion of the transaction, including adjusting the goodwill.

The acquisition cost does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent liability is recognized at fair value at the acquisition date. If the contingent amount is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent amount are recognized in profit or loss.

For acquisitions before 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognized amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, the gain on acquisition is recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations are capitalized as part of the cost of the acquisitions.

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

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

Derivative transactions of the Group consist of foreign currency and interest rate swaps, cross currency swaps, options and forwards. The Group uses derivatives to avoid economical risks and accounts under TFRS 9 Standard.

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

**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES**

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate that equals the future cash flows of a financial asset or liability to its present net book value) in conformity with TFRS 9 Standard.

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES**

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.

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

**VII. EXPLANATIONS ON FINANCIAL ASSETS**

Financial instruments comprise financial assets, financial liabilities and derivative instruments. The financial assets are included in the balance sheet of the Group, if the Group is a legal party of these financial assets. Financial assets mainly constitute the majority of the commercial activities and operations of the Group. These instruments have the ability to expose, affect and diminish the risks of liquidity, credit and interest in the financial statements.

Fair value is the amount for which an asset could be exchanged or a liability could be settled, between knowledgeable willing parties in an arm's length transaction. Market value is the amount obtainable from the sale or payable on the acquisition of a financial instrument in an active market, if one exists.

The estimated fair values of financial assets have been determined by the Group using the available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Hence, estimations presented in this report may not be same with the prices in the current market conditions in the case of assets disposals. Book values of some financial assets (which equals to their costs) are assumed to approximate to their fair values due to their short term nature.

Classification of the category of a financial instrument at initial recognition depends on both the business model for managing the financial assets and their contractual cash flow characteristics.

***Assessment of Business Model***

The Group classifies its financial assets in accordance with TFRS 9 through its business model which is used for financial assets management.

The Group's business model is related with how the Group manages its financial assets to generate cash flows. In other terms, the source of cash flows depends on the Group's business model whether the cash flow is generated from contractual terms or through sale of financial asset or both.

Classification of financial assets is made at initial recognition considering the aim of purchase of the financial asset.

The Group's business models are classified in three main categories in accordance with TFRS 9.

**1. A business model whose objective is to hold assets in order to collect contractual cash flows:**

A business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The purpose of the business model does not require to hold to collect the contractual cash flows of the instruments over their life, even the aim of the business model is to hold the instruments up to maturity for the contractual cash flows. Therefore, even when financial asset sales are anticipated or expected to occur in the future, the business model may still be a model that aims to retain financial assets in order to collect contractual cash flows.

The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial assets meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

**3. Other Business Models:**

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

**Measurement Categories of Financial Assets and Liabilities**

The Group classified all its financial assets based on the business model for managing the financial assets. Accordingly, the financial assets are classified as per TFRS 9 in three main categories listed below:

1. Financial assets measured at amortized cost,
2. Financial assets measured at fair value through other comprehensive income and
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 Parent Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Parent Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Parent Bank's expectations is updated during the year when deemed necessary. As of December 31, 2021, the valuation of the related assets was made according to the annual inflation forecast of 36.08%.

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

***Cash Equivalents and Banks***

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

***Loans and receivables***

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

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

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

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

Repayments are calculated using the exchange rates at the repayment dates and exchange differences are recognized under the foreign currency income and expense accounts in the income statement.

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

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

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

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

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

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

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

**Calculation of expected credit losses**

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

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

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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 Group or in other words it can not repay its debts to the Group. This ratio is calculated for each loan based on various statistical assumptions depending on the maturity, internal behavioral model, external behavioral model and financial module data. The probability values take a value between 0 and 1, and as the probability value increases, the likelihood of the credit defaulting increases.

**Loss given Default (LGD)**

This is the parameter indicates the expected economic loss of the Group if the credit defaults. In the case of the credit defaults and the Group collects the entire amount of the default, LGD is zero, in the case of no collection, LGD is 100% percent. LGD rates are reviewed on a maximum of 1 year basis.

**Exposure at Default (EAD)**

It is the parameter that indicates how much of a loan will default. The default amount for a spot or installment loan is the amount, which is listed on the payment schedule at the time of default. Additionally, the default amount for the credit cards and limit gaps of overdraft accounts and non-cash loans, are calculated with a parameter called credit conversion rate (CCR). The default risk amount in the future is estimated by calculating by the statistical methods with the credit conversion rate, since it is not known at the time of loan origination due to undrawn commitment for limit of credit cards and overdraft accounts.

**12 Month Probability of Default**

It is the estimated probability of default occurring within the next 12 months following the balance sheet date. According to Article 5.5.5 of TFRS 9 standard, in the case of that there is no significant increase in credit risk of a financial instrument since its first recognition, the Group shall measure at the provision for loss of the related financial instrument as equal as 12 month expected credit losses.

In the case of a customer or a loan that is classified under Standard Loans (Stage I), the provision for loan is calculated on 365 days even if the maturity of the loan is above 1 year. In the case of maturity of the loan is under 1 year, number of days left to maturity (except revolving loans and credit cards) are used in calculations.

**Lifetime Expected Credit Losses**

It is the estimated probability of default occurring over the remaining life of the financial instrument. According to TFRS 9 standard, in case of a significant increase in credit risk for a financial instrument since its initial recognition, the 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 Group is considering qualitative indicators (e.g. financial commitments), if appropriate, when defining a default according to TFRS 9, for the purpose of determining the risk of business default and adopts a definition of default, consistent with the definition used for in-house credit risk management purposes for the relevant financial instruments. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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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 Parent Bank and to the Parent Bank's consolidated financial subsidiaries without using guarantees

b) Considering that a debt having past due more than 90 days to the Parent Bank or its financial subsidiaries

The expected loan loss provision for the loans classified as non-performing loans (Stage 3) is calculated using the estimation of loss given default (LGD). Aforementioned estimation is based on the historical data on a segment basis and determined by the principle loss charge, being the remaining amount after the collection made within the period after each segment has defaulted.

**Low Credit Risk**

TFRS 9 standard states that in some cases, the credit risk on a financial instrument can be calculated as low if the financial instrument has a low risk of default when there is no reliable past default data.

According to the mentioned standard, if the entity determines that a financial instrument has a low credit risk as of the reporting date, it assumes that the credit risk on the financial instrument has not increased significantly following its initial recognition in the financial statement. Those transactions in the Group are classified as follows:

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 (Transactions with Treasury Republic of Turkey)

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 Group's provision for expected credit losses at lifetime probability of default instead of 12 month expected credit loss.

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2.



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**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 the Group that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement.

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

As at the balance sheet date, there is no goodwill recorded in the consolidated balance sheet of the Group.

Intangible assets that are purchased prior to 1 January 2005 are carried at their restated historical costs and intangible assets that are purchased in the subsequent periods are carried at their historical cost, less any accumulated amortization and any impairment losses. Intangible assets are amortized by using the straight line method based on their useful lives. Amortization method and period are assessed periodically at the end of each year. Intangible assets consist of software expenses and they are amortized by using the straight line method over 5 years. There is no significant change in the accounting estimates expected or to be expected having a significant effect on the amortization method, amortization period or residual value.

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT**

Property and equipment except buildings that are purchased prior to 1 January 2005 are carried at their 31 December 2004 dated restated costs and property and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Property and equipment are amortized by using the straight line method during their useful lives. Gain or loss arising from the disposal or retirement of an item of property 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 AND EQUIPMENT (continued)**

As of 1 April 2015, the Group adopted the revaluation method for buildings in tangible assets in accordance with Turkish Accounting Standard No: 16 “Property, Plant and Equipment” (TAS 16). Expertise values determined by independent appraisal companies are reflected to the financial statements. Revaluation differences are recorded in “Accumulated Other Comprehensive Income or Loss Not Reclassified through Profit or Loss” under the shareholders’ equity.

Ordinary maintenance and repair expenses of property and equipment items are recognized as expenses.

Estimated useful lives of property, plant and equipment are as follows:

	<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 lower of the periods of the respective leases and useful lives, on a straight-line basis. In any case useful life cannot exceed the lease period. If the duration of lease agreement is not determined or longer than five years, amortization duration is considered as five years.

There is no change in accounting estimates that is expected to have significant effect in current period and subsequent periods.

There are no material mortgages, pledges or similar in cumbrances designated for the property, plant and equipment.

***Classification of Investment Properties***

If a land or building is being used by an owner and the intention is changed to an investment property, this property is classified as an investment property.

When the use of an immovable is changed and reclassified as an investment property, the actual value of the date on which the change in the use of the named property takes place will be the cost of the subsequent accounting.

**XIV. EXPLANATIONS ON INVESTMENT PROPERTIES**

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties in the attached consolidated financial statements that are purchased prior to 1 January 2005 are carried at their 31 December 2004 dated restated costs and property and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. 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 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 and equipment (movable properties) account and are depreciated by using the straight line method.

The Group does not participate in the financial leasing transactions as a “lessor”.

Lease transactions recognised under “Property and Equipment” as an asset (tenure) and under “Lease Liabilities” as a liability.

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

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

The Group assesses whether the contract has the quality of a lease or whether the transaction includes a lease at the beginning of a contract.

A lease agreement is an agreement between two or more parties that gives the tenure the legally enforceable rights and obligations of the underlying asset. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Group reflects the existence of a right-of-use and a lease liability to the financial statements at the effective date of the lease.

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

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

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

- 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 Group takes into account the accumulated depreciation and impairment losses for the subsequent period measurement of the existence of right-of-use. The Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating real assets considered as right-of-use asset.

The Group applies TAS 36 Impairment of Assets to determine whether the real estates considered as right-of-use assets are impaired and to account for any impairment loss identified.

***The Lease Obligations:***

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

After the commencement date, the Group 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 Group re-measures its lease liability by using the current borrowing rate. The Group reflects the remeasured leasing liability and the right-of-use in the financial statements. On the other hand, changes such as the shortening of the lease term, the termination of the contract and the decreases in the scope of the underlying asset, the gains or losses are recognized in profit or loss.

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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 TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

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

**XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES**

Employee benefits liabilities are recognized in accordance with the TAS 19 “Employee Benefits”. According to related legislation and union agreements, the Parent Bank is required to make lump sum retirement payments to employees who has completed one year of service, is called up for military service, dies, resigns, retires or whose employment is terminated without due cause, or for female employees who resigns subsequent to her marriage within one year. The Group provides provision by estimating the present value of the future retirement pay liability.

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

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

After the justified decree related to cancelling the provisional article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated 15 December 2007 and numbered 26731, Turkish Grand National Assembly (TGNA) started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 “Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws”, which was published on the Official Gazette dated 8 May 2008 and numbered 26870, came into effect.

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 SII, 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 2021 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; 23% for temporary timing differences expected to occur within 2022, and 20% for temporary timing differences expected to occur after 2022, was 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 income statement since taxable income or deductible expenses for the following years and non-taxable and non-deductible items are excluded.

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

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

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

Pursuant to the Repetitive Article 298 of the Tax Procedure Law No. 213, the inflation adjustment requirement for the financial statements has occurred depending on the fact that the increase in the price index in the 2021 accounting period is more than 100% in the last three accounting periods, including the current period, and more than 10% in the current accounting period. However, with the Provisional Article 33 added to the Tax Procedure Law with the Law No. 7352, the financial statements should be prepared regardless of whether the conditions for the inflation adjustment within the scope of the repetitive article 298 are met in the 2021 and 2022 accounting periods and the 2023 accounting period temporary tax periods, including the temporary tax periods. Accordingly, the financial statements for the 2021 will not be subject to inflation adjustment in accordance with the TPL, and the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions have been met, and the profit/loss difference arising from the inflation adjustment will be shown in the retained earnings and will not be subjected tax calculation.

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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:**

*Turkish Republic of Northern Cyprus (TRNC)*

According to the tax regulations in the Turkish Republic of Northern Cyprus, corporate gains are subject to 10% of corporate tax and this taxed amount is subject to 15% of income tax.

The tax bases for corporate are determined by adding the expenses that cannot be deducted according to TRNC regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. On the other hand, withholding tax is paid over interest income in TRNC. The relevant withholding tax payments are deducted from the corporate taxes paid.

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

*Bahrain*

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

**Tax practices of the consolidated subsidiaries:**

*Halk Gayrimenkul Yatırım Ortaklığı AŞ*

Income from the operations related with the investment properties of the Parent Bank's subsidiary, Halk Gayrimenkul Yatırım Ortaklığı AŞ established in 2010, is exempt from corporate tax in accordance with the Article 5/1(d) (4) of the Corporate Tax Law No: 5520. This exemption is also applied for the advanced tax periods.

*Halk Banka A.D. Skopje*

The Parent Bank's subsidiary, acquired in 2011, Halk Banka A.D., Skopje is subject to tax regulations in the Republic of Macedonia and the corporate tax is 10%.

*Halk Bank A.D. Beograd*

The Parent Bank's subsidiary, acquired in 2015, Halk Bank AD, Beograd is subject to tax regulations in the Republic of Serbia. The annual corporate income tax is payable at the rate of 15% on profit before tax, adjusted for temporary differences.

The Law on Corporate Income Tax in the Republic of Serbia does not allow any tax losses of the current period to be used to recover taxes paid in previous periods. However, any current year losses disclosed in the tax balance up to 2009 may be used to reduce tax base for future periods, but only for a period not longer than ten years. Tax losses carried forward after 2010 may be used for reduction of tax base for the following accounting periods for a maximum 5 years. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

**XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS**

The Group borrows funds from domestic and foreign institutions and issues marketable securities when needed. These borrowing activities are recognized at fair value including the acquisition costs at the transaction date and they are valued at amortized costs by using the internal rate of return method.

Interest rate and liquidity risks are reduced by having assets with shorter or equal maturity terms than borrowing instruments such as syndication, securitization and borrowing with collateral and bears higher interest than costs of those instruments.

Also, asset composition is designed in accordance with the fixed/variable cost nature of borrowing instruments.

**XX. EXPLANATIONS ON SHARES ISSUED**

Transaction costs related to the issuance of shares are accounted for as an expense. Dividends related with the equity shares are determined by the General Assembly of the Parent Bank.

The Parent Bank has not issued any shares in the current and prior period. In accordance with the decision of the Higher Council of Privatization dated 5 February 2007 and numbered 2007/8, the process of public offering for the 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 Parent 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 Parent Bank's main shareholder Türkiye Varlık Fonu.

Halk GYO has applied to the CMB on 29 August 2012 to increase its issued capital from TRY 477.000 to TRY 662.500 within TRY 1.500.000 registered capital ceiling, by public offering of the corresponding B group bearer shares of TRY 185.500. Application was approved in accordance with the decision promulgated by the CMB's decision numbered 4/97 dated 8 February 2013. As at 15 February 2013 the public offering of B group bearer shares of TRY 185.500 was made by restricting the preemptive rights of the existing shareholders. After completing the investors' book building, Halk GYO's shares started to be traded on Borsa İstanbul AŞ on 22 February 2013.

**XXI. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES**

Bill guarantees and acceptances are realized simultaneously with the customer payments and they are presented as possible liabilities and commitments in the off-balance sheet accounts.

**XXII. EXPLANATIONS ON GOVERNMENT INCENTIVES**

There are no government incentives utilized by the Parent Bank in the current and prior period.

**XXIII. EXPLANATIONS ON SEGMENT REPORTING**

Segment reporting focuses on business segment considering the main source and nature of the risks and returns of the Group. The Parent Bank operates mainly in corporate, commercial and entrepreneur banking.

The information of the Group's business segments is explained in Section Four, disclosure numbered VIII.

**XXIV. EXPLANATIONS ON OTHER MATTERS**

None.

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**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP**

**I. EXPLANATIONS ON THE CONSOLIDATED EQUITY**

Equity amount and capital adequacy standard ratio calculation is made within the framework of “Regulation on Equities of the Banks” and “Regulation on Measurement and Evaluation of Banks’ Capital Adequacy” and in accordance with the amendments announced by the BRSA in the resolution dated 16 September 2021 and 21 December 2021.

According to the related regulation, As of 31 December 2021, the calculation of the amount subject to credit risk with the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date, and in case the net valuation differences of the securities held in the portfolio of Securities at Fair Value Through Other Comprehensive Income as of December 21, 2021 are negative, these differences may not be taken into consideration in the calculation of equity to be used in the calculation of CAR.

As of 31 December 2021, the capital adequacy ratio and the capital amount of the Group were realized as 13,90% (31 December 2020: 14,56%) and TRY 70.103.207 (31 December 2020: TRY 60.686.958) 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 GROUP (continued)**

**I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (continued)**

(1) Information About Total Consolidated Equity Items:

<b>Current Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	3.694.227	3.694.227
Share Premium	5.815.863	5.815.863
Reserves	29.367.837	25.877.954
Other Comprehensive Income according to TAS	4.226.587	3.300.002
Profit	3.744.763	4.808.874
Current Period Profit	1.835.971	3.684.642
Prior Period Profit	1.908.792	1.124.232
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	167.434	97.763
Minority Interest	3.873	2.407
<b>Common Equity Tier I Capital Before Deductions</b>	<b>47.020.584</b>	<b>43.597.090</b>
<b>Deductions From Common Equity Tier I 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 (-)	1.193.798	612.009
Leasehold Improvements on Operational Leases (-)	225.897	131.218
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	680.116	638.708
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	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>2.451.578</b>	<b>1.733.702</b>
<b>Total Common Equity Tier I Capital</b>	<b>44.569.006</b>	<b>41.863.388</b>

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**I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (continued)**

(1) Information About Total Consolidated 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	13.807.080	8.175.150
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>13.807.080</b>	<b>8.175.150</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>-</b>
<b>Total Additional Tier I Capital</b>	<b>13.807.080</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>58.376.086</b>	<b>50.038.538</b>
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	5.929.795	5.929.795
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	5.807.252	4.722.923
<b>Tier II Capital Before Deductions</b>	<b>11.737.047</b>	<b>10.652.718</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 (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>11.737.047</b>	<b>10.652.718</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>70.113.133</b>	<b>60.691.256</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 (-)	9.926	4.298

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

**I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (continued)**

(1) Information About Total Consolidated 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)	70.103.207	60.686.958
Total Risk Weighted Assets	504.370.752	416.944.817
<b>Capital Adequacy Ratios</b>		
CET1 Capital Ratio (%)	8,84	10,04
Tier I Capital Ratio (%)	11,57	12,00
Capital Adequacy Ratio (%)	13,90	14,56
<b>BUFFERS</b>		
Bank-specific total CET1 Capital Ratio (a+b+c)	4,050	3,508
a) Capital Conservation Buffer Ratio (%)	2,500	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,050	0,008
c) Systemic significant bank buffer ratio (%)	1,500	1,000
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	4,337	5,540
<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	247.146	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	1.230.441	685.755
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	3.540.726	1.936.577
<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)	11.369.256	6.005.337
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	5.807.252	4.722.923
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiquo on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiquo on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

\*Amounts in this column represents the amounts of items that are subject to transitional provisions.

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**I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (continued)**

- (2) Within the scope of the "Regulation on Banks' Equity" (Regulation), the equity that is the basis for the capital adequacy standard ratio calculation is calculated after deducting the values to be deducted from the equity from the total capital and supplementary capital. The main difference between the "Equity" in the balance sheet and the equity calculated within the scope of the Regulation arises from the stage1 and stage2 expected credit loss allowances in the Tier II capital, and the subordinated debt instruments included in the su Tier II capital capital. In addition, within the scope of the BRSA's Board Decision dated December 21, 2021, in case the net valuation differences of the securities in the portfolio of "Securities at Fair Value through Other Comprehensive Income" as of December 21, 2021 are negative, these differences may not taken into account in the calculated equity amount. In addition; in accordance with the regulation, operating lease development costs, which are presented under the Tangible Assets item in the balance sheet and Intangible Fixed Assets for the calculation of capital adequacy are taken into account as a discount item from the core capital. In addition; in accordance with the regulation, operating lease development costs, which are presented under the Tangible Assets item in the balance sheet and Intangible Fixed Assets for the calculation of capital adequacy are taken into account as a discount item from the core capital. Similarly, some accounts determined by the Board are deducted from the total Equity in the calculation of the "Equity" amount, which is the basis for the capital adequacy calculation.

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**I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (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 (CUSIP, ISIN etc.)	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	13.807
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 GROUP (continued)**

**I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (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 GROUP (continued)**

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK**

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. In compliance with the legislation, the credit limits are set for the financial position and credit requirements of customers within the authorization limits assigned for Branches, , Regional Lending Committees, Lending Departments, Executive Vice President responsible of Lending, General Manager, Credit Committee and Board of Directors. The limits are subject to revision if necessary.

In accordance with the risk management policies of the Group, the limits are specified in respect of the main and sub-sectors. Those limits are monitored periodically.

The Group, in the credit allocation process, restricts its risk exposure by working with highly credible banks and entities considering the credit ratings for the purpose of managing its risks. Under the scope of credit risk management, the Parent Bank rates all of its borrowers' credit and requires additional collaterals from whose risk is higher. The Parent Bank has the policy of not granting loans/credits and/or limiting the amount of such loans/credits. The Group's risk is concentrated in Turkey. As per the loan procedures, limits are determined based on the type of loans and customers and risk and limit information is controlled periodically.

Loans granted to other banks and risk limits set for the correspondent bank transactions are controlled on a daily basis. Risk concentrations concerning the off-balance sheet operations based on the customers and banks are monitored on daily basis.

Except for the restructured loan follow-up system determined in the related communiqué, such loans are incorporated into the new rating groups or risk weightings under the risk management systems of the banks, and new precautionary measures are taken for these processes. Since long-term commitments are more risky than the short-term commitments, risks are diversified in accordance with the Group's risk management system.

As prescribed in the related Communiqué, the credit worthiness of the debtors of the loans and other receivables is monitored regularly and statements of accounts taken for the loans are audited in line with the related regulations.

Guarantee factors are developed in accordance with the decision of the credit committee and updated according to the top management's initiatives and changes in the economic conditions. The Group receives sufficient collaterals in consideration of the loans and other receivables granted. Guarantees obtained are surety ships, immovable mortgages, cash blockages and customer or real person cheques.

When the Group is exposed to significant credit risks, it has the tendency to discontinue cease its forward or similar type of transactions by exercising rights, fulfilling the requirements of the acquisitions or disposing of the agreements entered into to mitigate the total risk.

The Group's largest 100 and 200 cash loan customers compose 29,04% and 34,21% of the total cash loan portfolio, respectively.

The Group's largest 100 and 200 non-cash loan customers compose 40,88% and 51,51% of the total non-cash loan portfolio, respectively.

The Group's largest 100 ve 200 cash and non-cash loan customers represent 18,11% and 22,53% of the total "on and off balance sheet" assets, respectively.

Stage I and Stage II expected losses for credit risks of the Bank is TRY 10.573.124 (31 December 2020: TRY 5.615.289).

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

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)**

<b>Exposure Categories:</b>	<b>Current Period</b>			<b>Prior Period</b>
	<b>Credit Risk Amount<sup>(1)</sup></b>	<b>Average Risk Amount</b>	<b>Risk Amount<sup>(1)</sup></b>	<b>Average Risk Amount</b>
Conditional and unconditional exposures to central governments or central banks	265.520.773	208.288.502	192.853.810	151.164.406
Conditional and unconditional exposures to regional governments or local authorities	1.969.678	2.199.866	2.517.478	2.848.057
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	2.293.927	2.092.603	1.851.801	1.153.229
Conditional and unconditional exposures to multilateral development banks	359	16.501	25.119	36.069
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	6.469.267	6.631.104	7.772.698	6.976.275
Conditional and unconditional exposures to corporates	250.594.888	220.486.960	198.705.671	183.778.337
Conditional and unconditional retail exposures	170.364.098	154.660.589	145.294.360	125.463.573
Conditional and unconditional exposures secured by real estate property	117.013.294	104.746.973	97.492.656	85.901.048
Past due items	4.160.323	5.762.511	5.894.333	6.278.132
Items in regulatory high-risk categories	5.052.594	1.410.918	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Stock Investments	1.187.194	1.059.460	914.433	803.886
Other Receivables	31.591.874	26.635.206	26.178.751	25.086.992

<sup>(1)</sup> Includes the risk amounts after credit conversions.



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

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)**

Profile of significant exposures in major regions:

	Risk Classifications <sup>(1)</sup>											Total	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments		Other Receivables
<b>Current Period</b>													
1. Domestic	263.061.655	1.965.982	2.254.823	359	2.162.550	247.443.850	164.467.758	110.895.499	4.013.036	5.049.926	-	29.751.469	831.066.907
2. European Union (EU) Countries	12	-	-	-	1.520.416	382.526	7.260	18.712	27	404	-	75.276	2.004.633
3. OECD Countries <sup>(2)</sup>	-	-	-	-	426.176	126.367	50	3.045	4	-	-	371	556.013
4. Off-Shore Banking Regions	-	-	-	-	1.437	60.567	236	1.031	-	1.880	-	1	65.152
5. USA, Canada	4	-	-	-	140.419	-	1.394	46	-	280	-	25	142.168
6. Other Countries	2.459.102	3.696	39.104	-	2.218.269	2.581.578	5.887.400	6.094.961	147.256	104	-	1.764.732	21.196.202
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	1.187.194	-	1.187.194
8. Unallocated Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>265.520.773</b>	<b>1.969.678</b>	<b>2.293.927</b>	<b>359</b>	<b>6.469.267</b>	<b>250.594.888</b>	<b>170.364.098</b>	<b>117.013.294</b>	<b>4.160.323</b>	<b>5.052.594</b>	<b>1.187.194</b>	<b>31.591.874</b>	<b>856.218.269</b>
<b>Prior Period</b>													
1. Domestic	191.081.053	2.509.764	1.827.084	25.119	2.758.246	195.324.954	141.003.496	93.854.257	5.814.200	-	-	24.922.990	659.121.163
2. European Union (EU) Countries	17	-	-	-	2.620.190	301.236	6.743	9.132	42	-	-	60.237	2.997.597
3. OECD Countries	-	-	-	-	146.148	134.555	498	2.998	-	-	-	5.288	289.487
4. Off-Shore Banking Regions	-	-	-	-	298	47.562	1.020	-	-	-	-	1	48.881
5. USA, Canada	-	-	-	-	256.443	-	973	446	-	-	-	51	257.913
6. Other Countries	1.772.740	7.714	24.717	-	1.991.373	2.897.364	4.281.630	3.625.823	80.091	-	-	1.190.184	15.871.636
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	914.433	-	914.433
8. Unallocated Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>192.853.810</b>	<b>2.517.478</b>	<b>1.851.801</b>	<b>25.119</b>	<b>7.772.698</b>	<b>198.705.671</b>	<b>145.294.360</b>	<b>97.492.656</b>	<b>5.894.333</b>	<b>-</b>	<b>914.433</b>	<b>26.178.751</b>	<b>679.501.110</b>

<sup>(1)</sup> Refers to the risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

<sup>(2)</sup> OECD Countries other than the EU Countries, USA and Canada.

<sup>(3)</sup> Assets and liabilities that are not consistently allocated.

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**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)**

Profile of significant exposures by sectors:

Current Period	Risk Classifications <sup>(1)</sup>											Other	TRY	FC	Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments				
Agriculture	194.840	-	1.693	-	-	631.358	1.228.261	408.278	27.124	-	-	65	1.997.821	493.798	2.491.619
<i>Farming and Stockbreeding</i>	<i>84.400</i>	-	<i>1.688</i>	-	-	<i>259.353</i>	<i>598.924</i>	<i>150.689</i>	<i>7.919</i>	-	-	<i>26</i>	<i>950.225</i>	<i>152.774</i>	<i>1.102.999</i>
<i>Forestry</i>	<i>66.938</i>	-	<i>5</i>	-	-	<i>87.832</i>	<i>564.587</i>	<i>223.644</i>	<i>10.881</i>	-	-	<i>36</i>	<i>802.874</i>	<i>151.049</i>	<i>953.923</i>
<i>Fishery</i>	<i>43.502</i>	-	-	-	-	<i>284.173</i>	<i>64.750</i>	<i>33.945</i>	<i>8.324</i>	-	-	<i>3</i>	<i>244.722</i>	<i>189.975</i>	<i>434.697</i>
Manufacturing	10.289.979	-	59.391	-	-	92.016.604	24.453.838	21.803.529	1.031.095	-	-	536	93.786.222	55.868.750	149.654.972
<i>Mining and Quarrying</i>	<i>204.352</i>	-	-	-	-	<i>4.608.625</i>	<i>377.233</i>	<i>332.837</i>	<i>23.467</i>	-	-	<i>22</i>	<i>1.886.597</i>	<i>3.659.939</i>	<i>5.546.536</i>
<i>Production</i>	<i>9.963.696</i>	-	<i>59.391</i>	-	-	<i>68.728.532</i>	<i>23.893.014</i>	<i>20.563.593</i>	<i>774.652</i>	-	-	<i>514</i>	<i>87.111.477</i>	<i>36.871.915</i>	<i>123.983.392</i>
<i>Electricity, Gas and Water</i>	<i>121.931</i>	-	-	-	-	<i>18.679.447</i>	<i>183.591</i>	<i>907.099</i>	<i>232.976</i>	-	-	-	<i>4.788.148</i>	<i>15.336.896</i>	<i>20.125.044</i>
Construction	2.875.216	-	-	-	-	32.634.892	5.213.316	11.839.031	671.210	-	-	10	41.602.980	11.630.695	53.233.675
Services	160.888.652	1.927.387	2.187.041	359	2.956.488	73.652.196	84.742.951	34.834.844	1.451.529	-	-	10.018	267.640.470	95.010.995	362.651.465
<i>Wholesale and Retail Trade</i>	<i>9.279.377</i>	-	<i>6.857</i>	<i>359</i>	-	<i>34.427.111</i>	<i>53.563.003</i>	<i>16.129.438</i>	<i>805.312</i>	-	-	<i>1.253</i>	<i>102.647.060</i>	<i>11.565.650</i>	<i>114.212.710</i>
<i>Accommodation and Dining</i>	<i>2.197.576</i>	<i>10</i>	-	-	-	<i>12.507.295</i>	<i>4.553.739</i>	<i>10.378.808</i>	<i>141.079</i>	-	-	<i>30</i>	<i>10.131.002</i>	<i>19.647.535</i>	<i>29.778.537</i>
<i>Transportation and Telecom.</i>	<i>560.121</i>	-	<i>5</i>	-	-	<i>10.012.134</i>	<i>21.042.651</i>	<i>1.400.933</i>	<i>107.799</i>	-	-	<i>71</i>	<i>24.132.319</i>	<i>8.991.395</i>	<i>33.123.714</i>
<i>Financial Institutions</i>	<i>53.118</i>	-	-	-	2.956.488	<i>4.910.042</i>	<i>126.377</i>	<i>1.196.333</i>	<i>1.253</i>	-	-	<i>5.866</i>	<i>7.410.810</i>	<i>1.838.667</i>	<i>9.249.477</i>
<i>Real Estate and Rental Services</i>	<i>330.503</i>	-	<i>48</i>	-	-	<i>6.304.307</i>	<i>1.987.523</i>	<i>2.962.587</i>	<i>40.309</i>	-	-	<i>10</i>	<i>7.370.814</i>	<i>4.254.473</i>	<i>11.625.287</i>
<i>Professional Services</i>	<i>167.425</i>	-	-	-	-	<i>29</i>	<i>2.132.149</i>	<i>202.588</i>	<i>11.069</i>	-	-	<i>192</i>	<i>2.513.297</i>	<i>155</i>	<i>2.513.452</i>
<i>Educational Services</i>	<i>236.091</i>	-	<i>1.329.555</i>	-	-	<i>452.764</i>	<i>507.154</i>	<i>683.799</i>	<i>327.446</i>	-	-	<i>12</i>	<i>3.178.260</i>	<i>358.561</i>	<i>3.536.821</i>
<i>Health and Social Services</i>	<i>148.064.441</i>	<i>1.927.377</i>	<i>850.576</i>	-	-	<i>5.038.514</i>	<i>830.355</i>	<i>1.880.358</i>	<i>17.262</i>	-	-	<i>2.584</i>	<i>110.256.908</i>	<i>48.354.559</i>	<i>158.611.467</i>
Other	91.272.086	42.291	45.802	-	3.512.779	51.659.838	54.725.732	48.127.612	979.365	5.052.594	1.187.194	31.581.245	157.451.848	130.734.690	288.186.538
<b>Total</b>	<b>265.520.773</b>	<b>1.969.678</b>	<b>2.293.927</b>	<b>359</b>	<b>6.469.267</b>	<b>250.594.888</b>	<b>170.364.098</b>	<b>117.013.294</b>	<b>4.160.323</b>	<b>5.052.594</b>	<b>1.187.194</b>	<b>31.591.874</b>	<b>562.479.341</b>	<b>293.738.928</b>	<b>856.218.269</b>

<sup>(1)</sup>Refers to the risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

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

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)**

Profile of significant exposures by sectors (continued):

Prior Period	Risk Classifications <sup>(1)</sup>														TRY	FC	Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments	Other					
Agriculture	300.093	-	1.314	-	-	571.226	851.555	222.574	28.788	-	-	191.569	1.922.106	245.013	2.167.119		
<i>Farming and Stockbreeding</i>	<i>129.371</i>	-	<i>1.313</i>	-	-	<i>260.439</i>	<i>420.899</i>	<i>119.594</i>	<i>9.691</i>	-	-	<i>119.739</i>	<i>944.322</i>	<i>116.724</i>	<i>1.061.046</i>		
<i>Forestry</i>	<i>99.383</i>	-	<i>1</i>	-	-	<i>38.726</i>	<i>388.437</i>	<i>76.028</i>	<i>9.149</i>	-	-	<i>71.827</i>	<i>676.939</i>	<i>6.612</i>	<i>683.551</i>		
<i>Fishery</i>	<i>71.339</i>	-	-	-	-	<i>272.061</i>	<i>42.219</i>	<i>26.952</i>	<i>9.948</i>	-	-	<i>3</i>	<i>300.845</i>	<i>121.677</i>	<i>422.522</i>		
Manufacturing	16.602.932	-	24.989	12.294	-	72.711.202	17.604.189	18.133.798	1.608.543	-	-	45.930	83.128.280	43.615.597	126.743.877		
<i>Mining and Quarrying</i>	<i>331.183</i>	-	-	<i>172</i>	-	<i>3.699.242</i>	<i>250.040</i>	<i>295.373</i>	<i>28.556</i>	-	-	<i>22</i>	<i>1.531.112</i>	<i>3.073.476</i>	<i>4.604.588</i>		
<i>Production</i>	<i>16.069.617</i>	-	<i>24.989</i>	<i>12.122</i>	-	<i>53.429.628</i>	<i>17.224.834</i>	<i>17.034.127</i>	<i>1.262.047</i>	-	-	<i>45.908</i>	<i>76.798.103</i>	<i>28.305.169</i>	<i>105.103.272</i>		
<i>Electricity, Gas and Water</i>	<i>202.132</i>	-	-	-	-	<i>15.582.332</i>	<i>129.315</i>	<i>804.298</i>	<i>317.940</i>	-	-	-	<i>4.799.065</i>	<i>12.236.952</i>	<i>17.036.017</i>		
Construction	4.345.495	-	-	9.094	-	23.335.047	3.508.545	8.368.073	1.786.801	-	-	93.398	32.396.695	9.049.758	41.446.453		
Services	107.767.292	2.429.705	1.792.306	3.518	4.505.197	88.438.729	68.231.802	29.570.685	2.010.188	-	-	2.886.855	214.284.706	93.351.571	307.636.277		
<i>Wholesale and Retail Trade</i>	<i>14.751.065</i>	<i>107</i>	<i>2.554</i>	<i>2.353</i>	-	<i>24.287.290</i>	<i>40.666.744</i>	<i>12.416.145</i>	<i>1.047.561</i>	-	-	<i>16.463</i>	<i>85.974.365</i>	<i>7.215.917</i>	<i>93.190.282</i>		
<i>Accommodation and Dining</i>	<i>2.417.066</i>	<i>10</i>	-	-	-	<i>9.912.455</i>	<i>3.920.249</i>	<i>8.622.707</i>	<i>191.113</i>	-	-	<i>95</i>	<i>9.274.002</i>	<i>15.789.693</i>	<i>25.063.695</i>		
<i>Transportation and Telecom.</i>	<i>862.093</i>	-	<i>4</i>	<i>38</i>	-	<i>9.767.523</i>	<i>17.188.047</i>	<i>1.127.121</i>	<i>102.999</i>	-	-	<i>539</i>	<i>20.312.135</i>	<i>8.736.229</i>	<i>29.048.364</i>		
<i>Financial Institutions</i>	<i>862.678</i>	-	<i>9</i>	-	<i>4.505.197</i>	<i>4.149.413</i>	<i>96.457</i>	<i>885.637</i>	<i>1.382</i>	-	-	<i>6.699</i>	<i>6.633.542</i>	<i>3.873.930</i>	<i>10.507.472</i>		
<i>Real Estate and Rental Services</i>	<i>1.097.032</i>	-	<i>87</i>	<i>1.127</i>	-	<i>37.179.360</i>	<i>3.514.492</i>	<i>4.003.828</i>	<i>597.454</i>	-	-	<i>110.684</i>	<i>14.964.620</i>	<i>31.539.444</i>	<i>46.504.064</i>		
<i>Professional Services</i>	<i>266.646</i>	-	-	-	-	<i>48</i>	<i>1.847.215</i>	<i>184.868</i>	<i>4.166</i>	-	-	<i>407</i>	<i>2.303.228</i>	<i>122</i>	<i>2.303.350</i>		
<i>Educational Services</i>	<i>346.567</i>	-	<i>1.137.437</i>	-	-	<i>427.785</i>	<i>385.040</i>	<i>637.050</i>	<i>33.817</i>	-	-	<i>11</i>	<i>2.357.303</i>	<i>610.404</i>	<i>2.967.707</i>		
<i>Health and Social Services</i>	<i>87.164.145</i>	<i>2.429.588</i>	<i>652.215</i>	-	-	<i>2.714.855</i>	<i>613.558</i>	<i>1.693.329</i>	<i>31.696</i>	-	-	<i>2.751.957</i>	<i>72.465.511</i>	<i>25.585.832</i>	<i>98.051.343</i>		
Other	63.837.998	87.773	33.192	213	3.267.501	13.649.467	55.098.269	41.197.526	460.013	-	914.433	22.960.999	127.546.253	73.961.131	201.507.384		
<b>Total</b>	<b>192.853.810</b>	<b>2.517.478</b>	<b>1.851.801</b>	<b>25.119</b>	<b>7.772.698</b>	<b>198.705.671</b>	<b>145.294.360</b>	<b>97.492.656</b>	<b>5.894.333</b>	-	<b>914.433</b>	<b>26.178.751</b>	<b>459.278.040</b>	<b>220.223.070</b>	<b>679.501.110</b>		

<sup>(1)</sup>Refers to the risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

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

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)**

Analysis of maturity-bearing exposures according to remaining maturities<sup>(\*)</sup>:

Current Period Exposure Categories	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
1. Conditional and unconditional exposures to central governments or central banks	89.250.248	3.704.773	3.576.276	3.685.950	165.303.526
2. Conditional and unconditional exposures to regional governments or local authorities	40.989	17.623	18.242	108.520	1.784.304
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	206.682	100.787	51.361	165.055	1.770.042
4. Conditional and unconditional exposures to Multilateral Development Banks	359	-	-	-	-
5. Conditional and unconditional exposures to banks and brokerage houses	5.938.688	15.714	15.940	192.080	306.845
6. Conditional and unconditional exposures to corporates	27.893.617	17.122.199	20.255.792	44.999.316	140.323.964
7. Conditional and unconditional retail exposures	21.934.281	4.234.525	7.020.159	22.850.146	114.324.987
8. Conditional and unconditional exposures secured by real estate property	6.377.366	2.785.986	5.024.893	16.863.890	85.961.159
9. Past due items	4.132.364	66	28	173	27.692
10. Items in Regulatory High-Risk Categories	15	44	34	135.548	4.916.953
11. Stock Investments	1.187.194	-	-	-	-
12. Other Items	31.578.920	938	3.638	6.022	2.356
<b>Total</b>	<b>188.540.723</b>	<b>27.982.655</b>	<b>35.966.363</b>	<b>89.006.700</b>	<b>514.721.828</b>

<sup>(\*)</sup>Includes risk amounts before the effect of credit risk mitigation and after the credit conversions.

Prior Period Exposure Categories	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
1. Conditional and unconditional exposures to central governments or central banks	59.224.845	2.906.109	3.884.964	3.779.101	123.058.791
2. Conditional and unconditional exposures to regional governments or local authorities	39.766	24.177	14.905	144.595	2.294.035
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	119.676	66.584	20.298	128.317	1.516.926
4. Conditional and unconditional exposures to Multilateral Development Banks	408	150	4.377	5.813	14.371
5. Conditional and unconditional exposures to banks and brokerage houses	5.537.801	65.925	467.571	36.743	1.664.658
6. Conditional and unconditional exposures to corporates	23.962.542	12.996.730	11.574.956	30.808.791	119.362.652
7. Conditional and unconditional retail exposures	15.741.624	3.198.824	4.995.414	12.640.439	108.718.059
8. Conditional and unconditional exposures secured by real estate property	4.251.850	2.156.724	2.720.185	8.368.114	79.995.783
9. Past due items	5.894.333	-	-	-	-
10. Items in Regulatory High-Risk Categories	-	-	-	-	-
11. Stock Investments	914.433	-	-	-	-
12. Other Items	22.757.096	486	455	209.009	3.211.705
<b>Total</b>	<b>138.444.374</b>	<b>21.415.709</b>	<b>23.683.125</b>	<b>56.120.922</b>	<b>439.836.980</b>

<sup>(\*)</sup> Includes risk amounts after the effect of credit risk mitigation and after the credit conversions.

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

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)**

Information on the risk classifications as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

If a receivable-specific rating is made pursuant to Article 8 of the Second Part of Annex-1 of the Regulation on the Measurement and Evaluation of Capital Adequacy, the relevant credit rating is used to determine the risk weight of that receivable. In cases where there is no credit-specific rating, the points in subparagraphs a, b and c of Article 9 of the Second Section of the Annex to the aforementioned Regulation are applied.

Within the scope of Article 26 of the Regulation on the Principles Regarding the Authorization and Activities of Rating Agencies, the IIRA grades given in the following matching table are used in determining the credit quality level of country ratings, receivables from central governments and central banks.

In the case of other risk classes included in the table, Fitch Ratings notes are taken into account if the rated party is a foreign resident, the supervisor of the relevant country has equivalent regulation and supervision structure, authorized in the country notes.

Implementation of the risk weights to receivables from Regional Governments or local authorities are subject to the same conditions as receivables from banks and intermediary institutions but this implementation exemption cannot be applied for the receivables from banks and intermediary institutions which have less than 90 days to maturity.

The national long-term local currency ratings given by JCR-Euroasia are used to determine the risk weights of companies in the corporate receivables category that have Turkish Lira.

The implementation of the risk weights to receivables from multilateral development banks except those listed in the Additional Regulation 1 on Measurement and Assessment of Capital Adequacy Ratios of Banks, are subject to the same conditions as receivables from banks and intermediary institutions but this implementation exemption cannot be applied for the receivables from banks and intermediary institutions which have less than 90 days to maturity.

The implementation of the risk weight for unrated receivables from banks and intermediary institutions can not be lower than the risk weight of receivables from sovereigns which they are settled in.

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**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)**

Information on the risk classifications as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks: (continued)

Credit Quality Grade and Rating Matching Table										
Credit Quality Grade	IIRA		Fitch					JCR Eurasia		
	Rating	Exposures to Central Governments or Central Banks	Exposures to administrative bodies and other non-commercial undertakings			Exposures to Banks and Brokerage Houses		Exposures to Corporates	Rating	Exposures to Corporates (TRY)
			Rating	Institutions and Organizations included in the tables (I), (II), (III) and (IV) annexed to the Public Financial Management and Control Law No. 5018	Other Public Institutions and Organizations	Exposures with Original Maturities Less Than 90 Days	Exposures with Original Maturities Less More 90 Days			
1	AAA	%0	AAA	%0	%20	%20	%20	%20	AAA	%20
	AA+		AA+						AA+	
	AA		AA						AA	
	AA-		AA-						AA-	
2	A+	%20	A+	%20	%50	%20	%50	%50	A+	%50
	A		A						A	
	A-		A-						A-	
3	BBB+	%50	BBB+	%50	%100	%20	%50	%100	BBB+	%100
	BBB		BBB						BBB	
	BBB-		BBB-						BBB-	
4	BB+	%100	BB+	%100	%100	%50	%100	%100	BB+	%100
	BB		BB						BB	
	BB-		BB-						BB-	
5	B+	%100	B+	%100	%100	%50	%100	%150	B+	%150
	B		B						B	
	B-		B-						B-	
6	CCC+	%150	CCC+	%150	%150	%150	%150	%150	CCC+	%150
	CCC		CCC						CCC	
	CC		CC						CC	
	C		C						C	
	D		D						D	

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**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)**

Risks included in the consolidated counter-cyclical capital buffer calculation:

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
TURKEY	405.258.958	-	405.258.958
CYPRUS	3.325.602	-	3.325.602
MALTA	3.130.155	-	3.130.155
KYRGYZSTAN	788.757	-	788.757
MARSHALL ISLANDS	245.137	-	245.137
OTHER <sup>(*)</sup>	542.223	-	542.223

<sup>(\*)</sup> Risk-Weighted Assets below TRY 5.000 are grouped under "other" headings.

Exposures by Consolidated risk weights:

**Current Period**

Risk Weights	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%2	%4	Deductions from Equity
1 Exposures before Credit Risk Mitigation	248.143.069	-	10.140.911	-	14.128.204	318.514.255	363.721.203	5.862.783	-	839.243	-	-	9.926
2. Exposures after Credit Risk Mitigation	278.870.262	-	8.668.588	67.355.727	56.599.584	168.894.096	269.761.118	5.229.651	-	839.243	-	-	9.926

**Prior Period**

Risk Weights	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%2	%4	Deductions from Equity
1 Exposures before Credit Risk Mitigation	155.048.907	-	4.858.022	-	7.855.111	246.023.815	275.107.961	527.025	-	605.354	2.172	-	4.298
2. Exposures after Credit Risk Mitigation	203.855.325	-	4.858.024	58.067.137	41.900.109	145.455.609	224.305.063	452.317	-	605.354	2.172	-	4.298

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

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)**

Information by major sectors and type of counterparties:

Current Period	Credits		
	Major Sectors /Counterparties	Significant Increase in Credit Risk (Stage II) <sup>(1)</sup>	Credit – Impaired Losses (Stage III) <sup>(2)</sup>
<b>Agriculture</b>	<b>467.280</b>	<b>118.801</b>	<b>147.295</b>
<i>Farming and Stockbreeding</i>	462.950	89.699	125.892
<i>Forestry</i>	1.873	760	706
<i>Fishery</i>	2.457	28.342	20.697
<b>Manufacturing</b>	<b>12.868.423</b>	<b>3.951.106</b>	<b>4.519.952</b>
<i>Mining and Quarrying</i>	93.076	195.317	166.230
<i>Production</i>	5.769.387	3.230.522	3.039.185
<i>Electricity, Gas and Water</i>	7.005.960	525.267	1.314.537
<b>Construction</b>	<b>4.903.520</b>	<b>3.272.852</b>	<b>3.704.702</b>
<b>Services</b>	<b>24.621.822</b>	<b>5.316.448</b>	<b>7.558.565</b>
<i>Wholesale and Retail Trade</i>	5.507.548	2.985.088	2.770.754
<i>Accommodation and Dining</i>	11.294.177	509.333	2.476.244
<i>Transportation and Telecommunication</i>	1.143.055	273.948	212.667
<i>Financial Institutions</i>	306.177	9.878	128.512
<i>Real Estate and Rental Services</i>	5.613.494	993.683	1.520.263
<i>Professional Services</i>	111.505	16.340	15.101
<i>Educational Services</i>	253.867	430.247	277.002
<i>Health and Social Services</i>	391.999	97.931	158.022
<b>Other</b>	<b>4.172.495</b>	<b>2.093.560</b>	<b>1.413.410</b>
<b>Total</b>	<b>47.033.540</b>	<b>14.752.767</b>	<b>17.343.924</b>

<sup>(1)</sup> Income accruals amounting to TRY 2.231.694 are not included in the table.

<sup>(2)</sup> Income accruals amounting to TRY 1.997.126 are not included in the table.

<sup>(3)</sup> The provision for income accruals amounting to TRY 1.672.888 is not included in the table.

Prior Period	Credits		
	Major Sectors /Counterparties	Significant Increase in Credit Risk (Stage II) <sup>(1)</sup>	Credit – Impaired Losses (Stage III) <sup>(2)</sup>
<b>Agriculture</b>	<b>298.230</b>	<b>114.328</b>	<b>140.327</b>
<i>Farming and Stockbreeding</i>	289.039	86.096	120.788
<i>Forestry</i>	996	611	573
<i>Fishery</i>	8.195	27.621	18.966
<b>Manufacturing</b>	<b>8.848.511</b>	<b>5.266.483</b>	<b>4.422.203</b>
<i>Mining and Quarrying</i>	84.575	188.147	155.396
<i>Production</i>	4.195.778	4.534.217	3.542.102
<i>Electricity, Gas and Water</i>	4.568.158	544.119	724.705
<b>Construction</b>	<b>4.888.986</b>	<b>3.098.413</b>	<b>1.971.249</b>
<b>Services</b>	<b>19.108.962</b>	<b>5.316.189</b>	<b>5.144.080</b>
<i>Wholesale and Retail Trade</i>	5.003.931	2.945.805	2.331.063
<i>Accommodation and Dining</i>	6.341.923	586.473	897.569
<i>Transportation and Telecommunication</i>	642.313	229.118	153.942
<i>Financial Institutions</i>	548.796	9.070	96.182
<i>Real Estate and Rental Services</i>	6.169.869	986.770	1.141.948
<i>Professional Services</i>	61.503	10.782	10.400
<i>Educational Services</i>	98.843	433.164	407.201
<i>Health and Social Services</i>	241.784	115.007	105.775
<b>Other</b>	<b>4.375.570</b>	<b>1.130.017</b>	<b>1.157.045</b>
<b>Total</b>	<b>37.520.259</b>	<b>14.925.430</b>	<b>12.834.904</b>

<sup>(1)</sup> Income accruals amounting to TRY 1.806.865 are not included in the table.

<sup>(2)</sup> Income accruals amounting to TRY 2.191.734 are not included in the table.

<sup>(3)</sup> The provision for income accruals amounting to TRY 1.661.544 is not included in the table.



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

**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)**

Movements in value adjustments and provisions:

<b>Current Period</b>	<b>Opening Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Other Adjustments</b>	<b>Closing Balance</b>
1. Stage III expected credit loss	11.160.055	4.183.838	(3.231.114)	-	12.112.779
2. Stage I and Stage II expected credit loss	5.615.289	7.349.558	(2.391.723)	-	10.573.124

<b>Prior Period</b>	<b>Opening Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Other Adjustments</b>	<b>Closing Balance</b>
1. Stage III expected credit loss	8.953.859	3.575.346	(1.369.150)	-	11.160.055
2. Stage I and Stage II expected credit loss	2.538.286	3.113.779	(36.776)	-	5.615.289

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**II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)**

The net value of the close monitoring loan collaterals and the separation of collateral types are given in the table below.

<b>Collateral Types</b>	<b>Net Value of Collateral Current Period <sup>(1)</sup></b>
Real estate mortgage	9.719.256
Salary pledge, vehicle pledge and pledge of commercial undertaking	524.665
CGF	3.122.178
Financial collaterals (cash, securities pledge, etc.)	86.989
Cheque / bills	129.828
Sureties	23.920.324
Other <sup>(2)</sup>	9.530.300
<b>Total</b>	<b>47.033.540</b>

<sup>(1)</sup> Income accruals amounting TRY 2.231.694 are not included in the table.

<sup>(2)</sup> Comprised of share certificates, blockage on receivables, uncollateralized etc.

<b>Collateral Types</b>	<b>Net Value of Collateral Prior Period <sup>(1)</sup></b>
Real estate mortgage	9.766.161
Salary pledge, vehicle pledge and pledge of commercial undertaking	444.531
CGF	2.814.323
Financial collaterals (cash, securities pledge, etc.)	31.668
Cheque / bills	88.383
Sureties	16.484.603
Other <sup>(2)</sup>	7.890.590
<b>Total</b>	<b>37.520.259</b>

<sup>(1)</sup> Income accruals amounting to TRY 1.806.865 are not included in the table.

<sup>(2)</sup> Comprised of share certificates, blockage on receivables, uncollateralized etc.

The net value of the non-performing loan collaterals and the separation of collateral types are given in the table below.

<b>Collateral Types</b>	<b>Net Value of Collateral Current Period <sup>(1)</sup></b>
Cash	13.013
Mortgage	3.134.765
Pledge	158.480
Cheque / bills	23.736
Sureties	7.515.646
Other(2)	3.907.127
<b>Total</b>	<b>14.752.767</b>

<sup>(1)</sup> Income accruals amounting to TRY 1.997.126 are not included in the table.

<sup>(2)</sup> Comprised of share certificates, blockage on receivables, uncollateralized etc.

<b>Collateral Types</b>	<b>Net Value of Collateral Prior Period <sup>(1)</sup></b>
Cash	5.355
Mortgage	3.604.025
Pledge	405.867
Cheque / bills	13.282
Sureties	7.846.280
Other <sup>(2)</sup>	3.050.621
<b>Total</b>	<b>14.925.430</b>

<sup>(1)</sup> Income accruals amounting to TRY 2.191.734 are not included in the table.

<sup>(2)</sup> Comprised of share certificates, blockage on receivables, uncollateralized etc.

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

**III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK**

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Group are taken into consideration. Net short term and long term positions of each currency are calculated in terms of the Turkish Lira.

In accordance with “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”, the foreign currency position risk of the Group is measured by “standard method” and is calculated daily and is reported monthly. Also VAR based values and limits are reported to the Executives on a daily basis by using internal model methods. In addition, the value at risk limit determined by the Board of Directors of the Parent Bank for the value at risk including foreign currency risk is monitored daily and reported to the key management personnel. As a foreign currency risk management policy, the Parent Bank is not exposed to foreign exchange risk significantly and positions related to foreign currency risk are balanced with derivative transactions when necessary.

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

	<b>24.12.2021</b>	<b>27.12.2021</b>	<b>28.12.2021</b>	<b>29.12.2021</b>	<b>30.12.2021</b>	<b>31.12.2021</b>
USD	11,6000000	11,3182000	11,7550000	12,5388000	12,9750000	13,5165000
CHF	12,6035000	12,2973000	12,7942000	13,6778000	14,1714000	14,7880000
GBP	15,5265000	15,1815000	15,7862000	16,8500000	17,4990000	18,2455000
JPY	0,1011076	0,0983419	0,1020660	0,1088716	0,1123557	0,1170854
EUR	13,1324000	12,8122000	13,2973000	14,2096000	14,6968000	15,3412000

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

	<b>Monthly Average Buying Rate of Exchange</b>
USD	13,5516000
CHF	14,7000261
GBP	18,0191130
JPY	0,1186376
EUR	15,3216043

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

**III. EXPLANATIONS ON THE CONSOLIDATED 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	48.645.895	50.308.978	7.560.340	106.515.213
Banks	1.349.451	650.860	2.142.486	4.142.797
Financial assets at fair value through profit and loss	-	725	28.793	29.518
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	6.353.525	19.631.870	3.776.723	29.762.118
Loans <sup>(2)</sup>	95.718.368	60.803.254	12.027.001	168.548.623
Subsidiaries, associates and entities under common control	1.108.396	-	-	1.108.396
Financial assets measured at amortised cost <sup>(5)</sup>	15.591.892	27.131.253	12.558.655	55.281.800
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	859.307	859.307
Intangible assets	-	-	-	-
Other assets <sup>(3)</sup>	2.109.100	1.465.797	167.993	3.742.890
<b>Total assets</b>	<b>170.876.627</b>	<b>159.992.737</b>	<b>39.121.298</b>	<b>369.990.662</b>
<b>Liabilities</b>				
Bank deposits	30.864.271	6.315.609	2.654.750	39.834.630
Foreign currency deposits	130.708.760	168.568.965	48.865.295	348.143.020
Money market balances	-	2.644.672	-	2.644.672
Funds provided from other financial institutions	10.587.141	6.062.992	10.007	16.660.140
Bonds issued	-	-	-	-
Sundry creditors	147.781	1.115.923	37.648	1.301.352
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities <sup>(3)</sup>	16.279.459	1.264.044	679.176	18.222.679
<b>Total liabilities</b>	<b>188.587.412</b>	<b>185.972.205</b>	<b>52.246.876</b>	<b>426.806.493</b>
<b>Net balance sheet position</b>	<b>(17.710.785)</b>	<b>(25.979.468)</b>	<b>(13.125.578)</b>	<b>(56.815.831)</b>
<b>Net off-balance sheet position</b>				
Financial derivative assets <sup>(4)</sup>	19.120.011	34.932.718	27.421.290	81.474.019
Financial derivative liabilities <sup>(4)</sup>	4.652.671	10.701.456	9.460.663	24.814.790
Non-cash loans <sup>(1)</sup>	64.219.309	42.320.975	6.899.472	113.439.756
<b>Prior period</b>				
Total assets	91.651.172	97.672.240	30.072.394	219.395.806
Total liabilities	98.185.337	109.397.241	31.205.076	238.787.654
<b>Net balance sheet position</b>	<b>(6.534.165)</b>	<b>(11.725.001)</b>	<b>(1.132.682)</b>	<b>(19.391.848)</b>
<b>Net off-balance sheet position</b>				
Financial derivative assets	7.325.960	14.650.743	4.755.882	26.732.585
Financial derivative liabilities	1.169.171	5.248.540	3.377.841	9.795.552
Non-cash loans <sup>(1)</sup>	37.665.288	19.910.193	3.871.248	61.446.729

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

<sup>(2)</sup> Includes TRY 14.553 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 2.662.154 and swap precious metal purchase transactions amounted to TRY 20.706.499. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 7.576.901 Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

<sup>(5)</sup> Includes gold indexed bonds amounting

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

**IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK**

Loss that may arise due to asset-liability and interest-sensitive assets mismatches based on the repricing (interest rate change) periods of the off-balance sheet positions represent the interest rate risk. Among the positions subject to these risks, those evaluated in trading accounts are taken into account in market risk, while positions in banking books are subject to interest rate risk calculations arising from banking books.

The interest rate risks incurred due to interest-sensitive positions in the Parent Bank's trading and banking books are managed within the scope of the "Policies for the Management of Interest Rate Risk" which is approved by the Board of Directors. Interest rate risks are measured on a daily basis primarily through risk weighted asset and economic value change measurements, sensitivity, duration and gap analyses. Measurement results are daily reported to the Parent Bank's Top Management and related business units.

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

<b>Current Period</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	15.896.619	-	-	-	-	110.132.948	126.029.567
Banks and financial institutions	742.810	27.553	83.456	-	-	3.686.634	4.540.453
Financial assets at fair value through profit and loss	68.155	27.593	86.529	373	395	25.065.049	25.248.094
Money market placements	-	1.001	-	-	-	-	1.001
Financial assets at fair value through other comprehensive income	9.662.657	7.224.988	17.922.210	30.805.434	2.919.602	401.833	68.936.724
Loans	106.012.210	141.374.991	127.822.703	102.084.145	54.522.240	25.803.930	557.620.219
Financial assets measured at amortised cost	28.156.419	14.950.805	22.755.124	33.181.525	34.134.791	-	133.178.664
Other assets <sup>(1)(4)</sup>	10.019.982	1.238.408	1.655.294	2.207.805	716.755	293.252	16.131.496
<b>Total assets</b>	<b>170.558.852</b>	<b>164.845.339</b>	<b>170.325.316</b>	<b>168.279.282</b>	<b>92.293.783</b>	<b>165.383.646</b>	<b>931.686.218</b>
<b>Liabilities</b>							
Bank deposits	33.582.812	2.215.041	73.419	-	-	28.183.136	64.054.408
Other deposits	296.634.682	100.745.931	28.715.195	4.158.491	83.851	153.036.727	583.374.877
Money market balances	137.835.902	1.370.451	676.861	-	-	151.531	140.034.745
Miscellaneous Payables	5.556.943	-	-	-	-	6.862.362	12.419.305
Bonds issued	2.252.586	4.654.492	234.392	1.000.000	-	35.302	8.176.772
Funds provided from other financial institutions <sup>(3)</sup>	893.628	7.592.241	4.714.786	3.271.718	864.575	261.617	17.598.565
Other liabilities <sup>(2)</sup>	1.000.779	1.546	24.875.066	13.808.799	4.929.795	61.411.561	106.027.546
<b>Total liabilities</b>	<b>477.757.332</b>	<b>116.579.702</b>	<b>59.289.719</b>	<b>22.239.008</b>	<b>5.878.221</b>	<b>249.942.236</b>	<b>931.686.218</b>
Balance sheet long position	-	48.265.637	111.035.597	146.040.274	86.415.562	-	391.757.070
Balance sheet short position	(307.198.480)	-	-	-	-	(84.558.590)	(391.757.070)
Off-balance sheet long position	70.599.820	7.460.045	14.609.201	1.519.795	9.246.541	-	103.435.402
Off-balance sheet short position	(63.534.565)	(8.200.934)	(14.702.247)	(1.519.795)	(9.246.541)	-	(97.204.082)
<b>Total position</b>	<b>(300.133.225)</b>	<b>47.524.748</b>	<b>110.942.551</b>	<b>146.040.274</b>	<b>86.415.562</b>	<b>(84.558.590)</b>	<b>6.231.320</b>

<sup>(1)</sup> TRY 231.043 of deferred tax assets is disclosed under the non-bearing interest column in other assets, TRY 2.152 of deferred tax liability is disclosed under the non-bearing interest column in other liabilities.

<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 GROUP (continued)**

**IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (continued)**

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

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	6.746.564	-	-	-	-	58.237.878	64.984.442
Banks and financial institutions	1.578.759	31.035	34.508	5.396	-	1.441.373	3.091.071
Financial assets at fair value through profit and loss	28.070	27	31.047	998	248	15.663.273	15.723.663
Money market placements	108.213	-	-	-	-	144.784	252.997
Financial assets at fair value through other comprehensive income	4.662.839	13.804.387	25.149.794	14.392.953	2.302.184	232.283	60.544.440
Loans	69.201.918	88.839.669	128.536.576	113.482.637	31.461.527	25.687.899	457.210.226
Financial assets measured at amortised cost	555.772	29.092.955	7.129.636	16.995.568	31.030.758	-	84.804.689
Other assets <sup>(1)(4)</sup>	1.665.307	811.150	911.410	1.977.449	619.788	3.618.018	9.603.122
<b>Total assets</b>	<b>84.547.442</b>	<b>132.579.223</b>	<b>161.792.971</b>	<b>146.855.001</b>	<b>65.414.505</b>	<b>105.025.508</b>	<b>696.214.650</b>
<b>Liabilities</b>							
Bank deposits	21.213.099	4.168.538	32.818	66.496	-	9.584.903	35.065.854
Other deposits	239.625.563	87.530.460	18.243.189	2.417.905	27.076	85.151.781	432.995.974
Money market balances	103.677.703	795.333	-	-	-	129.576	104.602.612
Miscellaneous Payables	4.706.444	-	-	-	-	4.536.210	9.242.654
Bonds issued	895.864	7.796.847	4.366.484	1.000.000	-	186.227	14.245.422
Funds provided from other financial institutions <sup>(3)</sup>	839.080	5.397.838	3.653.635	2.547.328	765.962	50.679	13.254.522
Other liabilities, <sup>(1)(2)</sup>	1.001.917	2.369	15.503.676	8.180.814	4.929.795	57.189.041	86.807.612
<b>Total liabilities</b>	<b>371.959.670</b>	<b>105.691.385</b>	<b>41.799.802</b>	<b>14.212.543</b>	<b>5.722.833</b>	<b>156.828.417</b>	<b>696.214.650</b>
Balance sheet long position	-	26.887.838	119.993.169	132.642.458	59.691.672	-	339.215.137
Balance sheet short position	(287.412.228)	-	-	-	-	(51.802.909)	(339.215.137)
Off-balance sheet long position	16.801.642	9.576.962	6.740.958	243.667	5.940.341	-	39.303.570
Off-balance sheet short position	(16.123.947)	(7.712.951)	(7.051.134)	(883.737)	(5.940.341)	-	(37.712.110)
<b>Total position</b>	<b>(286.734.533)</b>	<b>28.751.849</b>	<b>119.682.993</b>	<b>132.002.388</b>	<b>59.691.672</b>	<b>(51.802.909)</b>	<b>1.591.460</b>

<sup>(1)</sup> TRY 42.101 of deferred tax asset is disclosed under the non-bearing interest column in other assets and TRY 333.904 of 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 GROUP (continued)**

**IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (continued)**

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

Current Period	EUR	USD	JPY	TRY
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT <sup>(5)</sup>	-	-	-	8,50
Banks <sup>(1)</sup>	0,20	0,50	-	15,65
Financial assets at fair value through profit and loss <sup>(6)</sup>	-	6,95	-	18,66
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,02	3,37	-	19,71
Loans <sup>(2)</sup>	4,87	5,63	-	15,16
Financial assets measured at amortised cost	4,76	5,97	-	24,19
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,15	0,87	-	17,05
Other deposits <sup>(4)</sup>	0,43	1,00	-	13,82
Money market borrowings	-	4,19	-	14,06
Sundry creditors <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	-	-	15,08
Funds provided from other financial institutions	1,32	1,56	-	16,98

<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 TRY deposits interest rate with a maturity of twelve months as of 31 December 2021.

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

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

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

Prior Period	EUR	USD	JPY	TRY
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT <sup>(5)</sup>	-	-	-	12,00
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	-	11,63
Money market placements	-	-	-	17,49
Financial assets at fair value through other comprehensive income	2,28	2,94	-	13,84
Loans <sup>(2)</sup>	5,03	5,98	-	11,31
Financial assets measured at amortised cost	4,87	5,62	-	17,56
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,93	1,61	-	17,42
Other deposits <sup>(4)</sup>	0,99	2,40	0,01	14,05
Money market borrowings	-	5,11	-	17,38
Sundry creditors <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	4,75	-	14,11
Funds provided from other financial institutions	1,31	1,77	-	14,29

<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 GROUP (continued)**

**IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (continued)**

3. The interest rate risk of the banking book items:

The interest rate risks incurred due to interest-sensitive positions in the Parent Bank's trading and banking books are managed within the scope of the "Policies for the Management of Interest Rate Risk" which is approved by the Board of Directors. Interest-sensitive positions in the trading accounts are evaluated within the scope of market risks, while positions other than trading accounts are subject to interest rate risk arising from banking books.

Interest rate risks are measured on a daily basis using the standard shock method due to the net positions created by the assets and liabilities in the banking books and off-balance sheet positions in the relevant maturity brackets according to repricing periods. Measurement results are daily reported to the Parent Bank's Top Management and related business units. Statutory reporting is made on a monthly basis in accordance with the "Regulation on Measurement and Evaluation of the Interest Rate Risk Arising from Banking Books by Standard Shock Method" published in the Official Gazette dated 23 August 2011 and numbered 28034.

According to the mentioned regulation, within the scope of Interest Rate Risk in the Banking Book (IRRBB), the ratio of losses incurred due to economic value changes after interest shocks to total capital - legal maximum rate - is limited to 20%. On the other hand regarding IRRBB ratio, the Parent Bank's internally determined limit and risk appetite levels are monitored on a daily basis, provided that they are below the legal maximum rate.

As part of the measures taken against the Covid-19 pandemic which occurred in 2020, banks have been exempted from the obligations to meet 20% legal limit regarding the IRRBB ratio until 31 December 2020 with the resolution numbered 8998 dated 16 April 2020 by BRSA. Mentioned exemption has been terminated as of 31 December 2020 with the resolution numbered 9312 dated 8 December 2020.

The below table indicates the changes in the economic value that occurred after the interest rate shocks applied on the basis of foreign currency types and their ratio to statutory equity of the Parent Bank.

<b>Current Period</b>				
	<b>Currency</b>	<b>Applied Shock (+/- x basis point)</b>	<b>Gains/(Losses)</b>	<b>Gains/Shareholders' Equity – Losses/ Shareholders' Equities</b>
1	TRY	500	(6.403.406)	(%9,27)
		(400)	6.092.718	% 8,82
2	EUR*	200	2.488.313	% 3,60
		(200)	(3.672.243)	(%5,31)
3	USD	200	(3.359.452)	(%4,86)
		(200)	4.467.812	% 6,47
<b>Total (For negative shocks)</b>			<b>6.888.287</b>	<b>%9,97</b>
<b>Total (For positive shocks)</b>			<b>(7.274.545)</b>	<b>(%10,53)</b>
<b>Prior Period</b>				
	<b>Currency</b>	<b>Applied Shock (+/- x basis point)</b>	<b>Gains/(Losses)</b>	<b>Gains/Shareholders' Equity – Losses/ Shareholders' Equities</b>
1	TRY	500	(11.814.957)	(% 19,34)
		(400)	11.722.450	% 19,19
2	EUR*	200	2.798.078	% 4,58
		(200)	(4.088.887)	(% 6,69)
3	USD	200	(2.050.333)	(% 3,36)
		(200)	2.830.762	% 4,63
<b>Total (For negative shocks)</b>			<b>10.464.325</b>	<b>%17,13</b>
<b>Total (For positive shocks)</b>			<b>(11.067.212)</b>	<b>(%18,12)</b>

(\*) Other currencies are shown under EUR.



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**V. EXPLANATIONS ON THE CONSOLIDATED POSITION RISK OF SHARES**

Information on the carrying value, fair value, market value and capital requirement amounts of equity investments resulting from banking accounts:

Equities	Comparison			The Amount of Capital Requirement
	Balance Sheet Value	Fair Value Change	Market Value	
Stock investment excluding A,B,C,D group	1.195.858 <sup>(*)</sup>	1.218.924 <sup>(**)</sup>	-	251.413

<sup>(\*)</sup> Includes TRY 66.555 of unconsolidated subsidiary, TRY 1.129.303 of associates accounted for under the equity method.

<sup>(\*\*)</sup> It represents the fair value of Demirhalk Bank N.V. It is taken from the valuation report of Demirhalk Bank N.V. prepared as of 31 December 2021.

Realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capitals:

Portfolio	Realized gains/ losses in the current period	Realized gains/ losses in the current period		Unrealized gains and losses		
		Total	Included To Total Core Capital	Total	Included To Total Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted on a stock exchange	-	-	-	-	-	-
3. Other share certificates	-	17.709	17.709	-	-	-
<b>Total</b>	-	<b>17.709</b>	<b>17.709</b>	-	-	-

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

**VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO**

The liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows fully and timely. Liquidity risk may also occur when the market penetration is not adequate, when the open position cannot be closed immediately at the suitable prices in sufficient amounts due to barriers and break-ups in the markets.

The liquidity risks of the Parent Bank are managed within the framework of risk and transaction limits approved by the Board of Directors and the written duties and responsibilities of the units related to liquidity risk management is established. On the other hand, for Treasury transactions; maturity and amount limits are determined for TRY and FC 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 Parent Bank's top management and related departments. Periodical stress tests are performed in line with the Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent Bank is required to have the ability to cover net cash outflows with high quality liquid assets and its related ratios should be in compliance with the legal limits. In accordance with the relevant Regulation, 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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**VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)**

Consolidated high quality liquid assets in TRY+FC are composed of 41,98% accounts held by the CBRT and the Central Banks of the foreign branches, 54,99% securities considered as high quality liquid assets and 3,03% cash and cash equivalents. The primary funding source for the Parent Bank is deposit. Other important funding sources are money market borrowings and securities issued.

Derivative transactions did not cause a net cash outflow that would negatively affect the liquidity position. 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 852.650 thousand.

There are no operational or legal restrictions on liquidity transfer to subsidiaries or foreign branches of the Parent Bank. Each of the consolidated subsidiaries manage their own liquidity risk and liquidity adequacy is ensured on a consolidated basis.

The liquidity coverage ratio calculated on a daily basis and the early warning levels and limits regarding the liquidity metrics determined within the scope of the Parent Bank's Liquidity Emergency Action Plan are calculated daily, and regularly reported to the Parent Bank's Audit Committee, Asset-Liability Committee and relevant business units. Additionally, the metrics related to the liquidity status and liquidity risk are regularly evaluated by the Liquidity Risk Committee established within the Parent Bank.

The consolidated liquidity coverage ratios for the last three months are indicated in the table below.

<b>PERIOD</b>	<b>FC (%)</b>	<b>TRY+FC (%)</b>
October 2021	510,60	145,00
November 2021	462,08	149,25
December 2021	283,15	139,45

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**VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)**

Liquidity Coverage Ratio:

	Total Unweighted Value <sup>(1)</sup>		Total Weighted Value <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>Current Period</b>				
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			180.246.769	107.378.740
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	304.650.470	158.714.980	27.986.033	15.871.498
Stable Deposits	49.580.280	-	2.479.014	-
Less Stable Deposits	255.070.190	158.714.980	25.507.019	15.871.498
Unsecured wholesale funding , of which;	234.283.740	131.261.278	111.296.119	54.173.833
Operational Deposits	46.006.460	24.300.156	11.501.615	6.075.039
Non-operational Deposits	169.754.934	103.434.599	82.991.657	44.828.974
Other Unsecured Funding	18.522.346	3.526.523	16.802.847	3.269.820
Secured Funding			-	-
Other cash outflows, of which;	10.453.268	6.766.552	7.327.348	4.866.051
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.301.774	2.126.378	2.301.774	2.126.378
Obligations related to structured financial products	147.986	-	147.986	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.003.508	4.640.174	4.877.588	2.739.673
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	193.545.849	84.351.707	13.867.294	6.096.304
<b>Total Cash Outflows</b>			<b>160.476.794</b>	<b>81.007.686</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	47.814.088	17.366.161	33.311.981	15.486.838
Other Cash Inflows	2.205.589	38.143.271	2.205.589	38.143.271
<b>Total Cash Inflows</b>	<b>50.019.677</b>	<b>55.509.432</b>	<b>35.517.570</b>	<b>53.630.109</b>
<b>Total Adjusted Value</b>				
<b>Total HQLA Stock</b>			<b>180.246.769</b>	<b>107.378.740</b>
<b>Total Net Cash Outflows</b>			<b>124.959.224</b>	<b>28.904.201</b>
<b>Liquidity Coverage Ratio</b>			<b>%144,52</b>	<b>%418,14</b>

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

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**VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)**

Liquidity Coverage Ratio (continued):

Prior Period	Total Unweighted Value <sup>(1)</sup>		Total Weighted Value <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			100.120.759	56.186.941
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	214.617.520	108.065.700	19.509.278	10.806.570
Stable Deposits	39.049.480	-	1.952.474	-
Less Stable Deposits	175.568.040	108.065.700	17.556.804	10.806.570
Unsecured wholesale funding , of which;	200.917.565	72.196.379	91.455.271	32.472.143
Operational Deposits	35.013.844	9.020.372	8.753.461	2.255.093
Non-operational Deposits	159.508.177	60.600.026	77.253.366	27.720.822
Other Unsecured Funding	6.395.544	2.575.981	5.448.444	2.496.228
Secured Funding			-	-
Other cash outflows, of which;	11.648.819	6.917.255	5.837.438	3.688.034
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	949.895	1.015.198	949.895	1.015.198
Obligations related to structured financial products	19.934	-	19.934	-
Commitments related to debts to financial markets and other off-balance sheet obligations	10.678.990	5.902.057	4.867.609	2.672.836
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	143.576.345	55.747.383	11.317.080	4.713.310
<b>Total Cash Outflows</b>			<b>128.119.067</b>	<b>51.680.057</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	34.798.391	12.945.307	22.486.276	9.840.447
Other Cash Inflows	281.378	3.061.589	281.378	3.061.589
<b>Total Cash Inflows</b>	<b>35.079.769</b>	<b>16.006.896</b>	<b>22.767.654</b>	<b>12.902.036</b>
<b>Total Adjusted Value</b>				
<b>Total HQLA Stock</b>			<b>100.120.759</b>	<b>56.186.941</b>
<b>Total Net Cash Outflows</b>			<b>105.351.412</b>	<b>38.778.018</b>
<b>Liquidity Coverage Ratio</b>			<b>%95,40</b>	<b>%149,15</b>

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

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**VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)**

1. Presentation of assets and liabilities according to their remaining maturities:

The Parent Bank follows up and measures the consistency of payments comparing its assets and liabilities with the interest rates on a daily and transactional basis.

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
<b>Assets</b>								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	10.899.719	114.591.909	-	537.939	-	-	-	126.029.567
Banks	3.743.884	622.352	27.634	123.903	-	22.680	-	4.540.453
Financial assets at fair value through profit and loss	26.398	9.964	21.706	24.960.637	59.451	395	169.543	25.248.094
Money market placements	-	1.001	-	-	-	-	-	1.001
Financial assets at fair value through other comprehensive income	-	2.670.577	1.869.268	10.863.027	44.779.010	8.353.009	401.833	68.936.724
Loans	19.028.591	34.056.824	35.449.389	159.983.017	218.457.060	90.645.338	-	557.620.219
Financial assets measured at amortised cost	-	9.158.474	10.256.506	11.283.253	49.466.061	53.014.370	-	133.178.664
Other assets <sup>(2)</sup>	538.438	7.804.338	1.255.044	2.405.105	3.603.983	769.774	(245.186)	16.131.496
<b>Total assets</b>	<b>34.237.030</b>	<b>168.915.439</b>	<b>48.879.547</b>	<b>210.156.881</b>	<b>316.365.565</b>	<b>152.805.566</b>	<b>326.190</b>	<b>931.686.218</b>
<b>Liabilities</b>								
Bank deposits	28.422.696	33.338.251	2.219.892	73.569	-	-	-	64.054.408
Other deposits	144.929.769	300.207.224	100.224.474	33.533.437	4.392.174	87.799	-	583.374.877
Funds provided from other	185.382	329.982	1.023.951	3.029.124	4.502.008	8.528.118	-	17.598.565
Money market balances	-	137.977.454	26.116	679.525	-	1.351.650	-	140.034.745
Bonds issued	-	1.959.954	4.263.822	418.615	1.534.381	-	-	8.176.772
Sundry creditors	151.758	6.186.214	286.364	1.228.111	3.534.286	17.104	1.015.468	12.419.305
Other liabilities <sup>(1)</sup>	2.853.760	9.078.132	746.937	25.254.571	16.026.350	6.354.058	45.713.738	106.027.546
<b>Total liabilities</b>	<b>176.543.365</b>	<b>489.077.211</b>	<b>108.791.556</b>	<b>64.216.952</b>	<b>29.989.199</b>	<b>16.338.729</b>	<b>46.729.206</b>	<b>931.686.218</b>
<b>Liquidity Gap</b>	<b>(142.306.335)</b>	<b>(320.161.772)</b>	<b>(59.912.009)</b>	<b>145.939.929</b>	<b>286.376.366</b>	<b>136.466.837</b>	<b>(46.403.016)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>7.065.255</b>	<b>(65.819)</b>	<b>(269.186)</b>	<b>(498.930)</b>	<b>-</b>	<b>-</b>	<b>6.231.320</b>
Derivative Financial Assets	-	70.589.820	6.714.220	4.598.687	3.039.590	18.493.085	-	103.435.402
Derivative Financial Liabilities	-	(63.524.565)	(6.780.039)	(4.867.873)	(3.538.520)	(18.493.085)	-	(97.204.082)
<b>Non-Cash Loans</b>	<b>56.312.661</b>	<b>6.267.027</b>	<b>18.625.046</b>	<b>73.407.527</b>	<b>34.027.593</b>	<b>6.514.648</b>	<b>151.163</b>	<b>195.305.665</b>
<b>Prior Period</b>								
Total Assets	28.748.119	98.522.452	46.024.987	157.556.611	257.758.720	106.201.716	1.402.045	696.214.650
Total Liabilities	92.155.035	379.014.110	95.303.102	48.389.957	20.931.306	15.354.799	45.066.341	696.214.650
<b>Liquidity Gap</b>	<b>(63.406.916)</b>	<b>(280.491.658)</b>	<b>(49.278.115)</b>	<b>109.166.654</b>	<b>236.827.414</b>	<b>90.846.917</b>	<b>(43.664.296)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>(2.304)</b>	<b>620.011</b>	<b>464.823</b>	<b>508.930</b>	<b>-</b>	<b>-</b>	<b>1.591.460</b>
Derivative Financial Assets	-	16.021.643	7.847.962	1.916.950	1.636.333	11.880.682	-	39.303.570
Derivative Financial Liabilities	-	(16.023.947)	(7.227.951)	(1.452.127)	(1.127.403)	(11.880.682)	-	(37.712.110)
<b>Non-Cash Loans</b>	<b>35.094.122</b>	<b>2.874.408</b>	<b>10.434.702</b>	<b>40.597.782</b>	<b>25.043.586</b>	<b>2.459.251</b>	<b>-</b>	<b>116.503.851</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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**VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)**

Analysis of non-derivative financial liabilities by remaining contractual maturities:

<b>Current Period</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Adjustments <sup>(1)</sup></b>	<b>Total</b>
<b>Liabilities</b>							
Deposits	507.717.083	104.085.053	34.517.905	4.436.971	88.011	(3.415.738)	647.429.285
Funds provided from other financial intuitions	330.575	1.050.528	3.146.542	4.863.531	8.718.217	(510.828)	17.598.565
Money market borrowings	138.359.868	33.001	687.353	42.599	1.365.850	(453.926)	140.034.745
Securities issued	2.042.515	4.490.342	578.924	1.636.759	-	(571.768)	8.176.772
Funds	14.403	25.540	71.923	26.675	-	-	138.541
<b>Total</b>	<b>648.464.444</b>	<b>109.684.464</b>	<b>39.002.647</b>	<b>11.006.535</b>	<b>10.172.078</b>	<b>(4.952.260)</b>	<b>813.377.908</b>

<b>Prior Period</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Adjustments <sup>(1)</sup></b>	<b>Total</b>
<b>Liabilities</b>							
Deposits	355.458.727	88.568.202	24.038.902	2.645.931	34.342	(2.684.276)	468.061.828
Funds provided from other financial intuitions	124.672	590.583	2.645.604	4.531.978	6.088.824	(727.139)	13.254.522
Money market borrowings	103.938.774	59.859	-	-	747.982	(144.003)	104.602.612
Securities issued	1.040.386	7.068.563	5.151.860	1.531.819	-	(547.206)	14.245.422
Funds	7.800	35	211.490	617.046	3.317.615	(536.683)	3.617.303
<b>Total</b>	<b>460.570.359</b>	<b>96.287.242</b>	<b>32.047.856</b>	<b>9.326.774</b>	<b>10.188.763</b>	<b>(4.639.307)</b>	<b>603.781.687</b>

<sup>(1)</sup>Adjustments column represents the difference between the total expected cash flows and the carrying values of non-derivative financial liabilities.

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**VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)**

Analysis of Group's derivative financial instruments according to their remaining maturities:

<b>Current Period:<sup>(1)</sup></b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Forwards Contracts- Buy	6.661.532	3.825.069	2.440.822	-	-	12.927.423
Forward Contracts – Sell	5.827.327	1.550.887	741.433	-	-	8.119.647
Swaps – Buy	43.530.517	33.434	2.308.629	1.486.815	-	47.359.395
Swaps – Sell	58.052.059	1.453.824	1.861.972	498.930	-	61.866.785
Credit Default Swap – Buy	-	-	-	-	-	-
Credit Default Swap – Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	1.539.559	1.122.595	-	-	-	2.662.154
Forward Precious Metal - Sell	2.427.766	3.409.729	1.739.406	-	-	7.576.901
Money Buy Options	1.728.930	345.130	164.617	-	-	2.238.677
Money Sell Options	1.728.922	345.130	164.617	-	-	2.238.669
Swaps Interest – Buy	10.000	85.000	360.440	3.039.591	18.493.084	21.988.115
Swaps Interest – Sell	10.000	85.000	360.440	3.039.591	18.493.084	21.988.115
Swaps Precious Metal - Buy	19.325.276	1.381.223	-	-	-	20.706.499
Swaps Precious Metal - Sell	-	-	-	-	-	-
<b>Total</b>	<b>140.841.888</b>	<b>13.637.021</b>	<b>10.142.376</b>	<b>8.064.927</b>	<b>36.986.168</b>	<b>209.672.380</b>

<b>Prior Period:<sup>(2)</sup></b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Forwards Contracts- Buy	1.734.998	1.241.034	34.708	-	-	3.010.740
Forward Contracts – Sell	631.159	161.002	34.069	-	-	826.230
Swaps – Buy	10.223.422	5.807.869	1.707.242	1.184.000	-	18.922.533
Swaps – Sell	13.482.734	5.390.348	1.243.058	675.070	-	20.791.210
Credit Default Swap – Buy	-	-	-	-	-	-
Credit Default Swap – Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	84.221	-	-	-	-	84.221
Forward Precious Metal - Sell	1.184.714	1.102.641	-	-	-	2.287.355
Money Buy Options	1.467.840	469.181	-	-	-	1.937.021
Money Sell Options	1.468.509	468.516	-	-	-	1.937.025
Swaps Interest – Buy	155.000	120.000	175.000	452.333	11.880.682	12.783.015
Swaps Interest – Sell	155.000	120.000	175.000	452.333	11.880.682	12.783.015
Swaps Precious Metal - Buy	3.255.540	224.520	-	-	-	3.480.060
Swaps Precious Metal - Sell	-	-	-	-	-	-
<b>Total</b>	<b>33.843.137</b>	<b>15.105.111</b>	<b>3.369.077</b>	<b>2.763.736</b>	<b>23.761.364</b>	<b>78.842.425</b>

<sup>(1)</sup> Foreign exchange purchase and sale commitments of TL 9.032.973 are included in the table.

<sup>(2)</sup> Foreign exchange purchase and sale commitments of 1.784.635 TL and precious metal purchase commitments of 42.110 TL are included in the table.



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**VII. EXPLANATIONS ON THE CONSOLIDATED LEVERAGE RATIO**

	Current period	Prior period
Total Assets in The Consolidated Financial Statements Prepared in Accordance with TAS <sup>(1)</sup>	737.212.218	695.581.820
The difference between Total Assets in the Consolidated Financial Statements Prepared in Accordance with TAS and the Communiqué on Preparation of Consolidated Financial Statements of Banks <sup>(1)</sup>	(6.325)	(632.830)
The difference between total amount of derivative financial instruments and credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk balances of such instruments <sup>(2)</sup>	83.424.174	37.634.584
The difference between total amount of risk investment securities or commodity collateral financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such instruments <sup>(2)</sup>	30.891.069	36.567.594
The difference between total amount of off-balance sheet transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such items <sup>(2)</sup>	8.480.178	4.958.752
The other differences between amount of assets in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such items	-	-
<b>Total Risk Amount</b>	<b>1.087.097.539</b>	<b>860.229.588</b>

<sup>(1)</sup> The amounts are represented in the table as of 30 June 2021 and 31 December 2020.

<sup>(2)</sup> The amounts in the table represent three-month averages.

Leverage ratio calculated according to the article "Regulation Regarding the Measurement and Evaluation of Banks' Leverage Level" published in the Official Gazette No. 28812 dated 5 November 2013 is as follows.

	Current Period <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)	861.562.969	692.898.165
2.Assets That Are Deducted from Core Capital	(836.302)	(756.288)
3.Total on Balance Sheet Exposures	860.726.667	692.141.877
<b>Derivative Exposures And Credit Derivatives</b>		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	6.112.940	2.979.921
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	1.062.784	549.344
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives	7.175.724	3.529.265
<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)	2.908.372	2.471.560
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions	2.908.372	2.471.560
<b>Off -Balance Sheet Items</b>		
10.Gross Notional Amount of Off-Balance Sheet Items	224.766.954	167.045.638
11.Adjustments for Conversion to Credit Equivalent Amounts	(8.480.178)	(4.958.752)
12.The Total Risk of Off-Balance Sheet Items	216.286.776	162.086.886
<b>Capital And Total Exposures</b>		
13.Tier 1 Capital	54.798.407	49.386.153
14.Total Exposures	1.087.097.539	860.229.588
<b>Leverage Ratio</b>		
15.Leverage Ratio	%5,04	%5,74

<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 GROUP (continued)**

**VIII. EXPLANATIONS RELATED TO THE CONSOLIDATED BUSINESS SEGMENTATION**

The Group's operations are grouped under the corporate, commercial, integrated banking and treasury/investment banking categories. Branches are grouped considering the information above and are scaled according to the classification shown in the table below, with the classification reflected to the head office and branches.

The Parent Bank is rendering services to a wide range of companies in all sectors, especially to Small and Medium Size Enterprises (SMEs) as well as individual consumers. In this context, the Parent Bank has no restrictions on the area in which it operates.

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

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

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

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

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

- Accepting deposits,
- Issuance of cash, noncash loans,
- All kinds of reimbursements and cash receipt operations, including cash and deposit reimbursements, fund transfers, correspondent banking transactions and use of checking accounts,
- Purchasing cheques and bank bills,
- Performing custody services,
- Issuing payment instruments such as; credit cards, cash cards and travel cheques, and performing related transactions,
- Including spot transactions, foreign exchange transactions, trading of money market securities, bullion trading and/or performing the related custody services,
- Trading of forward transaction agreements, option agreements and financial instruments with more than one derivative instrument and performing the related intermediary services based on the economic and financial indicators, capital markets instruments, commodities, precious metals and exchange rates,
- Assuming guarantee transactions such as; warranties and other liabilities in favor of others,
- Having intermediary transactions on Interbank money market transactions,
- Rendering insurance agency transactions and individual pension services,
- Acting as a market maker in trade operations in accordance with liabilities assumed within the context of the agreement organised by the Turkish Treasury and/or Central Bank and associations,
- Trading capital market instruments and performing repurchase and reverse repo transactions,
- Acting as an intermediary in the sale process of capital market instruments by means of issuing instruments or through a public offering,
- Trading the capital market instruments in the secondary market for the purpose of performing intermediary services,
- Acting as an operator in order to provide risk management systems related to technical support and consulting services,
- Providing technical support and consulting services to Parent 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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**VIII. EXPLANATIONS RELATED TO THE CONSOLIDATED 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 31 December 2021 are presented in the table below.

Current Period	Commercial/ Corporate	Integrated	Treasury/ Investment <sup>(1)</sup>	Other <sup>(1)</sup>	Total
<b>1 January -31 December 2021</b>					
<b>OPERATING INCOME / EXPENSES</b>					
<b>Interest Income</b>	<b>15.819.162</b>	<b>38.342.805</b>	<b>35.212.455</b>	<b>746.506</b>	<b>90.120.928</b>
Interest on Loans	15.647.171	38.083.916	846.646	-	54.577.733
Interest Income on Marketable Securities	-	232.578	32.928.075	-	33.160.653
Interest Received from Banks	-	-	1.276.051	7.949	1.284.000
Other Interest Income	171.991	26.311	161.683	738.557	1.098.542
<b>Interest Expense</b>	<b>15.536.256</b>	<b>24.415.122</b>	<b>23.823.283</b>	<b>304.477</b>	<b>64.079.138</b>
Interest on Deposits	15.490.835	23.901.163	2.675.455	-	42.067.453
Interest on Borrowings	18.839	70.226	149.042	147.171	385.278
Interest on Money Market Borrowings	-	55.063	17.564.511	124.361	17.743.935
Interest on Marketable Bonds Issued	-	-	3.267.509	32.588	3.300.097
Other Interest Expense	26.582	388.670	166.766	357	582.375
<b>Net Interest Income</b>	<b>282.906</b>	<b>13.927.683</b>	<b>11.389.172</b>	<b>442.029</b>	<b>26.041.790</b>
Net Fees and Commissions Income	1.291.317	2.417.278	816.935	(1.409)	4.524.121
Net Trading Profit / (Loss)	22.916	7.038.059	(19.725.384)	61.463	(12.602.946)
Dividend Income	-	-	4.051	-	4.051
Other Income	1.923.901	1.098.521	3.546.767	93.164	6.662.353
Expected Loss Provisions	611.460	1.484.600	9.900.322	125.462	12.121.844
Other Expenses	391.184	4.853.884	5.304.780	74.728	10.624.576
<b>Income Before Taxes</b>	<b>2.518.396</b>	<b>18.143.057</b>	<b>(19.173.561)</b>	<b>395.057</b>	<b>1.882.949</b>
Income Tax Provision	-	-	23.028	(61.519)	(38.491)
<b>Net Profit For The Period</b>	<b>2.518.396</b>	<b>18.143.057</b>	<b>(19.150.533)</b>	<b>333.538</b>	<b>1.844.458</b>
<b>SEGMENT ASSETS</b>					
<b>31 December 2021</b>					
Marketable Securities <sup>(2)</sup>	-	4.994.370	222.351.776	628	227.346.774
Derivative Financial Assets Held for Trading	-	447.113	8.541.782	-	8.988.895
Banks and Money Market Receivables	-	287.484	4.196.188	55.854	4.539.526
Associates and Subsidiaries (Net)	-	-	1.195.858	-	1.195.858
Loans <sup>(2)</sup>	192.127.215	321.749.042	21.058.059	-	534.934.316
Other Assets <sup>(2)</sup>	3.472.032	4.900.834	139.117.296	7.190.687	154.680.849
<b>TOTAL ASSETS</b>	<b>195.599.247</b>	<b>332.378.843</b>	<b>396.460.959</b>	<b>7.247.169</b>	<b>931.686.218</b>
<b>SEGMENT LIABILITIES</b>					
<b>31 December 2021</b>					
Deposits	192.292.442	383.390.584	71.746.259	-	647.429.285
Derivative Financial Liabilities	-	316.628	2.153.809	-	2.470.437
Money Market Balances	-	2.644.672	136.575.505	814.568	140.034.745
Borrowing Funding Loans	521.718	1.141.076	13.987.319	1.948.452	17.598.565
Bonds Issued	-	-	6.413.302	1.763.470	8.176.772
Other Liabilities	3.556.364	9.148.230	54.236.086	359.353	67.300.033
Provisions and Tax Payable	178.534	368.158	4.057.125	61.193	4.665.010
Shareholders' Equity	6.132.788	19.601.597	17.577.345	699.641	44.011.371
<b>TOTAL LIABILITIES</b>	<b>202.681.846</b>	<b>416.610.945</b>	<b>306.746.750</b>	<b>5.646.677</b>	<b>931.686.218</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
<b>31 December 2021</b>					
Guarantees and Sureties	99.533.601	59.372.678	36.399.386	-	195.305.665
Commitments	932.320	15.722.466	38.999.863	1.894	55.656.543
Derivative Financial Instruments	-	24.817.046	175.822.438	-	200.639.484

<sup>(1)</sup> Amounts arising from transactions of general directorate and Halk Yatırım Menkul Değerler AŞ., Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Banka A.D. Beograd, and Halk Banka A.D., Skopje transactions are presented under the Treasury / Investment column, Halk Finansal Kiralama AŞ., Halk Faktoring AŞ and Halk Varlık Kiralama AŞ activities presented under the Other column.

<sup>(2)</sup> TFRS 9 Expected Loss Provisions presented in related lines.

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**VIII. EXPLANATIONS RELATED TO THE CONSOLIDATED BUSINESS SEGMENTATION (continued)**

Prior Period	Commercial/ Corporate	Integrated	Treasury/ Investment <sup>(1)</sup>	Other <sup>(1)</sup>	Total
<b>1 January -31 December 2020</b>					
<b>OPERATING INCOME / EXPENSES</b>					
<b>Interest Income</b>	<b>12.006.217</b>	<b>25.712.589</b>	<b>16.330.643</b>	<b>679.730</b>	<b>54.729.179</b>
<i>Interest on Loans</i>	11.952.107	25.610.947	735.986	-	38.299.040
<i>Interest Income on Marketable Securities</i>	-	84.220	15.253.404	-	15.337.624
<i>Interest Received from Banks</i>	-	-	277.296	1.381	278.677
<i>Other Interest Income</i>	54.110	17.422	63.957	678.349	813.838
<b>Interest Expense</b>	<b>10.626.323</b>	<b>11.228.426</b>	<b>13.154.303</b>	<b>188.308</b>	<b>35.197.360</b>
<i>Interest on Deposits</i>	10.055.539	10.857.240	1.458.003	-	22.370.782
<i>Interest on Borrowings</i>	39.204	66.802	180.030	141.426	427.462
<i>Interest on Money Market Borrowings</i>	-	38.529	8.730.470	29.677	8.798.676
<i>Interest on Marketable Bonds Issued</i>	-	-	2.463.921	16.957	2.480.878
<i>Other Interest Expense</i>	531.580	265.855	321.879	248	1.119.562
<b>Net Interest Income</b>	<b>1.379.894</b>	<b>14.484.163</b>	<b>3.176.340</b>	<b>491.422</b>	<b>19.531.819</b>
Net Fees and Commissions Income	976.093	1.542.501	439.994	(68.639)	2.889.949
Net Trading Profit / (Loss)	12.426	1.728.209	(6.964.405)	10.757	(5.213.013)
Dividend Income	-	-	4.196	764	4.960
Other Income	322.020	706.039	710.809	1.588.156	3.327.024
Expected Loss Provisions	2.118.715	1.234.783	3.530.941	96.384	6.980.823
Other Expenses	397.264	3.430.025	4.745.095	494.561	9.066.945
<b>Income Before Taxes</b>	<b>174.454</b>	<b>13.796.104</b>	<b>(10.909.102)</b>	<b>1.431.515</b>	<b>4.492.971</b>
Income Tax Provision	-	-	(690.897)	(110.209)	(801.106)
<b>Net Profit For The Period</b>	<b>174.454</b>	<b>13.796.104</b>	<b>(11.599.999)</b>	<b>1.321.306</b>	<b>3.691.865</b>
<b>SEGMENT ASSETS</b>					
<b>31 December 2020</b>					
Marketable Securities <sup>(2)</sup>	-	2.005.568	159.054.669	1.818	161.062.055
Derivative Financial Assets Held for Trading	-	447.253	1.900.029	-	2.347.282
Banks and Money Market Receivables	-	284	3.304.218	39.211	3.343.713
Associates and Subsidiaries (Net)	-	-	764.460	-	764.460
Loans <sup>(2)</sup>	142.281.833	285.849.473	12.303.576	-	440.434.882
Other Assets <sup>(2)</sup>	3.836.074	4.737.307	73.357.898	6.330.979	88.262.258
<b>TOTAL ASSETS</b>	<b>146.117.907</b>	<b>293.039.885</b>	<b>250.684.850</b>	<b>6.372.008</b>	<b>696.214.650</b>
<b>SEGMENT LIABILITIES</b>					
<b>31 December 2020</b>					
Deposits	171.817.704	259.510.901	36.733.223	-	468.061.828
Derivative Financial Liabilities	-	309.375	224.850	-	534.225
Money Market Balances	-	1.114.631	102.861.673	626.308	104.602.612
Borrowing Funding Loans	675.438	868.174	10.299.013	1.411.897	13.254.522
Bonds Issued	-	-	13.165.184	1.080.238	14.245.422
Other Liabilities	2.273.342	11.535.395	35.391.807	190.694	49.391.238
Provisions and Tax Payable	247.237	239.340	2.839.678	19.647	3.345.902
Shareholders' Equity	1.159.958	14.033.456	27.031.678	553.809	42.778.901
<b>TOTAL LIABILITIES</b>	<b>176.173.679</b>	<b>287.611.272</b>	<b>228.547.106</b>	<b>3.882.593</b>	<b>696.214.650</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
<b>31 December 2020</b>					
Guarantees and Sureties	60.710.939	37.275.102	18.517.810	-	116.503.851
Commitments	862.674	12.634.337	36.454.871	15.060	49.966.942
Derivative Financial Instruments	-	13.586.811	63.428.869	-	77.015.680

<sup>(1)</sup> Amounts arising from transactions of general directorate and Halk Yatırım Menkul Değerler AŞ., Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Banka A.D. Beograd, and Halk Banka A.D., Skopje transactions are presented under the Treasury / Investment column, Halk Finansal Kiralama AŞ., Halk Faktoring AŞ and Halk Varlık Kiralama AŞ activities presented under the Other column.

<sup>(2)</sup> TFRS 9 Expected Loss Provisions presented in related lines.

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**IX. EXPLANATIONS ON PRESENTATION OF THE CONSOLIDATED FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE**

	Current Period		Prior Period	
	Book Value	Fair Value	Book Value	Fair Value
<b>Financial Assets</b>	<b>877.708.986</b>	<b>842.947.609</b>	<b>658.232.315</b>	<b>636.425.955</b>
Cash and Balances with the Central Bank of Turkey	126.029.567	126.029.567	64.984.442	64.984.442
Financial assets at fair value through P&L <sup>(3)(4)</sup>	84.276	84.276	33.217	33.217
Banks	4.540.453	4.540.067	3.091.071	3.089.685
Money market placements	1.001	1.001	252.997	252.997
Financial assets at Fair Value through OCI <sup>(1)</sup>	66.919.835	66.919.835	59.472.055	59.472.055
Financial assets measured at amortised cost	133.178.664	109.974.846	84.804.689	79.478.703
Loans <sup>(2)</sup>	540.870.326	529.313.153	440.093.062	423.614.074
Receivables from leasing transactions	4.389.595	4.389.595	3.706.703	3.706.703
Factoring receivables	1.695.269	1.695.269	1.794.079	1.794.079
<b>Financial Liabilities</b>	<b>829.185.944</b>	<b>827.670.247</b>	<b>610.835.037</b>	<b>610.976.904</b>
Deposits	647.429.285	645.654.310	468.061.828	468.176.844
Derivative financial liabilities held for trading	2.470.437	2.470.437	534.225	534.225
Funds provided from other financial intuitions	17.598.565	17.852.088	13.254.522	13.570.718
Money market borrowings	140.034.745	140.038.714	104.602.612	104.497.824
Securities issued	8.176.772	8.178.558	14.245.422	14.060.865
Miscellaneous payables	12.419.305	12.419.305	9.242.654	9.242.654
Lease payables	1.056.835	1.056.835	893.774	893.774

<sup>(1)</sup> As of 31 December 2021, TRY 2.016.889 (31 December 2020: TRY 1.072.385) of "equity investments not quoted on stock exchange" followed in financial assets at fair value through other comprehensive income are not included.

<sup>(2)</sup> Non-performing loans has not been included in the table above.

<sup>(3)</sup> As of 31 December 2021, marketable securities amounting to TRY 294.710 (31 December 2020: TRY 190.821) that are not valued with market price, are not included in financial assets at fair value through Profit and Loss..

<sup>(4)</sup> Securities lending transactions amounting to TRY 24.869.108 (31 December 2020: TRY 15.499.625) is not included in the financial assets at fair value through P&L.

The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

- The fair value of the held to maturity assets is determined at fair value, when the market prices are not available, quoted market prices of other marketable securities which are amortised with the same terms of interest maturity and other similar conditions are used.
- The prevailing interest rates as of balance sheet date are used in the calculation of fair value of money market placements, banks, loans, deposits, funds provided from other financial intuitions and sundry creditors.

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**IX. EXPLANATIONS ON PRESENTATION OF THE CONSOLIDATED FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (continued)**

*Classification of Fair Value Measurement*

TFRS 7 – Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets Measured at Fair Value:</b>				
Financial Assets Measured at Fair Value through Profit/Loss <sup>(2) (3)</sup>	84.276	-	-	84.276
Derivative financial assets	-	8.988.895	-	8.988.895
Financial Assets at Fair Value through Other Comprehensive Income <sup>(1)</sup>	66.919.835	-	-	66.919.835
Subsidiaries	-	-	-	-
Associates <sup>(4)</sup>	-	-	1.108.396	1.108.396
<b>Total Financial Assets</b>	<b>67.004.111</b>	<b>8.988.895</b>	<b>1.108.396</b>	<b>77.101.402</b>
<b>Financial Liabilities Measured at Fair Value:</b>				
Derivative financial liabilities	-	2.470.437	-	2.470.437
<b>Total Financial Liabilities</b>	<b>-</b>	<b>2.470.437</b>	<b>-</b>	<b>2.470.437</b>

<sup>(1)</sup> As of 31 December 2021, share certificates amounting to TRY 2.016.889 of “securities not quoted on the stock exchange” in financial assets at fair value through other comprehensive income are not included in the above table.

<sup>(2)</sup> As of 31 December 2021, marketable securities amounting to TRY 294.710 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

<sup>(3)</sup> As of 31 December 2021, the securities lending transactions amounting to TRY 24.869.108 followed in financial assets at fair value through profit or loss are not included in the table.

<sup>(4)</sup> Bank’s associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş (TRY 20.907), Bileşim Finansal Teknolojiler ve Ödeme Sis. A.Ş (TRY 62.989), Kredi Kayıt Bürosu A.Ş. (TRY 2.516) and Platform Ortak Katlı Sistemler A.Ş. (TRY 1.050) are not included in the table.

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**IX. EXPLANATIONS ON PRESENTATION OF THE CONSOLIDATED FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (continued)**

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets Measured at Fair Value:</b>				
Financial Assets Measured at Fair Value through Profit/Loss <sup>(2) (3)</sup>	33.217	-	-	33.217
Derivative financial assets	-	2.347.282	-	2.347.282
Financial Assets at Fair Value through Other Comprehensive Income <sup>(1)</sup>	59.472.055	-	-	59.472.055
Subsidiaries	-	-	-	-
Associates <sup>(4)</sup>	-	-	681.339	681.339
<b>Total Financial Assets</b>	<b>59.505.272</b>	<b>2.347.282</b>	<b>681.339</b>	<b>62.533.893</b>
<b>Financial Liabilities Measured at Fair Value:</b>				
Derivative financial liabilities	-	534.225	-	534.225
<b>Total Financial Liabilities</b>	<b>-</b>	<b>534.225</b>	<b>-</b>	<b>534.225</b>

<sup>(1)</sup> As of 31 December 2020, share certificates amounting to TRY 1.072.385 of “securities not quoted on the stock exchange” in financial assets at fair value through other comprehensive income are not included in the above table.

<sup>(2)</sup> As of 31 December 2020, marketable securities amounting to TRY 190.821 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

<sup>(3)</sup> As of 31 December 2020, the securities lending transactions amounting to TRY 15.499.625 followed in financial assets at fair value through profit or loss are not included in the table.

<sup>(4)</sup> Bank’s associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. (TRY 16.566), Bileşim Finansal Teknolojiler ve Ödeme Sis. A.Ş. (TRY 62.989), Kredi Kayıt Bürosu A.Ş. (TRY 2.516) and Platform Ortak Katlı Sistemler A.Ş. (TRY 1.050) and Keskinöğlü Tavukçuluk ve Damızlık A.Ş. are not included in the table.

The movement of financial assets in the third level are as follows:

	<b>Current Period</b>
Balance at the beginning of the period	681.339
Purchases during the year	-
Non-paid up shares	-
Valuation Difference	427.057
Transfers	-
Redemption or Sales	-
<b>Period End Balance</b>	<b>1.108.396</b>
	<b>Prior Period</b>
Balance at the beginning of the period	593.234
Purchases during the year	-
Non-paid up shares	-
Valuation Difference	183.368
Transfers	(34.833)
Redemption or Sales	(60.430)
<b>Period End Balance</b>	<b>681.339</b>

**X. EXPLANATIONS RELATED TO TRANSACTIONS MADE ON BEHALF OF OTHERS AND TRANSACTIONS BASED ON TRUST**

The Parent Bank performs buying transactions on behalf of customers, and gives custody, administration and consultancy services.

The Group does not engage in fiduciary transactions.

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

**XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS**

**Explanations Related To Risk Management**

The Parent Bank's business model creates a comprehensive risk profile that includes all units of the Bank. Credit risk is a key component of the risk profile. The Parent Bank effectively implements risk management policies and procedures for loan and other risks which is determined within the framework of risk capacity and appetite and approved by board of directors. Risk appetite and capacity, which are directly related to the Parent Bank's strategic objectives, are limited by legal rates therefore the 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 June 2014 and subject to the Board of Directors through the Audit Committee.

The structure of the internal systems determines the level of risk by identifying the risks that the bank is exposed to. The Department of Compliance, another unit within the scope of internal systems, performs the compliance function of the Parent Bank's activities regarding MASAK and Anti-Money Laundering and Prevention of Terrorist Financing. In this direction, the relevant units are responsible for monitoring, controlling and reporting risks, limited to their areas of responsibility. Outside of internal systems, Top Management is directly responsible to the Board of Directors for the risks to which the Parent Bank is exposed in relation to its duties.

The Parent Bank is using information technologies and training documents openly and effectively for the dissemination and application of risk culture, and the development of bank staff is supported in line with this goal with face to face learning and e-learning. In addition, all personnel are regularly informed and aware of the risks that the Parent Bank is exposed to.

Risk measurement systems are based on accepted risk models and workflows for the identification, monitoring and reporting of risks in accordance with legislation. Methods and software that are in line with international standards are used for risk groups such as credit, market, operational and counterparty credit risk etc.

Within the scope of risk management activities, regular reporting and presentations are made by related units to the board of directors, asset-liability and audit committees and to the other committees, in order to manage the risks that the Parent Bank is exposed to more effectively, to support the decision making processes related to them, to create new strategies and policies.

The Parent Bank reports to the 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 Parent Bank monitors its effectiveness by closely monitoring the processes of managing and reducing the risks arising from the business model. The Parent Bank regularly revises the strategies it has established regarding these processes in line with the existing conditions and sets policies.



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**XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Overview of Risk Weighted Amounts(\*) :**

		Risk Weighted Amounts		Minimum Capital Requirements	
		Current Period	Prior Period	Current Period	Prior Period
1	Credit risk (excluding counterparty credit risk) (CCR) (**)	457.884.181	372.232.593	36.630.734	29.778.607
2	Standardized approach (SA)	457.884.181	372.232.593	36.630.734	29.778.607
3	Internal rating-based (IRB) approach	-	-	-	-
4	Counterparty credit risk (**)	4.597.834	4.087.852	367.827	327.028
5	Standardized approach for counterparty credit risk (SA-CCR)	4.597.834	4.087.852	367.827	327.028
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	13.829.113	16.667.625	1.106.329	1.333.410
17	Standardized approach (SA)	13.829.113	16.667.625	1.106.329	1.333.410
18	Internal model approaches (IMM)	-	-	-	-
19	Operational Risk	25.961.517	22.443.361	2.076.921	1.795.469
20	Basic Indicator Approach	25.961.517	22.443.361	2.076.921	1.795.469
21	Standard Approach	-	-	-	-
22	Advanced measurement approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	2.098.107	1.513.386	167.849	121.071
24	Floor adjustment	-	-	-	-
25	<b>Total ( 1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>504.370.752</b>	<b>416.944.817</b>	<b>40.349.660</b>	<b>33.355.585</b>

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

(\*\*) 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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**XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Differences and Matching Between Accounting and Regulatory Scopes of Consolidation<sup>(\*)</sup>:**

Assets	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards					Not subject to capital requirements or subject to deduction from capital
		Credit Risk	Counterparty credit risk	Securitization positions	Market Risk		
Cash and Balances with the Central Bank	126.013.711	126.013.711	-	-	-	-	
Derivative Financial Assets	8.988.895	-	8.988.895	-	582.318	-	
Financial assets at fair value through profit and loss	25.248.094	325.392	-	-	1.255	24.921.447	
Banks	4.538.525	4.538.525	-	-	-	-	
Receivables from Money markets	1.001	-	-	-	-	-	
Financial assets at fair value through OCI (net)	68.936.724	31.745.219	-	-	37.191.505	-	
Loans	534.934.316	534.924.390	-	-	-	9.926	
Receivables from factoring	1.695.269	1.695.269	-	-	-	-	
Financial assets measured at amortised cost (net)	133.161.956	133.161.956	-	-	-	-	
Subsidiaries (net)	1.195.858	1.195.858	-	-	-	-	
Associates (net)	-	-	-	-	-	-	
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-	
Finance lease receivables	4.389.595	4.389.595	-	-	-	-	
Derivative financial liabilities held for risk management	-	-	-	-	-	-	
Tangible Assets (net)	11.672.864	11.447.229	-	-	-	225.635	
Intangible Assets (net)	680.116	-	-	-	-	680.116	
Real estate for investment purpose (net)	1.373.817	1.373.817	-	-	-	-	
Tax asset	2.013	2.013	-	-	-	-	
Deferred Tax Assets	231.043	-	-	-	-	231.043	
Assets Held For Sale and Discontinued Operations (net)	2.481	2.481	-	-	-	-	
Other assets	8.619.940	8.619.248	-	-	692	-	
<b>Total Assets</b>	<b>931.686.218</b>	<b>859.434.703</b>	<b>8.988.895</b>	<b>-</b>	<b>37.775.770</b>	<b>26.068.167</b>	
<b>Liabilities</b>							
Deposits	647.429.285	-	-	-	-	647.429.285	
Derivative financial liabilities	2.470.437	-	-	-	281.524	2.188.913	
Loans	17.598.565	-	-	-	-	17.598.565	
Money market borrowings	140.034.745	-	33.429.150	-	-	106.605.595	
Securities issued	8.176.772	-	-	-	-	8.176.772	
Funds	138.541	-	-	-	-	138.541	
Other liabilities	44.459.188	-	-	-	17.483	44.441.705	
Factoring payables	2.117	-	-	-	-	2.117	
Finance lease payables	1.056.835	-	-	-	-	1.056.835	
Derivative financial liabilities held for risk management	-	-	-	-	-	-	
Provisions	3.713.834	-	-	-	-	3.713.834	
Tax Liability	949.024	-	-	-	-	949.024	
Deferred Tax Liability	2.152	-	-	-	-	2.152	
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-	
Subordinated Loans	21.643.352	-	-	-	-	21.643.352	
Shareholders' equity	44.011.371	-	-	-	-	44.011.371	
<b>Total liabilities</b>	<b>931.686.218</b>	<b>-</b>	<b>33.429.150</b>	<b>-</b>	<b>299.007</b>		

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**XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements:**

	Total	Credit risk	Securitization positions	Counterparty credit risk	Market Risk
1 Asset carrying value amount under scope of regulatory consolidation	905.618.051	859.434.703	-	8.988.895	37.775.770
2 Liabilities carrying value amount under regulatory scope of consolidation	33.728.157	-	-	33.429.150	299.007
3 Total net amount under regulatory scope of consolidation	871.889.894	859.434.703	-	(24.440.255)	37.476.763
4 Off-balance Sheet Amounts <sup>(*)</sup>	451.601.692	106.638.542	-	7.800.132	37.670.801
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences due to prudential filters	-	-	-	-	-
9 Differences due to risk reduction	-	966.073.245	-	(16.640.123)	75.147.564

**Explanations of differences between accounting and regulatory exposure amounts:**

There is no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

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**XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Explanations Related to Counterparty Credit Risk**

The Parent Bank provides the necessary definitions and classifications for the CCR that take into account the clearing and pre-clearing risk in relation to the management policies and procedures of the CCR, thereby managing these risks on a counterparty basis and across the bank.

The impact of the new products and activities on the Parent Bank's CCR level is assessed and these evaluations are included in the product / activity approval process.

The market, liquidity, compliance risk and operational risk that may be associated with the CCR are taken into account and the general / specific limit levels of the Parent Bank's transactions to the CCR are determined. These limits established within the framework of the CCR are regularly monitored. The Parent Bank uses risk mitigation techniques to the extent that it is appropriate, through applications such as margin taking and margin fulfillment.

The Parent Bank uses methods and models in accordance with international standards for the identification, measurement, monitoring, control and reporting of the CCR. Independent scrutiny and supervision is carried out on the integrity, correctness and effectiveness of the CCR management systems. These activities are carried out by the Parent Bank's internal audit units and independent audit institutions.

Agreements entered into with counterparty financial institutions resulting in credit risk according to the attributes of the transaction are evaluated by taking into account ISDA framework and CSA framework for derivative transactions, GMRA framework for repurchase agreements. The risk is mitigated by receiving cash or other forms of collaterals as per the counterparty limits designated by the Board of Directors.

In secured lending and repo transactions, the haircut amounts are reduced from the counterparty limits. In cases whereby possible decreases or increases in ratings affects the current replacement cost, margin call agreements are used as a risk mitigator.

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**XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Counterparty Credit Risk (CCR) Approach Analysis:**

	Replacement cost	Potential Future exposure	EEPE(*)	Alpha used for computing regulatory EAD	EAD post-CRM	Risk Weighted Assets
Standardised Approach - CCR (for derivatives)	6.860.613	916.417		1,40	7.777.030	1.853.814
Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					2.520.183	2.073.756
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
<b>Total</b>					<b>10.297.213</b>	<b>3.927.570</b>

\* Expected effective positive risk amount

**Capital requirement for credit valuation adjustment (CVA):**

	EAD post-CRM	Risk weighted amount
Total portfolios subject to the Advanced CVA capital obligation	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the Standardised CVA capital obligation	7.777.030	652.279
<b>Total subject to the CVA capital obligation</b>	<b>7.777.030</b>	<b>652.279</b>

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**XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Standardised Approach - Counterparty Risk Per Risk Classification And Risk Weighted Amounts:**

Risk weight / Risk Classifications	%0	%10	%20	%50	%75	%100	%150	%2	%4	Total Credit
										Risk
Claims on sovereigns and Central Banks	5.200.631	-	-	-	-	-	-	-	-	5.200.631
Claims on regional governments or local authorities	-	-	-	36	-	-	-	-	-	36
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	218	-	-	-	218
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	979.963	749.404	-	1.121.461	-	-	-	-	2.850.828
Claims on corporates	-	2.804	-	-	2.210.383	-	-	-	-	2.213.187
Claims included in the regulatory retail portfolios	-	-	-	32.313	-	-	-	-	-	32.313
Claims secured by residential property	-	-	-	-	-	-	-	-	-	-
Overdue loans	-	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other Assets*	-	-	-	-	-	652.279	-	-	-	652.279
<b>Total</b>	<b>5.200.631</b>	<b>-</b>	<b>982.767</b>	<b>749.440</b>	<b>32.313</b>	<b>3.984.341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.949.492</b>

\*Includes the amounts that are not included in the assessment of the counterparty credit risk according to the measurement methods shown in the table "Central counterparty risks".

**Collaterals for Counterparty Credit Risk:**

	Collateral for derivative transactions				Collateral for other transactions	
	Received Collaterals		Given Collaterals		Received Collaterals	Given Collaterals
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	796.653	-	-
Cash-foreign currency	-	916.419	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>916.419</b>	<b>-</b>	<b>796.653</b>	<b>-</b>	<b>-</b>

**Counterparty Credit Risk-Credit Derivatives:**

None.

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**XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Exposures to Central Counterparties (CCP):**

	Exposure post-CRM	RWA
Total Exposure to Qualified Central Counterparties (QCCPs)	-	17.985
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	23.102	17.897
(i) Over the counter derivative financial instruments	800	16
(ii) Other derivative financial instruments	22.302	17.881
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	179	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	3.139	88
Unfunded guarantee fund contributions	-	-
Total Exposures to Non-QCCPs	-	-
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	-	-
(i) Over the counter derivative financial instruments	-	-
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	-	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	-	-
Unfunded guarantee fund contributions	-	-

**Securitisations:**

None.

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**XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Qualitative Disclosure on Credit Risk:**

The Parent Bank provides the necessary definitions and classifications for the CCR that take into account the clearing and pre-clearing risk in relation to the management policies and procedures of the CCR, thereby managing these risks on a counterparty basis and across the bank.

The impact of the new products and activities on the Parent Bank's CCR level is assessed and these evaluations are included in the product / activity approval process.

The market, liquidity, compliance risk and operational risk that may be associated with the CCR are taken into account and the general / specific limit levels of the Parent Bank's transactions to the CCR are determined. These limits established within the framework of the CCR are regularly monitored. The Parent Bank uses risk mitigation techniques to the extent that it is appropriate, through applications such as margin taking and margin fulfillment.

The Parent Bank uses methods and models in accordance with international standards for the identification, measurement, monitoring, control and reporting of the CCR. Independent scrutiny and supervision is carried out on the integrity, correctness and effectiveness of the CCR management systems. These activities are carried out by the Parent Bank's internal audit units and independent audit institutions

**Credit Quality of Assets:**

		Gross carrying value as per TAS		Allowances/amortisation and impairments	Net values
		Defaulted	Non-Defaulted		
1	Loans	16.749.893	540.870.326	22.685.903	534.934.316
2	Debt Securities(*)	-	204.247.699	1.770.033	202.477.666
3	Off-balance sheet exposures	-	250.962.208	974.413	249.987.795
<b>4</b>	<b>Total</b>	<b>16.749.893</b>	<b>996.080.233</b>	<b>25.430.349</b>	<b>987.399.777</b>

As of 31 December 2021, TRY 24.869.108 of borrowed securities is not included in Financial Assets at Fair Value through profit or loss.

**Changes in Stock of Default Loans and Debt Securities:**

1	Defaulted loans and debt securities at end of the previous reporting period	17.117.164
2	Loans and debt securities defaulted since the last reporting period	4.067.935
3	Receivables back to performing status	735.496
4	Amounts written off	39.213
5	Other changes	(3.660.497)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>16.749.893</b>



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**XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Additional Disclosure Related To The Credit Quality Of Assets:**

**Breakdown According to Maturity:**

<b>31 December 2021</b>	<b>Demand 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>Total</b>	
Loans	19.028.591	34.056.824	35.449.389	159.983.017	218.457.060	90.645.338	557.620.219

**Exposures Provisioned Against By Major Regions:**

<b>31 December 2021</b>	<b>Non-Performing Loans</b>	<b>ECL (Stage 3)</b>
Domestic	16.228.308	11.845.362
European Union (EU) Countries	124	97
OECD Countries	811	421
Off-Shore Banking Regions	-	-
USA, Canada	15	12
Other Countries	520.635	266.887
<b>Total</b>	<b>16.749.893</b>	<b>12.112.779</b>

**Exposures Provisioned Against By Sectors:**

Explained in Section 4 Credit Risk Information according to sectors and counterparties

**Aging analysis of overdue but not impaired financial assets:**

<b>31 December 2021<sup>(*)</sup></b>	
30-60 days overdue	2.834.135
60-90 days overdue	1.420.256
<b>Total</b>	<b>4.254.391</b>

**Breakdown of restructured receivables based on whether or not provisions are allocated:**

<b>31 December 2021<sup>(*)</sup></b>	
Loans Structured from Standard Loans	745.401
Loans Composed of Follow-up Loans	22.611.540
Loans Restructured from Non-Performing Loans	1.772.482

\* Accruals are not included in the amount.

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**XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Qualitative Disclosure on Credit Risk Mitigation Techniques:**

The risk mitigating factors used in the lending activities of the Parent Bank are listed below.

- Financial warranties (Treasury Bills, Government Bonds, Cash, Pledged Deposits, Gold, Pledged Securities)
- Guarantees
- Mortgage (Although mortgage lending in Basel II has been considered as a risk class, it has also been included in this section in terms of valuation methods and concentrations).

The financial guarantees in the Parent Bank are subject to valuation on a daily basis. The creditors' credits are monitored and assessed within the framework of credit revision schedules.

As long as the mortgage that constitutes the collateral of the credits continues to be related to the loan, the risk-guarantee balances will be monitored and revalued each year. Action plans are developed for the possibility of diminution in value of collaterals.

As per the BRSA regulations, guarantees given by the Treasury and banks are regarded as risk reduction elements and the creditworthiness of banks is regularly monitored.

The Parent Bank's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation.

The Parent Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques.

Financial collaterals that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation.

There is no on-balance sheet or off-balance sheet offsetting.

**Credit Risk Mitigation Techniques- Overview:**

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans <sup>(2)</sup>	284.422.573	256.596.607	155.334.285	38.564.965	30.962.015	-	-
2 Debt Instruments <sup>(1)</sup>	202.477.666	-	-	-	-	-	-
3 Total	486.900.239	256.596.607	155.334.285	38.564.965	30.962.015	-	-
4 Of which defaulted	2.225.560	2.486.880	2.236.943	1.059.173	1.024.241	-	-

<sup>(1)</sup> As of 31 December 2021, TRY 24.869.108 of borrowed securities is not included in Financial Assets at Fair Value through Profit or Loss.

<sup>(2)</sup> As collateral, within the scope of the Standard Approach, collaterals to be used to mitigate credit risk, are taken into consideration.

**Information about the Banks' Use of Ratings in Calculating Credit Risk by Using Standard Approach to Credit Risk:**

Explained in risk classifications related to Article 6 of Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks in Section 4 Credit risk section.

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**XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Standardised Approach- Credit Risk Exposure and Credit Risk Mitigation Techniques:**

Risk Classification	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on sovereigns and Central Banks	234.254.324	526.143	264.447.330	1.073.443	256.337	%0,10
Claims on regional governments or local authorities	1.927.288	124.893	1.919.576	50.102	984.840	%50,00
Claims on administrative bodies and other non-commercial undertakings	2.103.591	566.294	2.066.417	227.510	2.293.927	%100,00
Claims on multilateral development banks	-	-	359	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	4.701.606	3.004.580	4.700.469	1.768.798	4.160.523	%64,31
Claims on corporates	184.494.837	120.959.230	171.843.677	78.751.211	243.482.758	%97,16
Claims included in the regulatory retail portfolios	183.635.961	54.399.388	156.528.438	13.835.660	128.180.150	%75,24
Claims secured by residential property	64.793.076	5.110.296	64.793.075	2.562.652	23.574.505	%35,00
Claims secured by commercial property	43.583.609	9.354.233	43.583.609	6.073.958	27.855.370	%56,09
Overdue loans	4.900.862	1.057.875	3.863.095	297.228	3.087.255	%74,21
Higher risk categories decided by the Board	5.223.722	-	5.052.594	-	7.578.892	%150,00
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Equity share investments	347.951	-	347.951	-	347.951	%100,00
Other receivables	31.570.314	3.870.352	31.569.748	22.126	16.081.673	%50,90
<b>Total</b>	<b>761.537.141</b>	<b>198.973.284</b>	<b>750.716.338</b>	<b>104.662.688</b>	<b>457.884.181</b>	<b>%53,53</b>

**Standardised Approach- Claims By Risk Classification And Risk Weights**

Risk Classification													Total risk amount (pt-CCF and CRM)
	%0	%10	%20	%35(*)	%50	%75	%100	%150	%200	%250	%2	%4	
Claims on sovereigns and Central Banks	265.249.793	-	18.304	-	-	-	252.676	-	-	-	-	-	265.520.773
Claims on regional governments or local authorities	-	-	-	-	1.969.678	-	-	-	-	-	-	-	1.969.678
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	2.293.927	-	-	-	-	-	2.293.927
Claims on multilateral development banks	359	-	-	-	-	-	-	-	-	-	-	-	359
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	2.323.168	-	900.419	-	3.245.680	-	-	-	-	-	6.469.267
Claims on corporates	-	-	4.013.968	-	7.815.599	4	238.751.618	13.699	-	-	-	-	250.594.888
Claims included in the regulatory retail portfolios	-	-	-	-	-	168.735.798	1.628.300	-	-	-	-	-	170.364.098
Claims secured by residential property	-	-	-	67.355.727	-	-	-	-	-	-	-	-	67.355.727
Claims secured by commercial property	-	-	-	-	43.604.393	-	6.053.174	-	-	-	-	-	49.657.567
Overdue loans	-	-	-	-	2.309.495	-	1.687.470	163.358	-	-	-	-	4.160.323
Higher risk categories decided by the Board	-	-	-	-	-	-	-	5.052.594	-	-	-	-	5.052.594
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	347.951	-	-	-	-	-	347.951
Other receivables	13.620.110	-	2.313.148	-	-	158.294	15.500.322	-	-	-	-	-	31.591.874
<b>Total</b>	<b>278.870.262</b>	<b>-</b>	<b>8.668.588</b>	<b>67.355.727</b>	<b>56.599.584</b>	<b>168.894.096</b>	<b>269.761.118</b>	<b>5.229.651</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>855.379.026</b>

\* Secured by real estate mortgage

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**XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Publicly Announced Qualitative Disclosure on Market Risk**

The Parent Bank's market risks are managed within the framework of the "Policies Related to the Management of the Market Risk" approved by the Board of Directors, and the trading activities of the positions and portfolios subject to the market risks are carried out in accordance with the "Policy and Application Procedures regarding the Management of the Positions Held for the Trading Strategy".

The Parent Bank's market risks are measured by two methods, namely the standard method and the risk measurement method. In statutory reporting, the standard method is used in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy" published in the Official Gazette dated 23 October 2015 and numbered 29511. In addition, the risk measurement model and the value at risk (VAR) are measured in accordance with the "Communiqué on Calculation of Market Risk and Risk Measurement Models and Evaluation of Risk Measurement Models" published in the Official Gazette dated 23 October 2015 and numbered 29511. Historical simulation method is used in VAR measurements.

Within the scope of the Parent Bank's "Policies for the Management of Market Risks"; VAR based limit and risk appetite has been determined and VAR results calculated by historical simulation method have been associated with statutory equity. The level of compliance with these limits is monitored daily. On the other hand, periodic stress tests are applied for market risks.

Concerning market risks, the results obtained by both the standard method and the risk measurement model and the level of compliance with the limits are reported to the Parent Bank's Top Management and related business units on a daily basis.

The following table discloses the amounts that are calculated using the standard method in relation to the Group's market risk.

**Market Risk: Standardised approach**

	<b>RWA</b>
<b>Outright products</b>	
Interest rate risk (general and specific)	3.340.100
Equity risk (general and specific)	670.475
Foreign exchange risk	9.652.688
Commodity risk	-
<b>Options</b>	
Simplified approach	-
Delta-plus method	165.850
Scenario approach	-
Securitization	-
<b>Total</b>	<b>13.829.113</b>

**Information related to Operational Risk:**

The value at operational risk is calculated according to the basic indicator approach and once a year with year-end data.

	<b>2 PP Amount</b>	<b>1 PP Amount</b>	<b>CP Amount</b>	<b>Total/ No. Of Years of Positive Gross</b>	<b>Rate (%)</b>	<b>Total</b>
Gross Income	12.686.192	11.301.244	17.550.992	13.846.143	15	2.076.921
<b>Amount at Operational Risk (Total * 12,5)</b>						<b>25.961.517</b>

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**XII. EXPLANATIONS ON REMUNERATION POLICIES**

**Qualitative Explanations on Remuneration Policies:**

**1. Disclosures related with Remuneration Committee:**

The Parent Bank's Remuneration Committee is comprised of two non-executive directors. The committee has convened for once during the year. The duties and responsibilities of the Committee include the following:

- The scope and structure of the Parent Bank's operations and strategies ensure the effectiveness of a wage policy and wage policy that is consistent with its long-term goals and risk management structures, prevents excessive risk taking and contributes to effective risk management.
- Controls and follows the remuneration practices on behalf of the Board of Directors
- Ensures accordance of ethical values, strategical targets and internal balance of the Parent Bank with the wage policy.
- Evaluates the remuneration policy and its practices in the context of risk management and submits proposals to the Board of Directors.
- Fulfills the other duties specified in the related regulations.

The fundamental principles of the remuneration policy are applicable for General Manager, Deputy General Managers and all bank employees.

Key personnel refer to the bank employee who performs a function that has a significant impact on the Parent Bank's risk profile. Establishment of a good governance system in banks is possible by organizing an effective risk management and creating environments where effective communication, transparency and accountability are ensured; for this reason, the Parent Bank gives importance to identify and separate key personnel.

Positions specified below are considered to key personnel by the Parent Bank:

- Board Members
- Deputy General Managers
- Group Presidents
- Head of the Supervisory Board
- Head of Internal Control Department
- Head of Risk Management Department
- Head of Compliance Department

As of the end of 2021, the number of critical key personnel is 25.

**2. Information on the design and structure of remuneration process**

Benefits to be paid to the managers and employees at all levels are in line with the Parent Bank's ethical values, internal balances and strategic objectives and cannot be associated only with the short term performance of the Parent Bank. Remuneration policy and practices are one of the important factors in ensuring employee engagement and improving performance. While determining the remuneration policy created to protect employees with high performance, sectoral data are taken into consideration by taking the internal wage balance and budget possibilities into account.

Remuneration Committee at its meeting in December 2021 has reviewed the remuneration policy and practices. It has been observed that, total benefits paid to the members of the Parent Bank's Board of Directors, senior management and other staff are in line with the Parent Bank's ethical values, internal balances and strategic objectives. Regardless of the performance of the units that are audited by internal audit, the benefits of are determined on the basis of the general wage increase rate set by the Parent Bank.

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**XII. EXPLANATIONS ON REMUNERATION POLICIES(continued)**

**3. Evaluation about how the Parent Bank’s remuneration processes take the current and future risks into account**

The Parent Bank follows the Risk Management Principles while implementing all the remuneration processes.

**4. Evaluation about how the Parent Bank associates variable remunerations with performance**

Although it is possible to make payments to the senior management and other personnel of the Parent Bank depending on the Parent Bank’s performance, these payments are subject to objective conditions and in a way that will positively affect the Parent Bank’s corporate values.

**5. Evaluation about the Parent Bank’s methods to adjust remunerations according to long-term performance**

In the Parent Bank, there are no variable remunerations (performance premium, gesture, etc.) to be deferred due to long-term performance for the critical key personnel.

**6. Evaluation about the instruments used by the bank for variable remunerations and the purposes of use of such instruments**

In the Parent Bank, cash and non-cash instruments are not used for the payment, wherefore no variable remunerations (performance premium, gesture, etc.) to be deferred due to long-term performance for the critical key personnel.

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

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

(1) Cash and Central Bank of the Republic of 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	1.900.638	5.512.483	1.737.084	3.325.836
CBRT	17.613.716	98.951.673	6.659.022	52.037.405
Other <sup>(1)</sup>	-	2.051.057	-	1.225.095
<b>Total</b>	<b>19.514.354</b>	<b>106.515.213</b>	<b>8.396.106</b>	<b>56.588.336</b>

<sup>(1)</sup> As of 31 December 2021, includes the reserve requirement held by the Central Bank of Macedonia Central Bank of Serbia.

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>	17.211.303	34.517.548	6.502.868	19.937.084
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	8.307.240
Other <sup>(2)</sup>	402.413	64.434.125	156.154	23.793.081
<b>Total</b>	<b>17.613.716</b>	<b>98.951.673</b>	<b>6.659.022</b>	<b>52.037.405</b>

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

<sup>(2)</sup> Blocked reserve deposits kept in 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%-26% 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.

With the Board of Directors decision No. 126/11 dated 2011 of the Central Bank of Macedonia, reserve requirement ratio is 8% for MKD currency liabilities, 15% for foreign currency liabilities and 50% for foreign indexed liabilities.

According to the Official Gazette of Serbia No. 76/2018 of the Central Bank of Serbia, banks maintain reserve requirement of 5% for short term liabilities with maturities less than two years and 0% for long term liabilities with maturities more than two years, 20% for short term foreign currency liabilities with maturities less than two years and 13% for long term foreign liabilities with maturities more than two years and 100% for foreign currency index liabilities.

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**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED 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	24.163.846	-	15.046.930	-
<b>Total</b>	<b>24.163.846</b>	<b>-</b>	<b>15.046.930</b>	<b>-</b>

c) Financial assets at fair value through profit and loss:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward transactions	-	195.839	-	16.265
Swap transactions	2.721.424	6.017.770	5.418	2.324.729
Futures transactions	-	-	-	-
Options	17.442	36.420	335	535
Other	-	-	-	-
<b>Total</b>	<b>2.738.866</b>	<b>6.250.029</b>	<b>5.753</b>	<b>2.341.529</b>

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	273.302	256.026	183.661	138.589
Foreign banks	124.354	3.886.771	103.818	2.665.003
Branches and offices abroad	-	-	-	-
<b>Total</b>	<b>397.656</b>	<b>4.142.797</b>	<b>287.479</b>	<b>2.803.592</b>

b) Information on foreign banks:

	Unrestricted Balance		Restricted Balance	
	Current Period		Current Period	
EU Countries	555.808		373.545	
USA and Canada	214.266		-	
OECD Countries <sup>(1)</sup>	895.112		332.114	
Offshore Banking Regions	1.009		-	
Other	675.651		963.620	
<b>Total</b>	<b>2.341.846</b>		<b>1.669.279</b>	

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada

	Unrestricted Balance		Restricted Balance	
	Current Period		Prior Period	
EU Countries	440.012		52.287	
USA and Canada	271.769		-	
OECD Countries <sup>(1)</sup>	566.953		4.912	
Offshore Banking Regions	167		-	
Other	473.884		958.837	
<b>Total</b>	<b>1.752.785</b>		<b>1.016.036</b>	

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada



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**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 subject to repurchase agreements or blocked/given as collateral

- a.1. Information on financial assets at fair value through other comprehensive income and blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury bills, government bonds and similar securities	11.765.216	25.351.058	6.842.329	20.028.890
<b>Total</b>	<b>11.765.216</b>	<b>25.351.058</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	56.683	-	245.865	-
<b>Total</b>	<b>56.683</b>	<b>-</b>	<b>245.865</b>	<b>-</b>

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

	Current Period	Prior Period
Debt securities	70.269.358	60.510.119
<i>Quoted on a stock exchange</i>	68.309.354	59.489.397
<i>Not quoted</i>	1.960.004	1.020.722
Equity Securities	420.691	249.564
<i>Quoted on a stock exchange</i>	346.525	180.620
<i>Not quoted</i>	74.166	68.944
Impairment provision (-)	1.753.325	215.243
<b>Total</b>	<b>68.936.724</b>	<b>60.544.440</b>

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**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED 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 Group:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
<i>Corporate shareholders</i>	-	-	-	-
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	792.643	-	612.522	-
<b>Total</b>	<b>792.643</b>	<b>-</b>	<b>612.522</b>	<b>-</b>

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

	Cash Loans	Loans Under Close Monitoring			
		Standard Loans	Loans Not Subject to Restructuring	Restructured Loans	
				Loans with Revised Contract Terms	Refinance
Non-specialized loans	406.633.550	20.392.179	184.732	22.426.776	
<i>Corporation loans</i>	259.138.214	14.878.264	163.975	22.423.266	
<i>Export loans</i>	13.369.951	216.574	-	-	
<i>Import loans</i>	-	-	-	-	
<i>Loans given to financial sector</i>	2.300.556	150.707	-	-	
<i>Consumer loan</i>	81.554.015	1.508.029	20.061	948	
<i>Credit cards</i>	19.032.313	1.038.921	696	-	
<i>Other</i>	31.238.501	2.599.684	-	2.562	
Specialized lending	78.410.084	4.029.821	-	32	
Other receivables	-	-	-	-	
Accruals	6.561.458	1.014.787	3.593	1.213.314	
<b>Total</b>	<b>491.605.092</b>	<b>25.436.787</b>	<b>188.325</b>	<b>23.640.122</b>	

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	3.669.091	2.278.896	-	-
Significant Increase in Credit Risk	-	-	6.904.033	3.336.393

In the current period, the increase in the Bank's expected loss provisions balance is due to the increase in the balance of standard loans and loans under close monitoring, as well as the increase in the risk levels of some customers.

c) Distribution of cash loans by maturity structure:

Current Period	Loans under close monitoring		
	Standard Loans	Loans Not Subject To Restructuring	Restructured
Short Term Loans	102.173.219	3.238.802	264.290
Medium and Long Term Loans	389.431.873	22.197.985	23.564.157
<b>Prior Period</b>			
Short Term Loans	56.690.544	2.815.671	53.612
Medium and Long Term Loans	344.075.394	21.829.807	14.628.034

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

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

(5) Information on loans (continued):

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	652.739	72.350.733	73.003.472
<i>Real estate loans</i>	11.622	50.187.192	50.198.814
<i>Automobile loans</i>	1.802	353.149	354.951
<i>Consumer loans</i>	639.315	21.810.392	22.449.707
<i>Other</i>	-	-	-
Consumer loans- Indexed to FC	3.233	1.082.415	1.085.648
<i>Real estate loans</i>	-	990.722	990.722
<i>Automobile loans</i>	-	18.950	18.950
<i>Consumer loans</i>	3.233	72.743	75.976
<i>Other</i>	-	-	-
Consumer loans- FC	12.699	6.489.305	6.502.004
<i>Real estate loans</i>	1.019	2.138.992	2.140.011
<i>Automobile loans</i>	77	8.990	9.067
<i>Consumer loans</i>	7.678	4.286.670	4.294.348
<i>Other</i>	3.925	54.653	58.578
Individual credit cards-TRY	5.331.244	691	5.331.935
<i>Installment</i>	1.755.708	691	1.756.399
<i>Non-installment</i>	3.575.536	-	3.575.536
Individual credit cards-FC	328	271.868	272.196
<i>Installment</i>	-	261.871	261.871
<i>Non-installment</i>	328	9.997	10.325
Personnel loans-TRY	35.077	372.386	407.463
<i>Real estate loans</i>	-	74	74
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	35.077	372.312	407.389
<i>Other</i>	-	-	-
Personnel loans-Indexed to FC	42	55.471	55.513
<i>Real estate loans</i>	-	50.948	50.948
<i>Automobile loans</i>	-	344	344
<i>Consumer loans</i>	42	4.179	4.221
<i>Other</i>	-	-	-
Personnel loans-FC	409	103.048	103.457
<i>Real estate loans</i>	48	73.687	73.735
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	353	28.995	29.348
<i>Other</i>	8	366	374
Personnel credit cards-TRY	174.695	-	174.695
<i>Installment</i>	52.881	-	52.881
<i>Non-installment</i>	121.814	-	121.814
Personnel credit cards-FC	129	6.826	6.955
<i>Installment</i>	-	5.999	5.999
<i>Non-installment</i>	129	827	956
Overdraft accounts-TRY (Retail customers) <sup>(**)</sup>	1.711.484	-	1.711.484
Overdraft accounts-FC (Retail customers) <sup>(***)</sup>	194.876	19.136	214.012
<b>Total</b>	<b>8.116.955</b>	<b>80.751.879</b>	<b>88.868.834</b>

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

(\*\*) TRY 42.754 of the overdraft account consists of loans given to personnel

(\*\*\*) TRY 1.806 of the overdraft account consists of loans given to personnel

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

(5) Information on loans (continued):

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

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Consumer loans-TRY	482.483	74.674.956	75.157.439
<i>Real estate loans</i>	6.782	48.574.630	48.581.412
<i>Automobile loans</i>	1.816	511.311	513.127
<i>Consumer loans</i>	473.885	25.589.015	26.062.900
<i>Other</i>	-	-	-
Consumer loans- Indexed to FC	1.279	494.933	496.212
<i>Real estate loans</i>	-	444.872	444.872
<i>Automobile loans</i>	-	10.605	10.605
<i>Consumer loans</i>	1.279	39.456	40.735
<i>Other</i>	-	-	-
Consumer loans- FC	8.361	3.320.771	3.329.132
<i>Real estate loans</i>	645	965.423	966.068
<i>Automobile loans</i>	74	4.875	4.949
<i>Consumer loans</i>	6.096	2.292.137	2.298.233
<i>Other</i>	1.546	58.336	59.882
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	215	123.446	123.661
<i>Installment</i>	1	123.446	123.447
<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	18	29.352	29.370
<i>Real estate loans</i>	-	26.523	26.523
<i>Automobile loans</i>	-	162	162
<i>Consumer loans</i>	18	2.667	2.685
<i>Other</i>	-	-	-
Personnel loans-FC	294	56.142	56.436
<i>Real estate loans</i>	64	40.435	40.499
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	230	15.464	15.694
<i>Other</i>	-	243	243
Personnel credit cards-TRY	131.241	144	131.385
<i>Installment</i>	46.527	144	46.671
<i>Non-installment</i>	84.714	-	84.714
Personnel credit cards-FC	43	2.454	2.497
<i>Installment</i>	-	2.454	2.454
<i>Non-installment</i>	43	-	43
Overdraft accounts-TRY (Retail customers) <sup>(**)</sup>	1.318.207	-	1.318.207
Overdraft accounts-FC (Retail customers) <sup>(***)</sup>	102.863	10.515	113.378
<b>Total</b>	<b>6.419.147</b>	<b>79.057.065</b>	<b>85.476.212</b>

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

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

(\*\*\*) TRY 1.198 of the overdraft account consists of loans given to personnel

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

(5) Information on loans (continued):

e) 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	1.520.962	36.567.506	38.088.468
<i>Business premises loans</i>	3.550	787.833	791.383
<i>Automobile loans</i>	32.484	969.733	1.002.217
<i>Consumer loans</i>	1.484.928	34.809.940	36.294.868
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	336.819	2.341.018	2.677.837
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	2.056	2.056
<i>Other</i>	336.819	2.338.962	2.675.781
Commercial installment loans - FC	1.940.599	66.195.326	68.135.925
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	312.007	58.444.333	58.756.340
<i>Other</i>	1.628.592	7.750.993	9.379.585
Corporate credit cards-TRY	14.274.775	-	14.274.775
<i>Installment</i>	6.228.064	-	6.228.064
<i>Non-installment</i>	8.046.711	-	8.046.711
Corporate credit cards-FC	1.611	9.763	11.374
<i>Installment</i>	-	7.535	7.535
<i>Non-installment</i>	1.611	2.228	3.839
Overdraft accounts-TRY (Commercial customers)	5.341.578	-	5.341.578
Overdraft accounts-FC (Commercial customers)	40.782	-	40.782
<b>Total</b>	<b>23.457.126</b>	<b>105.113.613</b>	<b>128.570.739</b>

<sup>(\*)</sup>Interest income accruals are not included in the 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	211.626	1.610.044	1.821.670
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	14.990	14.990
<i>Other</i>	211.626	1.595.054	1.806.680
Commercial installment loans - FC	882.645	30.924.100	31.806.745
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	28.217	27.519.321	27.547.538
<i>Other</i>	854.428	3.404.779	4.259.207
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	3.433	3.636
<i>Installment</i>	-	3.433	3.433
<i>Non-installment</i>	203	-	203
Overdraft accounts-TRY (Commercial customers)	3.227.895	-	3.227.895
Overdraft accounts-FC (Commercial customers)	16.789	-	16.789
<b>Total</b>	<b>15.303.062</b>	<b>70.677.403</b>	<b>85.980.465</b>

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

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

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

(5) Information on loans (continued):

f) Loans by customers:

	Current Period	Current Period
Public	12.323.186	6.859.354
Private	528.547.140	433.233.708
<b>Total</b>	<b>540.870.326</b>	<b>440.093.062</b>

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

g) Domestic and foreign loans: (\*) :

	Current Period	Prior Period
Domestic loans	519.241.284	428.811.083
Foreign loans	21.629.042	11.281.979
<b>Total</b>	<b>540.870.326</b>	<b>440.093.062</b>

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

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	-	35.597
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>-</b>	<b>35.597</b>

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

	Current Period	Prior Period
Loans with Limited Collectability	1.081.673	809.513
Loans with Doubtful Collectability	332.075	277.729
Uncollectible Loans	10.699.031	10.072.813
<b>Total</b>	<b>12.112.779</b>	<b>11.160.055</b>

The increase in the expected loan loss provision balance allocated for stage 3 loans is caused by the effect of the non performing loans in stock due to the fact that the ratio of exposure at default increases as the period in non performing loans class extends according to ECL model applied, as well as the increase in the risk levels of some customers.

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

j.1. Information on non-performing loans and restructured loans(\*):

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
<b>Current period</b>			
<b>Gross amounts before the specific provisions</b>	<b>503.625</b>	<b>72.765</b>	<b>1.196.092</b>
<i>Restructured loans</i>	<i>503.625</i>	<i>72.765</i>	<i>1.196.092</i>
<b>Prior period</b>			
<b>Gross amounts before the specific provisions</b>	<b>355.455</b>	<b>75.667</b>	<b>2.178.938</b>
<i>Restructured loans</i>	<i>355.455</i>	<i>75.667</i>	<i>2.178.938</i>

(\*) Accruals are not included.

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

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

(5) Information on loans (continued):

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

j.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	2.362.520	650.741	14.103.903
Additions (+)	3.620.026	109.606	338.303
Transfers from other categories of loans under non-performing (+)	-	1.880.788	2.387.021
Transfers to other categories of loans under non-performing (-)	2.777.544	1.490.265	-
Collections (-)*	643.133	388.630	3.364.230
Write-offs (-)	-	859	38.354
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>2.561.869</b>	<b>761.381</b>	<b>13.426.643</b>
Provision (-)	1.081.673	332.075	10.699.031
<b>Net balance on balance sheet</b>	<b>1.480.196</b>	<b>429.306</b>	<b>2.727.612</b>
Prior Period			
Prior period end balance	2.837.569	4.525.448	8.714.230
Additions (+)	3.567.753	163.966	1.683.141
Transfers from other categories of loans under non-performing (+)	-	2.320.791	5.844.880
Transfers to other categories of loans under non-performing (-)	3.188.867	4.976.804	-
Collections (-)*	847.319	1.382.394	1.515.079
Write-offs (-)	4.813	266	597.002
Sold (-)	1.803	-	26.267
<i>Corporate and Commercial Loans</i>	1.803	-	26.229
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	38
<b>Current period end balance</b>	<b>2.362.520</b>	<b>650.741</b>	<b>14.103.903</b>
Provision (-)	809.513	277.729	10.072.813
<b>Net balance on balance sheet</b>	<b>1.553.007</b>	<b>373.012</b>	<b>4.031.090</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.

j.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	502.045	84.262	3.951.468
Provisions(-)	352.073	33.706	3.737.561
<b>Net balance in the balance sheet</b>	<b>149.972</b>	<b>50.556</b>	<b>213.907</b>
Prior period			
Balance at the end of the period	953.504	93.375	4.374.385
Provisions(-)	306.470	42.301	3.559.796
<b>Net balance in the balance sheet</b>	<b>647.034</b>	<b>51.074</b>	<b>814.589</b>

(\*) Accruals are not included.

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

(5) Information on loans (continued):

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current period (Net)</b>	<b>1.480.196</b>	<b>429.306</b>	<b>2.727.612</b>
Loans to granted real persons and legal entities (Gross)	2.561.869	761.381	13.426.643
Provisions (-)	1.081.673	332.075	10.699.031
<b>Loans to granted real persons and legal entities (Net)</b>	<b>1.480.196</b>	<b>429.306</b>	<b>2.727.612</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>1.553.007</b>	<b>373.012</b>	<b>4.031.090</b>
Loans to granted real persons and legal entities (Gross)	2.362.520	650.741	14.103.903
Specific provisions (-)	809.513	277.729	10.072.813
<b>Loans to granted real persons and legal entities (Net)</b>	<b>1.553.007</b>	<b>373.012</b>	<b>4.031.090</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>

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period (Net)</b>	<b>7.400</b>	<b>1.908</b>	<b>399.497</b>
Interest Accruals and Valuation Differences	16.817	16.841	1.963.468
Provision (-)	9.417	14.933	1.563.971
<b>Prior Period (Net)</b>	<b>10.391</b>	<b>7.603</b>	<b>659.545</b>
Interest Accruals and Valuation Differences	24.315	26.478	2.140.941
Provision (-)	13.924	18.875	1.481.396



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

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

(5) Information on loans (continued):

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

The Parent 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 receivables from loans.

m) Explanations on write-off policy:

The Group derecognised non-performing loan amounting to TRY 39.213 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 Group derecognised non-performing loan amounting to TRY 602.081 on the grounds that there was no reasonable expectation, and the Group's non-performing loan ratio decreased from 3.87% to 3.74% 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 CONSOLIDATED 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 blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds and other securities	67.423.060	37.437.038	31.097.699	20.519.825
<b>Total</b>	<b>67.423.060</b>	<b>37.437.038</b>	<b>31.097.699</b>	<b>20.519.825</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury bills, government bonds and similar	8.858.706	4.975.643	18.884.916	1.995.236
<b>Total</b>	<b>8.858.706</b>	<b>4.975.643</b>	<b>18.884.916</b>	<b>1.995.236</b>

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

	Current Period		Prior Period	
Government bonds		132.029.922		83.763.130
Treasury bills		305.345		172.517
Other public sector debt securities		792.874		818.523
<b>Total</b>		<b>133.128.141</b>		<b>84.754.170</b>

- c) Information on financial assets measured at amortised cost:

	Current Period		Prior Period	
Debt securities		133.178.664		84.804.689
<i>Quoted on a stock exchange</i>		132.853.694		84.621.031
<i>Not quoted</i>		324.970		183.658
Impairment provision (-)		-		-
<b>Total</b>		<b>133.178.664</b>		<b>84.804.689</b>

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

	Current Period		Prior Period	
Beginning balance		84.804.689		72.471.122
Foreign currency differences on monetary assets		17.932.370		5.543.919
Purchases during the year <sup>(1)</sup>		41.281.309		24.351.440
Disposals through sales and redemptions		(10.839.704)		(17.561.792)
Impairment provision (-)		-		-
<b>Balance at the end of the period</b>		<b>133.178.664</b>		<b>84.804.689</b>

<sup>(1)</sup> The difference between the discount amount of TRY 31.918.355 as of December 31, 2021 and the amount of discount amount of TRY 14.515.145 as of 31 December 2020 is shown in the line disposed by purchases during the year.

- (7) Information on associates (Net):

- a) The reasons behind unconsolidated associates being out of consolidation scope:

The non-financial investments in associates are accounted for under cost method of accounting since reliable fair values cannot be determined.

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

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

**b) Information on unconsolidated associates:**

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1. Kredi Kayıt Bürosu AŞ <sup>(1)</sup>	Istanbul	18,18	18,18
2. Platform Ortak Kartlı Sistemler AŞ <sup>(2)</sup>	Istanbul	20,00	20,00
3. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ <sup>(1)</sup>	Istanbul	33,33	33,33

Information related to the associates as sorted above:

Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value <sup>(3)</sup>
3. 546.191	288.958	231.347	49.389	-	58.105	55.857	-
4. 5.714	5.685	41	1.263	-	922	(464)	-
5. 201.576	151.991	104.115	15.830	-	(5.804)	2.989	-

<sup>(1)</sup> The financial data is obtained from unaudited 31 December 2021 financial statement .

<sup>(2)</sup> Financial information is taken from the financial statements as of 31 December 2021.

**c) Information on consolidated associates:**

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1. Demir-Halk Bank NV	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ	Ankara	31,47	33,12

Information related to the associates as sorted above: <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 <sup>(3)</sup>
1. 27.661.534	3.694.652	54.246	432.742	5.670	106.321	76.543	1.218.924
2. 67.462	66.435	40	6.620	-	13.794	(506)	-

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

<sup>(2)</sup> Financial information on the fair value of Demir Halkbank NV has been obtained from valuation report as of 31 December.

**d) Movement of associates:**

	Current Period	Prior Period
Balance at the beginning of the period	764.460	509.234
Movements during the period	431.398	255.226
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	431.398	202.268
Impairment provisions (-) / reversals	-	-
<b>Balance at the end of the period</b>	<b>1.195.858</b>	<b>764.460</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

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

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

e) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	1.108.396	681.339
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	20.907	16.566
Other non- financial investments	66.555	66.555

f) Associates quoted to a stock exchange:

None.

(8) Information on subsidiaries (Net):

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

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ	Halk Osiguruvanje AD, Skopje
<b>COMMON EQUITY TIER I CAPITAL</b>								
Paid in Capital	150.000	1.020.000	323.000	799.036	96.000	356.373	100	110.639
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-	-
Share premium	-	49.945	-	11.633	-	256.281	-	-
Reserves	72.504	54.657	18.181	1.794.003	108.020	1.470.902	2.238	269.839
Other Comprehensive Income according to TAS	4.558	1.298.324	2.071	1.396	10	(83.157)	-	-
<b>Profit / Loss</b>	<b>197.868</b>	<b>40.160</b>	<b>70.149</b>	<b>1.104</b>	<b>79.022</b>	<b>83.117</b>	<b>850</b>	<b>(81.183)</b>
<i>Net Profit</i>	<i>197.868</i>	<i>40.160</i>	<i>75.184</i>	<i>38.472</i>	<i>67.633</i>	<i>83.117</i>	<i>850</i>	<i>(41.528)</i>
<i>Prior Period Profit/Loss</i>	<i>-</i>	<i>-</i>	<i>(5.035)</i>	<i>(37.368)</i>	<i>11.389</i>	<i>-</i>	<i>-</i>	<i>(39.655)</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 (-)	-	-	-	613	-	1.617	-	-
Leasehold Improvements (-)	-	498	-	22.226	-	12.708	-	-
Intangible Assets (-)	6.419	787	1.295	47.565	2.809	92.124	-	-
<b>Total Core Capital</b>	<b>418.511</b>	<b>2.461.801</b>	<b>412.106</b>	<b>2.536.768</b>	<b>280.243</b>	<b>1.977.067</b>	<b>3.188</b>	<b>299.295</b>
<b>SUPPLEMENTARY CAPITAL</b>	<b>-</b>	<b>-</b>	<b>99.083</b>	<b>63.975</b>	<b>8.050</b>	<b>28.380</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>418.511</b>	<b>2.461.801</b>	<b>511.189</b>	<b>2.600.743</b>	<b>288.293</b>	<b>2.005.447</b>	<b>3.188</b>	<b>299.295</b>
<b>NET AVAILABLE CAPITAL</b>	<b>418.511</b>	<b>2.461.801</b>	<b>511.189</b>	<b>2.600.743</b>	<b>288.293</b>	<b>2.005.447</b>	<b>3.188</b>	<b>299.295</b>

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

There is no internal capital adequacy assessment approach for the subsidiaries.

Paid in capital (domestic) has been indicated as Turkish Lira in articles of incorporation and registered in trade registry.

Paid in capital (international) has been indicated as local currency 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 Turkish Commercial Code no. 6102.

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

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

(8) Information on subsidiaries (Net):

b) Unconsolidated subsidiaries, reasons for not consolidating if any and information on total needed shareholder's equity that is subjected to minimum capital requirements:

The accompanying consolidated financial statements are prepared in accordance with the communiqué on "Preparation of Consolidated Financial Statements of Banks" and non-financial subsidiary is not included in the consolidation.

c) Information on unconsolidated subsidiaries:

None.

d) Information on consolidated subsidiaries (Net):

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
8. Halk Osiguruvanje AD, Skopje	Macedonia	-	99,48

Information related to the subsidiaries as sorted above <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.	855.425	424.930	20.335	191.464	15.571	197.868	186.876	532.217
2.	3.718.363	2.434.330	2.495.347	9.596	-	40.160	32.549	1.710.255
3.	5.148.218	413.401	5.027	440.970	-	75.184	72.427	471.661
4.	18.044.672	2.606.559	709.698	378.136	16.185	38.472	76.005	2.665.965
5.	1.809.660	283.052	5.725	306.095	-	67.633	100.943	362.348
6.	12.845.355	2.081.899	282.578	272.501	41.245	83.117	35.600	1.919.639
7.	1.571.463	3.188	5	-	-	850	546	3.579
8.	360.580	299.295	13.374	581	188	(41.528)	3.760	-

<sup>(1)</sup>The financial data is obtained from 31 December 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.

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

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

(8) Information on subsidiaries (Net):

d) Information on consolidated subsidiaries (Net)(continued):

Movement of the subsidiaries:

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>5.516.428</b>	<b>3.261.227</b>
Movements during the period	2.216.852	2.255.201
Purchase <sup>(1) (2) (3) (4)</sup>	555.211	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	1.579.660	2.160.471
Impairment Provisions (-)/ Reversals	-	-
<b>Share capital elimination of subsidiaries</b>	<b>(7.733.280)</b>	<b>(5.516.428)</b>
Balance at the end of the period	-	-
Capital commitments	-	-

<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 TRY 300.255 due to the capital increase of Halk Banka A.D., located in Serbia, Beograd.

<sup>(4)</sup> Halk Banka AD, Skopje, has paid TRY 48.270 due to the capital increase of its subsidiary Halk Osiguruvanje A.D., Skopje.

<sup>(5)</sup> In the current period, the Parent Bank has purchased 2.5% of Halk Faktoring AŞ amounting to TRY 8.223 and increased its share to 100%

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

	Current Period	Prior Period
Banks	4.585.604	2.140.652
Insurance companies	67.616	19.346
Factoring companies	362.348	320.679
Leasing companies	471.661	395.629
Financing companies	-	-
Other financial subsidiaries	2.246.051	2.640.122
Other non-financial subsidiaries	-	-

f) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock <sup>(1)</sup>	1.710.255	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):

a) Maturity structure of investments on financial lease:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	2.058.860	1.626.152	1.418.220	1.074.572
1 - 4 years	2.482.054	1.901.548	2.312.601	1.728.743
More than 4 years	1.182.442	894.281	1.077.725	843.739
<b>Total</b>	<b>5.723.356</b>	<b>4.421.981</b>	<b>4.808.546</b>	<b>3.647.054</b>

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

(10) Information on finance lease receivables (Net)(continued):

b) Information on gross investments of financial lease:

	Current Period	Prior Period
Gross financial lease investment	5.723.356	4.808.546
Unearned revenues from financial lease	(1.301.375)	(1.161.492)
<b>Total</b>	<b>4.421.981</b>	<b>3.647.054</b>

c) Information on receivables from non- performing loans of financial lease:

	Current Period	Prior Period
Financial lease receivables with limited collectability	38.909	374
Financial lease receivables with doubtful collectability	23.316	8.425
Uncollectible financial lease receivables	419.407	566.505
Provisions	(414.935)	(480.598)
<b>Total</b>	<b>66.697</b>	<b>94.706</b>

(11) Information on derivative financial assets for hedging purposes:

None.

(12) Information on tangible assets:

Current Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
<b>Cost:</b>						
Immovable	4.363.469	677.157	789.128	42.323	40.352	5.827.783
Right of Used Assets	1.218.128	655.846	-	297.628	-	1.576.346
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	1.193.105	272.539	-	75.871	-	1.389.773
Fixed assets obtained due to non- performing loans	4.690.020	1.889.572	-	2.007.823	-	4.571.769
Lease hold improvements costs	325.472	168.264	-	-	-	493.736
Other	432.668	96.691	-	34.120	(7.621)	487.618
<b>Total Cost</b>	<b>12.222.862</b>	<b>3.760.069</b>	<b>789.128</b>	<b>2.457.765</b>	<b>32.731</b>	<b>14.347.025</b>
<b>Accumulated depreciation (-)</b>						
Immovable	353.193	57.716	139.675	3.926	391	547.049
Right of Used Assets	362.579	305.276	-	65.667	-	602.188
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	685.439	258.837	-	53.383	-	890.893
Fixed assets obtained due to non- performing loans	23.299	16.373	-	17.598	-	22.074
Lease hold improvements costs	191.800	72.185	-	-	-	263.985
Other	310.535	54.960	-	36.819	(384)	328.292
<b>Total Accumulated Depreciation</b>	<b>1.926.845</b>	<b>765.347</b>	<b>139.675</b>	<b>177.393</b>	<b>7</b>	<b>2.654.481</b>
<b>Provision for impairment (-)</b>						
Immovable	12.774	-	3.023	472	-	15.325
Fixed assets obtained due to non- performing loans	4.355	-	-	-	-	4.355
<b>Total provision for impairment (-)</b>	<b>17.129</b>	<b>-</b>	<b>3.023</b>	<b>472</b>	<b>-</b>	<b>19.680</b>
<b>Net Book Value</b>	<b>10.278.888</b>	<b>2.994.722</b>	<b>646.430</b>	<b>2.279.900</b>	<b>32.724</b>	<b>11.672.864</b>

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

(12) Information on tangible assets(continued):

Prior Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
<b>Cost:</b>						
Immovable	3.500.266	421.362	517.695	60.490	(15.364)	4.363.469
Right of Used Assets	817.177	606.221	-	205.270	-	1.218.128
Tangible assets purchased through financial lease	24.111	-	-	4.340	(19.771)	-
Office machines	939.133	274.165	-	20.193	-	1.193.105
Fixed assets obtained due to non-performing loans	4.892.672	1.197.322	-	1.364.780	(35.194)	4.690.020
Lease hold improvements costs	251.269	74.203	-	-	-	325.472
Other	363.240	71.928	-	9.843	7.343	432.668
<b>Total Cost</b>	<b>10.787.868</b>	<b>2.645.201</b>	<b>517.695</b>	<b>1.664.916</b>	<b>(62.986)</b>	<b>12.222.862</b>
<b>Accumulated depreciation (-)</b>						
Immovable	280.431	26.637	59.012	12.834	(53)	353.193
Right of Used Assets	189.457	238.298	-	65.176	-	362.579
Tangible assets purchased through financial lease	23.958	-	-	4.537	(19.421)	-
Office machines	534.983	171.002	-	20.546	-	685.439
Fixed assets obtained due to non-performing loans	22.525	19.265	-	18.491	-	23.299
Lease hold improvements costs	150.921	40.879	-	-	-	191.800
Other	264.985	33.480	-	7.351	19.421	310.535
<b>Total Accumulated Depreciation</b>	<b>1.467.260</b>	<b>529.561</b>	<b>59.012</b>	<b>128.935</b>	<b>(53)</b>	<b>1.926.845</b>
<b>Provision for impairment (-)</b>						
Immovable	6.670	-	6.104	-	-	12.774
Fixed assets obtained due to non-performing loans	4.965	-	-	610	-	4.355
<b>Total provision for impairment (-)</b>	<b>11.635</b>	<b>-</b>	<b>6.104</b>	<b>610</b>	<b>-</b>	<b>17.129</b>
<b>Net Book Value</b>	<b>9.308.973</b>	<b>2.115.640</b>	<b>452.579</b>	<b>1.535.371</b>	<b>(62.933)</b>	<b>10.278.888</b>

(13) Information on intangible assets:

Current Period	Balance at the end	Additions	Disposals (-)	Transfer	Balance at the end
<b>Cost:</b>					
Other intangible assets	980.987	270.344	2.758	-	1.248.573
<b>Total Cost</b>	<b>980.987</b>	<b>270.344</b>	<b>2.758</b>	<b>-</b>	<b>1.248.573</b>
<b>Accumulated Depreciation (-)</b>					
Other intangible assets	342.279	228.538	2.360	-	568.457
<b>Total Accumulated Depreciation</b>	<b>342.279</b>	<b>228.538</b>	<b>2.360</b>	<b>-</b>	<b>568.457</b>
<b>Net Book Value</b>	<b>638.708</b>	<b>41.806</b>	<b>398</b>	<b>-</b>	<b>680.116</b>
Prior Period	Balance at the end	Additions	Disposals (-)	Transfer	Balance at the end
<b>Cost:</b>					
Other intangible assets	421.528	563.799	4.340	-	980.987
<b>Total Cost</b>	<b>421.528</b>	<b>563.799</b>	<b>4.340</b>	<b>-</b>	<b>980.987</b>
<b>Accumulated Depreciation (-)</b>					
Other intangible assets	216.269	126.010	-	-	342.279
<b>Total Accumulated Depreciation</b>	<b>216.269</b>	<b>126.010</b>	<b>-</b>	<b>-</b>	<b>342.279</b>
<b>Net Book Value</b>	<b>205.259</b>	<b>437.789</b>	<b>4.340</b>	<b>-</b>	<b>638.708</b>



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

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

(14) Information on investment property:

	Current Period	Prior Period
<b>Cost:</b>		
<b>Opening Balance</b>	<b>1.303.741</b>	<b>1.194.428</b>
Acquisitions	251.888	95.261
Transfer	(40.352)	15.364
Disposals	36.780	1.312
Impairment Charge/Reversal	-	-
<b>Ending Balance</b>	<b>1.478.497</b>	<b>1.303.741</b>
<b>Accumulated Depreciation (-)</b>		
<b>Opening Balance</b>	<b>96.480</b>	<b>89.965</b>
Additions	8.835	6.503
Disposals (-)	244	41
Impairment Provisions (-)	-	-
Transfer	(391)	53
<b>Total Accumulated Depreciation (-)</b>	<b>104.680</b>	<b>96.480</b>
<b>Net Book Value</b>	<b>1.373.817</b>	<b>1.207.261</b>

(15) Information on deferred tax assets:

	Current Period	Prior Period
<b>Deferred Tax Asset /(Liability)</b>		
Provisions <sup>(1)</sup>	3.262.334	1.529.133
Revaluation of Financial Assets	(5.524.767)	(1.322.586)
Other	2.491.324	(498.350)
<b>Deferred Tax Asset /(Liability):</b>	<b>228.891</b>	<b>(291.803)</b>
<b>Deferred tax accounted under shareholders' equity</b>	<b>359.641</b>	<b>(11.841)</b>
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	458.256	128.429
Actuarial gains/losses	117.935	34.772
Valuation of subsidiaries	(216.550)	(175.042)

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

<sup>(2)</sup> Net deferred tax assets amounting to TRY 228.891 consists of deferred tax assets which amounting to TRY 231.043 and deferred tax liabilities amounting to TRY 2.152.

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

	Current Period	Prior Period
Cost	2.481	1.441
Accumulated Depreciation (-)	-	-
<b>Net book value</b>	<b>2.481</b>	<b>1.441</b>
<b>Opening Balance</b>	<b>1.441</b>	<b>1.076.418</b>
Acquisition	1.110	-
Transfer (Net)	-	-
Disposals (Net)	(70)	(1.074.977)
Revaluation Increase	-	-
Impairment (-) / Reversal	-	-
Depreciation (-)	-	-
<b>Closing net book value</b>	<b>2.481</b>	<b>1.441</b>

(17) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 8.637.340 and does not exceed 10% of the balance sheet total (31 December 2020: TRY 5.285.838).

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**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED 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	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits <sup>(*)</sup>	14.771.332	-	9.301.522	61.536.172	16.277.055	2.544.494	3.720.806	132.027	108.283.408
Foreign currency deposits	75.970.760	-	44.444.289	159.242.063	10.295.146	8.144.243	16.071.559	20.344	314.188.404
<i>Residents in Turkey</i>	63.967.775	-	36.689.100	153.563.705	6.800.758	4.983.025	8.309.005	19.744	274.333.112
<i>Residents abroad</i>	12.002.985	-	7.755.189	5.678.358	3.494.388	3.161.218	7.762.554	600	39.855.292
Public sector deposits	5.162.007	-	5.159.673	4.843.268	535.623	53.068	15.044	-	15.768.683
Commercial inst. deposits	19.264.364	-	24.624.910	32.537.851	1.582.430	1.414.218	2.042.503	-	81.466.276
Other inst. deposits	1.532.264	-	3.505.395	13.905.284	2.023.206	2.673.524	6.073.817	-	29.713.490
Precious metals	28.229.042	-	197.454	4.914.191	243.446	136.356	234.127	-	33.954.616
Interbank deposits	28.422.696	-	19.987.368	15.570.775	73.419	150	-	-	64.054.408
<i>CBRT</i>	27.637	-	-	-	-	-	-	-	27.637
<i>Domestic banks</i>	377.832	-	19.480.597	10.091.593	73.419	-	-	-	30.023.441
<i>Foreign banks</i>	28.017.227	-	506.771	5.479.182	-	150	-	-	34.003.330
<i>Participation banks</i>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>173.352.465</b>	<b>-</b>	<b>107.220.611</b>	<b>292.549.604</b>	<b>31.030.325</b>	<b>14.966.053</b>	<b>28.157.856</b>	<b>152.371</b>	<b>647.429.285</b>

<sup>(\*)</sup> As of 31 December 2021, the Bank has a total of TRY 13.050.234 foreign exchange-protected deposit instrument within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" published by the CBRT in the Official Gazette dated 21 December 2021, opened within the scope of the announcement of the Ministry of Treasury and Finance ("Treasury") dated 24 December 2021.

**Prior Period**

	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	11.028.480	-	10.547.317	61.271.001	4.063.473	894.825	1.528.413	123.289	89.456.798
Foreign currency deposits	35.168.062	-	18.113.997	96.866.133	5.253.095	4.109.940	9.424.284	13.273	168.948.784
<i>Residents in Turkey</i>	28.297.921	-	14.179.996	92.415.789	3.611.688	1.929.613	4.390.421	12.693	144.838.121
<i>Residents abroad</i>	6.870.141	-	3.934.001	4.450.344	1.641.407	2.180.327	5.033.863	580	24.110.663
Public sector deposits	3.708.109	-	13.485.208	4.173.024	442.413	161.066	13.676	-	21.983.496
Commercial inst. deposits	11.726.342	-	32.521.802	49.196.778	825.344	604.306	2.994.737	-	97.869.309
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	9.514.652	-	14.656.243	10.645.338	180.835	2.291	66.495	-	35.065.854
<i>CBRT</i>	-	-	-	-	-	-	-	-	-
<i>Domestic banks</i>	86.802	-	12.009.319	7.107.240	150.308	-	-	-	19.353.669
<i>Foreign banks</i>	6.948.850	-	182.773	3.315.793	30.527	2.291	66.495	-	10.546.729
<i>Participation banks</i>	2.479.000	-	2.464.151	222.305	-	-	-	-	5.165.456
<b>Total</b>	<b>90.575.481</b>	<b>-</b>	<b>93.119.477</b>	<b>245.655.316</b>	<b>13.629.395</b>	<b>6.300.290</b>	<b>18.645.307</b>	<b>136.562</b>	<b>468.061.828</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	45.659.431	40.394.097	62.400.473	48.828.336
Foreign currency saving deposits	44.442.049	31.941.835	136.615.979	68.137.764
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	535.794	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	395.337	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	16.627	10.157
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	-	287.630	-	26.206
Swap transactions	357	2.154.501	19.744	480.694
Future transactions	-	-	-	-
Options	17.830	10.119	369	7.212
Other	-	-	-	-
<b>Total</b>	<b>18.187</b>	<b>2.452.250</b>	<b>20.113</b>	<b>514.112</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	938.425	3.229.997	706.399	2.498.369
Foreign banks, institutions and funds	-	13.430.143	-	10.049.754
<b>Total</b>	<b>938.425</b>	<b>16.660.140</b>	<b>706.399</b>	<b>12.548.123</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	792.744	1.617.915	601.693	811.014
Medium and long-term	145.681	15.042.225	104.706	11.737.109
<b>Total</b>	<b>938.425</b>	<b>16.660.140</b>	<b>706.399</b>	<b>12.548.123</b>

c) Additional disclosures related to the concentrations of the Group's major liabilities:

Concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed:

Main liability of the Group is deposits, which is composed of 16,73% of saving deposits and 48,53% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Group borrows loans from interbank money markets.

The Group's 62,19% of bank deposits and 59,68% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (Net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	4.890.092	-	3.655.382	-
Bonds	2.579.698	-	1.958.530	-
Assets Backed Securities	706.982	-	1.078.233	7.553.277
<b>Total</b>	<b>8.176.772</b>	<b>-</b>	<b>6.692.145</b>	<b>7.553.277</b>

(5) Explanations to the funds:

Funds are granted as loans in conformity with the protocols between the Parent Bank and fund owner ministry or institutions.

Maturity structure of funds:

	Current Period	Prior Period
Short Term	1.350	1.201
Long Term	137.191	3.616.102
<b>Total</b>	<b>138.541</b>	<b>3.617.303</b>

(6) 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 CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

(7) Information on finance lease payables (Net):

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Parent Bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the TAS.

- b) Explanation on finance lease payables:

None (31 December 2020: None).

- c) Explanations regarding operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	42.617	41.416	29.347	29.162
1 - 4 years	536.782	427.750	312.254	268.799
More than 4 years	959.620	587.669	826.943	595.813
<b>Total</b>	<b>1.539.019</b>	<b>1.056.835</b>	<b>1.168.544</b>	<b>893.774</b>

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

None (31 December 2020: None).

(9) Explanations on provisions:

- a) Provisions for the foreign currency losses on the principal amount of foreign currency indexed loans and finance lease receivables:

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

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

As of 31 December 2021, the Group's specific provision for unindemnified non-cash loans balance is TRY 337.306. (31 December 2020: TRY 150.942).

- c) Information on other provisions:

Total other provision balance amounting to TRY 1.187.989 (31 December 2020: TRY 636.547) consists of TRY 337.306 for specific provisions of unindemnified and unfunded non-cash loans (31 December 2020: TRY 150.942), TRY 637.107 for stage 1 and stage 2 expected credit loss amount of non-cash loans (31 December 2020: TRY 308.709), TRY 84.445 for legal cases filed against the Group (31 December 2020: TRY 98.928), and TRY 129.131 of other provisions (31 December 2020: TRY 77.968).

- d) Movement of employee termination benefits:

Severance indemnity provision of the Parent Bank as of 31 December 2021 is calculated by an independent company by using the actuarial conjectures.

The amount calculated for the employee termination benefits of the Parent Bank as a result of the actuarial valuation according to TAS 19, is as follows;

	Current Period	Prior Period
Inflation Rate	15,80%	9,50%
Discount Rate	19,10%	12,80%
Estimated Real Wage Growth Rate	30,00% <sup>(*)</sup>	9,70%

<sup>(\*)</sup>It was used 30% for 2022 and 16% for the following years.

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

(9) Explanations on provisions (continued):

d) Movement of employee termination benefits (continued):

Calculated amounts as a result of actuarial conjectures are as follows:

	<b>Current Period</b>	<b>Prior Period</b>
As of January 1	941.282	722.286
Charge for the year	96.220	70.613
Interest Expense	118.500	85.813
Actuarial gain/loss	416.791	99.629
Prior period service cost composed current period	6.311	2.584
Payment/The limitation of benefits/ Loss (Gain) therefore discharge	657	5.839
Benefits paid within the period (-)	(40.970)	(45.482)
<b>Total</b>	<b>1.538.791</b>	<b>941.282</b>

e) Liabilities for employee benefits:

As of 31 December 2021, unused vacation accruals are TRY 231.194, personnel dividend provision is TRY 549.481, severance indemnity provision for Group personnel is TRY 1.479.036 and severance indemnity provision for outsourcing firms is TRY 59.755. (31 December 2020: TRY 180.226 for unused vacation accruals; TRY 905.180 for severance indemnity provision for Group personnel; TRY 36.102 for severance indemnity provision for outsources; TRY 381.892 for personnel dividend provision).

The Group's accounts for actuarial gains / losses under equity commencing from 1 January 2013.

f) Liabilities arising from retirement benefits:

f.1. Liabilities of pension funds founded as per the Social Security Institution:

None.

f.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees:

Based on the results of the actuarial reports prepared as of 31 December 2021, it was determined that there is no technical deficit for Türkiye Halk Bankası AŞ Emekli Sandığı and T.C. Ziraat Bankası ve Türkiye Halk Bankası Çalışanları Emekli Sandığı Vakfı.

The above mentioned actuarial review, which was made in accordance with the principles of the related law, measures the present value of the liability as of 31 December 2021, in other words; it measures the amount to be paid to the Social Security Institution by the Parent Bank. Actuarial assumptions used in the calculation are given below.

<b>Assumptions</b>	<b>Current Period</b>	<b>Prior Period</b>
Discount Rate	%9,80	%9,80
Mortality Rate	CSO 1980 women/men	CSO 1980 women/men

T. Halk Bankası Çalışanları Emekli Sandığı Vakfı, ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. As of 31 December 2021 the number of personnel who benefit from the Fund is 38.816 (31 December 2020: 38.069).

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

(9) Explanations on provisions (continued):

f) Liabilities arising from retirement benefits (continued):

f.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees (continued):

Below table shows the present values of premiums and salary payments as of 31 December 2021, by taking into account the health expenses within the Social Security Institution limits.

<b>Transferable Pension and Medical Benefits:</b>	<b>Current Period</b>	<b>Prior Period</b>
Net Present Value of Total Liabilities Other Than Health	(4.839.389)	(3.853.779)
Net Present Value of Long Term Insurance Line Premiums	4.989.362	4.204.433
<b>Net Present Value of Total Liabilities Other Than Health</b>	<b>149.973</b>	<b>350.654</b>
Net Present Value of Health Liabilities	(1.134.467)	(838.882)
Net Present Value of Health Premiums	3.117.266	2.626.604
<b>Net Present Value of Health Liabilities</b>	<b>1.982.799</b>	<b>1.787.722</b>
<b>Pension Fund Assets</b>	<b>5.679.944</b>	<b>4.276.670</b>
General Administration Expenses (1%)	(59.739)	(46.927)
<b>Amount of Actuarial and Technical Deficit</b>	<b>7.752.977</b>	<b>6.368.119</b>

<b>Total Assets</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	4.811.099	3.125.060
Marketable Securities	504.807	916.070
Property and Equipment	179.872	128.147
Other	184.166	107.393
<b>Total</b>	<b>5.679.944</b>	<b>4.276.670</b>

On the other hand, after the transfer, the currently paid health benefits will be revised within the framework of the Social Security Institution legislation and related regulations.

The sensitivity analysis of defined benefit obligation of excess liabilities and retirement indemnities are as follows:

**Change in Assumptions (%)**

<b>Assumptions</b>	<b>Death Benefits</b>	<b>Medical Benefits</b>	<b>Total</b>
Discount rate +1%	(% 19,2)	(% 20,4)	(% 20,4)
Discount rate (1%)	% 26,1	% 28,0	% 28,0
Inflation rate +1%	% 26,1	% 34,3	% 34,3
Inflation rate (1%)	(% 19,4)	(% 23,9)	(% 23,9)

g) Insurance Technical Provisions (Net):

	<b>Current Period</b>	<b>Prior period</b>
Life-Mathematical Provisions	-	-
Provisions for unearned premium claims	100.423	51.174
Provision for outstanding claims	105.956	42.464
Provisions for unexpired risk reserves	-	-
Other	-	-
<b>Total</b>	<b>206.379</b>	<b>93.638</b>

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

(10) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 31 December 2021, the Group's corporate tax payable is amounting to TRY 78.491 and accounted for under corporate tax provision at the related date. (31 December 2020 corporate tax payable: TRY 4.498)

a.2. Information on taxes payable:

	<b>Current Period</b>	<b>Prior Period</b>
Corporate tax payable	78.491	4.498
Income on securities tax	409.434	475.152
Property income tax	3.049	1.719
Banking and insurance transactions tax (BITT)	252.910	157.964
Foreign exchange transactions tax	52.359	9.021
Value added tax payable	3.534	4.810
Other	80.672	73.321
<b>Total</b>	<b>880.449</b>	<b>726.485</b>

a.3. Information on premiums:

	<b>Current Period</b>	<b>Prior Period</b>
Social insurance premiums-employee	341	291
Social insurance premiums-employer	1.084	830
Bank social aid pension fund premium-employee	22.968	18.063
Bank social aid pension fund premium-employer	37.885	28.084
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	1.694	1.311
Unemployment insurance-employer	3.416	2.634
Other	1.187	715
<b>Total</b>	<b>68.575</b>	<b>51.928</b>



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

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

b) Explanations related to deferred tax liability:

Section Five Explanations and Footnotes on the Asset Accounts of the Balance Sheet are explained in 15th footnote.

(11) Information on liabilities regarding non-current assets held for sale and discontinued operations:

Liabilities regarding assets held for sale and discontinued operations is none (31 December 2020: None).

(12) Explanations on the number of subordinated loans the Group used maturity, interest rate, institutions that the loan was borrowed from, and conversion option, if any<sup>(\*)</sup>:

Information on Subordinated Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital borrowings instruments	-	15.591.893	-	8.824.063
<i>Subordinated loans</i>	-	15.591.893	-	8.824.063
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.051.459	-	6.036.525	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.051.459	-	6.036.525	-
<b>Total</b>	<b>6.051.459</b>	<b>15.591.893</b>	<b>6.036.525</b>	<b>8.824.063</b>

<sup>(\*)</sup> Detailed information is disclosed in Section Four Footnote I.

(13) Information on shareholders' equity

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	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 in the Parent Bank and registered capital ceiling amount is TRY 10.000.000.

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

None.

d) Information on additions from capital reserves to capital in the current period:

None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments:

None.

f) Information on the Parent Bank's acquired shares:

Between January 1 – December 31, 2021, the Parent Bank did not repurchase or sell any shares.

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

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

- g) Indicators of the Group's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Group's equity due to the uncertainty of these indicators:

The Group has sustainable profitability and equity structure. There are no uncertainties that would impact the current position.

- h) Information on preferred shares:

None.

- i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	15.040	2.669	15.040	5.107
<i>Valuation differences</i>	15.040	2.669	15.040	5.107
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	(1.817.314)	(278.853)	(220.937)	(218.119)
<i>Valuation differences</i>	(1.817.314)	(142.399)	(220.937)	(216.049)
<i>Exchange rate difference</i>	-	(136.454)	-	(2.070)
<b>Total</b>	<b>(1.802.274)</b>	<b>(276.184)</b>	<b>(205.897)</b>	<b>(213.012)</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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**II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)**

(13) Information on shareholders' equity (continued)

k) Information on Legal Reserves:

	<b>Current Period</b>	<b>Prior Period</b>
I. Legal Reserve	1.661.716	1.491.581
II. Legal Reserve	636.172	621.138
Special Reserves	141.821	67.674
Share Buyback Reserve Fund	351.767	351.767
<b>Total</b>	<b>2.791.476</b>	<b>2.532.160</b>

l) Information on Extraordinary Reserves:

	<b>Current Period</b>	<b>Prior Period</b>
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	25.470.612	22.835.488
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital (-)	-	-
<b>Total</b>	<b>25.470.612</b>	<b>22.835.488</b>

(14) Information on minority interest shares:

	<b>Current Period</b>	<b>Prior Period</b>
Paid-in Capital	214.638	203.804
Export Premium	10.366	10.306
Share Cancellation Profits	(28.756)	(27.346)
Marketable Securities Revaluation Fund	7	42
Legal Reserves	6.576	5.662
Extraordinary Reserves	4.966	10.071
Retained Earnings	55.471	48.853
Other Profit Reserves	8.738	3.573
Other Capital Reserves	1.191	1.192
Net Period Profit / Loss	8.487	7.223
<b>Closing Balance</b>	<b>281.684</b>	<b>263.380</b>

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**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	17.465.120	28.032.142
Payment commitments for cheques	6.146.359	4.472.298
Loan granting commitments	6.401.780	4.721.315
Forward asset purchase and sale commitments	9.044.334	1.826.745
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	27.584	22.752
Tax and fund liabilities from export commitments	106.220	124.240
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	5.853.373	5.321.136
<b>Total</b>	<b>45.044.770</b>	<b>44.520.628</b>

b) Amount and nature of probable losses and commitments from the off-balance sheet items:

b.1. Non-cash loans including bank bill guarantees and acceptances, guarantees substituting financial guarantees and other letters of credit:

	<b>Current Period</b>	<b>Prior Period</b>
Letters of credit	7.133.429	2.609.382
Bank acceptances	11.581.244	6.495.595
Other guarantees	9.671.584	4.862.463
<b>Total</b>	<b>28.386.257</b>	<b>13.967.440</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of certain guarantees	27.108.104	17.484.487
Letters of advance guarantees	8.238.368	5.376.409
Letters of tentative guarantees	1.981.621	2.239.074
Letters of guarantee given to customs offices	3.932.906	2.706.492
Other letters of guarantee	125.658.409	74.729.949
<b>Total</b>	<b>166.919.408</b>	<b>102.536.411</b>

b.3. Total non-cash loans:

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash loans for providing cash loans	27.373.541	14.320.385
<i>Within one year or less original maturity</i>	3.763.863	1.895.645
<i>Within more than one year maturity</i>	23.609.678	12.424.740
Other non-cash loans	167.932.124	102.183.466
<b>Total</b>	<b>195.305.665</b>	<b>116.503.851</b>

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

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

b) Amount and nature of probable losses and commitments from the off-balance sheet items (continued):

b.4. Sectoral risk concentration of non-cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	236.420	0,28	317.706	0,28	178.288	0,32	182.732	0,29
<i>Farming and Stockbreeding</i>	183.955	0,22	20.998	0,02	127.020	0,23	15.110	0,02
<i>Forestry</i>	8.548	0,01	4.709	-	1.542	-	27	-
<i>Fishery</i>	43.917	0,05	291.999	0,26	49.726	0,09	167.595	0,27
Manufacturing	19.675.926	24,04	52.963.470	46,69	11.874.058	21,56	27.334.702	44,49
<i>Mining and Quarrying</i>	386.734	0,47	1.712.885	1,51	221.231	0,40	1.034.911	1,68
<i>Production</i>	18.195.364	22,23	48.397.141	42,66	10.066.831	18,28	24.729.631	40,25
<i>Electricity, Gas and Water</i>	1.093.828	1,34	2.853.444	2,52	1.585.996	2,88	1.570.160	2,56
Construction	24.509.366	29,94	25.258.760	22,27	17.550.791	31,88	13.371.311	21,76
Services	36.767.027	44,91	34.346.996	30,28	23.463.372	42,61	20.194.698	32,87
<i>Wholesale and Retail Trade</i>	22.727.973	27,76	14.473.852	12,76	14.830.746	26,94	7.423.192	12,08
<i>Accommodation and Dining</i>	409.621	0,50	5.793.759	5,11	315.979	0,57	3.921.210	6,38
<i>Transportation and Telecom.</i>	1.543.594	1,89	9.291.420	8,19	1.063.530	1,93	6.946.739	11,31
<i>Financial Institutions</i>	5.374.538	6,57	197.237	0,17	3.777.373	6,86	172.834	0,28
<i>Real Estate and Rental Services</i>	5.290.718	6,46	4.189.939	3,69	2.869.168	5,21	1.510.509	2,46
<i>Professional Services</i>	44.473	0,05	142.807	0,13	13.891	0,03	43.748	0,07
<i>Educational Services</i>	106.846	0,13	149.930	0,13	100.317	0,18	103.009	0,17
<i>Health and Social Services</i>	1.269.264	1,55	108.052	0,10	492.368	0,89	73.457	0,12
Other	677.170	0,83	552.824	0,49	1.990.613	3,63	363.286	0,59
<b>Total</b>	<b>81.865.909</b>	<b>100,00</b>	<b>113.439.756</b>	<b>100,00</b>	<b>55.057.122</b>	<b>100,00</b>	<b>61.446.729</b>	<b>100,00</b>

b.5. Non-cash loans classified under I. and II. Group

	Group I		Group II	
	TRY	FC	TRY	FC
<b>Non-Cash Loans</b>	<b>79.960.167</b>	<b>110.324.515</b>	<b>1.905.742</b>	<b>3.115.241</b>
Letters of Guarantee	69.373.831	92.600.068	1.889.251	3.056.258
Bills of Exchange and Bank Acceptances	1.079.481	10.481.052	-	20.711
Letters of Credit	5.784	7.072.882	16.491	38.272
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	9.501.071	170.513	-	-

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

2) Information on derivative financial instruments:

	Derivative transactions according to purposes			
	Trading Derivatives		Derivative Financial Instruments held for Risk Management	
	Current Period	Prior Period	Current Period	Prior Period
<b>Types of trading transactions</b>				
<b>Foreign Currency related Derivative Transactions (I):</b>	<b>125.717.623</b>	<b>45.640.124</b>	-	-
Currency Forwards-Purchases/Sales	16.455.764	2.793.387	-	-
Currency Swaps-Purchases/Sales	104.784.513	38.972.691	-	-
Currency Futures-Purchases/Sales	-	-	-	-
Currency Options-Purchases/Sales	4.477.346	3.874.046	-	-
<b>Interest Rate related Derivative Transactions (II)</b>	<b>43.976.230</b>	<b>25.566.030</b>	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Swaps-Purchases/Sales	43.976.230	25.566.030	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-
<b>Other Trading Derivatives (III) (1)</b>	<b>30.945.631</b>	<b>5.809.526</b>	-	-
<b>A. Total Trading Derivatives (I+II+III)</b>	<b>200.639.484</b>	<b>77.015.680</b>	-	-
<b>Derivative Financial Instruments held for Risk Management</b>	-	-	-	-
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
FC investment in associates risk hedge	-	-	-	-
<b>B. Total Derivative Financial Instruments held for Risk Management</b>	-	-	-	-
<b>Total Derivative Transactions (A+B)</b>	<b>200.639.484</b>	<b>77.015.680</b>	-	-

<sup>(1)</sup> Other trading derivative transactions include forward precious metal purchase transactions amounting to TRY 2.662.154, forward precious metal sale transactions amounting to TRY 7.576.901, precious metal purchase transactions amounting to TRY 20.706.499 and forward option contract transactions amounting to TRY 77.

3) **Explanations related to credit derivatives and its risk exposures:**

The Parent Bank has credit termly derivative transactions as part of its trading transactions. These transactions include credit default swaps which based on treasury of Turkish Republic's credit risk. As of 31 December 2021, the Parent bank has credit default swap transaction amounting to USD 160 million with 5 year maturity (1,3 years average remaining maturity). In these transactions, the Parent Bank sells the protection.

4) Information on contingent liabilities and assets:

Group's commitments for the cheques given to customers are TRY 6.146.359 (31 December 2020: TRY 4.472.298).

5) Services provided on behalf of others:

None.

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**IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Interest on loans<sup>(1)</sup></b>				
Short term loans	12.411.771	312.124	5.700.913	418.410
Medium and long term loans	34.201.398	7.290.556	26.132.241	5.647.948
Interest on non-performing loans	359.319	2.565	399.263	265
Premiums from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>46.972.488</b>	<b>7.605.245</b>	<b>32.232.417</b>	<b>6.066.623</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	1.211.758	-	238.787	-
Domestic banks	53.461	303	25.314	1.392
Foreign banks	15.271	3.207	9.876	3.308
Foreign headquarters and branches	-	-	-	-
<b>Total</b>	<b>1.280.490</b>	<b>3.510</b>	<b>273.977</b>	<b>4.700</b>

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	26.384	49	29.847	13
Financial Assets at Fair Value through Other Comprehensive Income	7.594.948	744.993	4.217.753	352.892
Financial Assets Measured at Amortized Cost	22.592.389	2.201.890	9.463.974	1.273.145
<b>Total</b>	<b>30.213.721</b>	<b>2.946.932</b>	<b>13.711.574</b>	<b>1.626.050</b>

d) Interest income from subsidiaries and associates:

None.(31 December 2020: TRY 637.)

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**IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED 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	152.245	205.047	147.989	255.976
<i>CBRT</i>	-	-	-	-
<i>Domestic banks</i>	152.245	52.180	147.989	83.497
<i>Overseas banks</i>	-	152.867	-	172.479
<i>Overseas head office and branches</i>	-	-	-	-
Other institutions	7	27.979	9	23.488
<b>Total</b>	<b>152.252</b>	<b>233.026</b>	<b>147.998</b>	<b>279.464</b>

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

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	33.464	9.881

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	2.033.767	1.266.330	1.646.165	834.713



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

(2) Information on interest expenses (continued):

d) Maturity structure of interest expenses on deposits:

Current Period	Time deposits							Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Cumulative deposit	
<b>TRY</b>								
Bank deposits	1.509	2.520.061	744.308	26.874	-	-	-	3.292.752
Saving deposits	21	1.959.087	12.199.244	1.322.091	589.650	500.479	13.467	16.584.039
Public deposits	19	591.689	566.380	69.233	27.577	2.376	-	1.257.274
Commercial deposits	18	5.636.196	6.429.659	323.837	188.737	1.196.655	-	13.775.102
Other deposits	1	496.685	3.048.531	461.066	348.050	202.850	-	4.557.183
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.568</b>	<b>11.203.718</b>	<b>22.988.122</b>	<b>2.203.101</b>	<b>1.154.014</b>	<b>1.902.360</b>	<b>13.467</b>	<b>39.466.350</b>
<b>Foreign currency</b>								
Deposits	2.582	288.727	1.789.000	108.693	74.720	149.534	91	2.413.347
Bank deposits	30	14.037	154.292	171	177	-	-	168.707
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	596	16.133	884	416	1.020	-	19.049
<b>Total</b>	<b>2.612</b>	<b>303.360</b>	<b>1.959.425</b>	<b>109.748</b>	<b>75.313</b>	<b>150.554</b>	<b>91</b>	<b>2.601.103</b>
<b>Grand total</b>	<b>4.180</b>	<b>11.507.078</b>	<b>24.947.547</b>	<b>2.312.849</b>	<b>1.229.327</b>	<b>2.052.914</b>	<b>13.558</b>	<b>42.067.453</b>

Prior Period	Time deposits							Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Cumulative deposit	
<b>TRY</b>								
Bank deposits	124	1.302.671	547.428	21.060	526	-	-	1.871.809
Saving deposits	170	699.878	5.406.941	535.631	82.413	419.816	10.410	7.155.259
Public deposits	45	1.255.214	266.960	37.481	27.792	669	-	1.588.161
Commercial deposits	746	2.976.075	3.968.658	156.009	60.825	662.152	-	7.824.465
Other deposits	1	317.081	1.470.403	181.899	41.783	235.361	-	2.246.528
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.086</b>	<b>6.550.919</b>	<b>11.660.390</b>	<b>932.080</b>	<b>213.339</b>	<b>1.317.998</b>	<b>10.410</b>	<b>20.686.222</b>
<b>Foreign currency</b>								
Deposits	1.500	146.586	1.184.177	53.121	42.480	107.257	-	1.535.121
Bank deposits	13	135.177	-	285	-	402	-	135.877
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	719	9.596	1.835	399	1.013	-	13.562
<b>Total</b>	<b>1.513</b>	<b>282.482</b>	<b>1.193.773</b>	<b>55.241</b>	<b>42.879</b>	<b>108.672</b>	<b>-</b>	<b>1.684.560</b>
<b>Grand total</b>	<b>2.599</b>	<b>6.833.401</b>	<b>12.854.163</b>	<b>987.321</b>	<b>256.218</b>	<b>1.426.670</b>	<b>10.410</b>	<b>22.370.782</b>

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

(3) Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	55	-
Financial Assets at Fair Value Through other Comprehensive Income	3.996	4.489
Other	-	471
<b>Total</b>	<b>4.051</b>	<b>4.960</b>

(4) Explanations on trading profit/loss (net):

	Current Period	Prior Period
<b>Profit</b>	<b>212.739.776</b>	<b>68.931.835</b>
Profit from the capital market transactions	70.024	227.118
Profit on derivative financial transactions	50.607.062	10.558.638
Foreign exchange gains	162.062.690	58.146.079
<b>Loss (-)</b>	<b>225.342.722</b>	<b>74.144.848</b>
Loss from the capital market transactions	2.614	126.452
Loss from derivative financial transactions	32.065.733	7.827.041
Foreign exchange losses	193.274.375	66.191.355

Explanations on derivative financial instruments

	Current Period	Prior Period
<b>Profit on derivative financial instruments</b>	<b>50.607.062</b>	<b>10.558.638</b>
Effect of the change in foreign exchange on profit	50.223.698	9.994.380
Effect of the change in interest rate on profit	383.364	564.258
<b>Loss on derivative financial instruments (-)</b>	<b>32.065.733</b>	<b>7.827.041</b>
Effect of the change in foreign exchange on loss	31.748.382	7.286.086
Effect of the change in interest rate on loss	317.351	540.955
<b>Profit/loss on derivative financial instruments</b>	<b>18.541.329</b>	<b>2.731.597</b>

(5) Information on other operating income:

	Current Period	Prior Period
Adjustments for prior period expenses	5.790.664	1.084.854
Insurance technical income	127.860	84.602
Income from the asset sale	404.285	316.265
Rent income	74.938	62.037
Other income	228.369	272.306
<b>Total</b>	<b>6.626.116</b>	<b>1.820.064</b>

(6) Impairment losses on loans and other receivables:

	Current Period	Prior Period
Expected Credit Losses	12.121.844	6.980.823
12 Month Expected Credit Loss (Stage 1)	2.353.637	1.124.573
Significant Increase in Credit Risk (Stage 2)	5.379.090	2.176.110
Non – Performing Loans (Stage 3)	4.389.117	3.680.140
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	36.293	18.161
<b>Total</b>	<b>12.158.137</b>	<b>6.998.984</b>

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

(7) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	181.627	120.633
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	3.023	6.103
Depreciation expenses of fixed assets	507.876	427.738
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	164.135	104.179
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	16.373	19.265
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	3.082.072	2.548.420
<i>Leasing Expenses on TFRS 16 Exceptions</i>	<i>157.572</i>	<i>83.928</i>
<i>Maintenance expenses</i>	<i>107.260</i>	<i>73.460</i>
<i>Advertisement expenses</i>	<i>501.187</i>	<i>269.608</i>
<i>Other expenses</i>	<i>2.316.053</i>	<i>2.121.424</i>
Loss on sales of assets	6.575	970
Other	1.996.665	1.522.844
<b>Total</b>	<b>5.958.346</b>	<b>4.750.152</b>

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

The amount of profit before tax consists TRY 26.041.790 (31 December 2020: TRY 19.531.819) of net interest income and TRY 4.524.121 (31 December 2020: TRY 2.889.949) of net fees and income. The profit from continuing operations before tax is amounting to TRY 1.882.949 (31 December 2020: TRY 3.505.598).

For the accounting period ending on 31 December 2021, the Group has no profit before tax for discontinued operations. (31 December 2020: TRY 987.373).

(9) Information on tax provisions for continued and discontinued operations:

For the period ended 31 December 2021, the Group's tax provision from continued operations amounting to TRY 38.491 (31 December 2020: TRY 752.503) consists of TRY 187.703 (31 December 2020: TRY 602.783) of current tax charge and TRY 4.705.132 (31 December 2020: TRY 865.404) of deferred tax charge and TRY 4.854.344 (31 December 2020: TRY 715.684) of deferred tax income.

For the period ended 31 December 2021, the Group's has no tax provision from discontinued operations.(31 December 2020: TRY 48.603 consists of TRY 48.981 of current tax charge and TRY 378 of deferred tax income.)

(10) Information on net operating income/expense from continued and discontinued operations after tax:

As of 31 December 2021, the Group's operating income after tax from continued operations is amounting to TRY 1.844.458 (31 December 2020: TRY 2.753.095.)

As of 31 December 2021, the Group's has no income after tax from discontinued operations. (31 December 2020: TRY 938.770.)

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

(11) Information on net profit/loss:

- a) If disclosure of the nature, size and recurrence rate of income and expense items arising from ordinary banking transactions is necessary to understand the bank's performance during the period, the explanation regarding the nature and amount of these items is as follows:

There is no requirement to make disclosure.

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

There is no requirement to make disclosure.

(12) Minority interest profit/losses:

	<b>Current Period</b>	<b>Prior Period</b>
Minority interest profit/losses	8.487	7.223

(13) Other items in the Income Statement:

The other items under Fees and Commissions Received and Fees and Commissions Paid generally consist of credit cards and other banking transaction commissions.

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**V. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Explanations on inflation adjustments for equity items:

As per the BRSA circular announced on 28 April 2005, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA decree numbered 1623 and dated 21 April 2005.

According to this circular, TRY 1.220.451 of inflation adjustment related to paid in capital was transferred to the "Other Capital Reserves" account, which was previously recognized in "Paid-in Capital Inflation Adjustment" account before 31 December 2005. However, inflation adjustments related to other equity items are presented under the related equity item.

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

**VI. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED CASH FLOW STATEMENT**

- (1) Disclosures for the “other” and “the effect of foreign exchange differences on cash and cash equivalents” items of cash flow statement:

The “net increase/(decrease) in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TRY 47.941.552 increase (31 December 2020: TRY 54.302.381 increase) for the year 2021. The “others” item under operating income composes of fees and commissions paid, foreign exchange gains, other operating income and other operating expenses excluding employee costs, and amounts to TRY 41.799.195 cash outflow for the year 2021 (31 December 2020: TRY 8.858.828 cash outflow).

For the year ended 31 December 2021, the effect of change in foreign exchange rate on cash and cash equivalents is TRY 24.031.077 increase (31 December 2020: TRY 1.597.022 decrease). The average exchange rates of last five weekdays were taken into consideration as of the balance sheet date when calculating the effect of change in the exchange rates.

- (2) Items used in determination of cash and cash equivalents, accounting policies used in the determination of those items:

Cash in TRY and cash in foreign currency, Central Bank and bank deposits having maturity less than three months are defined as cash and cash equivalents.

- (3) The effect of any change in accounting policies:

None.

- (4) Cash and cash equivalents balance at the beginning of the period:

	<b>Current Period</b>	<b>Prior Period</b>
Cash	64.984.442	35.313.987
<i>Cash in TRY and foreign currency</i>	5.062.920	3.861.322
<i>Central Bank and others(1)</i>	59.921.522	31.452.665
Cash equivalents	3.312.965	4.386.772
<i>Demand and Time Deposits Up to 3 Months</i>	3.059.968	4.299.634
<i>Money Market Placements</i>	252.997	87.138
<b>Total cash and cash equivalents</b>	<b>68.297.407</b>	<b>39.700.759</b>
Reserve deposits in Central Bank of Turkey	(25.055.387)	(14.726.441)
Banks Blocked Amount	-	(490.951)
Accruals on reserve deposits in Central Bank of Turkey	(118.855)	(19.629)
Accruals on Money Markets Placements	-	-
Accruals on banks	(1.612)	(939)
<b>Total Cash and Cash Equivalents</b>	<b>43.121.553</b>	<b>24.462.799</b>

<sup>(1)</sup> Other items include cheques received and required reserves that are held at The Central Bank of Macedonia and the Central Bank of Serbia.

- (5) Cash and cash equivalents balance at the end of the period:

	<b>Current Period</b>	<b>Prior Period</b>
Cash	126.029.567	64.984.442
<i>Cash in TRY and foreign currency</i>	7.413.121	5.062.920
<i>Central Bank and others(1)</i>	118.616.446	59.921.522
Cash equivalents	4.394.871	3.312.965
<i>Demand and Time Deposits Up to 3 Months</i>	4.393.870	3.059.968
<i>Money Market Placements</i>	1.001	252.997
<b>Total cash and cash equivalents</b>	<b>130.424.438</b>	<b>68.297.407</b>
Reserve deposits in Central Bank of Turkey	(66.528.028)	(25.055.387)
Banks Blocked Amount	-	-
Accruals on reserve deposits in Central Bank of Turkey	(359.540)	(118.855)
Accruals on Money Markets Placements	0	0
Accruals on banks	(2.633)	(1.612)
<b>Total Cash and Cash Equivalents</b>	<b>63.534.237</b>	<b>43.121.553</b>

<sup>(1)</sup> Other items include cheques received and required reserves that are held at The Central Bank of Macedonia and the Central Bank of Serbia.

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**VII. EXPLANATIONS RELATED TO THE RISK GROUP OF THE PARENT BANK**

(1) Volume of the Parent Bank's transactions with its risk group and outstanding loan and deposit balances as of the period-end, period income and expenses from the risk group:

a) Information on the loans of the Parent Bank's risk group:

<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	-	-	-	-	-	-	
Closing Balance	-	2.133	-	-	-	-	
Interest and commissions	-	35	-	-	-	-	
<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	-	329	-	-	-	-	
Closing Balance	-	-	-	-	-	-	
Interest and commissions	-	-	-	-	-	-	

b) Deposits held by the Parent 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	-	50.673	-	-	-	-
Closing Balance	138.492	-	-	-	-	-
Interest expense on deposits	33.464	-	-	-	-	-

c) Forward and option contracts and similar transactions with the Parent 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	-	-	-	-	-	-
Closing Balance	28.466	-	-	-	-	-
Total Profit/Loss	16	-	-	-	-	-

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

(2) Disclosures for risk group of the Parent Bank:

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

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

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

- 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	-	-
Non-Cash Loans	2.133	-
Deposits	138.492	0,02
Forward and Option Contracts	28.466	0,01

Pricing of these transactions are in accordance with the general pricing policies of the Parent Bank and are in line with market rates.

(3) Benefits given to the key management personnel:

Benefits given to the key management personnel of the Group are TRY 38.609 as of 31 December 2021 (31 December 2020: TRY 30.256).



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

**VIII. EXPLANATIONS ON THE PARENT BANK'S DOMESTIC BRANCHES, AGENCIES/BRANCHES ABROAD AND OFF-SHORE BRANCHES**

(1) Explanations on the Parent Bank's domestic branches, agencies/branches abroad and off-shore branches

<b>Current Period</b>	<b>Quantity</b>	<b>Number of Employees</b>	<b>Countries</b>		
Domestic Branch	1.018	20.270			
Abroad Agencies	1	2	IRAN		
	1	1	ENGLAND		
	1	1	SINGAPORE <sup>(*)</sup>	<b>Total Assets</b>	<b>Statutory Capital</b>
Overseas Branch	4	62	T.R.N.C.	2.556.755	-
	1	3	BAHRAIN	43.382.845	-
Off-shore Branches					

<b>Prior Period</b>	<b>Quantity</b>	<b>Number of Employees</b>	<b>Countries</b>		
Domestic Branch	1.007	20.098			
Abroad Agencies	1	2	IRAN		
	1	1	ENGLAND		
	1	1	SINGAPORE <sup>(*)</sup>	<b>Total Assets</b>	<b>Statutory Capital</b>
Overseas Branch	5	66	T.R.N.C.	1.760.646	-
	1	3	BAHRAIN	23.411.017	-
Off-shore Branches					

<sup>(\*)</sup>Singapore Representative activities were terminated on December 31, 2021.

(2) Explanations on branch and agency openings or closings or other significant operational changes of the Parent Bank:

The Parent Bank opened 13 domestic branches during the year 2021.

Singapore Representative activities were terminated on December 31, 2021

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

**IX. FEES RELATED WITH THE SERVICES PROVIDED BY INDEPENDENT AUDITORS/INDEPENDENT AUDIT AGENCIES**

In accordance with the decision of the POA dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below over VAT excluded amounts.

	<b>Current Period</b>	<b>Prior Period</b>
Independent audit fees in the reporting period	7.477	4.862
Fees for tax advisory	-	-
Fees for other assurance services	65	-
Fees for other services except independent audit	154	182
<b>Total</b>	<b>7.696</b>	<b>5.044</b>

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

As the Parent Bank will file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the US Court of Appeals for the Second Circuit to stay the mandate so that the stay on the proceedings in the District Court continues. The petition was granted by the Second Circuit on January 14, 2022. Detailed information on the subject is given in the footnote I. of Chapter Six.

With the Parent Bank' Board of Directors' meeting dated February 9, 2022 the Parent Bank's TRY 2.473.776.223,78 total issued share capital, comprised of shares of TRY 0,01 nominal value each, shall be increased in a nominal capital amount to be calculated based on the share sale price to be determined in accordance with Wholesale Transactions Procedure of Borsa Istanbul A.Ş., on condition of staying within our Parent Bank's authorized share capital of TRY 10.000.000.000. In so doing, all current shareholders' preemptive rights shall be restricted in full and the capital increase shall be conducted in cash and by way of a "private placement" as stipulated in Article 13 of the Communiqué No. VII-128.1 on Shares, and the total sales proceeds through the capital increase shall amount to TRY 13.400.000.000. The entirety of shares issued through the capital increase shall be sold to the Parent Bank's majority shareholder Turkey Wealth Fund by way of a private placement without a public offering and through a wholesale transaction on Borsa Istanbul A.Ş.'s share market, and an application shall be made to the Capital Markets Board to receive approval for the issuance certificate to be drawn up for such purpose

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**SECTION VI: OTHER EXPLANATIONS**

**I. OTHER EXPLANATIONS ON THE PARENT BANK'S OPERATIONS**

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, 2021. The Bank filed its petition with the Second Circuit for an en banc rehearing. Second Circuit denied Bank's petition on December 15, 2021.

As the Bank will file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the US Court of Appeals for the Second Circuit to stay the mandate so that the stay on the proceedings in the District Court continues. The petition was granted by the Second Circuit on January 14, 2022. The proceedings in the district court are stayed till the process is completed in the US Supreme Court. The Bank will file its petition for a writ of certiorari with the US Supreme Court no later than May 13, 2022. Should the US Supreme Court grants the writ of certiorari, the case will be dismissed before it is heard on the merits. In case the writ of certiorari is denied by the US Supreme Court, the case will be returned to the District Court and the District Court will need to create a new schedule for the trials.

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**SECTION VI: OTHER EXPLANATIONS (continued)**

**I. OTHER EXPLANATIONS ON THE PARENT BANK'S OPERATIONS (continued)**

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.

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

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**SECTION VII: AUDITORS' REPORT**

**I. EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT**

The Bank's publicly available unconsolidated financial statements and footnotes as of 31 December 2021 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 14 February 2022 is presented in front of the financial statements.

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

None.