

**TÜRKİYE HALK BANKASI
ANONİM ŞİRKETİ**

**Unconsolidated Financial Statements
As of 30 September 2022
With Review Report Thereon**
(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)

REPORT ON REVIEW OF UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying unconsolidated statement of financial position of Türkiye Halk Bankası A.Ş. (“the Bank”) as at 30 September 2022, and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity and unconsolidated statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying unconsolidated interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this unconsolidated interim financial information based on our review.

Scope of Review

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

Basis for Qualified Conclusion

The Bank reclassified the government bonds amounting to TRY 18.965.006 thousand, which were previously classified under financial assets at fair value through other comprehensive income according to the business model prepared in accordance with Turkish Financial Reporting Standard (“TFRS”) 9, into financial assets measured at amortised cost and reversed the marketable securities revaluation fund accumulated under other comprehensive income or loss to be reclassified through profit or loss amounting to TRY 2.229.977 thousand on 23 May 2018. The reclassification constitutes a departure from TFRS 9 requirements. The government bonds reclassified into financial assets measured at amortised cost amounted to TRY 30.964.123 thousand as at 30 September 2022. If such classification were not made, total assets and shareholders’ equity, excluding tax effect, would have been lower by TRY 1.120.186 thousand as at 30 September 2022.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of Türkiye Halk Bankası A.Ş. as at 30 September 2022, and of the results of its operations and its cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

Emphasis of Matter

As detailed in Section Five Note Seven, we draw attention to the following issue that may affect the Bank:

On October 15, 2019, the US Department of Justice, United States Attorney Southern District of New York indicted the Bank in the Southern District of New York Court ("District Court") for the violations of Iranian sanctions. This criminal case is pending at the District Court. The proceedings are stayed as the Bank requests an appeal under the "Foreign Sovereign Immunity Act" ("FSIA"). The process is currently at the stage of appealing in the US Supreme Court.

In addition, a civil case was filed against the 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 ("Second Circuit"). The Court's decision is pending.

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

Report on Other Legal and Regulatory Requirements

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

Additional paragraph for English translation:

BRSA Accounting and Reporting Regulations explained in detail in Section 3 differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Müjde Aslan
Partner

Istanbul, 11 November 2022

TÜRKİYE HALK BANKASI AŞ
THE UNCONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

1. The Bank's Headquarter Address:
Barbaros Mahallesi Şebboy Sokak No:4/1 Ataşehir/İstanbul
2. The Bank's Contact Phone and Facsimile:
Phone : 0216 503 70 70
Facsimile : 0212 340 93 99
3. The Bank's Website and E-mail Address:
Website: www.halkbank.com.tr
E-mail Address: halkbank.ir@halkbank.com.tr

The unconsolidated financial report for nine-month designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures consists of the sections listed below:

- **Section One** : GENERAL INFORMATION ABOUT THE BANK
- **Section Two** : UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Three** : EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** : INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- **Section Five** : EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** : LIMITED REVIEW REPORT
- **Section Seven** : INTERIM ACTIVITY REPORT

The unconsolidated financial statements for nine-month period ended 30 September 2022 and related disclosures and footnotes that are subject to limited review and are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in **thousands of Turkish Lira**.

Istanbul, 11 November 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 the Audit Committee</i>	<i>Financial Management and Planning Vice Chief Executive Officer</i>	<i>Financial Accounting Department Head</i>

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

Name/Title : Sercan PAT / Specialist
Tel : 0216 503 52 13
Fax No : 0212 340 09 90

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TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

SECTION I: GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

As of 30 September 2022 the shareholders’ structure and their respective ownerships are summarized as follows:

Shareholders	30 September 2022	%	31 December 2021	%
Türkiye Varlık Fonu ⁽¹⁾	4.357.946	87,70	1.862.602	75,29
Public shares ⁽¹⁾	611.093	12,30	611.094	24,70
Other shareholders ⁽²⁾	82	0,00	80	0,01
Total	4.969.121	100,00	2.473.776	100,00

⁽¹⁾ The shares of the Türkiye Varlık Fonu amounting to TRY 3.719.671 have been included in Public shares.

⁽²⁾ TRY 82 of the shares included in the “Other Shareholders” group belong to shareholders whose shares do not trade on the exchange.

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)

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

Name	Title
Recep Süleyman ÖZDİL	Chairman of the Board of Directors, Chairman of the Audit Committee
Mevlüt UYSAL	Vice Chairman of the Board of Directors, Independent Member of the Board of Directors
Osman ARSLAN	Member of the Board of Directors, Chief Executive Officer
Şeref AKSAÇ	Member of the Board of Directors
Meltem TAYLAN AYDIN	Member of the Board of Directors
Mesut KARAKAŞ	Independent Member of the Board of Directors
Maksut SERİM	Member of the Board of Directors
Ebubekir ŞAHİN	Member of the Board of Directors
Sezai UÇARMAK	Member of the Board of Directors
Prof. Dr. Yılmaz ÇOLAK	Member of the Supervisory Board
Faruk ÖZÇELİK	Member of the Supervisory Board
Olçay ATLIOĞLU	Executive Vice President, Information Technologies
İlhan BÖLÜKBAŞ	Executive Vice President, Loan Allocation and Management
Celal CANDAN	Executive Vice President, Credit Risk Monitoring and Legal Proceedings
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
Hasan TUNCAY	Executive Vice President, Retail Banking

People mentioned above do not own any shares in the Bank’s capital.

- a) The Bank’s top management members who have assigned to their position in 2022 are listed with titles and dates of assignment

Title	Name and Surname	Beginning Date
Member of the Board of Directors	Mesut KARAKAŞ	25 March 2022

- b) The Bank’s top management members who have left their position in 2022 are listed with titles and dates of leaving.

Title	Name and Surname	Leaving Date
Vice Chairman of the Board of Directors	Himmet KARADAĞ	25 March 2022

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)

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

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

V. EXPLANATIONS ON THE BANK'S FUNCTIONS AND LINES OF ACTIVITY

1) General information about the Bank:

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

2) Bank's restructuring process:

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

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

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)

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

2) Bank’s restructuring process: (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 Bank. Insolvent Pamukbank TAŞ was a private sector deposit bank established by Çukurova İthalat ve İhracat TAO, Karamehmetler limited partnership and more than five hundred shareholders. Pamukbank started its private banking operations as an incorporation in accordance with the decision of the Council of Ministers numbered 4/4573 dated 5 March 1955. According to the decision of the Banking Regulation and Supervision Agency numbered 742 published in the Official Gazette numbered 24790 dated 19 June 2002 including 3rd and 4th Sub-articles in the Article 14 of the Banking Law No: 4389, the shareholders rights, excluding dividends, management and supervision of Pamukbank were transferred to the Saving Deposit Insurance Fund as of 18 June 2002.

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

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

As of 30 September 2022, the Bank operates with a total of 1036 branches consisting of 1030 domestic and 6 foreign branches that are 5 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 29 satellite branches. The Bank has also 2 representative offices in England and Iran.

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

As a result of the difference between the consolidation principles according to Turkish Accounting Standards and Communiqué of the Preparation of Financial Statements, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, which is non-financial associate, and Platform Ortak Kartlı Sistemler AŞ, which is non-financial subsidiary, are not consolidated in the financial statements prepared in accordance with the related Communiqué. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ is included in the scope of consolidation according to the equity method and Platform Ortak Kartlı Sistemler AŞ is included in the scope of consolidation by line-by-line method in the consolidated financial statements prepared in accordance with International Financial Reporting Standards.

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

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

VII. THE EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES ON THE TRANSFER OF SHAREHOLDER’S EQUITY BETWEEN THE BANK AND ITS SUBSIDIARIES OR THE REIMBURSEMENT OF LIABILITIES

Immediate transfer of the equity between the Bank and its subsidiaries is not in question. Dividend distribution from equity is made according to the related regulations.

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS

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

TÜRKİYE HALK BANKASI AŞ
UNCONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2022
(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS	Note	Reviewed			Audited		
		Current Period			Prior Period		
		30 September 2022			31 December 2021		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. FINANCIAL ASSETS (NET)		105.897.282	158.961.679	264.858.961	87.048.030	139.311.735	226.359.765
1.1 Cash and Cash Equivalents		19.952.307	121.175.797	141.128.104	19.823.744	107.100.482	126.924.226
1.1.1 Cash and Balances with Central Bank	(1)	18.951.565	114.140.459	133.092.024	19.513.681	103.910.654	123.424.335
1.1.2 Banks	(3)	1.059.807	7.035.338	8.095.145	344.437	3.189.828	3.534.265
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Loss Provision (-)		59.065	-	59.065	34.374	-	34.374
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	24.941.022	147.868	25.088.890	25.137.951	725	25.138.676
1.2.1 Government Debt Securities		24.873.989	870	24.874.859	24.869.639	725	24.870.364
1.2.2 Equity Instruments		-	-	-	145.601	-	145.601
1.2.3 Other Financial Assets		67.033	146.998	214.031	122.711	-	122.711
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	60.556.534	34.896.698	95.453.232	39.347.469	25.960.864	65.308.333
1.3.1 Government Debt Securities		59.622.511	34.516.653	94.139.164	38.593.800	25.623.561	64.217.361
1.3.2 Equity Instruments		407.288	380.045	787.333	228.886	337.303	566.189
1.3.3 Other Financial Assets		526.735	-	526.735	524.783	-	524.783
1.4 Derivative Financial Assets	(2)(11)	447.419	2.741.316	3.188.735	2.738.866	6.249.664	8.988.530
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		447.419	2.741.316	3.188.735	2.738.866	6.249.664	8.988.530
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST(Net)		673.089.707	242.121.567	915.211.274	446.255.471	203.806.331	650.061.802
2.1 Loans	(5)	570.068.632	172.291.100	742.359.732	390.846.238	148.741.790	539.588.028
2.2 Lease Receivables	(10)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost	(6)	145.000.790	69.830.467	214.831.257	77.789.153	55.064.541	132.853.694
2.4.1 Government Debt Securities		144.887.996	69.830.467	214.718.463	77.738.630	55.064.541	132.803.171
2.4.2 Other Financial Assets		112.794	-	112.794	50.523	-	50.523
2.5 Expected Credit Loss (-)		41.979.715	-	41.979.715	22.379.920	-	22.379.920
III. DISCONTINUED OPERATIONS (NET)	(14)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		5.135.714	7.332.892	12.468.606	3.158.133	5.804.528	8.962.661
4.1 Investments in Associates (Net)	(7)	152.016	1.432.171	1.584.187	78.073	1.218.924	1.296.997
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		152.016	1.432.171	1.584.187	78.073	1.218.924	1.296.997
4.2 Subsidiaries (Net)	(8)	4.983.698	5.900.721	10.884.419	3.080.060	4.585.604	7.665.664
4.2.1 Unconsolidated Financial Subsidiaries		4.962.353	5.900.721	10.863.074	3.080.060	4.585.604	7.665.664
4.2.2 Unconsolidated Non- Financial Subsidiaries		21.345	-	21.345	-	-	-
4.3 Joint Ventures (Net)	(9)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		8.823.227	655	8.823.882	8.317.159	378	8.317.537
VI. INTANGIBLE ASSETS (Net)		493.568	-	493.568	513.936	-	513.936
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		493.568	-	493.568	513.936	-	513.936
VII. INVESTMENT PROPERTIES (Net)	(12)	360.148	-	360.148	359.752	-	359.752
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(13)	4.528.752	-	4.528.752	157.394	-	157.394
X. OTHER ASSETS (Net)	(15)	14.063.472	813.613	14.877.085	6.268.677	215.069	6.483.746
TOTAL ASSETS		812.391.870	409.230.406	1.221.622.276	552.078.552	349.138.041	901.216.593

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

TÜRKİYE HALK BANKASI AŞ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF
30 SEPTEMBER 2022

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

II. STATEMENT OF OFF BALANCE SHEET ITEMS

	Note	Reviewed			Audited		
		Current Period			Prior Period		
		30 September 2022			31 December 2021		
OFF-BALANCE SHEET	TRY	FC	TOTAL	TRY	FC	TOTAL	
A. COMMITMENTS AND CONTINGENCIES (I+II+III)		314.100.087	369.301.120	683.401.207	177.195.784	263.127.030	440.322.814
I. GUARANTEES AND WARRANTIES	(1)	163.234.228	119.861.767	283.095.995	82.028.060	108.912.740	190.940.800
1.1 Letters of guarantee		137.599.873	104.025.156	241.625.029	71.425.233	91.526.108	162.951.341
1.1.1 Guarantees subject to public procurement law		6.154.395	12.540.159	18.694.554	4.022.784	9.819.863	13.842.647
1.1.2 Guarantees given for foreign trade operations		260.008	25.924.473	26.184.481	188.413	18.874.330	19.062.743
1.1.3 Other letters of guarantee		131.185.470	65.560.524	196.745.994	67.214.036	62.831.915	130.045.951
1.2 Bank loans		10.396.922	10.316.087	20.713.009	1.079.481	10.501.763	11.581.244
1.2.1 Import acceptances		-	410.484	410.484	-	272.303	272.303
1.2.2 Other bank acceptances		10.396.922	9.905.603	20.302.525	1.079.481	10.229.460	11.308.941
1.3 Letters of credit		60.267	5.498.344	5.558.611	22.275	6.842.406	6.864.681
1.3.1 Documentary letters of credit		60.267	5.498.344	5.558.611	22.275	6.842.406	6.864.681
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed refinancing		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase guarantees on marketable security issuance		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		15.177.166	22.180	15.199.346	9.501.071	42.463	9.543.534
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		63.717.539	18.935.559	82.653.098	38.457.173	10.799.643	49.256.816
2.1 Irrevocable commitments	(1)	60.591.846	13.493.060	74.084.906	37.152.475	6.988.133	44.140.608
2.1.1 Forward asset purchase commitments		7.193.064	12.141.178	19.334.242	3.206.791	5.837.543	9.044.334
2.1.2 Forward deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3 Capital commitments to subsidiaries and associates		-	-	-	-	-	-
2.1.4 Loan granting commitments		11.274.366	1.351.882	12.626.248	5.086.550	1.150.590	6.237.140
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Payment commitments for reserve deposits		-	-	-	-	-	-
2.1.7 Payment commitments for Cheques	(3)	8.692.780	-	8.692.780	6.146.359	-	6.146.359
2.1.8 Tax and fund liabilities from export commitments		124.934	-	124.934	106.220	-	106.220
2.1.9 Commitments for credit card expenditure limits		26.904.647	-	26.904.647	17.272.727	-	17.272.727
2.1.10 Commitments for credit cards and banking services promotions		21.640	-	21.640	27.584	-	27.584
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		6.380.415	-	6.380.415	5.306.244	-	5.306.244
2.2 Revocable commitments		3.125.693	5.442.499	8.568.192	1.304.698	3.811.510	5.116.208
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		3.125.693	5.442.499	8.568.192	1.304.698	3.811.510	5.116.208
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	87.148.320	230.503.794	317.652.114	56.710.551	143.414.647	200.125.198
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		87.148.320	230.503.794	317.652.114	56.710.551	143.414.647	200.125.198
3.2.1 Forward foreign currency buy/sell transactions		1.036.883	10.888.128	11.925.011	1.524.482	14.931.282	16.455.764
3.2.1.1 Forward foreign currency transactions-buy		748.040	7.693.645	8.441.685	770.538	9.871.952	10.642.490
3.2.1.2 Forward foreign currency transactions-sell		288.843	3.194.483	3.483.326	753.944	5.059.330	5.813.274
3.2.2 Currency and interest rate swaps		68.319.479	170.430.758	238.750.237	54.300.111	93.946.423	148.246.534
3.2.2.1 Currency swap-buy		-	79.411.163	79.411.163	-	44.940.478	44.940.478
3.2.2.2 Currency swap-sell		67.999.479	34.227.825	102.227.304	53.790.111	5.539.715	59.329.826
3.2.2.3 Interest rate swap-buy		160.000	28.395.885	28.555.885	255.000	21.733.115	21.988.115
3.2.2.4 Interest rate swap-sell		160.000	28.395.885	28.555.885	255.000	21.733.115	21.988.115
3.2.3 Currency, interest rate and marketable securities options		17.320.482	18.740.976	36.061.458	885.958	3.591.388	4.477.346
3.2.3.1 Currency call options		8.686.712	9.344.819	18.031.531	442.917	1.795.760	2.238.677
3.2.3.2 Currency put options		8.633.770	9.396.157	18.029.927	443.041	1.795.628	2.238.669
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		471.476	368.800	840.276	-	-	-
3.2.4.1 Currency futures-buy		-	368.800	368.800	-	-	-
3.2.4.2 Currency futures-sell		471.476	-	471.476	-	-	-
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		-	30.075.132	30.075.132	-	30.945.554	30.945.554
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)		2.755.738.204	1.120.622.242	3.876.360.446	1.734.577.963	846.016.382	2.580.594.345
IV. CUSTODIES		1.064.941.490	139.266.143	1.204.207.633	709.088.827	95.722.399	804.811.226
4.1 Assets under management		-	-	-	-	-	-
4.2 Custody marketable securities		155.507.113	10.826.698	166.333.811	134.858.276	5.684.265	140.542.541
4.3 Cheques in collection process		61.545.008	84.466.451	146.011.459	34.365.778	63.365.000	97.730.778
4.4 Commercial notes in collection process		796.829.419	23.793.642	820.623.061	494.216.428	19.065.722	513.282.150
4.5 Other assets in collection process		-	-	-	-	-	-
4.6 Underwritten securities		-	-	-	-	-	-
4.7 Other custodies		610.490	14.536	625.026	870.946	1.702.098	2.573.044
4.8 Custodians		50.449.460	20.164.816	70.614.276	44.777.399	5.905.314	50.682.713
V. PLEDGED ASSETS		1.690.796.714	981.356.099	2.672.152.813	1.025.489.136	750.293.983	1.775.783.119
5.1 Marketable securities		10.053.116	2.280.310	12.333.426	8.458.409	2.277.338	10.735.747
5.2 Collateral notes		31.449.169	2.453.754	33.902.923	15.652.676	3.014.547	18.667.223
5.3 Commodity		25.813	-	25.813	25.812	-	25.812
5.4 Warranty		-	-	-	-	-	-
5.5 Land and buildings		1.287.132.489	713.475.814	2.000.608.303	778.975.982	570.877.545	1.349.853.527
5.6 Other pledged assets		242.918.613	179.712.365	422.630.978	171.863.800	112.178.608	284.042.408
5.7 Pledges		119.217.514	83.433.856	202.651.370	50.512.457	61.945.945	112.458.402
VI. ACCEPTED BILL GUARANTEES AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		3.069.838.291	1.489.923.362	4.559.761.653	1.911.773.747	1.109.143.412	3.020.917.159

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

TÜRKİYE HALK BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED
30 SEPTEMBER 2022

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

III. STATEMENT OF PROFIT OR LOSS

	Note	Reviewed	Reviewed	Reviewed	Reviewed
		Current Period	Prior Period	Current Period	Prior Period
INCOME AND EXPENSES		1 January -30	1 January -30	1 July -30	1 July -30
		September 2022	September 2021	September 2022	September 2021
I. INTEREST INCOME	(1)	105.237.140	52.616.362	47.196.025	20.069.505
1.1 Interest on Loans		59.417.505	37.978.679	23.131.211	14.215.843
1.2 Interest on Reserve Requirements		2.749	2.222	1.351	766
1.3 Interest on Banks		444.497	896.475	67.559	366.000
1.4 Interest on Money Market Transactions		-	-	-	-
1.5 Interest on Marketable Securities Portfolio		45.118.307	13.626.157	23.966.682	5.441.909
1.5.1 Fair Value Through Profit or Loss		9.772	7.173	3.121	2.959
1.5.2 Fair Value Through Other Comprehensive Income		9.901.841	4.879.161	4.639.532	1.909.194
1.5.3 Measured at Amortized Cost		35.206.694	8.739.823	19.324.029	3.529.756
1.6 Financial Lease Interest Income		-	-	-	-
1.7 Other Interest Income		254.082	112.829	29.222	44.987
II. INTEREST EXPENSE (-)	(2)	60.419.562	48.107.786	23.833.369	15.920.658
2.1 Interest on Deposits		43.562.005	32.259.058	17.949.982	11.068.566
2.2 Interest on Funds Borrowed		236.418	139.566	88.863	45.984
2.3 Interest Expense on Money Market Transactions		13.272.193	13.211.106	4.591.577	4.026.681
2.4 Interest on Securities Issued		2.593.630	2.060.839	800.404	647.842
2.5 Interest on Leases		105.887	83.407	37.585	33.003
2.6 Other Interest Expenses		649.429	353.810	364.958	98.582
III. NET INTEREST INCOME (I - II)		44.817.578	4.508.576	23.362.656	4.148.847
IV. NET FEES AND COMMISSIONS INCOME		5.708.149	2.826.059	2.431.645	1.132.423
4.1 Fees and Commissions Received		7.971.964	3.904.377	3.388.123	1.552.568
4.1.1 Non – cash Loans		1.808.781	905.977	794.847	364.340
4.1.2 Other	(11)	6.163.183	2.998.400	2.593.276	1.188.228
4.2 Fees and Commissions Paid (-)		2.263.815	1.078.318	956.478	420.145
4.2.1 Non – cash Loans		104	108	43	15
4.2.2 Other	(11)	2.263.711	1.078.210	956.435	420.130
V. DIVIDEND INCOME		381.902	150.262	1.338	1.376
VI. TRADING INCOME / LOSS (Net)	(3)	(4.194.273)	(4.799.137)	(1.635.591)	(2.607.910)
6.1 Trading Gains / (Losses) on Securities		65.335	32.847	36.132	7.365
6.2 Gains / (Losses) on Derivate Financial Transactions		1.081.265	644.014	(1.459.928)	(1.711.681)
6.3 Foreign Exchange Gains / (Losses)		(5.340.873)	(5.475.998)	(211.795)	(903.594)
VII. OTHER OPERATING INCOME	(4)	2.430.270	5.658.651	849.868	527.141
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		49.143.626	8.344.411	25.009.916	3.201.877
IX. EXPECTED LOSS PROVISIONS (-)	(5)	24.538.261	1.691.687	14.308.889	705.406
X. OTHER PROVISION EXPENSES (-)	(5)	237.079	-	(69.873)	-
XI. PERSONNEL EXPENSE (-)		5.559.033	3.004.571	2.422.926	1.124.888
XII. OTHER OPERATING EXPENSES (-)	(6)	6.423.122	3.667.558	2.593.129	1.261.800
XIII. NET OPERATING INCOME /LOSS (IX-X-XI)		12.386.131	(19.405)	5.754.845	109.783
XIV. INCOME AFTER MERGER		-	-	-	-
XV. INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES		-	-	-	-
XVI. CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVII. INCOME / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XVIII. PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS		-	-	-	-
XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)	(7)	12.386.131	(19.405)	5.754.845	109.783
XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)	(8)	(3.481.425)	234.547	(1.450.428)	(17.618)
18.1 Current Tax Provision		10.442.718	14.116	4.253.409	4.958
18.2 Deferred Tax Income Effect (+)		5.100.109	1.508.880	247.006	(12.754)
18.3 Deferred Tax Expense Effect (-)		12.061.402	1.757.543	3.049.987	(25.414)
XIX. CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVIII±XVIII)	(9)	8.904.706	215.142	4.304.417	92.165
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income from Non-Current Assets Held for Sale		-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3 Expenses for Other Discontinued Operations		-	-	-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (IXX-XX)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Current Tax Provision		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
XXIV. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX±XXII)		-	-	-	-
XXV. NET PROFIT/(LOSS) (XVIII+XXIII)	(10)	8.904.706	215.142	4.304.417	92.165
25.1 Profit / (Loss) of Group		8.904.706	215.142	4.304.417	92.165
25.2 Profit / (Loss) of Minority Shares (-)		-	-	-	-
Profit / (Loss) Per Share (full TRY)		2,06557398	0,08697000	0,86623308	0,03726000

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

TÜRKİYE HALK BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED
30 SEPTEMBER 2022

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Reviewed	Reviewed
		Current Period	Prior Period
INCOME EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		1 January -30 September 2022	1 January -30 September 2021
I.	CURRENT PERIOD INCOME/LOSS	8.904.706	215.142
II.	OTHER COMPREHENSIVE INCOME	9.480.152	(1.036.464)
2.1	Not Reclassified Through Profit or Loss	1.284.206	(455.246)
2.1.1	Property and Equipment Revaluation Increase/Decrease	(180.859)	(10.849)
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	1.467.111	(445.482)
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(2.046)	1.085
2.2	Reclassified Through Profit or Loss	8.195.946	(581.218)
2.2.1	Foreign Currency Translation Differences	175.259	(19.764)
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	10.608.576	(691.631)
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6	Tax on Other Comprehensive Income Items Reclassified Through Profit or Loss	(2.587.889)	130.177
III.	TOTAL COMPREHENSIVE INCOME (I+II)	18.384.858	(821.322)

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

TÜRKİYE HALK BANKASI AŞ

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed (1 January -30 September 2021)	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss						Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss						Profit Reserves	Prior Period 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)								
I. Prior Period End Balance	2.473.776	5.776.224	-	1.133.837	1.575.375	(139.086)	4.396.451	(2.070)	(305.981)	-	25.421.933	-	2.600.045	42.930.504	-	42.930.504		
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
III. Adjusted Beginning Balance (I+II)	2.473.776	5.776.224	-	1.133.837	1.575.375	(139.086)	4.396.451	(2.070)	(305.981)	-	25.421.933	-	2.600.045	42.930.504	-	42.930.504		
IV. Total Comprehensive Income	-	-	-	-	(9.764)	-	(445.482)	(19.764)	(561.454)	-	-	-	215.142	(821.322)	-	(821.322)		
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VII. Paid in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VIII. Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
X. Increase / Decrease by Other Changes	-	-	-	117.654	-	-	-	-	-	-	-	2.600.045	(2.600.045)	117.654	-	117.654		
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	2.600.045	(2.600.045)	-	-	-	-		
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	2.600.045	(2.600.045)	-	-	-	-		
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Period End Balance (III+IV+.....+X+XI)	2.473.776	5.776.224	-	1.251.491	1.565.611	(139.086)	3.950.969	(21.834)	(867.435)	-	28.021.978	-	215.142	42.226.836	-	42.226.836		
(1 January -30 September 2022)																		
I. Prior Period End Balance	2.473.776	5.776.224	-	1.481.519	1.948.954	(471.746)	4.683.914	(136.454)	(1.785.539)	-	28.021.978	-	1.507.729	43.500.355	-	43.500.355		
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
III. Adjusted Beginning Balance (I+II)	2.473.776	5.776.224	-	1.481.519	1.948.954	(471.746)	4.683.914	(136.454)	(1.785.539)	-	28.021.978	-	1.507.729	43.500.355	-	43.500.355		
IV. Total Comprehensive Income	-	-	-	-	(212.389)	29.484	1.467.111	175.259	8.020.687	-	-	-	8.904.706	18.384.858	-	18.384.858		
V. Capital Increase by Cash	2.495.345	10.904.655	-	-	-	-	-	-	-	-	-	-	-	13.400.000	-	13.400.000		
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VII. Paid in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VIII. Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
X. Increase / Decrease by Other Changes	-	-	-	(163.334)	-	-	-	-	-	-	-	1.507.729	(1.507.729)	(163.334)	-	(163.334)		
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	1.507.729	(1.507.729)	-	-	-	-		
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1.507.729	(1.507.729)	-	-	-	-		
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Period End Balance (III+IV+.....+X+XI)	4.969.121	16.680.879	-	1.318.185	1.736.565	(442.262)	6.151.025	38.805	6.235.148	-	29.529.707	-	8.904.706	75.121.879	-	75.121.879		

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

TÜRKİYE HALK BANKASI AŞ
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
30 SEPTEMBER 2022

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

VI. STATEMENT OF CASH FLOWS

	Note	Reviewed	Reviewed
		Current Period	Prior Period
		1 January -30 September 2022	1 January -30 September 2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		(32.290.626)	(8.064.746)
1.1.1 Interest received		77.249.180	47.985.764
1.1.2 Interest paid		(55.441.209)	(46.473.889)
1.1.3 Dividend received		381.902	150.262
1.1.4 Fees and commissions received		8.658.110	3.301.578
1.1.5 Other income		1.252.443	2.730.427
1.1.6 Collections from previously written off loans		4.328.083	1.563.231
1.1.7 Cash payments to personnel and service suppliers		(5.633.081)	(3.048.228)
1.1.8 Taxes paid		(6.024.338)	(356.103)
1.1.9 Other		(57.061.716)	(13.917.788)
1.2 Changes in Assets and Liabilities Subject to Banking Operations		67.833.360	13.292.026
1.2.1 Net Increase / decrease in financial assets at fair value through profit or loss		48.369	(58.842)
1.2.2 Net (increase) / decrease in due from banks		-	-
1.2.3 Net (increase) / decrease in loans		(196.700.212)	(15.175.427)
1.2.4 Net (increase) / decrease in other assets		(14.694.061)	(17.744.845)
1.2.5 Net increase / (decrease) in bank deposits		36.458.657	11.717.184
1.2.6 Net increase / (decrease) in other deposits		226.989.614	64.506.241
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		(1.043.502)	(971.792)
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		16.774.495	(28.980.493)
I. Net cash provided from banking operations		35.542.734	5.227.280
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net cash provided from/ (used in) investing activities		(54.432.280)	(7.906.529)
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		(1.351.960)	(564.184)
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(989.664)	(240.192)
2.4 Fixed assets sales		2.374.292	1.575.812
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(19.824.667)	(2.339.487)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		5.574.850	2.095.994
2.7 Cash paid for purchase of investment securities		(45.919.147)	(15.793.826)
2.8 Cash obtained from sale of investment securities		5.802.251	7.402.971
2.9 Other		(98.235)	(43.617)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		12.787.199	(8.259.282)
3.1 Cash obtained from loans borrowed and securities issued		17.286.530	10.671.650
3.2 Cash used for repayment of loans borrowed and securities issued		(17.653.158)	(18.741.771)
3.3 Bonds issued		13.400.000	-
3.4 Dividends paid		-	-
3.5 Payments for leases		(246.173)	(189.161)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		14.536.309	5.555.486
V. Net increase / (decrease) in cash and cash equivalents		8.433.962	(5.383.045)
VI. Cash and cash equivalents at beginning of the period		62.119.451	42.081.012
VII. Cash and cash equivalents at end of the period		70.553.413	36.697.967

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

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

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

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

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. There is no other explanation made by POA as of the date in preparation of the financial statements. Therefore, no inflation adjustment has been made as per TAS 29 in the financial statements as of 30 September 2022.

As of the current period, the Bank has reclassified the Gold Indexed Bonds booked in the Financial Assets Measured at Amortized Cost portfolio into the foreign currency items. Accordingly, reclassification is made for the Gold Indexed Bonds under Financial Assets Measured at Amortized Cost portfolio amounting to TRY 12.341.396 into the foreign currency items in the prior period’s statement of financial position and interest income amounting to TRY 744.627 is reclassified to the foreign currency exchange gains in the prior period's statement of profit or loss in order to be in line with the financial statements dated 30 September 2022.

In December 2019, a new type of coronavirus (COVID-19) which emerged in Wuhan city of China, caused fatal respiratory diseases all over the world and named as global outbreak by the World Health Organization on 11 March 2020. Various measures have been taken all over the world in order to avoid the negative effects of the disease that has become a pandemic, and due to the measures taken, there have been a recession in economies. In order to be protected from the effects of the pandemic, BRSA, CBRT, CMB and TBA have taken various decisions regarding the banking sector in our country. The Bank regulated its activities within the scope of these decisions.

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

As regard to the consideration of macroeconomic factors, the Bank regularly evaluates scenario weights and macroeconomic factors in its model and makes additional provision through individual assessment if deemed necessary.

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(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 Bank's strategy on financial instruments:

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

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

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

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

Assets and liabilities of the foreign branches of the Bank are converted into TRY by using the prevailing exchange rates at the balance sheet date. Income and expenses are converted by at exchange rates at the dates of the transactions.

The Bank started to apply fair value hedge accounting as at 1 July 2015 by designating the exchange rate risk of Halkbank A.D. Beograd (subsidiary), Halk Banka A.D. Skopje (subsidiary), Demirhalkbank NV (associate), foreign investments that are recognized under fair value accounting as hedged item, in compliance with TAS 39 standard. Accordingly, the effective portion of the foreign exchange differences is recorded under statement of profit or loss in the current period.

III. EXPLANATIONS ON ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES

Associates and subsidiaries are accounted for the "Turkish Accounting Standard on Separate Financial Statements Standard" (TAS 27), "Turkish Accounting Standard for Investments in Associates and Joint Ventures" (TAS 28) and TFRS 9 "Financial instruments: Turkish Financial Reporting Standards" in unconsolidated financial statements.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE PRODUCTS

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

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

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

Some of the banking service incomes are recorded as income in the period they are collected. Prepaid fees and commission income obtained from cash and non-cash loans are recorded in the related period by using discounting method with internal rate of return according to the loan maturity within the matching principle.

Fee and commission expenses on borrowings that are paid to other institutions and incorporations for financial liabilities comprise operational costs. These fee and commission expenses are booked under prepaid expenses and transferred to expense accounts in the related periods by using the straight accrual method according to the financial borrowing maturity within the matching principle.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial instruments comprise financial assets, financial liabilities and derivative instruments. The financial assets are included in the balance sheet of the Bank, if the Bank is a legal party of these financial assets.

Financial assets mainly constitute the majority of the commercial activities and operations of the Bank. These instruments have the ability to expose, affect and diminish the risks of liquidity, credit and interest in the financial statements.

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

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

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

Assessment of Business Model

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

The Bank's business model is related with how the Bank manages its financial assets to generate cash flows. In other terms, the source of cash flows depends on the Bank's business model whether the cash flow is generated from contractual terms or through sale of financial asset or both. Classification of financial assets is made at initial recognition considering the aim of purchase of the financial asset. The Bank's business models are classified in three main categories in accordance with TFRS 9.

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

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

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

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)

Assessment of Business Model (continued)

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

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

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

3. Other Business Models:

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

Measurement Categories of Financial Assets and Liabilities

As of 1 January 2018, the Bank classified all its financial assets based on the business model for managing the financial assets. Accordingly, the financial assets are classified as per TFRS 9 in three main categories listed below:

1. Financial assets measured at amortized cost,
2. Financial assets measured at fair value through other comprehensive income
3. Financial assets measured at fair value through profit/loss.

In addition, the Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Bank's expectations is updated during the year when deemed necessary. As of September 30, 2022, the valuation of the related assets was made according to the annual inflation forecast of 60,4%. If the valuation of these securities were made according to the reference index valid for September 30, 2022, the Bank's securities valuation differences under equity would have decreased by TRY 374.831 (net), and interest income from securities would have increased by TRY 2.527.738.

TÜRKİYE HALK BANKASI AŞ
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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)

Assessment of Business Model (continued)

3. Other Business Models: (continued)

Measurement Categories of Financial Assets and Liabilities (continued)

a. Financial Assets Measured at Amortised Cost

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

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

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

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

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

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

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

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

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

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

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

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

Cash Equivalents and Banks

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

Loans and Receivables

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

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

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

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

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)

Assessment of Business Model (continued)

3. Other Business Models: (continued)

Measurement Categories of Financial Assets and Liabilities (continued)

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

Associates and subsidiaries

The Bank accounted its subsidiaries at their fair values. Foreign currency denominated associates and subsidiaries are converted into TRY by using the exchange rates at the date of which the fair value is determined. Fair values of the subsidiaries, whose shares are unquoted on an active market (stock exchange) are determined with the valuation reports that are prepared by an independent valuation company and fair values of the subsidiaries, whose shares are quoted on an active market (stock exchange) are determined by taking into account values at stock exchange, and valuation differences are added to the subsidiaries values and correspondingly recorded in the under the shareholders' equity.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

Calculation of Expected Credit Losses

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (continued)

Probability of Default (PD)

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

Loss given Default (LGD)

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

Exposure at Default (EAD)

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

12 Month Expected Credit Losses

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

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

Lifetime Expected Credit Losses

It is the estimated probability of default occurring over the remaining life of the financial instrument. According to TFRS 9 standard, in case of a significant increase in credit risk for a financial instrument since its initial recognition, the Bank shall measure provision for loss of related financial instrument as equal as expected lifetime expected credit loss amount.

In the case of a customer or loan is classified as Stage 2 and / or Stage 3, the provision for expected credit loss is measured at the lifetime probability of default. Despite the fact that the methods for used calculation for provision of expected credit loss are similar for Stage 2 and Stage 3 loans, the probability of default for Stage 3 credits is accepted as 100%.

TFRS 9 Standard does not include a direct definition of default, but requires a consistent definition of default to be used in credit risk management. The Bank is considering qualitative indicators (e.g. financial commitments), if appropriate, when defining a default according to TFRS 9, for the purpose of determining the risk of business default and adopts a definition of default, consistent with the definition used for in-house credit risk management purposes for the relevant financial instruments. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (continued)

Lifetime Expected Credit Losses (continued)

“The definition of default used for these purposes applies consistently to all financial instruments unless information can be obtained that demonstrates that another definition of default is more appropriate for a particular financial instrument.” in line with the Communiqué on Calculation of the Risk Weighted Exposure Amount for Credit Risk by Internal-ratings Based Approaches assumes that debt defaulted if at least one of the following two conditions occurs.

- a) Considering that a debtor is unlikely to pay credit obligations to the Bank and to the Bank’s consolidated financial subsidiaries without using guarantees
- b) Considering that a debtor having past due more than 90 days to the Bank or its consolidated financial subsidiaries

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

Low Credit Risk

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

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

- a) CBRT transactions (Currencies held in CBRT and reserve requirements)
- b) Securities (Fair value through other comprehensive income and financial assets measured at amortised cost)
- c) Treasury Loans
- d) Loans guaranteed by Treasury of Republic of Türkiye

Significant Increase in Credit Risk

Significant increase in credit risk requires measurement of the Bank’s provision for expected credit losses at lifetime probability of default instead of 12 month expected credit loss.

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

A financial asset and a financial liability shall be offset and the net amount shall be presented in the balance sheet only when a party currently has a legally enforceable right to set off the recognized amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS (REPOS) AND TRANSACTIONS ON SECURITIES LOANED

Marketable securities subject to repurchase agreements are valued according to the valuation principles of the related portfolios.

Funds obtained from the repurchase agreements are recognized under "Funds Obtained from Money Market" account in liabilities. For the difference between the sale and repurchase prices determined by the repo agreements for the period; expense accrual is calculated using the internal rate of return method.

Reverse repo transactions are recognized under the "Receivables from Money Markets" account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period; income accrual is calculated using the internal rate of return method.

XI. EXPLANATIONS ON ASSETS HELD FOR SALE, ASSETS OF DISCONTINUED OPERATIONS AND RELATED LIABILITIES

Assets that meet the criteria to be classified as held for sale are measured at carrying amount and depreciation of such assets is ceased and they are presented separately in the balance sheet. In order to classify an asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year.

Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of a bank that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the statement of profit or loss.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, there is no goodwill recorded in the unconsolidated balance sheet of the Bank.

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

XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment except buildings that are purchased prior to 1 January 2005 are carried at their 31 December 2004 dated restated costs and property, plant and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Property, plant and equipment are amortized by using the straight line method during their useful lives. Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

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

As of 1 April 2015, the Bank adopted the revaluation method for buildings in tangible assets in accordance with the Standard on Property, Plant and Equipment (TAS 16). Expertise values calculated by independent appraisal companies are reflected in the financial statements as of year-ends. Revaluation differences are recorded in shareholders' equity.

Ordinary maintenance and repair expenses of property, plant and equipment items are recognized as expenses. Estimated useful lives of property, plant and equipment are as follows:

	Estimated useful lives (Year)	Depreciation rate
Buildings	50	% 2
Safes	50	% 2
Other movable properties	3-25	% 33,33-4

Leasehold improvements are depreciated over the useful lives on a straight-line basis. In any case useful life cannot exceed the lease period. If the duration of lease agreement is not determined or longer than five years, depreciation duration is considered as five years.

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

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

Classification of Investment Properties:

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

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

XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

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

Investment properties in the attached unconsolidated financial statements that are purchased prior to 1 January 2005 are carried at their 31 December 2004 dated restated costs and property, plant and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Investment properties are amortized by using the straight line method during their useful lives. Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

XV. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portions of the payables are recognized as a deferred amount of interest. Assets held under financial leases are recognized under the property, plant and equipment (movable properties) account and are depreciated by using the straight line method.

The Bank does not participate in the financial leasing transactions as a "lessor".

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

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

Existence of right-of-use:

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

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

- a) The amount of the initial measurement of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) Any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

The Lease Obligations:

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

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

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the book value to reflect the lease payments made,
- c) Reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

In the event of a modification in the lease agreement which affects the lease payments or defined assets, the Bank re-measures its lease liability by using the current borrowing rate. The Bank reflects the remeasured leasing liability and the right-of-use in the financial statements. On the other hand, changes such as the shortening of the lease term, the termination of the contract and the decreases in the scope of the underlying asset, the gains or losses are recognized in profit or loss.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

XVI. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

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

XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

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

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

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES (continued)

In accordance with the related legislation, as of the transfer date, the income and expenses of the transferred funds will be considered by the insurance branches and the present value of the actuarial liabilities will be calculated with the technical interest rate of 9,8%. Moreover, after the transfer to Social Insurance Institution, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants. Based on the results of the actuarial report prepared as of 31 December 2021 no technical deficit has been reported.

XVIII. EXPLANATIONS ON TAXATION

The 20% rate in the first paragraph of Article 32 of the Corporate Tax Law, determined as 25% with the amendment made in the temporary Article 13 of the Corporate Tax Law numbered 5520 with the Law No. 7394 published in the Official Gazette No. 31810 dated 15 April 2022. The amendment has been applied to tax returns which will be submitted on or after 1 July 2022 for the corporate earnings for the taxation period starting from 1 January 2022. The Bank has used 25% tax rate over the corporate earnings in the corporate tax calculations for 30 September 2022 taxation period.

As of the current period, 25% tax rate is used in the calculation of deferred tax assets and liabilities.

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

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

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

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

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

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

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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 2022 – 31 March 2022 was issued and paid to Revenue and Tax Office in May 2022. Second period advance corporate tax return for the period 1 April 2022 - 30 June 2022 was issued and paid to Revenue and Tax Office in August 2022. Third period advance corporate tax return for the period 1 July 2022 - 30 September 2022 will be issued in November and fourth period advance corporate tax return for the period 1 October 2022 - 31 December 2022 will be issued in February 2023, and will be paid following its assessment date.

Bahrain

Banks in Bahrain are not subject to corporate and income taxes according to the regulations of the country.

XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

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

XX. EXPLANATIONS ON SHARES ISSUED

Share issuances related to costs are recognized as expenses. Dividends related with the equity shares are determined by the General Assembly of the Bank.

In accordance with the decision of the Higher Council of Privatization dated 5 February 2007 and numbered 2007/8, the process of public offering for the 24,98% of shares pertaining to the Privatization Administration was completed and the Bank shares were registered with the Capital Markets Board as per the CMB decision dated 26 April 2007 and numbered 16/471, and the shares were traded on the Borsa İstanbul AŞ as of 10 May 2007.

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

On 20 May 2020, share capital increased by amounting to TRY 1.223.776 from TRY 1.250.000 to TRY 2.473.776 by the way of the private placement without a public offering.

In accordance with the decision of the Board of Directors of the Bank dated 9 February 2022, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 13.400.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 17 February 2022. Accordingly, the recognition of the capital increase of TRY 2.495.345 on 9 March 2022 was realized on 14 March 2022, based on the permission obtained from the BRSA. The change made to the relevant Articles of Association was registered on 22 March 2022, and it was announced in the Trade Registry Gazette dated 23 March 2022 and numbered 10543. After the increase, TRY 2.495.345 of nominal and TRY 10.904.655 of share premium, amounting to a capital increase of TRY 13.400.000, were recognized in the financial statements. Mentioned capital increase was made by the Bank's main shareholder Türkiye Varlık Fonu.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

XXI. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank.

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

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

XXIV. EXPLANATIONS ON OTHER MATTERS

None.

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

I. EXPLANATIONS ON CAPITAL

Equity amount and capital adequacy standard ratio calculation is made within the framework of “Regulation on Equities of the Banks” and “Regulation on Measurement and Evaluation of Banks’ Capital Adequacy” and in accordance with the amendments announced by the BRSA in the resolution dated 21 December 2021 and 28 April 2022.

According to the related regulation, the calculation of the amount subject to credit risk with the Central Bank's foreign exchange buying rates on 31 December 2021, 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 30 September 2022, the capital adequacy ratio and the capital amount of the Bank were realized as 14,31% (31 December 2021: 14,47%) and TRY 105.088.839 (31 December 2021: TRY 69.894.389) which were calculated within the scope of the above-mentioned regulation amendments.

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

I. EXPLANATIONS ON CAPITAL (continued)

(1) Information on Equity Items:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	6.189.572	3.694.227
Share Premium	16.680.879	5.776.224
Reserves	29.529.707	28.021.978
Other Comprehensive Income according to TAS	14.437.064	7.310.664
Profit	8.904.706	1.507.729
<i>Current Period Profit</i>	8.904.706	1.507.729
<i>Prior Period Profit</i>	-	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	558.715	474.327
Common Equity Tier 1 Capital Before Deductions	76.300.643	46.785.149
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	647.411	1.191.568
Leasehold Improvements on Operational Leases (-)	267.172	190.465
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	493.568	513.936
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 (-)	424.229	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 (-)	-	-
<i>The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)</i>	-	-
<i>Mortgage Servicing Rights not deducted (-)</i>	-	-
<i>Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)</i>	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	1.832.380	2.247.736
Total Common Equity Tier I Capital	74.468.263	44.537.413

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

I. EXPLANATIONS ON CAPITAL (continued)

(1) Information on Equity Items: (continued)

ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	16.222.590	13.807.080
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	16.222.590	13.807.080
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	16.222.590	13.807.080
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	90.690.853	58.344.493
TIER II CAPITAL		
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)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	8.592.117	5.630.027
Tier II Capital Before Deductions	14.521.912	11.559.822
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	14.521.912	11.559.822
Total Equity (Total Tier I and Tier II Capital)	105.212.765	69.904.315
Total Tier I and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	123.926	9.926

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

I. EXPLANATIONS ON CAPITAL (continued)

(1) Information on Equity Items: (continued)

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
TOTAL CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	105.088.839	69.894.389
Total Risk Weighted Assets	734.293.834	483.026.446
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	10,14	9,22
Tier I Capital Ratio (%)	12,35	12,08
Capital Adequacy Ratio (%)	14,31	14,47
BUFFERS		
Bank-specific total CET1 Capital Ratio (a+b+c)	2,508	2,508
<i>a) Capital Conservation Buffer Ratio (%)</i>	2,500	2,500
<i>b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)</i>	0,008	0,008
<i>c) Systemic significant bank buffer ratio %</i>	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	6,312	4,720
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	435.995	247.146
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	4.528.752	3.467.077
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	29.110.797	11.169.768
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	8.592.117	5.630.027
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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I. EXPLANATIONS ON CAPITAL (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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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)

I. EXPLANATIONS ON CAPITAL (continued)

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

Details on Subordinated Liabilities:				
Issuer	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	Türkiye Varlık Fonu
Unique identifier (CUSIP, ISIN etc.)	TRSTHALE2716	TRSTHAL62811	TRSTHAL92826	-
Governing Law(s) of the instrument	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA Legislation
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated / consolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	1.000	1.950	2.980	16.223
Par value of instrument (Currency in mil)	1.000	1.950	2.980	-
Accounting classification	346.011	346.011	346.011	347.0001
Original date of issuance	20.10.2017	03.07.2018	26.09.2018	24.04.2019
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	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating Coupon	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	Government Debt Security for 5 years +350 base points	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
Convertible or non-convertible				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-

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

I. EXPLANATIONS ON CAPITAL (continued)

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

Write-down feature				
If write-down, write-down trigger(s)	-	-	-	Decrease in core capital adequacy ratio below 5,125%
If write-down, full or partial	-	-	-	Fully or partially
If write-down, permanent or temporary	-	-	-	Permanent or temporary
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowings and Additional Tier II Capital
In compliance with article number 7 and 8 of "Own fund regulation"	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 7.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 8.

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

II. EXPLANATIONS ON CURRENCY RISK

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

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

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

	23.09.2022	26.09.2022	27.09.2022	28.09.2022	29.09.2022	30.09.2022
USD	18,3427000	18,3822000	18,4093000	18,4462000	18,4587000	18,4400000
CHF	18,7004000	18,5747000	18,5636000	18,7667000	18,7593000	18,7871000
GBP	20,1330000	19,8441000	19,7778000	19,7345000	20,2114000	20,4598000
JPY	0,1277964	0,1270814	0,1267677	0,1274002	0,1272837	0,1271724
EUR	17,8722000	17,7646000	17,6904000	17,7508000	17,9714000	18,0251000

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

	Monthly Average Buying Rate of Exchange
USD	18,2493000
CHF	18,7162818
GBP	20,6352409
JPY	0,1271364
EUR	18,0582955

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

II. EXPLANATIONS ON CURRENCY RISK (continued)

Information related to currency risk:

Current Period	EUR	USD	OTHER FC	TOTAL
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	49.720.187	56.876.156	7.544.116	114.140.459
Banks	3.598.215	1.834.285	1.602.838	7.035.338
Financial assets at fair value through profit and loss	-	147.868	-	147.868
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	7.387.849	27.508.849	-	34.896.698
Loans ⁽²⁾	91.634.963	77.907.942	2.748.195	172.291.100
Subsidiaries, associates and entities under common control	1.432.171	-	5.900.721	7.332.892
Financial assets measured at amortised cost ⁽⁵⁾	18.949.383	36.765.037	14.116.047	69.830.467
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	655	655
Intangible assets	-	-	-	-
Other assets ⁽³⁾	375.532	870.501	427.525	1.673.558
Total assets	173.098.300	201.910.638	32.340.097	407.349.035
Liabilities				
Bank deposits	75.064.049	7.193.261	2.813.269	85.070.579
Foreign currency deposits	136.035.969	161.856.583	44.150.292	342.042.844
Money market balances	-	6.944.044	-	6.944.044
Funds provided from other financial institutions	6.795.886	6.385.704	-	13.181.590
Bonds issued	-	-	-	-
Sundry creditors	665.005	985.900	380.411	2.031.316
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities ⁽³⁾	19.785.875	1.148.602	156.953	21.091.430
Total liabilities	238.346.784	184.514.094	47.500.925	470.361.803
Net balance sheet position	(65.248.484)	17.396.544	(15.160.828)	(63.012.768)
Net off-balance sheet position				
Net off-balance sheet position	60.944.389	(19.603.716)	21.374.919	62.715.592
Financial derivative assets ⁽⁴⁾	72.172.980	22.468.101	29.640.808	124.281.889
Financial derivative liabilities ⁽⁴⁾	11.228.591	42.071.817	8.265.889	61.566.297
Non-cash loans ⁽¹⁾	62.185.689	51.709.756	5.966.322	119.861.767
Prior period				
Total assets	157.932.531	159.420.344	26.337.749	343.690.624
Total liabilities	175.578.790	185.187.290	39.476.006	400.242.086
Net balance sheet position	(17.646.259)	(25.766.946)	(13.138.257)	(56.551.462)
Net off-balance sheet position				
Net off-balance sheet position	14.724.392	24.010.765	17.923.967	56.659.124
Financial derivative assets	19.120.011	34.712.221	27.384.630	81.216.862
Financial derivative liabilities	4.395.619	10.701.456	9.460.663	24.557.738
Non-cash loans ⁽¹⁾	62.257.794	42.338.922	4.316.024	108.912.740

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

⁽²⁾ In the current period, there are no foreign currency indexed loans. (31 December 2021: TRY 14.553)

⁽³⁾ 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 in Assets and equity and derivative financial instruments foreign currency expense discounts in Liabilities are not taken into consideration in the currency risk measurement.

⁽⁴⁾ Financial derivative assets include forward precious metal purchase transactions amounted to TRY 1.065.090 and swap precious metal purchase transactions amounted to TRY 23.391.306. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 5.618.736 Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

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

III. EXPLANATIONS ON INTEREST RATE RISK

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

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	141.149	-	-	-	-	132.950.875	133.092.024
Banks and financial institutions	2.111.977	901.255	-	-	-	5.081.913	8.095.145
Financial assets at fair value through profit and loss	19.897	148.784	47.499	3.129	473	24.869.108	25.088.890
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	5.537.437	22.883.761	42.295.223	19.588.512	4.360.966	787.333	95.453.232
Loans	200.600.487	166.880.550	178.536.090	101.723.136	63.257.797	31.361.672	742.359.732
Financial assets measured at amortised cost	27.141.910	25.213.781	45.030.193	57.741.504	59.703.869	-	214.831.257
Other assets ⁽¹⁾⁽⁴⁾	3.197.191	1.542	11.498	84.465	69.722	(662.422)	2.701.996
Total assets	238.750.048	216.029.673	265.920.503	179.140.746	127.392.827	194.388.479	1.221.622.276
Liabilities							
Bank deposits	34.326.930	4.723.921	-	-	-	68.646.913	107.697.764
Other deposits	397.351.552	168.604.459	43.003.165	773.053	-	188.276.313	798.008.542
Money market balances	119.341.212	1.844.807	-	-	-	117.620	121.303.639
Miscellaneous Payables	4.875.914	-	-	-	-	14.838.188	19.714.102
Bonds issued	1.061.600	3.027.850	-	1.000.000	-	289.457	5.378.907
Funds provided from other financial institutions ⁽³⁾	459.899	1.155.163	8.382.596	2.761.796	608.168	61.640	13.429.262
Other liabilities ⁽²⁾	1.000.000	24.881.367	-	16.222.590	4.929.795	109.056.308	156.090.060
Total liabilities	558.417.107	204.237.567	51.385.761	20.757.439	5.537.963	381.286.439	1.221.622.276
Balance sheet long position	-	11.792.106	214.534.742	158.383.307	121.854.864	-	506.565.019
Balance sheet short position	(319.667.059)	-	-	-	-	(186.897.960)	(506.565.019)
Off-balance sheet long position	106.152.080	37.369.158	1.523.835	2.829.169	11.413.773	-	159.288.015
Off-balance sheet short position	(106.589.774)	(35.518.720)	(1.752.202)	(3.089.629)	(11.413.774)	-	(158.364.099)
Total position	(320.104.753)	13.642.544	214.306.375	158.122.847	121.854.863	(186.897.960)	923.916

⁽¹⁾ TRY 4.528.752 of net deferred tax assets is disclosed under the non-bearing interest column in other liabilities.

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

⁽³⁾ Funds provided from other financial institutions include borrowings.

⁽⁴⁾ Provision amounts are included in the non-bearing interest column.

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

III. EXPLANATIONS ON INTEREST RATE RISK (continued)

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

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	15.896.619	-	-	-	-	107.527.716	123.424.335
Banks and financial institutions	1.066.303	181.023	-	-	-	2.286.939	3.534.265
Financial assets at fair value through profit and loss	9.964	26.706	86.529	373	395	25.014.709	25.138.676
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	9.540.354	7.007.086	17.200.740	29.253.506	1.740.458	566.189	65.308.333
Loans	99.102.254	139.648.744	125.206.672	97.673.172	52.772.187	25.184.999	539.588.028
Financial assets measured at amortised cost	27.899.732	14.938.562	22.718.709	33.161.900	34.134.791	-	132.853.694
Other assets ⁽¹⁾⁽⁴⁾	8.989.776	3.799	7.807	63.104	65.432	2.239.344	11.369.262
Total assets	162.505.002	161.805.920	165.220.457	160.152.055	88.713.263	162.819.896	901.216.593
Liabilities							
Bank deposits	33.012.352	2.215.041	73.419	-	-	28.358.547	63.659.359
Other deposits	295.687.615	99.795.645	24.053.594	558.433	-	142.149.825	562.245.112
Money market balances	136.989.961	1.351.650	676.861	-	-	151.531	139.170.003
Miscellaneous Payables	5.231.921	-	-	-	-	6.632.799	11.864.720
Bonds issued	2.044.000	3.334.000	-	1.000.000	-	35.302	6.413.302
Funds provided from other financial institutions ⁽³⁾	286.538	6.924.408	2.554.766	2.922.025	781.320	76.283	13.545.340
Other liabilities ⁽²⁾	1.000.000	-	24.869.108	13.807.080	4.929.795	59.712.774	104.318.757
Total liabilities	474.252.387	113.620.744	52.227.748	18.287.538	5.711.115	237.117.061	901.216.593
Balance sheet long position	-	48.185.176	112.992.709	141.864.517	83.002.148	-	386.044.550
Balance sheet short position	(311.747.385)	-	-	-	-	(74.297.165)	(386.044.550)
Off-balance sheet long position	70.376.213	7.426.570	14.609.201	1.519.795	9.246.541	-	103.178.320
Off-balance sheet short position	(63.310.766)	(8.167.529)	(14.702.247)	(1.519.795)	(9.246.541)	-	(96.946.878)
Total position	(304.681.938)	47.444.217	112.899.663	141.864.517	83.002.148	(74.297.165)	6.231.442

⁽¹⁾ TRY 157.394 of net deferred tax assets is disclosed under the non-bearing interest column in other liabilities.

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

⁽³⁾ Funds provided from other financial institutions include borrowings.

⁽⁴⁾ Provision amounts are included in the non-bearing interest column.

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

III. EXPLANATIONS ON INTEREST RATE RISK (continued)

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

Current Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks ⁽¹⁾	3,75	2,36	-	17,38
Financial assets at fair value through profit and loss ⁽⁵⁾	-	4,06	-	14,14
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,00	4,02	-	23,03
Loans ⁽²⁾	5,10	6,53	-	15,64
Financial assets measured at amortised cost	4,68	7,87	-	38,89
Liabilities				
Bank deposits ⁽⁴⁾	0,34	3,93	-	16,34
Other deposits ⁽⁴⁾	1,40	2,47	-	13,99
Money market borrowings	-	5,67	-	12,35
Sundry creditors ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	16,02
Funds provided from other financial institutions	1,55	4,36	-	17,10

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

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

⁽³⁾ Declared maximum TRY deposits interest rate with a maturity of twelve months as of 30 September 2022.

⁽⁴⁾ Demand deposit amounts are considered in the average interest rate calculation.

⁽⁵⁾ Borrowed securities are not included in the average interest rate calculation.

Prior Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT ⁽⁵⁾	-	-	-	8,50
Due from banks ⁽¹⁾	1,05	0,50	-	15,66
Financial assets at fair value through profit and loss ⁽⁶⁾	-	6,95	-	16,55
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,01	3,37	-	19,71
Loans ⁽²⁾	4,89	5,62	-	15,14
Financial assets measured at amortised cost	4,76	5,97	-	24,19
Liabilities				
Bank deposits ⁽⁴⁾	0,13	0,87	-	17,05
Other deposits ⁽⁴⁾	0,38	1,00	-	13,82
Money market borrowings	-	4,19	-	14,04
Sundry creditors ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	15,03
Funds provided from other financial institutions	0,88	1,35	-	15,87

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

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

⁽³⁾ Declared maximum TRY deposits interest rate with a maturity of twelve months as of 31 December 2021.

⁽⁴⁾ Demand deposit amounts are considered in the average interest rate calculation.

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

⁽⁶⁾ Borrowed securities are not included in the average interest rate calculation.

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

IV. EXPLANATIONS ON POSITION RISK OF SHARES

Information about position risk of shares:

Equities	Comparison				Capital Requirements
	Carrying Value	Fair Value	Change ⁽²⁾	Market Value	
Investment in Shares-Grade A	3.242.548	3.242.548	3.242.548	3.242.548	259.404
Quoted Securities ⁽¹⁾	3.242.548	3.242.548	3.242.548	3.242.548	259.404
Investment in Shares-Grade B	-	-	-	-	-
Quoted Securities	-	-	-	-	-
Investment in Shares-Grade C	-	-	-	-	-
Quoted Securities	-	-	-	-	-
Investment in Shares-Grade D	-	-	-	-	-
Other	9.303.579	9.074.042	-	-	918.729

⁽¹⁾ The Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı A.Ş was privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa Istanbul AŞ

⁽²⁾ Investments that are not measured at fair value are not included in the table above.

Realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in Common Equity and Tier II Capital:

Portfolio	Realized gains/ losses in the current period	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 ⁽¹⁾	-	2.112.656	2.112.656	-	-	-
3. Other share certificates	-	2.316.832	2.316.832	-	-	-
Total	-	4.429.488	4.429.488	-	-	-

⁽¹⁾ The Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı A.Ş was privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa Istanbul AŞ

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

V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

The liquidity risks of the Bank are managed within the framework of risk and transaction limits approved by the Board of Directors, and the written duties and responsibilities of the units related to liquidity risk management is established. On the other hand, for Treasury transactions; maturity and amount limits are determined for TRY and FX transactions made in the interbank over-the-counter market, and limits are set on the maximum foreign currency position, forward and swap transactions that can be carried.

Liquidity risk analyzes (gap analysis, core deposit reports, etc.) are conducted on a daily basis and shared with the Bank's top management and related departments. Periodical stress tests are performed in line with the Bank's liquidity management policies.

Systemic and bank specific metrics within the scope of "Liquidity Emergency Action Plan" (LEAP) approved by the Board of Directors and early warning indicators related to these metrics are monitored on a daily basis. Written actions, if required, to be taken as part of this plan are determined. In extent with LEAP, necessary actions and their priority for possible liquidity stress/crisis have been determined and Liquidity Risk Committee have been established.

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

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

The reduction of liquidity risk is provided by effective collateral management structure. Upper borrowing limits are determined under certain criteria and balance sheet size related with the domestic organized markets (CBRT, BIST and TAKASBANK) by the relevant authorities. Existing limits available to use are continuously monitored, through the Bank's projected and instant liquidity needs under the condition that depositing and/or withdrawing additional collateral.

According to the BRSA's "Regulation for Banks' Liquidity Coverage Ratio Calculations" published in the Official Gazette No. 28948 dated 21 March 2014, FC and TRY+FC liquidity coverage ratios are calculated by using high quality liquid assets divided by net cash outflows. Within this context, the Bank is required to have the ability to cover net cash outflows with high quality liquid assets and its related ratios should be in compliance with the legal limits. In accordance with the relevant Regulation, it is calculated by taking the monthly simple arithmetic average on a consolidated basis and by taking the weekly simple arithmetic average on a non-consolidated basis.

In the third quarter of 2022, increase in the Bank's deposits in TRY, decreased its secured borrowings from money markets. In with this, the growth of the securities portfolio and the increase of FX and TRY assets held at CBRT have increased the total of high quality liquid assets. The share of TRY deposits in the total deposits has increased during the period.

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

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

High quality liquid assets are composed of 45,40% accounts held by the CBRT and the Central Banks of the foreign branches, 51,72% securities considered as high quality liquid assets and 2,88% cash and cash equivalents. The primary funding source for the Bank is deposit. Other important funding sources are money market borrowings and securities issued.

Derivative transactions did not cause a net cash outflow that would negatively affect the liquidity position. The estimated cash outflows from derivative financial instruments and other liabilities calculated on the basis of the changes in fair value in the last 24 months are TRY 1.748.303.

The Bank does not have any operational or legal restrictions on liquidity transfer to subsidiaries or foreign branches. Each of the consolidated subsidiaries manage their own liquidity risk and liquidity adequacy is ensured on a consolidated basis.

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

The Bank’s minimum and maximum FC and TRY+FC liquidity coverage ratios calculated based on weekly averages, and the realized weeks of these ratios in the current period are disclosed in the table below;

Likidite Minimum-Maksimum

Liquidity Coverage Ratio	FC		TRY+FC	
	Related Week	(%)	Related Week	(%)
Maximum	26.09.2022 - 02.10.2022	369,58	12.09.2022 - 18.09.2022	155,16
Minimum	08.08.2022 - 14.08.2022	233,63	01.08.2022 - 07.08.2022	124,49

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

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

Liquidity Coverage Ratio:

	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
Current Period				
High Quality Liquid Assets				
High Quality Liquid Assets			276.142.189	135.627.912
Cash Outflows				
Retail and Small Business Customers, of which;	418.015.338	213.310.306	38.761.384	21.331.031
Stable Deposits	60.803.002	-	3.040.150	-
Less Stable Deposits	357.212.336	213.310.306	35.721.234	21.331.031
Unsecured wholesale funding , of which;	373.189.880	168.683.465	165.092.680	65.027.844
Operational Deposits	81.115.341	62.793.321	20.278.835	15.698.330
Non-operational Deposits	276.788.454	101.943.209	132.294.574	45.453.546
Other Unsecured Funding	15.286.085	3.946.935	12.519.271	3.875.968
Secured Funding			-	-
Other cash outflows, of which;	10.780.660	1.759.483	8.431.462	1.757.197
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.672.663	1.755.673	2.672.663	1.755.673
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.107.997	3.810	5.758.799	1.524
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	314.557.315	127.585.324	24.584.115	10.408.527
Total Cash Outflows			236.869.641	98.524.599
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	71.905.384	12.990.070	44.314.332	10.950.756
Other Cash Inflows	279.726	41.949.913	279.726	41.949.913
Total Cash Inflows	72.185.110	54.939.983	44.594.058	52.900.669
Total Adjusted Value				
Total HQLA Stock			276.142.189	135.627.912
Total Net Cash Outflows			192.275.583	45.623.930
Liquidity Coverage Ratio (%)			143,67%	304,05%

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

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

Liquidity Coverage Ratio: (continued)

	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
Prior Period				
High Quality Liquid Assets				
High Quality Liquid Assets			174.645.804	101.799.881
Cash Outflows				
Retail and Small Business Customers, of which;	304.650.469	158.714.984	27.986.033	15.871.498
Stable Deposits	49.580.283	-	2.479.014	-
Less Stable Deposits	255.070.186	158.714.984	25.507.019	15.871.498
Unsecured wholesale funding , of which;	234.232.795	131.629.429	110.939.712	54.420.632
Operational Deposits	46.006.459	24.300.157	11.501.615	6.075.039
Non-operational Deposits	170.264.042	103.636.852	83.195.300	44.909.875
Other Unsecured Funding	17.962.294	3.692.420	16.242.797	3.435.718
Secured Funding			-	-
Other cash outflows, of which;	10.060.916	6.522.188	6.934.997	4.621.687
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.057.409	1.882.014	2.057.409	1.882.014
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.003.507	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	193.545.852	84.351.714	13.867.294	6.096.305
Total Cash Outflows			159.728.036	81.010.122
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	46.424.384	16.077.879	32.016.742	14.277.301
Other Cash Inflows	1.959.914	37.899.273	1.959.914	37.899.273
Total Cash Inflows	48.384.298	53.977.152	33.976.656	52.176.574
Total Adjusted Value				
Total HQLA Stock			174.645.804	101.799.881
Total Net Cash Outflows			125.751.380	29.903.884
Liquidity Coverage Ratio (%)			139,22%	387,10%

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

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

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

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

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
Assets								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	9.779.295	123.309.980	-	2.749	-	-	-	133.092.024
Banks	5.065.293	2.126.977	902.875	-	-	-	-	8.095.145
Financial assets at fair value through profit and loss	-	19.897	25.017.892	47.499	3.129	473	-	25.088.890
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	1.043.249	11.187.425	40.188.351	32.574.363	9.672.511	787.333	95.453.232
Loans	21.249.830	61.440.768	56.196.823	234.527.444	266.900.042	102.044.825	-	742.359.732
Financial assets measured at amortised cost	-	4.466.393	11.404.220	29.375.773	77.821.201	91.763.670	-	214.831.257
Other assets ⁽²⁾	2.135	925.594	613.756	933.958	740.324	148.651	(662.422)	2.701.996
Total assets	36.096.553	193.332.858	105.322.991	305.075.774	378.039.059	203.630.130	124.911	1.221.622.276
Liabilities								
Bank deposits	68.469.126	34.482.969	4.745.669	-	-	-	-	107.697.764
Other deposits	182.390.852	400.320.713	170.694.862	43.708.880	890.760	2.475	-	798.008.542
Funds provided from other	-	50.178	454.601	1.590.407	1.633.322	9.700.754	-	13.429.262
Money market balances	-	119.442.274	17.365	-	-	1.844.000	-	121.303.639
Bonds issued	-	1.059.991	2.505.792	671.415	1.141.709	-	-	5.378.907
Sundry creditors	43.650	11.185.676	301.778	1.374.522	3.892.014	29.316	2.887.146	19.714.102
Other liabilities ⁽¹⁾	-	18.364.031	25.630.993	198.985	19.313.943	6.591.711	85.990.397	156.090.060
Total liabilities	250.903.628	584.905.832	204.351.060	47.544.209	26.871.748	18.168.256	88.877.543	1.221.622.276
Liquidity Gap	(214.807.075)	(391.572.974)	(99.028.069)	257.531.565	351.167.311	185.461.874	(88.752.632)	-
Net off-Balance Sheet Position	-	(432.694)	(182.963)	878.033	661.540	-	-	923.916
Derivative Financial Assets	-	106.142.080	21.072.815	2.665.235	6.580.338	22.827.547	-	159.288.015
Derivative Financial Liabilities	-	(106.574.774)	(21.255.778)	(1.787.202)	(5.918.798)	(22.827.547)	-	(158.364.099)
Non-Cash Loans	92.053.863	8.837.248	31.137.831	95.423.195	45.267.441	10.376.417	-	283.095.995
Prior Period								
Total Assets	29.587.462	167.746.142	47.050.546	205.001.887	305.348.385	143.532.683	2.949.488	901.216.593
Total Liabilities	168.171.605	480.502.286	105.774.161	57.524.900	25.479.969	15.938.999	47.824.673	901.216.593
Liquidity Gap	(138.584.143)	(312.756.144)	(58.723.615)	147.476.987	279.868.416	127.593.684	(44.875.185)	-
Net off-Balance Sheet Position	-	7.065.447	(65.889)	(269.186)	(498.930)	-	-	6.231.442
Derivative Financial Assets	-	70.366.213	6.680.745	4.598.687	3.039.590	18.493.085	-	103.178.320
Derivative Financial Liabilities	-	(63.300.766)	(6.746.634)	(4.867.873)	(3.538.520)	(18.493.085)	-	(96.946.878)
Non-Cash Loans	56.129.404	6.174.002	18.142.880	71.518.355	32.462.332	6.513.827	-	190.940.800

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

⁽²⁾ Other asset items which are not expected to be converted into cash in short term but required for continuity of banking operations like tangible and intangible assets, office supply inventory, associates and subsidiaries, prepaid expenses are disclosed in other assets under the undistributed column.

⁽³⁾ Funds provided from other financial institutions include borrowings.

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VI. EXPLANATIONS ON LEVERAGE RATIO

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

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-Balance Sheet Assets		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	1.195.407.237	833.852.381
2.Assets That Are Deducted from Core Capital	(749.996)	(672.609)
3.Total on Balance Sheet Exposures	1.194.657.241	833.179.772
Derivative Exposures And Credit Derivatives		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	2.572.245	6.077.022
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	2.627.052	1.023.770
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives	5.199.297	7.100.792
Investment Securities Or Commodity Collateral Financing Transactions		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	4.511.847	2.432.628
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions	4.511.847	2.432.628
Off -Balance Sheet Items		
10.Gross Notional Amount of Off-Balance Sheet Items	344.046.260	215.292.430
11.Adjustments for Conversion to Credit Equivalent Amounts	(7.224.402)	(4.156.782)
12.The Total Risk of Off-Balance Sheet Items	336.821.858	211.135.648
Capital And Total Exposures		
13.Tier 1 Capital	87.394.972	54.704.177
14.Total Exposures	1.541.190.243	1.053.848.840
Leverage Ratio		
15.Leverage Ratio	%5,67	%5,19

⁽¹⁾ The amounts in the table represent three-month averages.

VII. EXPLANATIONS ON BUSINESS SEGMENTATION

The Bank's operations are grouped under the corporate, commercial, integrated banking and treasury/investment banking categories.

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

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

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

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

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

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VII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)

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

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

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

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VII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)

Details of the segment information prepared in accordance with the Act on “Disclosure of Financial Statements of Banks and The Related Presentations and Notes” as of 30 September 2022 are presented in the table below.

Current Period	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
1 January -30 September 2022				
OPERATING INCOME / EXPENSES				
Interest Income	18.371.912	41.032.024	45.833.204	105.237.140
<i>Interest on Loans</i>	18.161.482	40.380.770	875.253	59.417.505
<i>Interest Income on Marketable Securities</i>	-	620.088	44.498.219	45.118.307
<i>Interest Received from Banks</i>	-	-	444.497	444.497
<i>Other Interest Income</i>	210.430	31.166	15.235	256.831
Interest Expense	18.075.108	24.431.065	17.913.389	60.419.562
<i>Interest on Deposits</i>	17.761.758	23.885.428	1.914.819	43.562.005
<i>Interest on Borrowings</i>	17.723	57.211	161.484	236.418
<i>Interest on Money Market Borrowings</i>	-	150.840	13.121.353	13.272.193
<i>Interest on Marketable Bonds Issued</i>	-	-	2.593.630	2.593.630
<i>Other Interest Expense</i>	295.627	337.586	122.103	755.316
Net Interest Income	296.804	16.600.959	27.919.815	44.817.578
Net Fees and Commissions Income	1.724.744	3.432.401	551.004	5.708.149
Net Trading Profit / (Loss)	27.329	4.980.442	(9.202.044)	(4.194.273)
Dividend Income	-	-	381.902	381.902
Other Income	810.020	1.045.902	574.348	2.430.270
Expected Loss Provisions	1.552.996	2.566.510	20.418.755	24.538.261
Other Expenses	1.203.720	7.264.302	3.751.212	12.219.234
Income Before Taxes	102.181	16.228.892	(3.944.942)	12.386.131
Income Tax Provision	-	-	(3.481.425)	(3.481.425)
Net Profit For The Period	102.181	16.228.892	(7.426.367)	8.904.706

SEGMENT ASSETS

30 September 2022

Marketable Securities ⁽¹⁾	-	17.617.407	317.727.265	335.344.672
Derivative Financial Assets Held for Trading	-	138.962	3.049.773	3.188.735
Banks and Money Market Receivables	-	860.136	7.230.830	8.090.966
Associates and Subsidiaries (Net)	-	-	12.468.606	12.468.606
Loans ⁽¹⁾	268.730.205	431.483.385	195.134	700.408.724
Other Assets	3.435.213	6.896.906	151.788.454	162.120.573
TOTAL ASSETS	272.165.418	456.996.796	492.460.062	1.221.622.276

SEGMENT LIABILITIES

30 September 2022

Deposits	315.114.338	506.970.291	83.621.677	905.706.306
Derivative Financial Liabilities	-	221.209	1.592.559	1.813.768
Money Market Balances	-	6.944.043	114.359.596	121.303.639
Borrowing Funding Loans	475.960	703.704	12.249.598	13.429.262
Bonds Issued	-	-	5.378.907	5.378.907
Other Liabilities	6.003.450	13.907.628	66.687.591	86.598.669
Provisions and Tax Payable	367.378	435.781	11.466.687	12.269.846
Shareholders' Equity	282.079	19.423.523	55.416.277	75.121.879
TOTAL LIABILITIES	322.243.205	548.606.179	350.772.892	1.221.622.276

OFF-BALANCE SHEET ITEMS

30 September 2022

Guarantees and Sureties	146.969.603	98.608.783	37.517.609	283.095.995
Commitments	1.187.922	25.296.755	56.168.421	82.653.098
Derivative Financial Instruments	-	34.706.915	282.945.199	317.652.114
TOTAL OFF-BALANCE SHEET ITEMS	148.157.525	158.612.453	376.631.229	683.401.207

⁽¹⁾ TFRS 9 Expected Credit Loss provisions are presented in related lines

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VII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)

Prior Period	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
1 January -30 September 2021				
OPERATING INCOME / EXPENSES				
Interest Income	11.025.349	27.100.411	14.490.602	52.616.362
<i>Interest on Loans</i>	10.939.442	26.922.701	116.536	37.978.679
<i>Interest Income on Marketable Securities</i>	-	156.258	13.469.899	13.626.157
<i>Interest Received from Banks</i>	-	-	896.475	896.475
<i>Other Interest Income</i>	85.907	21.452	7.692	115.051
Interest Expense	12.343.454	18.336.415	17.427.917	48.107.786
<i>Interest on Deposits</i>	12.301.374	17.949.554	2.008.130	32.259.058
<i>Interest on Borrowings</i>	13.091	46.325	80.150	139.566
<i>Interest on Money Market Borrowings</i>	-	35.810	13.175.296	13.211.106
<i>Interest on Marketable Bonds Issued</i>	-	-	2.060.839	2.060.839
<i>Other Interest Expense</i>	28.989	304.726	103.502	437.217
Net Interest Income	(1.318.105)	8.763.996	(2.192.688)	5.253.203
Net Fees and Commissions Income	905.898	1.609.874	310.287	2.826.059
Net Trading Profit / (Loss)	12.983	1.388.384	(6.200.504)	(4.799.137)
Dividend Income	-	-	150.262	150.262
Other Income	1.697.298	881.725	3.079.628	5.658.651
Expected Loss Provisions	390.038	965.889	335.760	1.691.687
Other Expenses	162.477	3.151.774	3.357.878	6.672.129
Income Before Taxes	745.559	8.526.316	(9.291.280)	(19.405)
Income Tax Provision	-	-	234.547	234.547
Net Profit For The Period	745.559	8.526.316	(9.056.733)	215.142

SEGMENT ASSETS

31 December 2021

Marketable Securities ⁽¹⁾	-	4.994.370	218.289.625	223.283.995
Derivative Financial Assets Held for Trading	-	447.113	8.541.417	8.988.530
Banks and Money Market Receivables	-	287.484	3.245.555	3.533.039
Associates and Subsidiaries (Net)	-	-	8.962.661	8.962.661
Loans ⁽¹⁾	195.044.001	321.749.042	431.773	517.224.816
Other Assets	3.472.032	4.900.834	130.850.686	139.223.552
TOTAL ASSETS	198.516.033	332.378.843	370.321.717	901.216.593

SEGMENT LIABILITIES

31 December 2021

Deposits	193.946.913	383.390.584	48.566.974	625.904.471
Derivative Financial Liabilities	-	316.628	2.153.623	2.470.251
Money Market Balances	-	2.644.672	136.525.331	139.170.003
Borrowing Funding Loans	521.718	1.141.076	11.882.546	13.545.340
Bonds Issued	-	-	6.413.302	6.413.302
Other Liabilities	3.556.364	9.148.230	53.239.910	65.944.504
Provisions and Tax Payable	178.534	368.158	3.721.675	4.268.367
Shareholders' Equity	6.132.788	19.601.597	17.765.970	43.500.355
TOTAL LIABILITIES	204.336.317	416.610.945	280.269.331	901.216.593

OFF-BALANCE SHEET ITEMS

31 December 2021

Guarantees and Sureties	99.775.617	59.372.678	31.792.505	190.940.800
Commitments	932.320	15.722.466	32.602.030	49.256.816
Derivative Financial Instruments	-	24.817.046	175.308.152	200.125.198
TOTAL OFF-BALANCE SHEET ITEMS	100.707.937	99.912.190	239.702.687	440.322.814

⁽¹⁾TFRS 9 Expected Credit Loss provisions are presented in related lines.

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

VIII. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS

Explanations Related To Risk Management

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

Regarding the risk management structure; The Internal Audit Department, Internal Control Department and Risk Management Department, which are units within the scope of internal systems, carry out their activities in accordance with the Regulation on Internal Systems of Banks and the Internal Capital Adequacy Assessment Process published in the Official Gazette No. 29057 dated 11 July 2014 and subject to the Board of Directors through the Audit Committee. The Financial Crimes Investigation Board (MASAK) Compliance Unit is directly affiliated to the Audit Committee.

The structure of the internal systems determines the level of risk by identifying the risks that the bank is exposed to. In this direction, the relevant units are responsible for monitoring, controlling and reporting risks, limited to their areas of responsibility. Outside of internal systems, Top Management is directly responsible to the Board of Directors for the risks to which the Bank is exposed in relation to its duties.

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

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

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

The Bank reports to the BRSA by applying the stress tests determined in accordance with the Internal Capital Adequacy Assessment Process (ICAAP). In addition, stress tests are carried out in line with the scenarios created by the risks exposed and the macroeconomic conditions. This test which is made by applying shocks for various risk factors, shows the results on risk weighted assets, own funds and capital adequacy ratio.

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

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VIII. EXPLANATIONS ON 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) ^(**)	678.822.635	443.726.454	54.305.811	35.498.116
2 Standardized approach (SA)	678.822.635	443.726.454	54.305.811	35.498.116
3 Internal rating-based (IRB) approach	-	-	-	-
4 Counterparty credit risk ^(**)	5.496.205	4.577.631	439.696	366.210
5 Standardized approach for counterparty credit risk (SA-CCR)	5.496.205	4.577.631	439.696	366.210
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	19.233.200	8.764.625	1.538.656	701.170
17 Standardized approach (SA)	19.233.200	8.764.625	1.538.656	701.170
18 Internal model approaches (IMM)	-	-	-	-
19 Operational Risk	27.691.243	23.859.627	2.215.299	1.908.770
20 Basic Indicator Approach	27.691.243	23.859.627	2.215.299	1.908.770
21 Standard Approach	-	-	-	-
22 Advanced measurement approach	-	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	3.050.551	2.098.109	244.044	167.849
24 Floor adjustment	-	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	734.293.834	483.026.446	58.743.506	38.642.115

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

^(**) Based on the Board Decision dated 28 April 2022 published by the BRSA, CBRT's foreign exchange buying rates as of 31 December 2021 was used in the calculation of the amount subject to credit risk.

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

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and foreign currency	2.797.383	5.601.784	1.899.965	4.958.954
CBRT	16.154.182	108.538.675	17.613.716	98.951.673
Other	-	-	-	27
Total	18.951.565	114.140.459	19.513.681	103.910.654

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand unrestricted amount ⁽¹⁾	15.989.488	38.040.717	17.211.303	34.517.548
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Other ⁽²⁾	164.694	70.497.958	402.413	64.434.125
Total	16.154.182	108.538.675	17.613.716	98.951.673

⁽¹⁾ Reserve deposits kept in the CBRT

⁽²⁾ It includes the blocked required reserve amounts held by the CBRT and the TRNC Central Bank.

As per the Communiqué no. 2013/15 “Reserve Deposits” of the Central Bank of the Republic of Türkiye (CBRT), banks operating in Türkiye keep reserve deposits for their TRY liabilities held at TRY, 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 TRNC, reserve requirement ratio is applied between 5% to 8% for the Turkish currency and foreign currency liabilities.

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	24.869.108	-	-	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	-	-	24.112.751	-

c) Positive differences related to the derivative financial assets at fair value through profit or loss:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward transactions	-	356.211	-	195.839
Swap transactions	447.419	2.366.557	2.721.424	6.017.405
Futures transactions	-	-	-	-
Options	-	18.548	17.442	36.420
Other	-	-	-	-
Total	447.419	2.741.316	2.738.866	6.249.664

(3) Information on banks and other financial institutions:

Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	558.717	407.315	220.083	115.757
Foreign banks	501.090	6.628.023	124.354	3.074.071
Branches and offices abroad	-	-	-	-
Total	1.059.807	7.035.338	344.437	3.189.828

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

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

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

a) Financial assets at fair value through other comprehensive income blocked/given as collateral or subject to repurchase agreements:

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	19.306.174	32.152.670	11.765.216	25.351.058

a.2. Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	75.600	-	56.683	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities	94.814.441		66.476.611	
<i>Quoted on a stock exchange</i>	94.814.441		66.476.611	
<i>Not quoted</i>	-		-	
Equity Securities	804.615		585.047	
<i>Quoted on a stock exchange</i>	709.814		521.493	
<i>Not quoted</i>	94.801		63.554	
Impairment provision (-)	165.824		1.753.325	
Total	95.453.232		65.308.333	

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

(5) Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
<i>Corporate shareholders</i>	-	-	-	-
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	1.084.824	-	625.041	-
Total	1.084.824	-	625.041	-

(⁹) Interest income accruals and discounts are not included in the table above.

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

	Cash Loans	Standard Loans	Loans Under Close Monitoring		
			Loans Not Subject to Restructuring	Restructured Loans	
				Loans with Revised Contract Terms	Refinance
Non-specialized loans	566.454.738	22.212.446	34.196	25.811.172	
<i>Corporation loans</i>	339.683.022	15.815.150	-	25.806.904	
<i>Export loans</i>	27.858.335	59.112	-	-	
<i>Import loans</i>	-	-	-	-	
<i>Loans given to financial sector</i>	11.398.573	-	-	-	
<i>Consumer loan</i>	94.657.200	1.009.197	33.548	228	
<i>Credit cards</i>	29.093.173	1.334.774	648	-	
<i>Other</i>	63.764.435	3.994.213	-	4.040	
Specialized lending	93.496.458	3.935.264	-	3	
Other receivables	-	-	-	-	
Accruals	8.680.866	1.888.597	2.027	830.266	
Total	668.632.062	28.036.307	36.223	26.641.441	

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	9.343.068	3.646.930	-	-
Significant Increase in Credit Risk	-	-	17.494.535	6.841.916

In the current period, the increase in the Bank's First Stage and Second Stage Expected Credit Loss Provisions is due to the increase in the balances of standard loans and under close monitoring loans, as well as the increase in the risk levels of customers.

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

(5) Information on loans (continued) :

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	1.179.442	91.871.026	93.050.468
<i>Real estate loans</i>	10.334	67.780.148	67.790.482
<i>Automobile loans</i>	31.999	2.534.465	2.566.464
<i>Consumer loans</i>	1.137.109	21.556.413	22.693.522
<i>Other</i>	-	-	-
Consumer loans- Indexed to FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Consumer loans- FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Individual credit cards-TRY	9.082.346	647	9.082.993
<i>Installment</i>	3.336.331	647	3.336.978
<i>Non-installment</i>	5.746.015	-	5.746.015
Individual credit cards-FC	1.244	-	1.244
<i>Installment</i>	-	-	-
<i>Non-installment</i>	1.244	-	1.244
Personnel loans-TRY	72.718	674.453	747.171
<i>Real estate loans</i>	-	50	50
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	72.718	674.403	747.121
<i>Other</i>	-	-	-
Personnel loans-Indexed to FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel loans-FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel credit cards-TRY	284.213	-	284.213
<i>Installment</i>	101.391	-	101.391
<i>Non-installment</i>	182.822	-	182.822
Personnel credit cards-FC	112	-	112
<i>Installment</i>	-	-	-
<i>Non-installment</i>	112	-	112
Overdraft accounts-TRY (Retail customers) ^(**)	1.902.534	-	1.902.534
Overdraft accounts-FC (Retail customers)	-	-	-
Total	12.522.609	92.546.126	105.068.735

^(*) Interest income accruals and rediscounts are not included in the table above.

^(**) TRY 53.328 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) :

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

Prior 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	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Consumer loans- FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Individual credit cards-TRY	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	-	328
<i>Installment</i>	-	-	-
<i>Non-installment</i>	328	-	328
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	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel loans-FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel credit cards-TRY	174.695	-	174.695
<i>Installment</i>	52.881	-	52.881
<i>Non-installment</i>	121.814	-	121.814
Personnel credit cards-FC	129	-	129
<i>Installment</i>	-	-	-
<i>Non-installment</i>	129	-	129
Overdraft accounts-TRY (Retail customers) ^(**)	1.711.484	-	1.711.484
Overdraft accounts-FC (Retail customers)	-	-	-
Total	7.905.696	72.723.810	80.629.506

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

(**) TRY 42.754 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 commercial installments loans and corporate credit cards^(*):

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	2.764.335	52.201.400	54.965.735
<i>Business premises loans</i>	3.055	1.027.599	1.030.654
<i>Automobile loans</i>	87.898	1.933.389	2.021.287
<i>Consumer loans</i>	2.673.382	49.240.412	51.913.794
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	-	-	-
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Commercial installment loans - FC	58.850	67.480.168	67.539.018
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	58.850	67.480.168	67.539.018
<i>Other</i>	-	-	-
Corporate credit cards-TRY	21.059.566	-	21.059.566
<i>Installment</i>	8.613.114	-	8.613.114
<i>Non-installment</i>	12.446.452	-	12.446.452
Corporate credit cards-FC	467	-	467
<i>Installment</i>	-	-	-
<i>Non-installment</i>	467	-	467
Overdraft accounts-TRY (Commercial customers)	20.081.902	-	20.081.902
Overdraft accounts-FC (Commercial customers)	-	-	-
Total	43.965.120	119.681.568	163.646.688

^(*)Interest income accruals and rediscounts are not included in the table above.

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	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	-	2.056	2.056
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	2.056	2.056
<i>Other</i>	-	-	-
Commercial installment loans - FC	312.007	58.444.333	58.756.340
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	312.007	58.444.333	58.756.340
<i>Other</i>	-	-	-
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	-	1.611
<i>Installment</i>	-	-	-
<i>Non-installment</i>	1.611	-	1.611
Overdraft accounts-TRY (Commercial customers)	5.341.578	-	5.341.578
Overdraft accounts-FC (Commercial customers)	-	-	-
Total	21.450.933	95.013.895	116.464.828

^(*)Interest income accruals and rediscounts are not included in the table above.

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

(5) Information on loans (continued) :

e) Domestic and foreign loans^(*):

	Current Period	Prior Period
Domestic loans	721.504.530	521.958.708
Foreign loans	1.841.503	1.332.138
Total	723.346.033	523.290.846

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

f) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	5.754.578	2.916.786
Indirect loans granted to subsidiaries and associates	-	-
Total	5.754.578	2.916.786

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

	Current Period	Prior Period
Loans with Limited Collectability	2.452.574	1.049.450
Loans with Doubtful Collectability	1.771.324	312.066
Uncollectible Loans	10.889.507	10.512.850
Total	15.113.405	11.874.366

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 and the increase in the NPL balance in the current period. Also the increase in the balance of non performing loans is another effect which leads to increase in the balance of specific provisions during the current period.

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

h.1. Information on non-performing loans and restructured loans^(*):

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current period			
Gross amounts before the specific provisions	658.555	116.799	888.532
<i>Restructured loans</i>	<i>658.555</i>	<i>116.799</i>	<i>888.532</i>
Prior period			
Gross amounts before the specific provisions	420.581	66.242	1.122.966
<i>Restructured loans</i>	<i>420.581</i>	<i>66.242</i>	<i>1.122.966</i>

^(*) Rediscounts are not included.

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

(5) Information on loans (continued) :

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

h.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	2.424.637	708.929	13.163.616
Additions (+) (**)	7.595.458	46.157	1.546.070
Transfers from other categories of loans under non-performing (+)	-	3.394.398	1.011.089
Transfers to other categories of loans under non-performing (-)	3.600.492	804.995	-
Collections (-) (*)	1.664.245	417.843	2.285.054
Write-offs (-) (**)	-	-	2.104.026
Sold (-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
Current period end balance	4.755.358	2.926.646	11.331.695
Provision (-)	2.452.574	1.771.324	10.889.507
Net balance on balance sheet	2.302.784	1.155.322	442.188
Prior Period			
Prior period end balance	2.333.051	637.011	13.947.732
Additions (+)	3.453.191	58.177	195.628
Transfers from other categories of loans under non-performing (+)	-	1.861.949	2.358.256
Transfers to other categories of loans under non-performing (-)	2.751.725	1.468.480	-
Collections (-) (*)	609.880	379.728	3.329.887
Write-offs (-)	-	-	8.113
Sold (-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
Current period end balance	2.424.637	708.929	13.163.616
Provision (-)	1.049.450	312.066	10.512.850
Net balance on balance sheet	1.375.187	396.863	2.650.766

(*) 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.

(**) As of reporting period, the loan granted to LYY Telekomünikasyon A.Ş. amounting to TRY 1.337.985 has been transferred to non-performing loans and 100% stage 3 expected credit losses has been made and at the same time has been written-off in connection with there is no reasonable expectation for its recovery as per the scope of "Procedures and Principals regarding Classifications of Loans and Allowances Allocated for Such Loans".

h.3. Information on foreign currency non-performing loans and other receivables(*):

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period			
Balance at the end of the period	689.599	510.421	3.896.534
Provisions(-)	689.599	504.820	3.765.412
Net balance in the balance sheet	-	5.601	131.122
Prior period			
Balance at the end of the period	373.702	32.607	4.264.678
Provisions(-)	319.850	13.697	3.551.380
Net balance in the balance sheet	53.852	18.910	713.298

(*) Rediscounts are included.

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

(5) Information on loans (continued) :

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period (Net)	2.302.784	1.155.322	442.188
Loans to granted real persons and legal entities (Gross)	4.755.358	2.926.646	11.331.695
Provisions (-)	2.452.574	1.771.324	10.889.507
Loans to granted real persons and legal entities (Net)	2.302.784	1.155.322	442.188
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-
Prior period (Net)	1.375.187	396.863	2.650.766
Loans to granted real persons and legal entities (Gross)	2.424.637	708.929	13.163.616
Specific provisions (-)	1.049.450	312.066	10.512.850
Loans to granted real persons and legal entities (Net)	1.375.187	396.863	2.650.766
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	-	-	-
Interest Accruals and Valuation Differences	7.165	6.844	1.787.883
Provision (-)	7.165	6.844	1.787.883
Prior Period (Net)	6.533	1.765	399.049
Interest Accruals and Valuation Differences	12.261	15.101	1.952.998
Provision (-)	5.728	13.336	1.553.949

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

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

(5) Information on loans (continued):

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

The Bank liquidates its uncollectible receivables through three methods. These are by signing financial restructuring contract under the Law No: 4743, by making payment protocols and by presenting adequate repayment schedules for the lower amount of receivables. Within the context of this collection policy, non-performing loans are collected in considerable amounts. Collections are firstly offset against lawsuits and expenses, interest and principle receivables from loans.

k) Explanations on write-off policy:

As per the provisions of TFRS 9 Financial Instruments Standard and the Provisions Communique of the BRSA dated 27 November 2019, banks are allowed to derecognize the portion of the loans under non-performing in loan Group 5 which no reasonable expectation remains.

In the previous period, the Bank derecognised the 5th group non-performing loan amounting to TRY 2.104.026 on the grounds that there was no reasonable expectation, and the Bank's non-performing loan ratio decreased from 2,84% to 2,56% after the loans were written off in accordance with the related the Regulation of Allowance. (In the previous period, the Bank derecognised the 5th group non-performing loan amounting to TRY 8.113 due to lack of reasonable expectations, and this derecoginiton has no effect on the NPL ratio.)

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

(6) Information on financial assets measured at amortised cost:

a) Information on financial assets measured at amortised cost blocked/given as collateral or subject to repurchase agreement transactions are explained comparatively with net value:

a.1. Financial assets measured at amortised cost investments blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked Securities	96.121.823	51.603.276	55.081.664	49.778.434

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	28.291.183	17.115.838	8.858.706	4.975.643

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds		211.369.366		132.010.297
Treasury bills		1.452.902		-
Other public sector debt securities		1.896.195		792.874
Total		214.718.463		132.803.171

c) Information on financial assets measured at amortised cost:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities		214.831.257		132.853.694
<i>Quoted on a stock exchange</i>		214.831.257		132.853.694
<i>Not quoted</i>		-		-
Impairment provision (-)		-		-
Total		214.831.257		132.853.694

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Beginning balance		132.853.694		84.621.031
Foreign currency differences on monetary assets		19.956.747		17.795.411
Purchases during the year ⁽¹⁾		67.823.067		37.931.041
Disposals through sales and redemptions		(5.802.251)		(7.493.789)
Impairment provision (-)		-		-
Balance at the end of the period		214.831.257		132.853.694

⁽¹⁾ The difference between the discount amount of TRY 53.822.023 as of September 30, 2022 and the amount of discount amount of TRY 31.918.103 as of 31 December 2021 is shown in the line disposed by purchases during the year.

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

(7) Information on associates (Net):

a) Information on associates:

Description	Address (City/ Country)	Bank's share percentage, if different- voting percentage (%)	Bank's risk group share percentage (%)
1. Demir-Halkbank NV ⁽¹⁾	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾	Ankara	31,47	33,12
3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾⁽⁴⁾	Istanbul	33,33	33,33
4. Kredi Kayıt Bürosu AŞ ⁽²⁾	Istanbul	18,18	18,18
5. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ ⁽²⁾	Istanbul	33,33	33,33

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value(3)
1.	31.110.241	4.095.429	55.193	571.186	1.565.202	149.110	78.766	1.432.171
2.	217.995	216.132	45	15.247	-	146.117	23.332	-
3.	31.986	31.936	20	2.351	-	1.936	-	-
4.	691.621	68.569	234.234	48.628	-	15.744	41.963	-
5.	421.132	327.593	107.197	26.266	-	(22.495)	146	-

⁽¹⁾The financial data is obtained from 30 September 2022 financial statements used in consolidation.

⁽²⁾The financial data is obtained from unaudited 30 September 2022 financial statement .

⁽³⁾Financial information about the fair value of Demir Halkbank NV has been obtained from valuation report as of 30 September 2022.

⁽⁴⁾Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ, one of the subsidiaries of the Bank, in which the Bank has a 33.33% share, is established in the current period.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	1.296.997	752.310
Movements during the period	287.190	544.687
<i>Purchases⁽¹⁾⁽²⁾⁽³⁾</i>	79.539	57.243
<i>Bonus shares obtained profit from current year's share</i>	-	-
<i>Dividends from current year income</i>	-	-
<i>Sales</i>	-	-
<i>Transfers⁽³⁾</i>	(5.595)	(57.243)
<i>Revaluation decrease (-) / increase</i>	213.246	544.687
<i>Impairment provisions (-)/ reversals</i>	-	-
Balance at the end of the period	1.584.187	1.296.997
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ In the current period, the Bank has made a payment TRY 64.994 due to the paid capital increase of Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ.

⁽²⁾ The Bank has made a payment TRY 10.000 for Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ which was established in the current period.

⁽³⁾ In the current period, the Bank has purchased 13,33% of Platform Ortak Kartlı Sistemler AŞ for TRY 700 increasing its share ratio to 33,33%, and afterwards purchased 66,67% of Platform Ortak Kartlı Sistemler AŞ for TRY 3.845 and increased its share ratio to 100% and transferred the related associate to the subsidiaries.

d) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	1.432.171	1.218.924
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	21.518	11.518
Other non- financial investments	130.498	66.555

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

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

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

e) Associates quoted on a stock exchange:
None.

(8) Information on subsidiaries (Net):

a) Information on subsidiaries⁽¹⁾:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ
COMMON EQUITY TIER I CAPITAL							
Paid in Capital	150.000	1.570.000	523.000	1.338.698	246.000	356.373	100
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-
Share premium	-	81.040	-	11.633	-	256.281	-
Reserves	135.372	50.817	34.246	2.376.287	127.042	1.909.106	3.088
Other Comprehensive Income according to TAS	8.994	1.299.451	2.071	-	10	-	-
Profit / Loss	218.060	7.884	120.532	(75.915)	179.610	124.443	1.039
<i>Net Profit</i>	<i>218.060</i>	<i>7.884</i>	<i>146.448</i>	<i>54.412</i>	<i>179.610</i>	<i>124.443</i>	<i>1.039</i>
<i>Prior Period Profit/Loss</i>	-	-	(25.916)	(130.327)	-	-	-
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 (-)	-	-	-	74.143	-	367.146	-
Leasehold Improvements (-)	-	-	-	20.879	-	11.496	-
Intangible Assets (-)	11.580	1.543	1.438	52.573	3.184	134.311	-
Total Core Capital	500.846	3.007.649	678.411	3.503.108	549.478	2.133.250	4.227
SUPPLEMENTARY CAPITAL CAPITAL	-	-	108.179	89.254	23.318	39.723	-
NET AVAILABLE CAPITAL	500.846	3.007.649	786.590	3.592.362	572.796	2.172.973	4.227

⁽¹⁾ The information is presented from companies' financial statements as of 30 September 2022.

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

Paid in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry. Effect of inflation adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items.

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

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

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

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

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

b) Information on subsidiaries:

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1. Halk Yatırım Menkul Değerler AŞ ⁽¹⁾	Istanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ ⁽¹⁾⁽²⁾⁽³⁾	Istanbul	79,33	79,36
3. Halk Finansal Kiralama AŞ ⁽¹⁾	Istanbul	100,00	100,00
4. Halk Banka AD, Skopje ⁽¹⁾	Macedonia	99,56	99,56
5. Halk Faktoring AŞ ⁽¹⁾	Istanbul	100,00	100,00
6. Halkbank A.D. Beograd ⁽¹⁾	Serbia	100,00	100,00
7. Halk Varlık Kiralama AŞ ⁽¹⁾	Istanbul	100,00	100,00
8. Platform Ortak Karlı Sistemler AŞ ⁽⁴⁾	Istanbul	100,00	100,00

c) Information related to the subsidiaries as shown in (b):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	1.977.572	512.426	25.797	190.740	10.938	218.060	130.698	532.217
2.	5.466.742	2.976.032	3.128.939	19.329	6.253	7.884	24.240	3.242.548
3.	6.605.155	679.849	5.734	521.652	-	146.448	71.634	671.661
4.	22.684.737	3.576.560	819.627	502.799	23.439	54.412	25.888	3.643.936
5.	3.384.258	552.662	6.162	462.657	-	179.610	53.116	512.348
6.	15.616.959	2.279.057	368.268	375.977	51.099	124.443	59.804	2.256.785
7.	1.552.007	4.227	2	-	-	1.039	395	3.579
8.	21.672	21.655	29	1.058	-	326	754	21.345

⁽¹⁾ The financial data is obtained from 30 September 2022 financial statements used in consolidation.

⁽²⁾ Halk Gayrimenkul Yatırım Ortaklığı AŞ is valued at stock price.

⁽³⁾ The Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı AŞ was privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa Istanbul AŞ

⁽⁴⁾ The financial data is obtained from 30 September 2022 financial statements.

d) Movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	7.665.664	5.497.082
Movements during the period	3.218.755	2.168.582
Purchase ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	1.272.421	506.941
Bonus shares obtained profit from current year's share	28.785	81.981
Dividends from current year income	-	-
Sales	-	-
Transfer	5.595	-
Revaluation increase/decrease	1.911.954	1.579.660
Impairment Provisions (-)/ Reversals	-	-
Balance at the end of the period	10.884.419	7.665.664
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ In the current period, the Bank has made a payment TRY 367.008 due to the paid capital increase of Halk Gayrimenkul Yatırım Ortaklığı AŞ.

⁽²⁾ In the current period, the Bank has made a payment TRY 150.000 due to the paid capital increase of Halk Faktoring AŞ.

⁽³⁾ In the current period, the Bank has made a payment TRY 200.000 due to the paid capital increase of Halk Finansal Kiralama AŞ.

⁽⁴⁾ The Bank has made a payment TRY 539.663 due to the paid capital increase of Halk Banka AD, Skopje and increased its share ratio 99,56%.

⁽⁵⁾ In the current period, the Bank has made a payment TRY 15.750 due to the paid capital increase of Platform Ortak Karlı Sistemler AŞ.

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

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

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

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

	Current Period	Prior Period
Banks	5.900.721	4.585.604
Insurance companies	-	-
Factoring companies	512.348	362.348
Leasing companies	671.661	471.661
Financing companies	-	-
Other financial subsidiaries	3.778.344	2.246.051
Other non-financial subsidiaries	21.345	-

f) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock ⁽¹⁾	3.242.548	1.710.255
Quoted foreign stock exchange	-	-

⁽¹⁾ The Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı AŞ has privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa İstanbul AŞ.

(9) Information on jointly controlled entities (joint ventures):

None.

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

None.

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

None.

(12) Information on investment property:

	Current Period	Prior Period
Cost:		
Opening Balance	445.071	435.639
Acquisitions	2.923	9.432
Transfer	-	-
Disposals	-	-
Impairment Charge/Reversal	-	-
Ending Balance	447.994	445.071
Accumulated Depreciation (-)		
Opening Balance	85.319	81.992
Amortization Charge	2.527	3.327
Transfer	-	-
Disposals	-	-
Impairment Provisions	-	-
Total Accumulated Depreciation (-)	87.846	85.319
Net Book Value	360.148	359.752

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

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

(13) Information on deferred tax assets:

	Current Period	Prior Period
Deferred Tax Asset /(Liability)		
Provisions ⁽¹⁾	8.587.006	3.214.984
Revaluation of Financial Assets	(3.008.899)	(5.527.489)
Other	(1.049.355)	2.469.899
Deferred Tax Asset /(Liability):	4.528.752	157.394
Deferred tax accounted under shareholders' equity	(2.309.010)	280.925
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	(2.208.349)	379.540
Actuarial gains/losses	147.419	117.935
Valuation of subsidiaries	(248.080)	(216.550)

⁽¹⁾Includes reserve for employee benefits and other provisions.

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

None.

(15) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 14.877.085 and does not exceed 10% of the balance sheet total (31 December 2021: TRY 6.483.746).

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

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES

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

a) Information on deposit / funds collected:

Current Period

	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	19.803.043	-	6.408.000	32.270.958	113.241.566	5.254.792	4.122.844	118.650	181.219.853
Foreign currency deposits	82.137.322	-	31.202.970	149.120.931	17.549.566	7.712.936	14.066.413	21.684	301.811.822
<i>Residents in Türkiye</i>	72.425.839	-	29.558.647	143.185.220	16.569.411	6.274.833	9.839.966	21.025	277.874.941
<i>Residents abroad</i>	9.711.483	-	1.644.323	5.935.711	980.155	1.438.103	4.226.447	659	23.936.881
Public sector deposits	8.936.758	-	60.473.208	6.004.960	1.523.286	59.417	16.674	-	77.014.303
Commercial inst. deposits	34.462.289	-	45.539.831	38.091.617	31.141.716	5.756.956	3.963.212	-	158.955.621
Other inst. deposits	2.989.389	-	7.035.694	17.839.170	4.159.016	5.231.417	1.521.235	-	38.775.921
Precious metals	34.062.051	-	201.178	5.308.243	285.841	177.800	195.909	-	40.231.022
Interbank deposits	68.469.126	-	16.388.915	22.762.618	77.105	-	-	-	107.697.764
<i>CBRT</i>	1.548.187	-	-	-	-	-	-	-	1.548.187
<i>Domestic banks</i>	170.149	-	16.037.220	13.727.106	77.105	-	-	-	30.011.580
<i>Foreign banks</i>	66.750.790	-	351.695	9.035.512	-	-	-	-	76.137.997
<i>Participation banks</i>	-	-	-	-	-	-	-	-	-
Total	250.859.978	-	167.249.796	271.398.497	167.978.096	24.193.318	23.886.287	140.334	905.706.306

(*) As of 30 September 2022, the Bank has a total deposit balance of TRY 156.518.118 without accrual regarding to FX indexed TRY deposit instruments announced by the CBRT and Ministry of Treasury and Finance.

Prior Period

	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	14.770.570	-	9.301.522	61.536.172	16.277.055	2.544.494	3.720.806	132.027	108.282.646
Foreign currency deposits	70.781.423	-	37.579.282	158.239.770	7.306.978	6.458.451	12.284.973	20.344	292.671.221
<i>Residents in Türkiye</i>	64.071.897	-	36.689.100	153.563.705	6.800.758	4.983.025	8.309.005	19.744	274.437.234
<i>Residents abroad</i>	6.709.526	-	890.182	4.676.065	506.220	1.475.426	3.975.968	600	18.233.987
Public sector deposits	5.162.007	-	5.159.673	4.843.268	535.623	53.068	15.044	-	15.768.683
Commercial inst. deposits	19.347.805	-	24.818.251	32.649.249	1.582.430	1.414.218	2.042.503	-	81.854.456
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	28.311.953	-	19.703.212	15.570.775	73.419	-	-	-	63.659.359
<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>	27.906.484	-	222.615	5.479.182	-	-	-	-	33.608.281
<i>Participation banks</i>	-	-	-	-	-	-	-	-	-
Total	168.135.064	-	100.264.789	291.658.709	28.042.157	13.280.111	24.371.270	152.371	625.904.471

(*) As of 31 December 2021, the Bank has a total deposit balance of TRY 13.050.234 without accrual regarding to FX indexed TRY deposit instruments announced by the CBRT and Ministry of Treasury and Finance.

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

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

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

b) Information on saving deposits in the scope of Saving Deposits Insurance Fund:

b.1. Amounts exceeding insurance limit:

b.1.1. Saving deposits under the guarantee of deposit insurance and exceeding the insurance limit:

Saving Deposits	Under the guarantee insurance		Exceeding the insurance limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	62.261.586	45.658.688	118.719.590	62.400.473
Foreign currency saving deposits	45.719.969	38.102.218	145.747.960	134.235.893
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	861.748	535.794	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

All deposit and participation funds have been covered by insurance except official institutions, credit institutions and financial institutions in accordance with the "Amendment of Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936. The balance of commercial deposits subject to insurance in this scope is TRY 20.449.646. This amount is not included in the above table that includes the insurance and exceeding the insurance limit information for saving deposits only.

b.1.2. Saving deposits at foreign branches are excluded from the scope of Saving Deposits Insurance Fund according to the related legislation, and are subject to insurance of foreign authorities in compliance with the foreign legislations.

c) Saving deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign branches' saving deposits and other accounts	487.340	395.337
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	4.491	3.899
Deposits and other accounts covered by assets generated through the offenses mentioned in Article 282 of the Turkish Penal Code No.5237 and dated 26.9.2004	-	-
Deposits in the banks to be engaged exclusively in offshore banking in Türkiye	-	-

(2) Information on derivative financial liabilities:

Negative differences table related to the derivative financial liabilities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward transactions	-	58.721	-	287.630
Swap transactions	-	1.723.872	357	2.154.315
Future transactions	-	-	-	-
Options	-	31.175	17.830	10.119
Other	-	-	-	-
Total	-	1.813.768	18.187	2.452.064

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

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

(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	247.298	1.578.946	498.522	1.781.127
Foreign banks, institutions and funds	374	11.602.644	-	11.265.691
Total	247.672	13.181.590	498.522	13.046.818

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	185.172	209.074	363.399	277.642
Medium and long-term	62.500	12.972.516	135.123	12.769.176
Total	247.672	13.181.590	498.522	13.046.818

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

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

Main liability of the Bank is deposits, which is composed of 20,01% of saving deposits and 33,32% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets.

The Bank's 78,99% of bank deposits and 42,86% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	3.383.319	-	4.694.698	-
Bonds	984.557	-	706.982	-
Assets Backed Securities	1.011.031	-	1.011.622	-
Total	5.378.907	-	6.413.302	-

(5) Information on other liabilities:

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

(31 December 2021: Other liabilities balance does not exceed 10% of the balance sheet total).

TÜRKİYE HALK BANKASI AŞ
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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

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

(6) Information on finance lease payables (Net):

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the related accounting standards.

- b) Explanation on finance lease payables:

None (31 December 2021: None).

- c) Explanations on operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	30.303	29.227	36.524	36.100
1 - 4 years	380.483	314.809	448.317	362.750
More than 4 years	1.256.664	717.273	838.939	467.733
Total	1.667.450	1.061.309	1.323.780	866.583

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

None (31 December 2021: None).

(8) Explanations on provisions:

- a) Provisions for the foreign currency losses on the principal amount of foreign currency indexed loans and finance lease receivables:

As of 30 September 2022 the Bank does not have a provision amount of the currency differences on foreign currency indexed loans and finance lease receivables (31 December 2021: None).

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

As of 30 September 2022, the Bank's specific provision for unindemnified non-cash loans balance is TRY 388.387 (31 December 2021: TRY 337.306).

- c) Information on other provisions:

Total other provision balance amounting to TRY 2.921.075 (31 December 2021: TRY 1.161.546) consists of TRY 388.387 (31 December 2021: TRY 337.306) for specific provisions of unindemnified and unfunded non-cash loans, TRY 2.185.422 (31 December 2021: 629.840) for stage 1 and stage 2 expected credit loss amount of non-cash loans, TRY 85.784 (31 December 2021: TRY 73.416) for legal cases filed against the Bank, and TRY 261.482 (31 December 2021: TRY 120.984) of other provisions.

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

(9) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 30 September 2022, the Bank's calculated current tax liability is amounting to TRY 4.848.604 and recognized under corporate tax provision account as of the mentioned date (31 December 2021: TRY 8.025 corporate tax asset)

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate tax payable	4.848.604	8.025
Income on securities tax	616.974	409.434
Property income tax	3.643	3.049
Banking and insurance transactions tax (BITT)	456.666	246.819
Foreign exchange transactions tax	16.137	52.359
Value added tax payable	-	-
Other	101.064	74.027
Total	6.043.088	793.713

a.3. Information on premiums:

	Current Period	Prior Period
Social insurance premiums-employee	10	13
Social insurance premiums-employer	11	15
Bank social aid pension fund premium-employee	45.452	22.968
Bank social aid pension fund premium-employer	70.708	37.885
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	3.248	1.653
Unemployment insurance-employer	6.461	3.273
Other	870	378
Total	126.760	66.185

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

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

b) Information on deferred tax liability:

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

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

None.

(11) Explanations on the number of subordinated loans the Bank used maturity, interest rate, institutions that the loan was borrowed from, and conversion option, if any (*):

Information on Subordinated Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital borrowings instruments	-	18.949.380	-	15.591.893
<i>Subordinated loans</i>	-	18.949.380	-	15.591.893
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.015.037	-	6.051.459	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.015.037	-	6.051.459	-
Total	6.015.037	18.949.380	6.051.459	15.591.893

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

(12) Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	4.969.121	2.473.776
Preferred stock	-	-

b) Application of registered capital system and registered capital ceiling amount:

There is an application of registered capital system and registered capital ceiling amount is TRY 10.000.000.

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

In accordance with the decision of the Board of Directors of the Bank dated 9 February 2022, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 13.400.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 17 February 2022. Accordingly, the recognition of the capital increase of TRY 2.495.345 on 9 March 2022 was realized on 14 March 2022, based on the permission obtained from the BRSA. The change made to the relevant Articles of Association was registered on 22 March 2022, and it was announced in the Trade Registry Gazette dated 23 March 2022 and numbered 10543. After the increase, TRY 2.495.345 of nominal and TRY 10.904.655 of share premium, amounting to a capital increase of TRY 13.400.000, were recognized in the financial statements. Mentioned capital increase was made by the Bank's main shareholder Türkiye Varlık Fonu.

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

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

d) Information on additions from capital reserves to capital in the current period:

None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments:

None.

f) Information on the Bank's acquired shares:

Between 1 January 2022 – 30 September 2022, the Bank has repurchased shares amounting to TRY 8.850 and has not resold shares within the scope of the Board of Directors' decision dated 17 March 2020.

g) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

The Bank has sustainable profitability and equity structure. There are no uncertainties that would impact the current position.

h) Information on preferred shares:

None.

i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	2.855.664	1.573.824	1.719.164	1.350.460
<i>Valuation differences</i>	2.855.664	1.573.824	1.719.164	1.350.460
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	6.986.782	(712.829)	(1.732.203)	(189.790)
<i>Valuation differences</i>	6.986.782	(751.634)	(1.732.203)	(53.336)
<i>Exchange rate difference</i>	-	38.805	-	(136.454)
Total	9.842.446	860.995	(13.039)	1.160.670

j) Information on Profit Distribution:

The Ordinary General Assembly Meeting of the Bank was held on March 25, 2022. At the General Assembly Meeting, it was decided to transfer the remaining amount of TRY 1.432.343 to extraordinary reserves, after allocating TRY 75.386 of the unconsolidated net profit amounting to TRY 1.507.729 from the activities of the year 2021 as general legal reserves.

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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:

Types of irrevocable commitments	Current Period	Prior Period
Commitments for credit card expenditure limits	26.904.647	17.272.727
Payment commitments for cheques	8.692.780	6.146.359
Loan granting commitments	12.626.248	6.237.140
Forward asset purchase and sale commitments	19.334.242	9.044.334
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	21.640	27.584
Tax and fund liabilities from export commitments	124.934	106.220
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	6.380.415	5.306.244
Total	74.084.906	44.140.608

b) Amount and nature of probable losses and commitments from the off-balance sheet items including the below mentioned:

b.1. Non-cash loans including bank bill guarantees and acceptances, guarantees substituting financial guarantees and other letters of credit:

	Current Period	Prior Period
Letters of credit	5.558.611	6.864.681
Bank acceptances	20.713.009	11.581.244
Other guarantees	15.199.346	9.543.534
Total	41.470.966	27.989.459

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

	Current Period	Prior Period
Letters of certain guarantees	37.607.105	26.134.531
Letters of advance guarantees	9.893.074	7.724.693
Letters of tentative guarantees	2.835.064	1.930.929
Letters of guarantee given to customs offices	5.479.266	3.716.631
Other letters of guarantee	185.810.520	123.444.557
Total	241.625.029	162.951.341

c) Information on non-cash loans:

c.1. Total non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	32.175.275	22.991.978
<i>Within one year or less original maturity</i>	3.293.358	2.037.876
<i>Within more than one year maturity</i>	28.881.917	20.954.102
Other non-cash loans	250.920.720	167.948.822
Total	283.095.995	190.940.800

2) Explanations related to credit derivatives and its risk exposures:

The Bank has credit termly derivative transactions as part of its trading transactions. These transactions include credit default swaps which based on treasury of Turkish Republic's credit risk. As of 30 September 2022, the Bank has credit default conditioned cross currency swap transaction amounting to USD 110 million with 5 year maturity (weighted average remaining maturity 0,9 year). In this transactions the Bank sells protection.

3) Information on contingent liabilities and assets:

Bank's commitments for the cheques given to customers are TRY 8.692.780 (31 December 2021: TRY 6.146.359).

4) Services provided on behalf of others:

None.

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IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans⁽¹⁾				
Short term loans	16.941.488	285.209	8.729.712	143.759
Medium and long term loans	34.309.142	7.062.921	24.613.420	4.225.681
Interest on non-performing loans	818.745	-	266.107	-
Premiums from resource utilization support fund	-	-	-	-
Total	52.069.375	7.348.130	33.609.239	4.369.440

⁽¹⁾ Includes fees and commissions obtained from cash loans.

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	319.750	12.330	853.168	-
Domestic banks	54.542	1.830	26.241	230
Foreign banks	25.582	30.463	10.777	6.059
Foreign headquarters and branches	-	-	-	-
Total	399.874	44.623	890.186	6.289

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	9.529	243	7.138	35
Financial Assets at Fair Value through Other Comprehensive Income	9.022.352	879.489	4.454.501	424.660
Financial Assets Measured at Amortized Cost	32.659.272	2.547.422	7.449.716	1.290.107
Total	41.691.153	3.427.154	11.911.355	1.714.802

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	308.826	151.506

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

(2) Information on interest expenses:

a) Information on interest expense on funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	46.679	159.217	39.546	81.827
<i>CBRT</i>	-	-	-	-
<i>Domestic banks</i>	46.679	28.188	39.546	19.559
<i>Overseas banks</i>	-	131.029	-	62.268
<i>Overseas head office and branches</i>	-	-	-	-
Other institutions	6	30.516	6	18.187
Total	46.685	189.733	39.552	100.014

⁽¹⁾ Includes fees and commissions obtained from cash loans.

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	74.470	57.110

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	1.651.653	941.977	1.506.478	554.361

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

(2) Information on interest expenses (continued):

d) Maturity structure of interest expenses on deposits:

Current Period	Time deposits							Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TRY									
Bank deposits	459	2.160.265	701.846	-	-	-	-	2.862.570	
Saving deposits	6	912.137	4.953.064	8.438.431	588.651	655.154	10.884	15.558.327	
Public deposits	7	2.939.484	632.878	76.774	25.736	1.789	-	3.676.668	
Commercial deposits	14	4.308.354	4.060.981	918.727	2.789.894	1.853.397	-	13.931.367	
Other deposits	1	752.587	2.138.523	322.293	410.375	72.240	-	3.696.019	
7 days call accounts	-	-	-	-	-	-	-	-	
Total	487	11.072.827	12.487.292	9.756.225	3.814.656	2.582.580	10.884	39.724.951	
Foreign currency									
Deposits	91	413.543	2.552.825	332.829	79.337	91.854	98	3.470.577	
Bank deposits	24	46.279	299.177	6	-	-	-	345.486	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	731	17.956	906	548	850	-	20.991	
Total	115	460.553	2.869.958	333.741	79.885	92.704	98	3.837.054	
Grand total	602	11.533.380	15.357.250	10.089.966	3.894.541	2.675.284	10.982	43.562.005	

Prior Period	Time deposits							Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TRY									
Bank deposits	230	1.961.970	591.917	13.217	-	-	-	2.567.334	
Saving deposits	21	1.471.559	9.101.119	1.011.646	467.809	354.711	9.385	12.416.250	
Public deposits	16	520.916	432.207	52.833	24.950	1.751	-	1.032.673	
Commercial deposits	20	4.389.322	5.146.481	237.131	136.939	856.422	-	10.766.315	
Other deposits	1	387.927	2.356.789	347.429	221.371	171.171	-	3.484.688	
7 days call accounts	-	-	-	-	-	-	-	-	
Total	288	8.731.694	17.628.513	1.662.256	851.069	1.384.055	9.385	30.267.260	
Foreign currency									
Deposits	117	208.639	1.456.593	76.025	33.277	68.664	58	1.843.373	
Bank deposits	-	12.909	122.184	117	-	-	-	135.210	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	440	11.337	640	249	549	-	13.215	
Total	117	221.988	1.590.114	76.782	33.526	69.213	58	1.991.798	
Grand total	405	8.953.682	19.218.627	1.739.038	884.595	1.453.268	9.443	32.259.058	

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

(3) Information on trading profit/loss:

	Current Period	Prior Period
Profit	117.932.718	74.221.450
<i>Profit from the capital market transactions</i>	86.839	34.313
<i>Profit on derivative financial transactions</i>	24.691.046	12.939.894
<i>Foreign exchange gains</i>	93.154.833	61.247.243
Loss (-)	122.126.991	79.020.587
<i>Loss from the capital market transactions</i>	21.504	1.466
<i>Loss from derivative financial transactions</i>	23.609.781	12.295.880
<i>Foreign exchange losses</i>	98.495.706	66.723.241

(4) Impairment losses on loans and other receivables:

	Current Period	Prior Period
Adjustments for prior period expenses	1.323.566	5.392.039
Income from the asset sale	639.839	158.773
Rent income	58.152	42.527
Other income	408.713	65.312
Total	2.430.270	5.658.651

(5) Information on Expected Credit Losses and other operating expenses:

	Current Period	Prior Period
Expected Credit Losses	24.538.261	1.691.687
<i>12 Month Expected Credit Loss (Stage 1)</i>	8.636.391	165.392
<i>Significant Increase in Credit Risk (Stage 2)</i>	10.650.772	144.559
<i>Non – Performing Loans (Stage 3)</i>	5.251.098	1.381.736
Marketable Securities Impairment Expense	165.683	-
<i>Financial Assets at Fair Value through Profit or Loss</i>	165.683	-
<i>Financial Assets at Fair Value through Other Comprehensive Income</i>	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
Other	71.396	-
Total	24.775.340	1.691.687

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

(6) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	332.283	154.075
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	375.942	331.201
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	118.604	110.965
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	15.519	12.735
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	3.592.977	1.806.940
<i>Leasing Expenses on TFRS 16 Exceptions</i>	<i>128.789</i>	<i>80.626</i>
<i>Maintenance expenses</i>	<i>61.707</i>	<i>37.777</i>
<i>Advertisement expenses</i>	<i>685.352</i>	<i>230.003</i>
<i>Other expenses</i>	<i>2.717.129</i>	<i>1.458.534</i>
Loss on sales of assets	2.690	1.982
Other	1.985.107	1.249.660
Total	6.423.122	3.667.558

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

The Bank's income before tax/loss is due from continuing activities. Net interest income is TRY 44.817.578 (30 September 2021: TRY 4.508.576 net interest income), net fees and commissions income is TRY 5.708.149 (30 September 2021: TRY 2.826.059) and the profit from operations before tax is TRY 12.386.131 (30 September 2021: TRY 19.405 loss from operations before tax).

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

For the period then ended 30 September 2022, the Bank's tax provision expense amounting to TRY 3.481.425 (30 September 2021: TRY 234.547 tax provision income) consists of TRY 10.442.718 (30 September 2021: TRY 14.116) of current tax charge and TRY 5.100.109 (30 September 2021: TRY 1.508.880) of deferred tax charge, TRY 12.061.402 (30 September 2021: TRY 1.757.543) of deferred tax income.

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

As of 30 September 2022, the Bank's net operating income after tax is amounting to TRY 8.904.706 (30 September 2021: TRY 215.142)

(10) Information on net profit/loss:

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

There is no issue to be disclosed.

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

There is no issue to be disclosed.

(11) Other items in the income statement:

The other items under Fees and Commissions Received and Fees and Commissions Paid generally consist of credit card and other banking transaction commissions.

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V. EXPLANATIONS RELATED TO THE RISK GROUP OF THE BANK

(1) Volume of the Bank's transactions with its risk group and outstanding loan and deposit balances as of the period-end, period income and expenses from the risk group:

a) Information on the Loans of the Bank's risk group:

Current Period							
Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group		
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash	
Loans							
Beginning Balance	2.916.786	244.149	-	-	-	-	
Closing Balance	5.754.578	223.334	-	-	-	-	
Interest and commissions	308.826	950	-	-	-	-	

Prior Period							
Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group		
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash	
Loans							
Beginning Balance	3.164.527	265.880	-	-	-	-	
Closing Balance	2.916.786	244.149	-	-	-	-	
Interest and commissions	151.506	1.113	-	-	-	-	

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

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	861.235	674.655	-	-	-	-
Closing Balance	1.579.283	861.235	-	-	-	-
Interest expense on deposits	74.470	57.110	-	-	-	-

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

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss						
Beginning Balance	28.466	-	-	-	-	-
Closing Balance	274.722	28.466	-	-	-	-
Total Profit/Loss	(5.695)	16	-	-	-	-

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

(2) Disclosures for risk group:

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

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

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

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

Current Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	5.754.578	0,78
Non-Cash Loans	223.334	0,08
Deposits	1.579.283	0,17
Forward and Option Contracts	274.722	0,09

Prior Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	2.916.786	0,54
Non-Cash Loans	244.149	0,13
Deposits	861.235	0,14
Forward and Option Contracts	28.466	0,01

Pricing of these transactions are in accordance with the general pricing policies of the Bank and are in line with market rates.

- c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements:

Explained in b).

- d) Transactions accounted under the equity method:
None.

(3) Benefits given to the key management personnel:

Benefits given to the key management personnel are TRY 13.609 as of 30 September 2022 (30 September 2021: TRY 10.100).

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

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

VI. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

None.

VII. OTHER EXPLANATIONS ON THE BANKS' ACTIVITY

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

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

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

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

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

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

District Court denied Bank's motion to dismiss the indictment on October 1, 2020. The Bank appealed the Second Circuit through the motion to dismiss the indictment based on the Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On December 23, 2020, the Second Circuit accepted to hear the appeal on the merits and granted Bank's motion to stay the case pending sovereign immunity appeal. Before the Second Circuit, the oral argument was presented on April 12, 2021. The Second Circuit denied the Bank's appeal on October 22, 2021. The Bank filed its petition with the Second Circuit for an en banc rehearing. Second Circuit denied Bank's petition on December 15, 2021.

As the Bank would file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the Second Circuit to stay the mandate so that the stay on the proceedings in the District Court continues. The petition was granted by the Second Circuit on January 14, 2022. The proceedings in the district court are stayed till the process is completed in the US Supreme Court.

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

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

VII. OTHER EXPLANATIONS ON THE BANKS' ACTIVITY (continued)

The Bank filed its FSIA petition for a writ of certiorari with the US Supreme Court on May 13, 2022. The Solicitor General under the U.S. Department of Justice filed their brief in opposition to the Bank's writ of certiorari on July 18, 2022, and the briefing was concluded on August 2, 2022.

The US Supreme Court reviewed the Bank's petition for a writ of certiorari on September 28, 2022 and announced its decision to grant review on October 3, 2022.

In the course of the next phase the US Supreme Court will review Halkbank's appeal on the merits. The decision to stay the proceedings since January 14, 2022 at the US District Court for the Southern District of New York will remain until the Supreme Court process is complete. If the US Supreme Court rules favorably on the merits, the case will be dismissed before the trial process. In the case of an adverse ruling, the case will be returned to the District Court and the District Court will need to create a new schedule for the trials.

In addition, a civil case was filed against the 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 (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 Second Circuit as to the District Court's Decision on June 30, 2021. The case is fully briefed, and the oral arguments were heard before the Second Circuit on October 13, 2022. The Second Circuit's decision is pending.

The proceedings of both the criminal case and civil case are closely monitored by the Bank through the U.S. law firms having expertise in their areas and representing the bank.

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

SECTION VI: LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

The Bank's publicly available unconsolidated financial statements and footnotes as of 30 September 2022 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 11 November 2022 is presented in front of the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

TÜRKİYE HALK BANKASI AŞ
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SECTION VII: INTERIM ACTIVITY REPORT

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

Chairman's Review

Dear Stakeholders,

As a result of the various developments we're currently undergoing, the global financial research institutions that announce their economic forecasts at the beginning of the year must frequently revise their year-end expectations. In a year of anticipation for post-pandemic economic developments in digitalization and the green economy, we are observing the formation of new regional alliances as production and logistics centers shift in response to the energy crisis triggered by the Russia-Ukraine war.

The USA's decreasing growth rate due to the tight monetary policy of the Fed and the continuation of the uncertainties in the inflation-ridden EU are leading to a potential recession in many developed countries. In addition to the fact that price increases are not yet under control in these countries, the impact of high inflation and energy market uncertainty have transcended energy-intensive industries and begun to be felt in service sectors and private consumption.

Despite the need for constant revisions in the year-end export targets of the private sector, which continues to break export records in various product groups, the fiscal balance in the Turkish economy continues to stand out from the rest. With a continued growth of no less than 5 percent and expanding employment opportunities, our country outperformed many other economies.

Considering that the external effects of regional uncertainties and global inflation have been largely eliminated, and improvements have been observed in the domestic consumer confidence indices, it is safe to say that Turkish economy will be in a general upward trend. We predict that businesses will further expand their operations and boost their production capacity with machinery and equipment investments, and the economy will continue to prosper with new initiatives.

Young people and women play a significant role in realizing our nation's entrepreneurial potential. And the banking sector bears the greatest responsibility for ensuring that their qualifications and skills yield successful results and make their brands stronger. With its continued financial support and strong standing in this regard, Halkbank is among the exemplary institutions in the sector. We are very pleased to be approachable and relatable for young people, who aim to use their know-how and interests to enhance our integration with the rest of the world.

In this regard, we should also highlight the valuable Productive Women Meetings we organize throughout the country. We believe that these events will have positive implications for the future, as they enable female entrepreneurs to tell the stories of their brands, their experiences, and more importantly, their demands from our bank. The number of female entrepreneurs approached 200,000 at the end of the third quarter of the year, and we want them to know that Halkbank will remain by their side to address the advanced needs of their businesses.

Dear Stakeholders,

It is our earnest desire to welcome people from all segments of society, from tradespeople and SMEs to retail and corporate customers, with a team of friendly, expert, and experienced employees. Our hardworking teammates in the seven regions of our country will continue to play a key role in the development of our bank in line with the feedback they receive from our customers. The satisfaction provided by our colleagues' outstanding efforts and friendly approach will remain our greatest strength in enhancing customer engagement in the banking sector, one of most competitive sectors in the world.

We are deeply grateful and honored to have our esteemed colleagues, stakeholders, and shareholders by our side as we head into the last quarter of the year.

Sincerely,

R. Süleyman Özdil

Chairman

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SECTION VII: INTERIM ACTIVITY REPORT (continued)

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

General Manager's Review

Dear Stakeholders,

Türkiye is reaping the fruits of a fiscal policy that stimulates the private sector and supports businesses in their new decisions. In the economies that have lost their growth momentum, the unemployment caused by recession is pushing the youth to the brink of despair and reducing the risk appetite of entrepreneurs, causing a shrinkage in all areas. However, with an upward growth trend, the Turkish economy provides significant advantages over many countries.

The drop in the youth unemployment rate (ages 15-24) indicates that businesses' need for young recruits persists and that future expectations are gradually improving. In addition to the high employment rate, indicators for investments, production, and exports are also positive, ushering in a period of financial balance for all segments of the business world, especially for tradespeople, artisans, and SMEs. These improvements were reflected on the employees' remuneration with the minimum wage regulation made in July, enabling increased welfare under the leadership of the public authority.

Taking firm steps toward becoming one of the top centers for global trade, Türkiye has become a safe harbor for many countries experiencing regional problems. With the new records achieved by our businesses in the exports of industrial products, the growth trend has been successfully maintained with a relatively busy tourism season. We believe that the economic vitality will be sustained in the last quarter of the year thanks to the continued and increased support provided to the real economy.

It is our greatest goal to set off in the new century of our Republic with a brand new ideal for Türkiye where Turkish businesses gain further competitive power and promising new enterprises burgeon across the country. We continue to create an environment for 2023 where the national economy develops, inflation regresses significantly, and investments persist at the current rate. The government's guiding steps in the upcoming period will rebrand the Century of Türkiye as a new approach in economic development on a global level.

Within the scope of these goals, in this period, our Bank carried out significant efforts to empower and encourage all entrepreneurs, especially women and young people. Productive Women Meetings continued in Diyarbakır, Kocaeli, Rize, Erzurum, Bolu and Van with an increased number of participants and endless energy. Through these events, we have achieved our goals of informing the entrepreneur candidates about our financial opportunities, hearing from active female entrepreneurs, and identifying their needs to help them develop their businesses. We also strengthened our collaboration with women's cooperatives, which engage large numbers of women and remain essential for regional development. The Productive Women Academy has now more than 130 videos to offer informative content for entrepreneurs.

With the Women Entrepreneurs Loan Package, our Bank has reached 147,000 women entrepreneurs all over Türkiye since the offering of the loan. Adding up to 19,1 billion Turkish lira, the total loan volume is a solid indicator of our country's strong economy.

We have completed the initial preparations for the second Productive Women Competition, which we launched last year to support female entrepreneurs and contribute to the development of women's cooperatives. The competition was announced in October with an award ceremony planned for March 8, 2023, International Women's Day. Our Bank will hand out cash and in-kind prizes in the "Zero Waste" category as well as "Micro Producer," "SME Producer" and "Women's Cooperatives" categories.

With the innovative products we have prepared for young people to ensure that they have a strong presence in business life, we appeal to entrepreneurs who are university graduates, lack professional work experience in their respective fields, and want to start or have already started their own businesses in their fields. We continue to stand by our entrepreneurs with our "Genç (Young)," "Cesur (Brave)," "Usta (Master)," "Tekno (Techno)," "Halk (People)," and "Esnaf Girişimci (Tradespeople Entrepreneur)" loans. With this wide range of products, our Bank has enabled 64,000 entrepreneurs to benefit from a support of 12.3 billion Turkish lira.

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TÜRKİYE HALK BANKASI AŞ
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SECTION VII: INTERIM ACTIVITY REPORT (continued)

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

General Manager's Review (continued)

In line with our traditional mission, we continue to bolster our support for tradespeople and artisans, who are among the pillars of our economy. As Halkbank, we are one of the organizations who best know the needs of the two million tradespeople and artisans working in Türkiye. We continue to produce solutions for these needs in line with the approval of our President. Accordingly, we will provide our tradespeople with the opportunity to benefit from a new loan package worth 100 billion Turkish lira. The loans we will extend with a maturity of 60 months at an interest rate of 7.5 percent will benefit our country's economy.

Prioritizing the adaptation of our tradespeople to digital developments and next-generation practices, our Bank supports the "Tradespeople and Artisans Go Digital" training project carried out with the collaboration of the Istanbul Chamber of Advertising Tradespeople and the Istanbul Union of Chambers of Tradespeople and Craftspeople. As part of this project, our tradespeople receive training on different subjects such as public relations, marketing, and digitalization, enabling them to take stronger steps towards branding.

Our bank established a Metaverse Department to better utilize its digital knowledge in banking operations. We also launched a Metaverse Branch and activity center. In the metaverse, we assigned three robot avatars to respond to client requests. In this initial version of the metaverse, users will be able to inquire about banking transactions from our specially designed robot avatar personnel. We will also soon launch other tailored applications. We will maintain our efforts to accelerate our bank's adaptation to new technologies and to make our presence in the metaverse permanent.

In the first nine months of 2022, the number of tradesmen using loans has increased by 42 percent year-on-year, and the amount of provided loans has risen by 128 percent. Having extended 33.2 billion Turkish lira in loans to tradespeople at the end of the last year, our Bank's support reached 46.2 billion Turkish lira at the end of the third quarter of 2022. The tradespeople loan balance of our Bank, which reached 79.9 billion Turkish lira at the end of last year, increased to 97.5 billion Turkish lira in the first nine months of the year. Excluding retail loans, the share of SME loans in cash loans stood at 51 percent, as Halkbank continued to be Türkiye's leading bank in SME loans.

Having achieved a major milestone in the second quarter of the year by increasing its asset size to over 1 trillion Turkish lira, our Bank has further grown its asset size to 1 trillion 222 billion Turkish lira at the end of the third quarter with a year-on-year increase of 68.7 percent. Over the same period, our total deposits reached 905.7 billion Turkish lira with a 69.4-percent increase, and our total loans hit 1 trillion 25 billion Turkish lira with a 70-percent increase.

We are aware that this financial success comes with great responsibility. Therefore, we continue to work for a greener, cleaner, and healthier world. We assume a pioneering role in the Turkish banking sector and remain determined to introduce exemplary practices. Our Bank has committed to harmonizing all its operations with net-zero emission targets by 2050 in line with the Paris Climate Agreement and has joined the Net-Zero Banking Alliance convened by the United Nations Environment Programme Finance Initiative. As a step forward in the same direction, Halkbank became the first Turkish bank to commit to becoming "Net Zero" both in its direct operations and for its portfolio emissions as part of the Science Based Targets Initiative, which was launched in partnership with the United Nations Global Compact for companies to declare their science-based carbon emission reduction targets. Therefore, Halkbank has reaffirmed its dedication to adopt scientific methods in the fight against global climate change.

In the third quarter, we once again showed that we do our job with love and consider the future of our country in every step we take. Our esteemed investors, we appreciate your support in making us one of the most valuable institutions in our country, and as the Halkbank family, we are grateful for your cooperation and trust in our Bank.

Sincerely,

Osman ARSLAN
General Manager

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TÜRKİYE HALK BANKASI AŞ
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SECTION VII: INTERIM ACTIVITY REPORT (continued)

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

Major Financial Information

Summary Balance Sheet (TRY Million)	September 2022	December 2021	Change (%)
Total Assets	1.221.622	901.217	35,6
Loans	742.360	539.588	37,6
<i>TRY</i>	570.069	390.846	45,9
<i>FC</i>	172.291	148.742	15,8
Marketable Securities	335.373	223.301	50,2
Deposit	905.706	625.904	44,7
<i>TRY</i>	478.593	259.839	84,2
<i>FC</i>	427.113	366.065	16,7
Total Equity	75.122	43.500	72,7

Summary Statement of Profit or Loss (TRY Million)	September 2022	September 2021	Change (%)
Interest Income	105.237	52.616	100,0
<i>On Loan</i>	59.418	37.979	56,4
<i>On Securities</i>	45.118	13.626	231,1
Interest Expense	60.420	48.108	25,6
<i>On Deposit</i>	43.562	32.259	35,0
Net Interest Income	44.818	4.509	894,1
Net Fee and Commission	5.708	2.826	102,0
Net Profit	8.905	215	4.039,0

Ratio (%)	September 2022	December 2021
Cash Loans/Total Asset	60,8	59,9
Non-Performing Loans/Total Cash Loans (Gross)	2,6	3,0
Demand Deposit/Total Deposit	27,7	26,9
Loan/Deposit Ratio	82,0	86,2
Average Return on Asset (ROA)	1,12	0,19
Average Return on Equity (ROE)	20,07	3,49
Capital Adequacy Ratio	14,31	14,47

TÜRKİYE HALK BANKASI AŞ
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SECTION VII: INTERIM ACTIVITY REPORT (continued)

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

2022 Third Quarter Interim Developments

Significant Developments

- Our Bank has issued bonds with a par value of 3,644,150,000 Turkish lira to the qualified investors throughout this period.
- Our Bank has repurchased shares amounting to TRY 8,850,000 within the scope of the Board of Directors' decision dated March 17, 2020 during this period.

New Products and Campaigns

- Through Credit Guarantee Fund ("KGF") surety, "Investment Support Loan for Young Entrepreneurs (KGF)" is established to support the renovation and employment creation capacities and the production potential of young manufacturer entrepreneurs who will make change by creating a leading effect in today's market conditions marked by innovation and competition.
- "KGF Guaranteed Construction Services Financing Support Package" was established with a purpose of providing financing to housing projects of companies that operate in the construction industry. The houses have reached a certain level of completion and they are at sales level. Urban Transformation Loan is created to satisfy the financing needs of those who will transform their Risky Building either through having their current house/place of business demolished and having a new one constructed or through reinforcement of the existing building.
- The Protocol on "Urgent Support Loan for Bartın, Duzce, Karabuk, Kastamonu, Sinop and Zonguldak Provinces" was signed by the Bank, Small and Medium Enterprises Development Organization (KOSGEB), and Kredi Garanti Fonu A.Ş.(Credit Guarantee Fund, Inc.) in order to satisfy the financing needs at reasonable conditions for enterprises that are affected by flood and landslide disaster in the Western Black Sea Region.

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