

**TÜRKİYE HALK BANKASI  
ANONİM ŞİRKETİ**

**Unconsolidated Financial Statements  
As of 30 June 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 June 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 six-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 28.905.364 thousand as at 30 June 2022. If such classification were not made, total assets and shareholders’ equity, excluding tax effect, would have been lower by TRY 5.927.621 thousand as at 30 June 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 June 2022, and of the results of its operations and its cash flows for the six-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 appeal 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, 12 August 2022

**TÜRKİYE HALK BANKASI AŞ**  
**THE UNCONSOLIDATED FINANCIAL REPORT**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 six-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 six-month period ended 30 June 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, 12 August 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 : Arman Acar / Manager  
Tel : 0216 503 57 19  
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 JUNE 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 June 2022 the shareholders’ structure and their respective ownerships are summarized as follows:

<b>Shareholders</b>	<b>30 June 2022</b>	<b>%</b>	<b>31 December 2021</b>	<b>%</b>
Türkiye Varlık Fonu <sup>(1)</sup>	4.357.946	87,70	1.862.602	75,29
Public shares <sup>(1)</sup>	611.094	12,30	611.094	24,70
Other shareholders <sup>(2)</sup>	81	0,00	80	0,01
<b>Total</b>	<b>4.969.121</b>	<b>100,00</b>	<b>2.473.776</b>	<b>100,00</b>

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

<sup>(2)</sup> TRY 81 of the shares included in the “Other Shareholders” group belong to shareholders whose shares do not trade on the exchange.

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



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

<b>Name</b>	<b>Title</b>
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
Olca ATLIOĞLU	Executive Vice President, Information Technologies
İlhan BÖLÜKBAŞ	Executive Vice President, Loan Allocation and Management
Celal CANDAN	Executive Vice President, Credit Risk Monitoring and Legal Proceedings
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

<b>Title</b>	<b>Name and Surname</b>	<b>Beginning Date</b>
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.

<b>Title</b>	<b>Name and Surname</b>	<b>Leaving Date</b>
Vice Chairman of the Board of Directors	Himmat KARADAĞ	25 March 2022

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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 JUNE 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 June 2022, the Bank operates with a total of 1034 branches consisting of 1028 domestic and 6 foreign branches that are 5 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 38 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 Karlı 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 Karlı 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 JUNE 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 JUNE 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		
		TRY	FC	TOTAL	TRY	FC	TOTAL
		30 June 2022			31 December 2021		
<b>I. FINANCIAL ASSETS (NET)</b>		<b>99.850.338</b>	<b>143.796.880</b>	<b>243.647.218</b>	<b>87.048.030</b>	<b>139.311.735</b>	<b>226.359.765</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>22.707.629</b>	<b>108.465.326</b>	<b>131.172.955</b>	<b>19.823.744</b>	<b>107.100.482</b>	<b>126.924.226</b>
1.1.1 Cash and Balances with Central Bank	(1)	22.124.064	99.938.779	122.062.843	19.513.681	103.910.654	123.424.335
1.1.2 Banks	(3)	620.743	8.526.547	9.147.290	344.437	3.189.828	3.534.265
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Loss Provision (-)		37.178	-	37.178	34.374	-	34.374
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	(2)	<b>25.107.059</b>	<b>752</b>	<b>25.107.811</b>	<b>25.137.951</b>	<b>725</b>	<b>25.138.676</b>
1.2.1 Government Debt Securities		24.871.748	752	24.872.500	24.869.639	725	24.870.364
1.2.2 Equity Instruments		145.601	-	145.601	145.601	-	145.601
1.2.3 Other Financial Assets		89.710	-	89.710	122.711	-	122.711
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(4)	<b>52.035.650</b>	<b>32.913.897</b>	<b>84.949.547</b>	<b>39.347.469</b>	<b>25.960.864</b>	<b>65.308.333</b>
1.3.1 Government Debt Securities		51.213.838	32.534.831	83.748.669	38.593.800	25.623.561	64.217.361
1.3.2 Equity Instruments		295.756	379.066	674.822	228.886	337.303	566.189
1.3.3 Other Financial Assets		526.056	-	526.056	524.783	-	524.783
<b>1.4 Derivative Financial Assets</b>	(2)(11)	<b>-</b>	<b>2.416.905</b>	<b>2.416.905</b>	<b>2.738.866</b>	<b>6.249.664</b>	<b>8.988.530</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		-	2.416.905	2.416.905	2.738.866	6.249.664	8.988.530
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST(Net)</b>		<b>583.566.280</b>	<b>229.094.227</b>	<b>812.660.507</b>	<b>446.255.471</b>	<b>203.806.331</b>	<b>650.061.802</b>
<b>2.1 Loans</b>	(5)	<b>497.127.088</b>	<b>164.071.280</b>	<b>661.198.368</b>	<b>390.846.238</b>	<b>148.741.790</b>	<b>539.588.028</b>
<b>2.2 Lease Receivables</b>	(10)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	(6)	<b>116.908.871</b>	<b>65.022.947</b>	<b>181.931.818</b>	<b>77.789.153</b>	<b>55.064.541</b>	<b>132.853.694</b>
2.4.1 Government Debt Securities		116.803.875	65.022.947	181.826.822	77.738.630	55.064.541	132.803.171
2.4.2 Other Financial Assets		104.996	-	104.996	50.523	-	50.523
<b>2.5 Expected Credit Loss (-)</b>		<b>30.469.679</b>	<b>-</b>	<b>30.469.679</b>	<b>22.379.920</b>	<b>-</b>	<b>22.379.920</b>
<b>III. DISCONTINUED OPERATIONS (NET)</b>	(14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale		-	-	-	-	-	-
3.2 Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>4.238.714</b>	<b>6.528.558</b>	<b>10.767.272</b>	<b>3.158.133</b>	<b>5.804.528</b>	<b>8.962.661</b>
<b>4.1 Investments in Associates (Net)</b>	(7)	<b>152.016</b>	<b>1.375.258</b>	<b>1.527.274</b>	<b>78.073</b>	<b>1.218.924</b>	<b>1.296.997</b>
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		152.016	1.375.258	1.527.274	78.073	1.218.924	1.296.997
<b>4.2 Subsidiaries (Net)</b>	(8)	<b>4.086.698</b>	<b>5.153.300</b>	<b>9.239.998</b>	<b>3.080.060</b>	<b>4.585.604</b>	<b>7.665.664</b>
4.2.1 Unconsolidated Financial Subsidiaries		4.081.103	5.153.300	9.234.403	3.080.060	4.585.604	7.665.664
4.2.2 Unconsolidated Non- Financial Subsidiaries		5.595	-	5.595	-	-	-
<b>4.3 Joint Ventures (Net)</b>	(9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>		<b>7.977.975</b>	<b>535</b>	<b>7.978.510</b>	<b>8.317.159</b>	<b>378</b>	<b>8.317.537</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>499.383</b>	<b>-</b>	<b>499.383</b>	<b>513.936</b>	<b>-</b>	<b>513.936</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		499.383	-	499.383	513.936	-	513.936
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(12)	<b>359.791</b>	<b>-</b>	<b>359.791</b>	<b>359.752</b>	<b>-</b>	<b>359.752</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>	(13)	<b>2.653.035</b>	<b>-</b>	<b>2.653.035</b>	<b>157.394</b>	<b>-</b>	<b>157.394</b>
<b>X. OTHER ASSETS (Net)</b>	(15)	<b>10.383.719</b>	<b>957.245</b>	<b>11.340.964</b>	<b>6.268.677</b>	<b>215.069</b>	<b>6.483.746</b>
<b>TOTAL ASSETS</b>		<b>709.529.235</b>	<b>380.377.445</b>	<b>1.089.906.680</b>	<b>552.078.552</b>	<b>349.138.041</b>	<b>901.216.593</b>

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



**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF**  
**30 JUNE 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		
		TRY	FC	TOTAL	TRY	FC	TOTAL
							31 December 2021
<b>OFF-BALANCE SHEET</b>							
<b>A. COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>239.325.116</b>	<b>355.238.509</b>	<b>594.563.625</b>	<b>177.195.784</b>	<b>263.127.030</b>	<b>440.322.814</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(1)	<b>131.315.211</b>	<b>124.038.583</b>	<b>255.353.794</b>	<b>82.028.060</b>	<b>108.912.740</b>	<b>190.940.800</b>
1.1 Letters of guarantee		110.228.155	102.935.323	213.163.478	71.425.233	91.526.108	162.951.341
1.1.1 Guarantees subject to public procurement law		4.873.956	11.631.908	16.505.864	4.022.784	9.819.863	13.842.647
1.1.2 Guarantees given for foreign trade operations		260.043	22.500.759	22.760.802	188.413	18.874.330	19.062.743
1.1.3 Other letters of guarantee		105.094.156	68.802.656	173.896.812	67.214.036	62.831.915	130.045.951
1.2 Bank loans		6.896.542	13.318.182	20.214.724	1.079.481	10.501.763	11.581.244
1.2.1 Import acceptances		-	487.584	487.584	-	272.303	272.303
1.2.2 Other bank acceptances		6.896.542	12.830.598	19.727.140	1.079.481	10.229.460	11.308.941
1.3 Letters of credit		15.888	7.753.372	7.769.260	22.275	6.842.406	6.864.681
1.3.1 Documentary letters of credit		15.888	7.753.372	7.769.260	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		14.174.626	31.706	14.206.332	9.501.071	42.463	9.543.534
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>49.912.180</b>	<b>10.914.299</b>	<b>60.826.479</b>	<b>38.457.173</b>	<b>10.799.643</b>	<b>49.256.816</b>
2.1 Irrevocable commitments	(1)	47.254.830	6.050.640	53.305.470	37.152.475	6.988.133	44.140.608
2.1.1 Forward asset purchase commitments		1.116.970	4.752.480	5.869.450	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		8.762.552	1.298.160	10.060.712	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)	8.537.002	-	8.537.002	6.146.359	-	6.146.359
2.1.8 Tax and fund liabilities from export commitments		101.909	-	101.909	106.220	-	106.220
2.1.9 Commitments for credit card expenditure limits		22.697.983	-	22.697.983	17.272.727	-	17.272.727
2.1.10 Commitments for credit cards and banking services promotions		23.342	-	23.342	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		6.015.072	-	6.015.072	5.306.244	-	5.306.244
2.2 Revocable commitments		2.657.350	4.863.659	7.521.009	1.304.698	3.811.510	5.116.208
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		2.657.350	4.863.659	7.521.009	1.304.698	3.811.510	5.116.208
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>58.097.725</b>	<b>220.285.627</b>	<b>278.383.352</b>	<b>56.710.551</b>	<b>143.414.647</b>	<b>200.125.198</b>
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value risk hedging transactions		-	-	-	-	-	-
3.1.2 Cash flow risk hedging transactions		-	-	-	-	-	-
3.1.3 Net foreign investment risk hedging transactions		-	-	-	-	-	-
3.2 Transactions for trading		58.097.725	220.285.627	278.383.352	56.710.551	143.414.647	200.125.198
3.2.1 Forward foreign currency buy/sell transactions		1.065.373	15.224.154	16.289.527	1.524.482	14.931.282	16.455.764
3.2.1.1 Forward foreign currency transactions-buy		901.730	10.802.765	11.704.495	770.538	9.871.952	10.642.490
3.2.1.2 Forward foreign currency transactions-sell		163.643	4.421.389	4.585.032	753.944	5.059.330	5.813.274
3.2.2 Currency and interest rate swaps		48.792.723	163.403.951	212.196.674	54.300.111	93.946.423	148.246.534
3.2.2.1 Currency swap-buy		-	66.372.163	66.372.163	-	44.940.478	44.940.478
3.2.2.2 Currency swap-sell		48.472.723	44.453.633	92.926.356	53.790.111	5.539.715	59.329.826
3.2.2.3 Interest rate swap-buy		160.000	26.289.078	26.449.078	255.000	21.733.115	21.988.115
3.2.2.4 Interest rate swap-sell		160.000	26.289.077	26.449.077	255.000	21.733.115	21.988.115
3.2.3 Currency, interest rate and marketable securities options		7.514.930	8.765.130	16.280.060	885.958	3.591.388	4.477.346
3.2.3.1 Currency call options		3.759.261	4.380.757	8.140.018	442.917	1.795.760	2.238.677
3.2.3.2 Currency put options		3.755.669	4.384.373	8.140.042	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		724.699	581.000	1.305.699	-	-	-
3.2.4.1 Currency futures-buy		-	581.000	581.000	-	-	-
3.2.4.2 Currency futures-sell		724.699	-	724.699	-	-	-
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		-	32.311.392	32.311.392	-	30.945.554	30.945.554
<b>B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)</b>		<b>2.349.803.382</b>	<b>1.046.007.301</b>	<b>3.395.810.683</b>	<b>1.734.577.963</b>	<b>846.016.382</b>	<b>2.580.594.345</b>
<b>IV. CUSTODIES</b>		<b>923.516.405</b>	<b>126.950.615</b>	<b>1.050.467.020</b>	<b>709.088.827</b>	<b>95.722.399</b>	<b>804.811.226</b>
4.1 Assets under management		-	-	-	-	-	-
4.2 Custody marketable securities		149.893.719	8.616.110	158.509.829	134.858.276	5.684.265	140.542.541
4.3 Cheques in collection process		50.291.190	79.780.853	130.072.043	34.365.778	63.365.000	97.730.778
4.4 Commercial notes in collection process		675.192.363	22.306.071	697.498.434	494.216.428	19.065.722	513.282.150
4.5 Other assets in collection process		-	-	-	-	-	-
4.6 Underwritten securities		-	-	-	-	-	-
4.7 Other custodies		1.029.370	1.997.520	3.026.890	870.946	1.702.098	2.573.044
4.8 Custodians		47.109.763	14.250.061	61.359.824	44.777.399	5.905.314	50.682.713
<b>V. PLEDGED ASSETS</b>		<b>1.426.286.977</b>	<b>919.056.686</b>	<b>2.345.343.663</b>	<b>1.025.489.136</b>	<b>750.293.983</b>	<b>1.775.783.119</b>
5.1 Marketable securities		9.744.472	1.863.994	11.608.466	8.458.409	2.277.338	10.735.747
5.2 Collateral notes		25.183.111	3.425.530	28.608.641	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		1.053.722.481	665.163.906	1.718.886.387	778.975.982	570.877.545	1.349.853.527
5.6 Other pledged assets		226.394.306	165.966.581	392.360.887	171.863.800	112.178.608	284.042.408
5.7 Pledges		111.216.794	82.636.675	193.853.469	50.512.457	61.945.945	112.458.402
<b>VI. ACCEPTED BILL GUARANTEES AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)</b>		<b>2.589.128.498</b>	<b>1.401.245.810</b>	<b>3.990.374.308</b>	<b>1.911.773.747</b>	<b>1.109.143.412</b>	<b>3.020.917.159</b>

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

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

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

**III. STATEMENT OF PROFIT OR LOSS**

INCOME AND EXPENSES	Note	Reviewed	Reviewed	Reviewed	Reviewed
		Current Period	Prior Period	Current Period	Prior Period
		1 January -30 June 2022	1 January -30 June 2021	1 April -30 June 2022	1 April -30 June 2021
<b>I. INTEREST INCOME</b>	(1)	<b>58,041.115</b>	<b>32,546.857</b>	<b>31,619.125</b>	<b>17,481.984</b>
1.1 Interest on Loans		36.286.294	23.762.836	19.409.883	12.477.839
1.2 Interest on Reserve Requirements		1.398	1.456	737	785
1.3 Interest on Banks		376.938	530.475	102.274	328.262
1.4 Interest on Money Market Transactions		-	-	-	-
1.5 Interest on Marketable Securities Portfolio		21.151.625	8.184.248	11.966.002	4.635.947
1.5.1 Fair Value Through Profit or Loss		6.651	4.214	2.710	2.791
1.5.2 Fair Value Through Other Comprehensive Income		5.262.309	2.969.967	2.874.735	1.660.345
1.5.3 Measured at Amortized Cost		15.882.665	5.210.067	9.088.557	2.972.811
1.6 Financial Lease Interest Income		-	-	-	-
1.7 Other Interest Income		224.860	67.842	140.229	39.151
<b>II. INTEREST EXPENSE (-)</b>	(2)	<b>36,586.193</b>	<b>32,187.128</b>	<b>19,231.037</b>	<b>16,914.968</b>
2.1 Interest on Deposits		25.612.023	21.190.492	13.560.068	11.123.228
2.2 Interest on Funds Borrowed		147.555	93.582	79.238	48.108
2.3 Interest Expense on Money Market Transactions		8.680.616	9.184.425	4.546.863	4.858.224
2.4 Interest on Securities Issued		1.793.226	1.412.997	890.873	743.981
2.5 Interest on Leases		68.302	50.404	34.764	27.682
2.6 Other Interest Expenses		284.471	255.228	119.231	113.745
<b>III. NET INTEREST INCOME (I - II)</b>		<b>21,454.922</b>	<b>359.729</b>	<b>12,388.088</b>	<b>567.016</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>3,276.504</b>	<b>1,693.636</b>	<b>1,842.977</b>	<b>969.518</b>
4.1 Fees and Commissions Received		4.583.841	2.351.809	2.591.111	1.309.710
4.1.1 Non – cash Loans		1.013.934	541.637	544.781	282.011
4.1.2 Other	(11)	3.569.907	1.810.172	2.046.330	1.027.699
4.2 Fees and Commissions Paid (-)		1.307.337	658.173	748.134	340.192
4.2.1 Non – cash Loans		61	93	-	71
4.2.2 Other	(11)	1.307.276	658.080	748.134	340.121
<b>V. DIVIDEND INCOME</b>		<b>380.564</b>	<b>148.886</b>	<b>380.564</b>	<b>9.833</b>
<b>VI. TRADING INCOME / LOSS (Net)</b>	(3)	<b>(2,558.682)</b>	<b>(2,191.227)</b>	<b>(1,543.182)</b>	<b>(1,657.569)</b>
6.1 Trading Gains / (Losses) on Securities		29.203	25.482	21.262	2.494
6.2 Gains / (Losses) on Derivate Financial Transactions		2.541.193	2.355.695	1.626.808	710.083
6.3 Foreign Exchange Gains / (Losses)		(5.129.078)	(4.572.404)	(3.191.252)	(2.370.146)
<b>VII. OTHER OPERATING INCOME</b>	(4)	<b>1,580.402</b>	<b>5,131.510</b>	<b>1,015.120</b>	<b>1,770.324</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>24,133.710</b>	<b>5,142.534</b>	<b>14,083.567</b>	<b>1,659.122</b>
<b>IX. EXPECTED LOSS PROVISIONS (-)</b>	(5)	<b>10,229.372</b>	<b>986.281</b>	<b>7,474.685</b>	<b>(259.554)</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	(5)	<b>306.952</b>	<b>-</b>	<b>12.121</b>	<b>-</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>3,136.107</b>	<b>1,879.683</b>	<b>1,703.118</b>	<b>832.201</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	(6)	<b>3,829.993</b>	<b>2,405.758</b>	<b>2,077.441</b>	<b>1,253.780</b>
<b>XIII. NET OPERATING INCOME /LOSS (IX-X-XI)</b>		<b>6,631.286</b>	<b>(129.188)</b>	<b>2,816.202</b>	<b>(167.305)</b>
<b>XIV. INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV. INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI. CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. INCOME / (LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVIII. PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)</b>	(7)	<b>6,631.286</b>	<b>(129.188)</b>	<b>2,816.202</b>	<b>(167.305)</b>
18.1 Current Tax Provision	(8)	(2,030.997)	252.165	(241.134)	231.247
18.2 Deferred Tax Income Effect (+)		6.189.309	9.158	220.362	5.425
18.3 Deferred Tax Expense Effect (-)		4.853.103	1.521.634	934.580	245.588
<b>XIX. CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	(9)	<b>4,600.289</b>	<b>122.977</b>	<b>2,575.068</b>	<b>63.942</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
20.1 Income from Non-Current Assets Held for Sale		-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
<b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1 Expenses for Non-current Assets Held for Sale		-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3 Expenses for Other Discontinued Operations		-	-	-	-
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (IXX-XX)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23.1 Current Tax Provision		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
<b>XXIV. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX±XXII)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXV. NET PROFIT/(LOSS) (XVIII+XXIII)</b>	(10)	<b>4,600.289</b>	<b>122.977</b>	<b>2,575.068</b>	<b>63.942</b>
25.1 Profit / (Loss) of Group		4.600.289	122.977	2.575.068	63.942
25.2 Profit / (Loss) of Minority Shares (-)		-	-	-	-
Profit / (Loss) Per Share (full TRY)		1,15686956	0,04971226	0,51821399	0,02584826

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 JUNE 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 June 2022	1 January -30 June 2021
<b>I.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>4.600.289</b>	<b>122.977</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>5.727.861</b>	<b>(1.071.415)</b>
<b>2.1</b>	<b>Not Reclassified Through Profit or Loss</b>	<b>332.430</b>	<b>(431.670)</b>
2.1.1	Property and Equipment Revaluation Increase/Decrease	(164.408)	(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	500.941	(421.906)
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(4.103)	1.085
<b>2.2</b>	<b>Reclassified Through Profit or Loss</b>	<b>5.395.431</b>	<b>(639.745)</b>
2.2.1	Foreign Currency Translation Differences	166.924	1.422
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	6.887.075	(800.615)
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	(1.658.568)	159.448
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>10.328.150</b>	<b>(948.438)</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2022**  
*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*  
**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Reviewed (1 January -30 June 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)	-	(421.906)	1.422	(641.167)	-	-	-	122.977	(948.438)	-	(948.438)		
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	-	-	-	94.466	-	-	-	-	-	-	-	2.600.045	(2.600.045)	94.466	-	94.466		
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Period End Balance (III+IV+.....+X+XI)</b>	<b>2.473.776</b>	<b>5.776.224</b>	<b>-</b>	<b>1.228.303</b>	<b>1.565.611</b>	<b>(139.086)</b>	<b>3.974.545</b>	<b>(648)</b>	<b>(947.148)</b>	<b>-</b>	<b>28.021.978</b>	<b>-</b>	<b>122.977</b>	<b>42.076.532</b>	<b>-</b>	<b>42.076.532</b>		
(1 January -30 June 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	-	-	-	-	(197.995)	29.484	500.941	166.924	5.228.507	-	-	-	4.600.289	10.328.150	-	10.328.150		
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	-	-	-	(103.007)	-	-	-	-	-	-	-	1.507.729	(1.507.729)	(103.007)	-	(103.007)		
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Period End Balance (III+IV+.....+X+XI)</b>	<b>4.969.121</b>	<b>16.680.879</b>	<b>-</b>	<b>1.378.512</b>	<b>1.750.959</b>	<b>(442.262)</b>	<b>5.184.855</b>	<b>30.470</b>	<b>3.442.968</b>	<b>-</b>	<b>29.529.707</b>	<b>-</b>	<b>4.600.289</b>	<b>67.125.498</b>	<b>-</b>	<b>67.125.498</b>		

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED**  
**30 JUNE 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 June	1 January -30 June
		2022	2021
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>7.356.380</b>	<b>(7.469.981)</b>
1.1.1 Interest received		49.371.411	28.924.394
1.1.2 Interest paid		(31.622.789)	(30.524.232)
1.1.3 Dividend received		380.564	148.886
1.1.4 Fees and commissions received		5.166.380	1.878.976
1.1.5 Other income		741.792	2.489.645
1.1.6 Collections from previously written off loans		1.816.754	964.044
1.1.7 Cash payments to personnel and service suppliers		(3.173.055)	(1.906.907)
1.1.8 Taxes paid		(5.871.397)	(232.125)
1.1.9 Other		(9.453.280)	(9.212.662)
<b>1.2 Changes in Assets and Liabilities Subject to Banking Operations</b>		<b>13.094.865</b>	<b>8.026.264</b>
1.2.1 Net Increase / decrease in financial assets at fair value through profit or loss		28.199	(40.661)
1.2.2 Net (increase) / decrease in due from banks		-	-
1.2.3 Net (increase) / decrease in loans		(108.416.290)	(16.050.289)
1.2.4 Net (increase) / decrease in other assets		(7.367.688)	(10.509.897)
1.2.5 Net increase / (decrease) in bank deposits		20.433.314	2.134.822
1.2.6 Net increase / (decrease) in other deposits		61.666.441	46.595.481
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		(628.593)	(485.092)
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		47.379.482	(13.618.100)
<b>I. Net cash provided from banking operations</b>		<b>20.451.245</b>	<b>556.283</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II. Net cash provided from/ (used in) investing activities</b>		<b>(38.483.311)</b>	<b>(3.562.447)</b>
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		(796.547)	(555.961)
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(625.222)	(158.648)
2.4 Fixed assets sales		1.913.624	1.029.516
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(13.871.155)	(2.387.005)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		3.396.151	3.444.831
2.7 Cash paid for purchase of investment securities		(33.647.224)	(10.277.905)
2.8 Cash obtained from sale of investment securities		5.210.664	5.367.106
2.9 Other		(63.602)	(24.381)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>11.365.880</b>	<b>(3.782.880)</b>
3.1 Cash obtained from loans borrowed and securities issued		16.051.830	10.192.650
3.2 Cash used for repayment of loans borrowed and securities issued		(17.919.230)	(13.837.057)
3.3 Bonds issued		13.400.000	-
3.4 Dividends paid		-	-
3.5 Payments for leases		(166.720)	(138.473)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>8.808.832</b>	<b>5.151.226</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>2.142.646</b>	<b>(1.637.818)</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>		<b>62.119.451</b>	<b>42.081.012</b>
<b>VII. Cash and cash equivalents at end of the period</b>		<b>64.262.097</b>	<b>40.443.194</b>

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 JUNE 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 June 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 624.502 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 June 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 JUNE 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**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022**

*(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.

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

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

*Assessment of Business Model (continued)*

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

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

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

**3. Other Business Models:**

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

**Measurement Categories of Financial Assets and Liabilities**

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

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

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 June 30, 2022, the valuation of the related assets was made according to the annual inflation forecast of 40%. If the valuation of these securities were made according to the reference index valid for June 30, 2022, the Bank's securities valuation differences under equity would have decreased by TRY 1.513.470 (net), and interest income from securities would have increased by TRY 10.282.420.

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**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.



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**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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**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:

	<b>Estimated useful lives (Year)</b>	<b>Depreciation rate</b>
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 June 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 will be issued in August, 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 June 2022, the capital adequacy ratio and the capital amount of the Bank were realized as 14,68% (31 December 2021: 14,47%) and TRY 96.312.651 (31 December 2021: TRY 69.894.389) which were calculated within the scope of the above-mentioned regulation amendments.

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

(1) Information on Equity Items:

	Current Period	Prior Period
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
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	12.034.653	7.310.664
Profit	4.600.289	1.507.729
<i>Current Period Profit</i>	4.600.289	1.507.729
<i>Prior Period Profit</i>	-	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	538.244	474.327
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>69.573.344</b>	<b>46.785.149</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	1.163.582	1.191.568
Leasehold Improvements on Operational Leases (-)	253.334	190.465
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	499.383	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 (-)	351.767	351.767
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
<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 (-)	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>2.268.066</b>	<b>2.247.736</b>
<b>Total Common Equity Tier I Capital</b>	<b>67.305.278</b>	<b>44.537.413</b>

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

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

(1) Information on Equity Items: (continued)

<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	15.577.920	13.807.080
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>15.577.920</b>	<b>13.807.080</b>
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>15.577.920</b>	<b>13.807.080</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>82.883.198</b>	<b>58.344.493</b>
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	5.929.795	5.929.795
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	7.627.728	5.630.027
<b>Tier II Capital Before Deductions</b>	<b>13.557.523</b>	<b>11.559.822</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>13.557.523</b>	<b>11.559.822</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>96.440.721</b>	<b>69.904.315</b>
<b>Total Tier I and Tier II Capital (Total Equity)</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	128.070	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)**

<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
<b>TOTAL CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	96.312.651	69.894.389
Total Risk Weighted Assets	656.139.024	483.026.446
<b>Capital Adequacy Ratios</b>		
CET1 Capital Ratio (%)	10,26	9,22
Tier I Capital Ratio (%)	12,63	12,08
Capital Adequacy Ratio (%)	14,68	14,47
<b>BUFFERS</b>		
Bank-specific total CET1 Capital Ratio (a+b+c)	2,508	2,508
a) Capital Conservation Buffer Ratio (%)	2,500	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,008	0,008
c) Systemic significant bank buffer ratio %	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	5,758	4,720
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	404.595	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	2.653.035	3.467.077
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	18.096.465	11.169.768
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	7.627.728	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	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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

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

<b>Details on Subordinated Liabilities:</b>				
Issuer	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	Türkiye Varlık Fonu
Unique identifier (CUSIP, ISIN etc.)	TRSTHALE2716	TRSTHAL62811	TRSTHAL92826	-
Governing Law(s) of the instrument	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA Legislation
<b>Regulatory treatment</b>				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated / consolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	1.000	1.950	2.980	15.578
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	-	-	-	-
<b>Coupons / dividends</b>				
Fixed or floating dividend/coupon	Floating Coupon	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	Government Debt Security for 5 years +350 base points	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
<b>Convertible or non-convertible</b>				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-



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

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

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

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

**II. EXPLANATIONS ON CURRENCY RISK**

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

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

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

	<b>23.06.2022</b>	<b>24.06.2022</b>	<b>27.06.2022</b>	<b>28.06.2022</b>	<b>29.06.2022</b>	<b>30.06.2022</b>
USD	17,2935000	17,2970000	16,4637000	16,5105000	16,5663000	16,6000000
CHF	18,0133000	18,1209000	17,1669000	17,2238000	17,3518000	17,3416000
GBP	21,1631000	21,2546000	20,1986000	20,1118000	20,0383000	20,1620000
JPY	0,1279194	0,1277557	0,1214210	0,1208721	0,1206516	0,1217508
EUR	18,1962000	18,2708000	17,4137000	17,3575000	17,3565000	17,3088000

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

	<b>Monthly Average Buying Rate of Exchange</b>
USD	16,9152864
CHF	17,4240091
GBP	20,7964318
JPY	0,1258563
EUR	17,8634045

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

Information related to currency risk:

Current Period	EUR	USD	OTHER FC	TOTAL
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	50.693.320	43.067.486	6.177.973	99.938.779
Banks	5.202.577	2.291.220	1.032.750	8.526.547
Financial assets at fair value through profit and loss	-	752	-	752
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	7.037.011	25.876.886	-	32.913.897
Loans <sup>(2)</sup>	90.008.442	71.494.867	2.570.240	164.073.549
Subsidiaries, associates and entities under common control	1.375.258	-	5.153.300	6.528.558
Financial assets measured at amortised cost <sup>(5)</sup>	17.990.277	33.261.664	13.771.006	65.022.947
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	535	535
Intangible assets	-	-	-	-
Other assets <sup>(3)</sup>	875.309	952.272	81.535	1.909.116
<b>Total assets</b>	<b>173.182.194</b>	<b>176.945.147</b>	<b>28.787.339</b>	<b>378.914.680</b>
<b>Liabilities</b>				
Bank deposits	57.035.854	8.518.789	1.415.380	66.970.023
Foreign currency deposits	125.315.988	151.459.744	41.358.858	318.134.590
Money market balances	-	4.654.426	-	4.654.426
Funds provided from other financial institutions	6.943.141	6.243.968	-	13.187.109
Bonds issued	-	-	-	-
Sundry creditors	360.736	617.522	108.776	1.087.034
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities <sup>(3)</sup>	19.422.994	1.427.180	146.418	20.996.592
<b>Total liabilities</b>	<b>209.078.713</b>	<b>172.921.629</b>	<b>43.029.432</b>	<b>425.029.774</b>
<b>Net balance sheet position</b>	<b>(35.896.519)</b>	<b>4.023.518</b>	<b>(14.242.093)</b>	<b>(46.115.094)</b>
<b>Net off-balance sheet position</b>				
<b>Net off-balance sheet position</b>	<b>32.397.826</b>	<b>(5.692.013)</b>	<b>19.591.333</b>	<b>46.297.146</b>
Financial derivative assets <sup>(4)</sup>	37.062.704	43.475.875	28.833.817	109.372.396
Financial derivative liabilities <sup>(4)</sup>	4.664.878	49.167.888	9.242.484	63.075.250
Non-cash loans <sup>(1)</sup>	66.232.198	52.255.246	5.551.139	124.038.583
<b>Prior period</b>				
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
<b>Net balance sheet position</b>	<b>(17.646.259)</b>	<b>(25.766.946)</b>	<b>(13.138.257)</b>	<b>(56.551.462)</b>
<b>Net off-balance sheet position</b>				
<b>Net off-balance sheet position</b>	<b>14.724.392</b>	<b>24.010.765</b>	<b>17.923.967</b>	<b>56.659.124</b>
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 <sup>(1)</sup>	62.257.794	42.338.922	4.316.024	108.912.740

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

<sup>(2)</sup> Includes TRY 2.269 of foreign currency indexed loans and their accruals. (31 December 2021: 14.553 TRY)

<sup>(3)</sup> In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Foreign currency intangible assets, prepaid expenses, derivative financial instruments foreign currency income discounts, equity and derivative financial instruments foreign currency expense discounts in liabilities are not taken into consideration in the currency risk measurement.

<sup>(4)</sup> Financial derivative assets include forward precious metal purchase transactions amounted to TRY 180.415 and swap precious metal purchase transactions amounted to TRY 25.237.633. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 6.893.344 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
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	18.350.443	-	-	-	-	103.712.400	122.062.843
Banks and financial institutions	2.435.296	1.294.972	-	-	-	5.417.022	9.147.290
Financial assets at fair value through profit and loss	19.815	5.186	67.212	345	544	25.014.709	25.107.811
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	12.094.329	12.405.549	18.788.868	36.349.128	4.636.851	674.822	84.949.547
Loans	154.504.012	89.533.196	227.864.790	98.808.620	61.005.642	29.482.108	661.198.368
Financial assets measured at amortised cost	44.849.446	12.318.836	28.278.720	50.523.037	45.961.779	-	181.931.818
Other assets <sup>(1)(4)</sup>	2.421.605	1.703	11.770	79.176	74.889	2.919.860	5.509.003
<b>Total assets</b>	<b>234.674.946</b>	<b>115.559.442</b>	<b>275.011.360</b>	<b>185.760.306</b>	<b>111.679.705</b>	<b>167.220.921</b>	<b>1.089.906.680</b>
<b>Liabilities</b>							
Bank deposits	26.704.823	10.864.657	73.816	-	-	52.002.142	89.645.438
Other deposits	297.883.987	164.802.100	28.669.912	557.782	-	165.514.205	657.427.986
Money market balances	168.893.407	1.660.002	-	-	-	180.447	170.733.856
Miscellaneous Payables	4.627.749	-	-	-	-	10.279.118	14.906.867
Bonds issued	855.000	1.999.750	-	1.000.000	-	270.084	4.124.834
Funds provided from other financial institutions <sup>(3)</sup>	211.756	7.303.072	2.649.220	2.678.599	625.453	79.602	13.547.702
Other liabilities <sup>(2)</sup>	1.000.000	-	24.881.027	15.577.920	4.929.795	93.131.255	139.519.997
<b>Total liabilities</b>	<b>500.176.722</b>	<b>186.629.581</b>	<b>56.273.975</b>	<b>19.814.301</b>	<b>5.555.248</b>	<b>321.456.853</b>	<b>1.089.906.680</b>
Balance sheet long position	-	-	218.737.385	165.946.005	106.124.457	-	490.807.847
Balance sheet short position	(265.501.776)	(71.070.139)	-	-	-	(154.235.932)	(490.807.847)
Off-balance sheet long position	91.532.224	14.902.232	19.195.391	2.551.356	10.416.850	-	138.598.053
Off-balance sheet short position	(94.152.498)	(12.927.742)	(19.476.394)	(2.811.816)	(10.416.849)	-	(139.785.299)
<b>Total position</b>	<b>(268.122.050)</b>	<b>(69.095.649)</b>	<b>218.456.382</b>	<b>165.685.545</b>	<b>106.124.458</b>	<b>(154.235.932)</b>	<b>(1.187.246)</b>

<sup>(1)</sup> TRY 2.653.035 of net deferred tax assets is disclosed under the non-bearing interest column in other liabilities.

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

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

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

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

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

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

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	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 <sup>(1)(4)</sup>	8.989.776	3.799	7.807	63.104	65.432	2.239.344	11.369.262
<b>Total assets</b>	<b>162.505.002</b>	<b>161.805.920</b>	<b>165.220.457</b>	<b>160.152.055</b>	<b>88.713.263</b>	<b>162.819.896</b>	<b>901.216.593</b>
<b>Liabilities</b>							
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 <sup>(3)</sup>	286.538	6.924.408	2.554.766	2.922.025	781.320	76.283	13.545.340
Other liabilities <sup>(2)</sup>	1.000.000	-	24.869.108	13.807.080	4.929.795	59.712.774	104.318.757
<b>Total liabilities</b>	<b>474.252.387</b>	<b>113.620.744</b>	<b>52.227.748</b>	<b>18.287.538</b>	<b>5.711.115</b>	<b>237.117.061</b>	<b>901.216.593</b>
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)
<b>Total position</b>	<b>(304.681.938)</b>	<b>47.444.217</b>	<b>112.899.663</b>	<b>141.864.517</b>	<b>83.002.148</b>	<b>(74.297.165)</b>	<b>6.231.442</b>

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

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

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

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

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

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

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TRY</b>
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks <sup>(1)</sup>	2,59	2,86	-	19,41
Financial assets at fair value through profit and loss <sup>(5)</sup>	-	10,13	-	16,90
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,01	3,88	-	20,87
Loans <sup>(2)</sup>	4,91	6,19	-	15,43
Financial assets measured at amortised cost	4,71	7,25	-	30,73
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,42	3,66	-	17,20
Other deposits <sup>(4)</sup>	1,13	2,41	-	14,30
Money market borrowings	-	5,04	-	14,26
Sundry creditors <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	-	-	15,16
Funds provided from other financial institutions	0,94	2,22	-	16,34

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

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

<sup>(3)</sup> Declared maximum TRY deposits interest rate with a maturity of twelve months as of 30 June 2022.

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

<sup>(5)</sup> Borrowed securities are not included in the average interest rate calculation.

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

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

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

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

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

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

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

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

Information about position risk of shares:

Equities	Comparison			Market Value	Capital Requirements
	Carrying Value	Fair Value	Change <sup>(2)</sup>		
Investment in Shares-Grade A	2.361.298	2.361.298	2.361.298	2.361.298	188.904
Quoted Securities <sup>(1)</sup>	2.361.298	2.361.298	2.361.298	2.361.298	188.904
Investment in Shares-Grade B	-	-	-	-	-
Quoted Securities	-	-	-	-	-
Investment in Shares-Grade C	-	-	-	-	-
Quoted Securities	-	-	-	-	-
Investment in Shares- Grade D	-	-	-	-	-
Other	8.598.676	8.253.958	-	-	855.507

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

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

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

Portfolio	Realized gains/ losses in the current period	Realized gains/ losses in the current period		Unrealized gains and losses		
		Total	Included To Total Core Capital	Total	Included To Total Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted on a stock exchange <sup>(1)</sup>	-	1.231.406	1.231.406	-	-	-
3. Other share certificates	-	2.257.219	2.257.219	-	-	-
<b>Total</b>	<b>-</b>	<b>3.488.625</b>	<b>3.488.625</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

**V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO**

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

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

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

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

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

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

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

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

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

In the second quarter of 2022, the growth of the Bank's securities portfolio and the increase in FC and TRY assets held at the CBRT increased the total of high quality liquid assets. At the same time, in the second quarter, the share of saving deposits increased in deposit in TRY. As a result of these, liquidity coverage ratio increased in comparison with prior 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 43,64% accounts held by the CBRT and the Central Banks of the foreign branches, 53,54% securities considered as high quality liquid assets and 2,82% 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 1.109.929.

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	13.06.2022 - 19.06.2022	379,46	18.04.2022 - 24.04.2022	183,14
Minimum	04.04.2022 - 10.04.2022	295,41	27.06.2022 - 03.07.2022	140,17

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

Liquidity Coverage Ratio:

	Total Unweighted Value (average) <sup>(1)</sup>		Total Weighted Value (average) <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>Current Period</b>				
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			254.175.476	122.903.454
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	379.851.931	202.975.744	35.114.317	20.297.574
Stable Deposits	57.417.524	-	2.870.876	-
Less Stable Deposits	322.434.407	202.975.744	32.243.441	20.297.574
Unsecured wholesale funding , of which;	274.160.408	138.403.326	127.518.845	53.825.859
Operational Deposits	59.486.677	45.408.496	14.871.669	11.352.124
Non-operational Deposits	199.854.388	87.996.357	101.040.197	38.217.199
Other Unsecured Funding	14.819.343	4.998.473	11.606.979	4.256.536
Secured Funding			-	-
Other cash outflows, of which;	10.949.719	4.844.763	7.610.571	3.427.582
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	1.561.868	1.364.190	1.561.868	1.364.190
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	9.387.851	3.480.573	6.048.703	2.063.392
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	275.103.669	120.861.251	20.258.662	8.841.861
<b>Total Cash Outflows</b>			<b>190.502.395</b>	<b>86.392.876</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	58.215.116	12.326.486	37.082.821	9.907.832
Other Cash Inflows	677.510	40.219.067	677.510	40.219.067
<b>Total Cash Inflows</b>	<b>58.892.626</b>	<b>52.545.553</b>	<b>37.760.331</b>	<b>50.126.899</b>
<b>Total Adjusted Value</b>				
<b>Total HQLA Stock</b>			<b>254.175.476</b>	<b>122.903.454</b>
<b>Total Net Cash Outflows</b>			<b>152.742.064</b>	<b>36.265.977</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>167,15%</b>	<b>342,04%</b>

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

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

Liquidity Coverage Ratio: (continued)

	Total Unweighted Value (average) <sup>(1)</sup>		Total Weighted Value (average) <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>Prior Period</b>				
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			174.645.804	101.799.881
<b>Cash Outflows</b>				
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
<b>Total Cash Outflows</b>			<b>159.728.036</b>	<b>81.010.122</b>
<b>Cash Inflows</b>				
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
<b>Total Cash Inflows</b>	<b>48.384.298</b>	<b>53.977.152</b>	<b>33.976.656</b>	<b>52.176.574</b>
<b>Total Adjusted Value</b>				
<b>Total HQLA Stock</b>			<b>174.645.804</b>	<b>101.799.881</b>
<b>Total Net Cash Outflows</b>			<b>125.751.380</b>	<b>29.903.884</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>139,22%</b>	<b>387,10%</b>

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

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

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

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

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
<b>Assets</b>								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	11.020.258	111.041.187	-	1.398	-	-	-	122.062.843
Banks	5.408.057	2.444.111	1.295.122	-	-	-	-	9.147.290
Financial assets at fair value through profit and loss	-	19.815	5.186	24.936.320	345	544	145.601	25.107.811
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	4.746.570	5.625.088	14.919.551	48.435.046	10.548.470	674.822	84.949.547
Loans	20.195.670	50.421.950	36.701.371	212.112.389	245.981.378	95.785.610	-	661.198.368
Financial assets measured at amortised cost	-	11.465.320	4.852.649	16.902.061	69.333.961	79.377.827	-	181.931.818
Other assets <sup>(2)</sup>	2.082	19.049	308.170	1.052.461	1.062.682	146.781	2.917.778	5.509.003
<b>Total assets</b>	<b>36.626.067</b>	<b>180.158.002</b>	<b>48.787.586</b>	<b>269.924.180</b>	<b>364.813.412</b>	<b>185.859.232</b>	<b>3.738.201</b>	<b>1.089.906.680</b>
<b>Liabilities</b>								
Bank deposits	51.885.813	26.798.026	10.887.783	73.816	-	-	-	89.645.438
Other deposits	159.202.048	300.424.743	167.136.793	29.977.946	683.959	2.497	-	657.427.986
Funds provided from other	-	69.872	252.471	1.631.591	2.388.465	9.205.303	-	13.547.702
Money market balances	-	169.062.414	11.442	-	-	1.660.000	-	170.733.856
Bonds issued	-	851.244	1.345.733	786.220	1.141.637	-	-	4.124.834
Sundry creditors	53.607	8.352.038	295.327	1.365.054	3.292.350	24.697	1.523.794	14.906.867
Other liabilities <sup>(1)</sup>	-	16.800.065	534.015	25.276.319	18.400.953	6.458.568	72.050.077	139.519.997
<b>Total liabilities</b>	<b>211.141.468</b>	<b>522.358.402</b>	<b>180.463.564</b>	<b>59.110.946</b>	<b>25.907.364</b>	<b>17.351.065</b>	<b>73.573.871</b>	<b>1.089.906.680</b>
<b>Liquidity Gap</b>	<b>(174.515.401)</b>	<b>(342.200.400)</b>	<b>(131.675.978)</b>	<b>210.813.234</b>	<b>338.906.048</b>	<b>168.508.167</b>	<b>(69.835.670)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>(2.615.274)</b>	<b>143.490</b>	<b>714.998</b>	<b>569.540</b>	<b>-</b>	<b>-</b>	<b>(1.187.246)</b>
Derivative Financial Assets	-	91.522.224	12.397.565	7.911.853	5.932.712	20.833.699	-	138.598.053
Derivative Financial Liabilities	-	(94.137.498)	(12.254.075)	(7.196.855)	(5.363.172)	(20.833.699)	-	(139.785.299)
<b>Non-Cash Loans</b>	<b>79.884.457</b>	<b>6.062.315</b>	<b>27.514.909</b>	<b>96.454.716</b>	<b>36.838.356</b>	<b>8.599.041</b>	<b>-</b>	<b>255.353.794</b>
<b>Prior Period</b>								
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
<b>Liquidity Gap</b>	<b>(138.584.143)</b>	<b>(312.756.144)</b>	<b>(58.723.615)</b>	<b>147.476.987</b>	<b>279.868.416</b>	<b>127.593.684</b>	<b>(44.875.185)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>7.065.447</b>	<b>(65.889)</b>	<b>(269.186)</b>	<b>(498.930)</b>	<b>-</b>	<b>-</b>	<b>6.231.442</b>
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)
<b>Non-Cash Loans</b>	<b>56.129.404</b>	<b>6.174.002</b>	<b>18.142.880</b>	<b>71.518.355</b>	<b>32.462.332</b>	<b>6.513.827</b>	<b>-</b>	<b>190.940.800</b>

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

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

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

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**VI. EXPLANATIONS ON LEVERAGE RATIO**

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

	Current Period <sup>(1)</sup>	Prior Period <sup>(1)</sup>
<b>On-Balance Sheet Assets</b>		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	1.046.511.963	833.852.381
2.Assets That Are Deducted from Core Capital	(742.643)	(672.609)
3.Total on Balance Sheet Exposures	1.045.769.320	833.179.772
<b>Derivative Exposures And Credit Derivatives</b>		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	2.936.478	6.077.022
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	1.351.475	1.023.770
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives	4.287.953	7.100.792
<b>Investment Securities Or Commodity Collateral Financing Transactions</b>		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	3.518.436	2.432.628
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions	3.518.436	2.432.628
<b>Off -Balance Sheet Items</b>		
10.Gross Notional Amount of Off-Balance Sheet Items	305.710.283	215.292.430
11.Adjustments for Conversion to Credit Equivalent Amounts	(5.672.672)	(4.156.782)
12.The Total Risk of Off-Balance Sheet Items	300.037.611	211.135.648
<b>Capital And Total Exposures</b>		
13.Tier 1 Capital	80.355.587	54.704.177
14.Total Exposures	1.353.613.320	1.053.848.840
<b>Leverage Ratio</b>		
15.Leverage Ratio	%5,94	%5,19

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

**VII. EXPLANATIONS ON BUSINESS SEGMENTATION**

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

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

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 June 2022 are presented in the table below.

Current Period	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
<b>1 January -30 June 2022</b>				
<b>OPERATING INCOME / EXPENSES</b>				
Interest Income	11.248.911	25.319.173	21.473.031	58.041.115
<i>Interest on Loans</i>	<i>11.053.776</i>	<i>24.985.594</i>	<i>246.924</i>	<i>36.286.294</i>
<i>Interest Income on Marketable Securities</i>	-	<i>312.068</i>	<i>20.839.557</i>	<i>21.151.625</i>
<i>Interest Received from Banks</i>	-	-	<i>376.938</i>	<i>376.938</i>
<i>Other Interest Income</i>	<i>195.135</i>	<i>21.511</i>	<i>9.612</i>	<i>226.258</i>
Interest Expense	10.158.115	14.517.259	11.910.819	36.586.193
<i>Interest on Deposits</i>	<i>10.105.011</i>	<i>14.180.604</i>	<i>1.326.408</i>	<i>25.612.023</i>
<i>Interest on Borrowings</i>	<i>11.532</i>	<i>40.525</i>	<i>95.498</i>	<i>147.555</i>
<i>Interest on Money Market Borrowings</i>	-	<i>66.482</i>	<i>8.614.134</i>	<i>8.680.616</i>
<i>Interest on Marketable Bonds Issued</i>	-	-	<i>1.793.226</i>	<i>1.793.226</i>
<i>Other Interest Expense</i>	<i>41.572</i>	<i>229.648</i>	<i>81.553</i>	<i>352.773</i>
Net Interest Income	1.090.796	10.801.914	9.562.212	21.454.922
Net Fees and Commissions Income	999.856	2.007.220	269.428	3.276.504
Net Trading Profit / (Loss)	18.798	3.202.322	(5.779.802)	(2.558.682)
Dividend Income	-	-	380.564	380.564
Other Income	526.755	680.149	373.498	1.580.402
Expected Loss Provisions	1.162.162	1.807.842	7.259.368	10.229.372
Other Expenses	716.470	4.323.810	2.232.772	7.273.052
<b>Income Before Taxes</b>	<b>757.573</b>	<b>10.559.953</b>	<b>(4.686.240)</b>	<b>6.631.286</b>
Income Tax Provision	-	-	(2.030.997)	(2.030.997)
<b>Net Profit For The Period</b>	<b>757.573</b>	<b>10.559.953</b>	<b>(6.717.237)</b>	<b>4.600.289</b>

**SEGMENT ASSETS**

**30 June 2022**

Marketable Securities <sup>(1)</sup>	-	11.260.744	280.703.757	291.964.501
Derivative Financial Assets Held for Trading	-	129.223	2.287.682	2.416.905
Banks and Money Market Receivables	-	584.807	8.558.723	9.143.530
Associates and Subsidiaries (Net)	-	-	10.767.272	10.767.272
Loans <sup>(1)</sup>	242.149.064	387.753.599	850.701	630.753.364
Other Assets	2.864.928	5.903.588	136.092.592	144.861.108
<b>TOTAL ASSETS</b>	<b>245.013.992</b>	<b>405.631.961</b>	<b>439.260.727</b>	<b>1.089.906.680</b>

**SEGMENT LIABILITIES**

**30 June 2022**

Deposits	230.179.332	447.562.678	69.331.414	747.073.424
Derivative Financial Liabilities	-	140.051	2.872.067	3.012.118
Money Market Balances	-	4.654.426	166.079.430	170.733.856
Borrowing Funding Loans	520.614	866.796	12.160.292	13.547.702
Bonds Issued	-	-	4.124.834	4.124.834
Other Liabilities	5.653.881	11.557.420	61.055.295	78.266.596
Provisions and Tax Payable	282.399	353.988	5.386.265	6.022.652
Shareholders' Equity	1.086.969	12.428.300	53.610.229	67.125.498
<b>TOTAL LIABILITIES</b>	<b>237.723.195</b>	<b>477.563.659</b>	<b>374.619.826</b>	<b>1.089.906.680</b>

**OFF-BALANCE SHEET ITEMS**

**30 June 2022**

Guarantees and Sureties	135.259.167	83.581.768	36.512.859	255.353.794
Commitments	1.116.841	22.310.386	37.399.252	60.826.479
Derivative Financial Instruments	-	31.798.323	246.585.029	278.383.352
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>	<b>136.376.008</b>	<b>137.690.477</b>	<b>320.497.140</b>	<b>594.563.625</b>

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

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

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

<b>Prior Period</b>	<b>Commercial/ Corporate</b>	<b>Integrated</b>	<b>Treasury/ Investment</b>	<b>Total</b>
<b>1 January -30 June 2021</b>				
<b>OPERATING INCOME / EXPENSES</b>				
Interest Income	7.175.671	16.639.443	8.731.743	32.546.857
<i>Interest on Loans</i>	7.126.134	16.515.512	121.190	23.762.836
<i>Interest Income on Marketable Securities</i>	-	106.303	8.077.945	8.184.248
<i>Interest Received from Banks</i>	-	-	530.475	530.475
<i>Other Interest Income</i>	49.537	17.628	2.133	69.298
Interest Expense	8.539.441	11.556.780	12.090.907	32.187.128
<i>Interest on Deposits</i>	8.505.121	11.288.879	1.396.492	21.190.492
<i>Interest on Borrowings</i>	9.743	28.611	55.228	93.582
<i>Interest on Money Market Borrowings</i>	-	23.695	9.160.730	9.184.425
<i>Interest on Marketable Bonds Issued</i>	-	-	1.412.997	1.412.997
<i>Other Interest Expense</i>	24.577	215.595	65.460	305.632
Net Interest Income	(1.363.770)	5.082.663	(2.734.662)	984.231
Net Fees and Commissions Income	544.530	1.008.547	140.559	1.693.636
Net Trading Profit / (Loss)	7.643	1.240.014	(3.438.884)	(2.191.227)
Dividend Income	-	-	148.886	148.886
Other Income	1.872.166	655.235	2.604.109	5.131.510
Expected Loss Provisions	229.579	560.128	196.574	986.281
Other Expenses	101.499	1.896.986	2.286.956	4.285.441
<b>Income Before Taxes</b>	<b>729.491</b>	<b>5.529.345</b>	<b>(6.388.024)</b>	<b>(129.188)</b>
Income Tax Provision	-	-	252.165	252.165
<b>Net Profit For The Period</b>	<b>729.491</b>	<b>5.529.345</b>	<b>(6.135.859)</b>	<b>122.977</b>

**SEGMENT ASSETS**

**31 December 2021**

Marketable Securities <sup>(1)</sup>	-	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 <sup>(1)</sup>	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
<b>TOTAL ASSETS</b>	<b>198.516.033</b>	<b>332.378.843</b>	<b>370.321.717</b>	<b>901.216.593</b>

**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
<b>TOTAL LIABILITIES</b>	<b>204.336.317</b>	<b>416.610.945</b>	<b>280.269.331</b>	<b>901.216.593</b>

**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
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>	<b>100.707.937</b>	<b>99.912.190</b>	<b>239.702.687</b>	<b>440.322.814</b>

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



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

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

	Risk Weighted Amounts		Minimum Capital Requirements	
	Current Period	Prior Period	Current Period	Prior Period
1 Credit risk (excluding counterparty credit risk) (CCR) <sup>(**)</sup>	601.416.762	443.726.454	48.113.341	35.498.116
2 Standardized approach (SA)	601.416.762	443.726.454	48.113.341	35.498.116
3 Internal rating-based (IRB) approach	-	-	-	-
4 Counterparty credit risk <sup>(**)</sup>	5.750.956	4.577.631	460.076	366.210
5 Standardized approach for counterparty credit risk (SA-CCR)	5.750.956	4.577.631	460.076	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	18.229.513	8.764.625	1.458.361	701.170
17 Standardized approach (SA)	18.229.513	8.764.625	1.458.361	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)	3.050.550	2.098.109	244.044	167.849
24 Floor adjustment	-	-	-	-
<b>25 Total ( 1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>656.139.024</b>	<b>483.026.446</b>	<b>52.491.121</b>	<b>38.642.115</b>

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

<sup>(\*\*)</sup> 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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**VIII. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

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

	Replacement cost	Potential Future exposure	EEPE(**)	Alpha used for computing regulatory EAD	EAD post- CRM	Risk Weighted Assets
Standardised Approach - CCR (for derivatives)	1.947.684	1.317.692		1,4	3.265.376	2.175.461
Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					4.156.249	2.965.728
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
<b>Total</b>					<b>7.421.625</b>	<b>5.141.189</b>

\* Expected effective positive risk amount.

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

	EAD post-CRM	Risk weighted amount
Total portfolios subject to the Advanced CVA capital obligation	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the Standardised CVA capital obligation	3.265.376	609.597
<b>Total subject to the CVA capital obligation</b>	<b>3.265.376</b>	<b>609.597</b>

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

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

<b>Risk weight / Risk Classifications</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>2%</b>	<b>4%</b>	<b>Total Credit Risk</b>
Claims on sovereigns and Central Banks	519.012	-	-	-	-	-	-	-	-	519.012
Claims on regional governments or local authorities	-	-	-	1	-	-	-	-	-	1
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	18	-	-	-	18
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	- 1.732.590	606.262	-	- 1.381.058	-	-	-	-	3.719.910
Claims on corporates	-	- 28.351	-	-	- 2.956.175	-	-	-	-	2.984.526
Claims included in the regulatory retail portfolios	-	-	-	- 198.157	-	-	-	-	-	198.157
Claims secured by residential property	-	-	-	-	-	-	-	-	-	-
Overdue loans	-	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other Assets*	-	-	-	-	-	609.598	-	-	-	609.598
<b>Total</b>	<b>519.012</b>	<b>- 1.760.941</b>	<b>606.263</b>	<b>198.157</b>	<b>4.946.849</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.031.222</b>

**Collaterals for Counterparty Credit Risk:**

	<b>Collateral for derivative transactions</b>				<b>Collateral for other transactions</b>	
	<b>Received Collaterals</b>		<b>Given Collaterals</b>		<b>Received Collaterals</b>	<b>Given Collaterals</b>
	<b>Segregated</b>	<b>Nonsegregated</b>	<b>Segregated</b>	<b>Nonsegregated</b>		
Cash-domestic currency	-	-	-	107.923	-	-
Cash-foreign currency	-	312.246	-	617.094	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>312.246</b>	<b>-</b>	<b>725.017</b>	<b>-</b>	<b>-</b>

**Counterparty Credit Risk-Credit Derivatives:**

None.

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

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

	Exposure post-CRM	RWA
Total Exposure to Qualified Central Counterparties (QCCPs)		170
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	7.697	154
(i) Over the counter derivative financial instruments	7.697	154
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	204	
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	500	16
Unfunded guarantee fund contributions	-	-
Total Exposures to Non-QCCPs		-
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	-	-
(i) Over the counter derivative financial instruments	-	-
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	-	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	-	-
Unfunded guarantee fund contributions	-	-

**Credit Quality of Assets:**

		Gross carrying value as per TAS		Allowances/ amortisation and impairments	Net values
		Defaulted	Non-Defaulted		
1	Loans	18.331.673	642.866.695	30.445.004	630.753.364
2	Debt Securities <sup>(*)</sup>	-	268.313.008	1.217.615	267.095.393
3	Off-balance sheet exposures	-	316.180.273	1.480.073	314.700.200
<b>4</b>	<b>Total</b>	<b>18.331.673</b>	<b>1.227.359.976</b>	<b>33.142.692</b>	<b>1.212.548.957</b>

<sup>(\*)</sup> As of 30 June 2022, TRY 24.869.108 of borrowed securities is not included in Financial Assets at Fair Value through profit or loss.

**Changes in Stock of Defaulted Loans and Debt Securities**

1	Defaulted loans and debt securities at end of the previous reporting period	16.297.182
2	Loans and debt securities defaulted since the last reporting period	5.261.736
3	Receivables back to performing status	121.675
4	Amounts written off	764.269
5	Other changes	(2.341.301)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>18.331.673</b>

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

**Credit Risk Mitigation Techniques- Overview**

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans <sup>(2)</sup>	336.119.948	294.633.416	183.201.641	34.978.482	28.343.379	-	-
2 Debt Instruments <sup>(1)</sup>	267.095.393	-	-	-	-	-	-
3 Total	603.215.341	294.633.416	183.201.641	34.978.482	28.343.379	-	-
4 Of which defaulted	2.777.493	2.057.095	1.596.270	876.844	854.430	-	-

<sup>(1)</sup> As of 30 June 2022, TRY 24.869.108 of borrowed securities is not included in Financial Assets at Fair Value through Profit or Loss.

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

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

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

Risk Classification	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on sovereigns and Central Banks	309.071.043	683.617	337.038.049	1.303.179	414.076	%0,12
Claims on regional governments or local authorities	1.785.731	172.739	1.774.291	68.866	921.579	%50,00
Claims on administrative bodies and other non-commercial undertakings	2.565.312	981.234	2.523.536	450.986	2.974.522	%100,00
Claims on multilateral development banks	-	-	190	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	8.220.075	4.591.322	8.220.073	2.844.304	5.248.611	%47,44
Claims on corporates	253.054.923	187.214.703	236.213.121	125.236.816	323.807.119	%89,59
Claims included in the regulatory retail portfolios	191.892.293	64.264.162	167.930.105	16.245.346	138.825.099	%75,38
Claims secured by residential property	85.900.168	8.245.837	85.900.168	4.298.544	31.569.549	%35,00
Claims secured by commercial property	52.814.164	14.702.189	52.814.163	10.061.155	35.333.408	%56,20
Overdue loans	5.378.234	1.424.897	4.483.506	440.360	4.371.920	%88,79
Higher risk categories decided by the Board	20.010.927	-	19.877.306	-	34.649.276	%174,32
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	9.030.584	-	9.030.584	-	9.030.584	%100,00
Equity share investments	39.250.562	6.643.450	39.250.562	19.138	14.271.019	%36,34
<b>Total</b>	<b>978.974.016</b>	<b>288.924.150</b>	<b>965.055.654</b>	<b>160.968.694</b>	<b>601.416.762</b>	<b>%53,41</b>

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

Risk Classification	Risk Weights												Total risk amount (pt-CCF and CRM)	
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	4%		
Claims on sovereigns and Central Banks	337.855.597	-	89.444	-	-	-	396.187	-	-	-	-	-	-	338.341.228
Claims on regional governments or local authorities	-	-	-	-	1.843.157	-	-	-	-	-	-	-	-	1.843.157
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	2.974.522	-	-	-	-	-	-	2.974.522
Claims on multilateral development banks	190	-	-	-	-	-	-	-	-	-	-	-	-	190
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	14.192	-	6.327.426	-	1.479.268	-	3.243.491	-	-	-	-	-	-	11.064.377
Claims on corporates	4.295.392	-	26.627.496	-	24.601.225	6	305.415.446	510.372	-	-	-	-	-	361.449.937
Claims included in the regulatory retail portfolios	-	-	-	-	-	181.401.408	2.774.043	-	-	-	-	-	-	184.175.451
Claims secured by residential property	-	-	-	90.198.712	-	-	-	-	-	-	-	-	-	90.198.712
Claims secured by commercial property	-	-	-	-	55.083.820	-	7.791.498	-	-	-	-	-	-	62.875.318
Overdue loans	-	-	-	-	1.227.742	-	3.572.274	123.850	-	-	-	-	-	4.923.866
Higher risk categories decided by the Board	-	-	-	-	-	-	-	10.210.671	9.666.635	-	-	-	-	19.877.306
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	9.030.584	-	-	-	-	-	-	9.030.584
Other receivables	20.999.025	-	4.908.372	-	-	291.834	13.070.469	-	-	-	-	-	-	39.269.700
<b>Total</b>	<b>363.164.396</b>	<b>-</b>	<b>37.952.738</b>	<b>90.198.712</b>	<b>84.235.212</b>	<b>181.693.248</b>	<b>348.268.514</b>	<b>10.844.893</b>	<b>9.666.635</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.126.024.348</b>

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

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

**Market Risk: Standardised approach**

	<b>RWA</b>
<b>Outright products</b>	
Interest rate risk (general and specific)	9.709.788
Equity risk (general and specific)	1.255.450
Foreign exchange risk	5.953.475
Commodity risk	-
<b>Options</b>	
Simplified approach	-
Delta-plus method	1.310.800
Scenario approach	-
Securitization	-
<b>Total</b>	<b>18.229.513</b>



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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	1.987.068	6.450.394	1.899.965	4.958.954
CBRT	20.136.996	93.488.354	17.613.716	98.951.673
Other	-	31	-	27
<b>Total</b>	<b>22.124.064</b>	<b>99.938.779</b>	<b>19.513.681</b>	<b>103.910.654</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand unrestricted amount <sup>(1)</sup>	19.218.445	27.467.834	17.211.303	34.517.548
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Other <sup>(2)</sup>	918.551	66.020.520	402.413	64.434.125
<b>Total</b>	<b>20.136.996</b>	<b>93.488.354</b>	<b>17.613.716</b>	<b>98.951.673</b>

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

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

As per the Communiqué no. 2013/15 “Reserve Deposits” of the Central Bank of the Republic of 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	-	350.842	-	195.839
Swap transactions	-	1.771.650	2.721.424	6.017.405
Futures transactions	-	-	-	-
Options	-	294.413	17.442	36.420
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2.416.905</b>	<b>2.738.866</b>	<b>6.249.664</b>

(3) Information on banks and other financial institutions:

Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	479.836	1.083.381	220.083	115.757
Foreign banks	140.907	7.443.166	124.354	3.074.071
Branches and offices abroad	-	-	-	-
<b>Total</b>	<b>620.743</b>	<b>8.526.547</b>	<b>344.437</b>	<b>3.189.828</b>

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

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

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	15.577.795	30.088.086	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	43.939	-	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	85.448.369		66.476.611	
<i>Quoted on a stock exchange</i>	85.448.369		66.476.611	
<i>Not quoted</i>	-		-	
Equity Securities	694.001		585.047	
<i>Quoted on a stock exchange</i>	629.620		521.493	
<i>Not quoted</i>	64.381		63.554	
Impairment provision (-)	1.192.823		1.753.325	
<b>Total</b>	<b>84.949.547</b>		<b>65.308.333</b>	

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

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

(5) Information on loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
<i>Corporate shareholders</i>	-	-	-	-
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	891.713	-	625.041	-
<b>Total</b>	<b>891.713</b>	<b>-</b>	<b>625.041</b>	<b>-</b>

(<sup>9</sup>) 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	491.756.795	24.741.017	37.921	24.747.106	
<i>Corporation loans</i>	297.171.321	18.489.621	-	24.743.693	
<i>Export loans</i>	19.278.960	54.315	-	-	
<i>Import loans</i>	-	-	-	-	
<i>Loans given to financial sector</i>	10.393.298	167.745	-	-	
<i>Consumer loan</i>	89.240.645	1.179.274	37.324	438	
<i>Credit cards</i>	24.933.679	1.592.364	597	-	
<i>Other</i>	50.738.892	3.257.698	-	2.975	
Specialized lending	85.897.114	5.155.393	-	41	
Other receivables	-	-	-	-	
Accruals	6.827.932	2.411.836	1.702	1.289.838	
<b>Total</b>	<b>584.481.841</b>	<b>32.308.246</b>	<b>39.623</b>	<b>26.036.985</b>	

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	3.877.645	3.646.930	-	-
Significant Increase in Credit Risk	-	-	13.070.274	6.841.916

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

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

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

(5) Information on loans (continued) :

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	940.666	87.039.184	87.979.850
<i>Real estate loans</i>	13.286	63.913.726	63.927.012
<i>Automobile loans</i>	11.640	1.380.362	1.392.002
<i>Consumer loans</i>	915.740	21.745.096	22.660.836
<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	7.579.134	596	7.579.730
<i>Installment</i>	2.465.779	596	2.466.375
<i>Non-installment</i>	5.113.355	-	5.113.355
Individual credit cards-FC	698	-	698
<i>Installment</i>	-	-	-
<i>Non-installment</i>	698	-	698
Personnel loans-TRY	47.494	564.736	612.230
<i>Real estate loans</i>	-	59	59
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	47.494	564.677	612.171
<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	235.774	-	235.774
<i>Installment</i>	71.693	-	71.693
<i>Non-installment</i>	164.081	-	164.081
Personnel credit cards-FC	111	-	111
<i>Installment</i>	-	-	-
<i>Non-installment</i>	111	-	111
Overdraft accounts-TRY (Retail customers) <sup>(**)</sup>	1.865.601	-	1.865.601
Overdraft accounts-FC (Retail customers)	-	-	-
<b>Total</b>	<b>10.669.478</b>	<b>87.604.516</b>	<b>98.273.994</b>

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

<sup>(\*\*)</sup> TRY 43.598 of the overdraft account consists of loans given to personnel.

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

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

(5) Information on loans (continued) :

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

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
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) <sup>(**)</sup>	1.711.484	-	1.711.484
Overdraft accounts-FC (Retail customers)	-	-	-
<b>Total</b>	<b>7.905.696</b>	<b>72.723.810</b>	<b>80.629.506</b>

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

<sup>(\*\*)</sup> TRY 42.754 of the overdraft account consists of loans given to personnel.

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

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

(5) Information on loans (continued) :

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

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Commercial installment loans-TRY	3.215.483	43.805.721	47.021.204
<i>Business premises loans</i>	4.759	910.291	915.050
<i>Automobile loans</i>	76.569	1.228.497	1.305.066
<i>Consumer loans</i>	3.134.155	41.666.933	44.801.088
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	-	47	47
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	47	47
<i>Other</i>	-	-	-
Commercial installment loans - FC	59.747	64.903.259	64.963.006
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	59.747	64.903.259	64.963.006
<i>Other</i>	-	-	-
Corporate credit cards-TRY	18.709.343	-	18.709.343
<i>Installment</i>	7.711.704	-	7.711.704
<i>Non-installment</i>	10.997.639	-	10.997.639
Corporate credit cards-FC	984	-	984
<i>Installment</i>	-	-	-
<i>Non-installment</i>	984	-	984
Overdraft accounts-TRY (Commercial customers)	13.319.942	-	13.319.942
Overdraft accounts-FC (Commercial customers)	-	-	-
<b>Total</b>	<b>35.305.499</b>	<b>108.709.027</b>	<b>144.014.526</b>

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

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Commercial installment loans-TRY	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)	-	-	-
<b>Total</b>	<b>21.450.933</b>	<b>95.013.895</b>	<b>116.464.828</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Domestic loans	641.214.370	521.958.708
Foreign loans	1.652.325	1.332.138
<b>Total</b>	<b>642.866.695</b>	<b>523.290.846</b>

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

f) Loans granted to subsidiaries and associates:

	<b>Current Period</b>	<b>Prior Period</b>
Direct loans granted to subsidiaries and associates	4.786.118	2.916.786
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>4.786.118</b>	<b>2.916.786</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Loans with Limited Collectability	2.106.209	1.049.450
Loans with Doubtful Collectability	1.115.933	312.066
Uncollectible Loans	10.274.943	10.512.850
<b>Total</b>	<b>13.497.085</b>	<b>11.874.366</b>

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

	<b>III. Group Loans with Limited Collectability</b>	<b>IV. Group Loans with Doubtful Collectability</b>	<b>V. Group Uncollectible Loans</b>
<b>Current period</b>			
<b>Gross amounts before the specific provisions</b>	<b>559.631</b>	<b>67.420</b>	<b>1.017.533</b>
<i>Restructured loans</i>	<i>559.631</i>	<i>67.420</i>	<i>1.017.533</i>
<b>Prior period</b>			
<b>Gross amounts before the specific provisions</b>	<b>420.581</b>	<b>66.242</b>	<b>1.122.966</b>
<i>Restructured loans</i>	<i>420.581</i>	<i>66.242</i>	<i>1.122.966</i>

<sup>(\*)</sup> 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 (+)	5.073.368	27.309	161.059
Transfers from other categories of loans under non-performing (+)	-	1.827.934	554.141
Transfers to other categories of loans under non-performing (-)	1.956.671	425.404	-
Collections (-)*	680.109	243.388	1.539.479
Write-offs (-)	-	-	764.269
Sold (-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
<b>Current period end balance</b>	<b>4.861.225</b>	<b>1.895.380</b>	<b>11.575.068</b>
Provision (-)	2.106.209	1.115.933	10.274.943
<b>Net balance on balance sheet</b>	<b>2.755.016</b>	<b>779.447</b>	<b>1.300.125</b>
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>	-	-	-
<b>Current period end balance</b>	<b>2.424.637</b>	<b>708.929</b>	<b>13.163.616</b>
Provision (-)	1.049.450	312.066	10.512.850
<b>Net balance on balance sheet</b>	<b>1.375.187</b>	<b>396.863</b>	<b>2.650.766</b>

(\*) It also includes loan balances structured in non-performing loans and transferred to performing loan accounts during the period, as they meet the necessary conditions within the scope of the relevant articles of the Regulation of Allowance.

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

	III. Group	IV. Group	V. Group
Current period	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Balance at the end of the period	813.760	321.340	3.914.364
Provisions(-)	772.073	303.434	3.696.097
<b>Net balance in the balance sheet</b>	<b>41.687</b>	<b>17.906</b>	<b>218.267</b>
Prior period			
Balance at the end of the period	373.702	32.607	4.264.678
Provisions(-)	319.850	13.697	3.551.380
<b>Net balance in the balance sheet</b>	<b>53.852</b>	<b>18.910</b>	<b>713.298</b>

(\*) 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
<b>Current period (Net)</b>	<b>2.755.016</b>	<b>779.447</b>	<b>1.300.125</b>
Loans to granted real persons and legal entities (Gross)	4.861.225	1.895.380	11.575.068
Provisions (-)	2.106.209	1.115.933	10.274.943
<b>Loans to granted real persons and legal entities (Net)</b>	<b>2.755.016</b>	<b>779.447</b>	<b>1.300.125</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior period (Net)</b>	<b>1.375.187</b>	<b>396.863</b>	<b>2.650.766</b>
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
<b>Loans to granted real persons and legal entities (Net)</b>	<b>1.375.187</b>	<b>396.863</b>	<b>2.650.766</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period (Net)</b>	<b>88</b>	<b>153</b>	<b>70.066</b>
Interest Accruals and Valuation Differences	7.537	7.618	1.846.995
Provision (-)	7.449	7.465	1.776.929
<b>Prior Period (Net)</b>	<b>6.533</b>	<b>1.765</b>	<b>399.049</b>
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 764.269 on the grounds that there was no reasonable expectation, and the Bank's non-performing loan ratio decreased from 2,88% to 2,77% 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	79.334.976	53.246.794	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	28.137.095	10.796.574	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		178.863.515		132.010.297
Treasury bills		1.374.255		-
Other public sector debt securities		1.589.052		792.874
<b>Total</b>		<b>181.826.822</b>		<b>132.803.171</b>

c) Information on financial assets measured at amortised cost:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities		181.931.818		132.853.694
<i>Quoted on a stock exchange</i>		<i>181.931.818</i>		<i>132.853.694</i>
<i>Not quoted</i>		-		-
Impairment provision (-)		-		-
<b>Total</b>		<b>181.931.818</b>		<b>132.853.694</b>

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		15.305.271		17.795.411
Purchases during the year <sup>(1)</sup>		38.983.517		37.931.041
Disposals through sales and redemptions		(5.210.664)		(7.493.789)
Impairment provision (-)		-		-
<b>Balance at the end of the period</b>		<b>181.931.818</b>		<b>132.853.694</b>

<sup>(1)</sup> The difference between the discount amount of TRY 37.254.396 as of June 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 <sup>(1)</sup>	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ <sup>(1)</sup>	Ankara	31,47	33,12
3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ <sup>(1)(4)</sup>	Istanbul	33,33	33,33
4. Kredi Kayıt Bürosu AŞ <sup>(2)</sup>	Istanbul	18,18	18,18
5. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ <sup>(2)</sup>	Istanbul	33,33	33,33

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value(3)
1.	30.247.907	3.911.875	55.267	357.464	(317.132)	100.096	53.123	1.375.258
2.	208.222	206.555	39	3.372	-	136.540	4.128	-
3.	30.253	30.245	-	425	-	245	-	-
4.	614.503	74.531	233.220	28.603	-	21.706	24.830	-
5.	422.893	356.678	107.868	16.621	-	4.618	6.162	-

<sup>(1)</sup> The financial data is obtained from 30 June 2022 financial statements used in consolidation.

<sup>(2)</sup> The financial data is obtained from unaudited 30 June 2022 financial statement .

<sup>(3)</sup> Financial information about the fair value of Demir Halkbank NV has been obtained from valuation report as of 30 June 2022.

<sup>(4)</sup> 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	230.277	544.687
Purchases <sup>(1)(2)(3)</sup>	79.539	57.243
Bonus shares obtained profit from current year's share	-	-
Dividends from current year income	-	-
Sales	-	-
Transfers <sup>(3)</sup>	(5.595)	(57.243)
Revaluation decrease (-) / increase	156.333	544.687
Impairment provisions (-)/ reversals	-	-
<b>Balance at the end of the period</b>	<b>1.527.274</b>	<b>1.296.997</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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	1.375.258	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<sup>(1)</sup>:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ
<b>COMMON EQUITY TIER I CAPITAL</b>							
Paid in Capital	150.000	1.570.000	523.000	799.036	246.000	356.373	100
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-
Share premium	-	50.372	-	11.633	-	256.281	-
Reserves	135.372	50.817	34.246	2.264.824	127.042	1.820.644	3.088
Other Comprehensive Income according to TAS	8.532	1.298.324	2.071	-	10	-	-
<b>Profit / Loss</b>	<b>118.687</b>	<b>(9.812)</b>	<b>78.431</b>	<b>(86.948)</b>	<b>59.522</b>	<b>74.016</b>	<b>718</b>
<i>Net Profit</i>	<i>118.687</i>	<i>(9.812)</i>	<i>104.347</i>	<i>43.379</i>	<i>59.522</i>	<i>74.016</i>	<i>718</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 (-)	-	-	-	52.469	-	344.137	-
Leasehold Improvements (-)	-	-	-	21.820	-	12.420	-
Intangible Assets (-)	9.326	1.381	1.478	54.465	3.177	121.718	-
<b>Total Core Capital</b>	<b>403.265</b>	<b>2.958.320</b>	<b>636.270</b>	<b>2.859.791</b>	<b>429.397</b>	<b>2.029.039</b>	<b>3.906</b>
<b>SUPPLEMENTARY CAPITAL CAPITAL</b>	<b>-</b>	<b>-</b>	<b>84.782</b>	<b>73.959</b>	<b>20.324</b>	<b>37.824</b>	<b>-</b>
<b>NET AVAILABLE CAPITAL</b>	<b>403.265</b>	<b>2.958.320</b>	<b>721.052</b>	<b>2.933.750</b>	<b>449.721</b>	<b>2.066.863</b>	<b>3.906</b>

<sup>(1)</sup> The information is presented from companies' financial statements as of 30 June 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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**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

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

b) Information on subsidiaries:

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1. Halk Yatırım Menkul Değerler AŞ	Istanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ <sup>(2) (3)</sup>	Istanbul	79,33	79,36
3. Halk Finansal Kiralama AŞ	Istanbul	100,00	100,00
4. Halk Banka AD, Skopje	Macedonia	99,48	99,48
5. Halk Faktoring AŞ	Istanbul	100,00	100,00
6. Halkbank A.D. Beograd	Serbia	100,00	100,00
7. Halk Varlık Kiralama AŞ	Istanbul	100,00	100,00
8. Platform Ortak Karlı Sistemler AŞ <sup>(4)</sup>	Istanbul	100,00	100,00

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	1.146.713	412.591	24.183	105.634	7.625	118.687	96.485	532.217
2.	5.163.388	2.916.567	2.919.190	17.011	6.253	(9.812)	16.776	2.361.298
3.	6.259.258	637.748	4.276	317.657	-	104.347	24.938	671.661
4.	20.946.367	2.936.076	796.160	307.263	14.110	43.379	19.293	2.986.495
5.	3.022.783	432.574	6.661	250.494	-	59.522	40.007	512.348
6.	14.722.166	2.163.177	337.372	229.861	32.828	74.016	35.850	2.166.805
7.	1.706.044	3.906	3	-	-	718	461	3.579
8.	5.885	5.844	32	417	-	265	-	5.595

<sup>(1)</sup> The financial data is obtained from 30 June 2022 financial statements used in consolidation.

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

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

<sup>(4)</sup> The financial data is obtained from 30 June 2022 financial statements.

d) Movement of the subsidiaries:

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>7.665.664</b>	<b>5.497.082</b>
Movements during the period	1.574.334	2.168.582
Purchase <sup>(1)(2)(3)</sup>	717.008	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	822.946	1.579.660
Impairment Provisions (-)/ Reversals	-	-
<b>Balance at the end of the period</b>	<b>9.239.998</b>	<b>7.665.664</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

<sup>(1)</sup> 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.

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

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Banks	5.153.300	4.585.604
Insurance companies	-	-
Factoring companies	512.348	362.348
Leasing companies	671.661	471.661
Financing companies	-	-
Other financial subsidiaries	2.897.094	2.246.051
Other non-financial subsidiaries	5.595	-

f) Subsidiaries quoted in the stock exchange:

	<b>Current Period</b>	<b>Prior Period</b>
Quoted to domestic stock <sup>(1)</sup>	2.361.298	1.710.255
Quoted foreign stock exchange	-	-

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

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

None.

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

None.

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

None.

(12) Information on investment property:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Cost:</b>		<b>0</b>
Opening Balance	445.071	435.639
Acquisitions	1.709	9.432
Transfer	-	-
Disposals	-	-
Impairment Charge/Reversal	-	-
<b>Ending Balance</b>	<b>446.780</b>	<b>445.071</b>
<b>Accumulated Depreciation (-)</b>		
Opening Balance	85.319	81.992
Amortization Charge	1.670	3.327
Transfer	-	-
Disposals	-	-
Impairment Provisions	-	-
<b>Total Accumulated Depreciation (-)</b>	<b>86.989</b>	<b>85.319</b>
<b>Net Book Value</b>	<b>359.791</b>	<b>359.752</b>



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

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

(13) Information on deferred tax assets:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Deferred Tax Asset /(Liability)</b>		
Provisions <sup>(1)</sup>	5.615.680	3.214.984
Revaluation of Financial Assets	(2.007.816)	(5.527.489)
Other	(954.829)	2.469.899
<b>Deferred Tax Asset /(Liability):</b>	<b>2.653.035</b>	<b>157.394</b>
<b>Deferred tax accounted under shareholders' equity</b>	<b>(1.381.746)</b>	<b>280.925</b>
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	(1.279.028)	379.540
Actuarial gains/losses	147.419	117.935
Valuation of subsidiaries	(250.137)	(216.550)

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

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

None.

(15) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 11.340.964 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 <sup>(*)</sup>	18.548.603	-	6.902.212	32.909.336	83.299.262	5.442.932	2.992.229	138.581	150.233.155
Foreign currency deposits	71.506.404	-	30.508.251	137.131.136	19.777.105	7.556.127	13.699.414	22.850	280.201.287
<i>Residents in Türkiye</i>	64.385.657	-	29.634.569	131.234.636	18.997.034	6.112.160	9.402.169	22.220	259.788.445
<i>Residents abroad</i>	7.120.747	-	873.682	5.896.500	780.071	1.443.967	4.297.245	630	20.412.842
Public sector deposits	7.473.547	-	27.477.621	6.140.515	859.189	326.441	16.431	-	42.293.744
Commercial inst. deposits	27.455.236	-	27.361.149	24.191.007	3.612.040	31.056.465	3.302.524	-	116.978.421
Other inst. deposits	2.255.106	-	4.057.148	13.355.149	2.882.933	3.007.240	4.230.500	-	29.788.076
Precious metals	31.963.152	-	157.719	5.197.345	254.781	158.578	201.728	-	37.933.303
Interbank deposits	51.885.813	-	18.907.518	18.778.291	73.816	-	-	-	89.645.438
<i>CBRT</i>	565.559	-	-	-	-	-	-	-	565.559
<i>Domestic banks</i>	330.808	-	16.688.148	13.429.009	73.816	-	-	-	30.521.781
<i>Foreign banks</i>	49.794.245	-	368.653	5.349.282	-	-	-	-	55.512.180
<i>Participation banks</i>	1.195.201	-	1.850.717	-	-	-	-	-	3.045.918
<b>Total</b>	<b>211.087.861</b>	<b>-</b>	<b>115.371.618</b>	<b>237.702.779</b>	<b>110.759.126</b>	<b>47.547.783</b>	<b>24.442.826</b>	<b>161.431</b>	<b>747.073.424</b>

<sup>(\*)</sup> As of 30 June 2022, the Bank has a total deposit balance of TRY 120.759.327 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 <sup>(*)</sup>	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>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>168.135.064</b>	<b>-</b>	<b>100.264.789</b>	<b>291.658.709</b>	<b>28.042.157</b>	<b>13.280.111</b>	<b>24.371.270</b>	<b>152.371</b>	<b>625.904.471</b>

<sup>(\*)</sup> 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	58.904.692	45.658.688	91.137.536	62.400.473
Foreign currency saving deposits	44.849.402	38.102.218	142.867.197	134.235.893
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	647.506	535.794	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

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

	Current Period	Prior Period
Foreign branches' saving deposits and other accounts	453.047	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	3.930	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	-	124.597	-	287.630
Swap transactions	743.817	1.847.091	357	2.154.315
Future transactions	-	-	-	-
Options	-	296.613	17.830	10.119
Other	-	-	-	-
<b>Total</b>	<b>743.817</b>	<b>2.268.301</b>	<b>18.187</b>	<b>2.452.064</b>

(3) Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Funds borrowed from CBRT	-	-	-	-
Domestic banks and institutions	360.283	1.689.184	498.522	1.781.127
Foreign banks, institutions and funds	310	11.497.925	-	11.265.691
<b>Total</b>	<b>360.593</b>	<b>13.187.109</b>	<b>498.522</b>	<b>13.046.818</b>

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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: (continued)

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	277.263	212.109	363.399	277.642
Medium and long-term	83.330	12.975.000	135.123	12.769.176
<b>Total</b>	<b>360.593</b>	<b>13.187.109</b>	<b>498.522</b>	<b>13.046.818</b>

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

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

Main liability of the Bank is deposits, which is composed of 20,11% of saving deposits and 37,51% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets.

The Bank's 74,71% of bank deposits and 48,39% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	2.196.977	-	4.694.698	-
Bonds	916.946	-	706.982	-
Assets Backed Securities	1.010.911	-	1.011.622	-
<b>Total</b>	<b>4.124.834</b>	<b>-</b>	<b>6.413.302</b>	<b>-</b>

(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).

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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	41.382	40.481	36.524	36.100
1 - 4 years	391.731	326.225	448.317	362.750
More than 4 years	1.049.626	604.487	838.939	467.733
<b>Total</b>	<b>1.482.739</b>	<b>971.193</b>	<b>1.323.780</b>	<b>866.583</b>

(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 June 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 June 2022, the Bank's specific provision for unindemnified non-cash loans balance is TRY 393.380 (31 December 2021: TRY 337.306).

- c) Information on other provisions:

Total other provision balance amounting to TRY 1.907.118 (31 December 2021: TRY 1.161.546) consists of TRY 393.380 (31 December 2021: TRY 337.306) for specific provisions of unindemnified and unfunded non-cash loans, TRY 1.086.693 (31 December 2021: 629.840) for stage 1 and stage 2 expected credit loss amount of non-cash loans, TRY 83.739 (31 December 2021: TRY 73.416) for legal cases filed against the Bank, and TRY 343.306 (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 June 2022, the Bank's calculated current tax liability is amounting to TRY 602.092 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:

	<b>Current Period</b>	<b>Prior Period</b>
Corporate tax payable	602.092	8.025
Income on securities tax	498.334	409.434
Property income tax	3.680	3.049
Banking and insurance transactions tax (BITT)	349.314	246.819
Foreign exchange transactions tax	14.833	52.359
Value added tax payable	-	-
Other	81.157	74.027
<b>Total</b>	<b>1.549.410</b>	<b>793.713</b>

a.3. Information on premiums:

	<b>Current Period</b>	<b>Prior Period</b>
Social insurance premiums-employee	14	13
Social insurance premiums-employer	16	15
Bank social aid pension fund premium-employee	30.330	22.968
Bank social aid pension fund premium-employer	48.626	37.885
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	2.178	1.653
Unemployment insurance-employer	4.318	3.273
Other	618	378
<b>Total</b>	<b>86.100</b>	<b>66.185</b>

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

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

b) Information on deferred tax liability:

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

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

None.

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

Information on Subordinated Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital borrowings instruments	-	17.990.280	-	15.591.893
<i>Subordinated loans</i>	-	17.990.280	-	15.591.893
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.044.289	-	6.051.459	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.044.289	-	6.051.459	-
<b>Total</b>	<b>6.044.289</b>	<b>17.990.280</b>	<b>6.051.459</b>	<b>15.591.893</b>

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

(12) Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	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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**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

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

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

None.

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

None.

f) Information on the Bank's acquired shares:

Between January 1 - June 30, 2022, the Bank did not repurchase or sell any shares.

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

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

h) Information on preferred shares:

None.

i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	1.974.414	1.514.211	1.719.164	1.350.460
<i>Valuation differences</i>	<i>1.974.414</i>	<i>1.514.211</i>	<i>1.719.164</i>	<i>1.350.460</i>
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	4.143.312	(669.874)	(1.732.203)	(189.790)
<i>Valuation differences</i>	<i>4.143.312</i>	<i>(700.344)</i>	<i>(1.732.203)</i>	<i>(53.336)</i>
<i>Exchange rate difference</i>	-	<i>30.470</i>	-	<i>(136.454)</i>
<b>Total</b>	<b>6.117.726</b>	<b>844.337</b>	<b>(13.039)</b>	<b>1.160.670</b>

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

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

(1) Information on off-balance sheet liabilities:

a) Amount and nature of irrevocable loan commitments:

<b>Types of irrevocable commitments</b>	<b>Current Period</b>	<b>Prior Period</b>
Commitments for credit card expenditure limits	22.697.983	17.272.727
Payment commitments for cheques	8.537.002	6.146.359
Loan granting commitments	10.060.712	6.237.140
Forward asset purchase and sale commitments	5.869.450	9.044.334
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	23.342	27.584
Tax and fund liabilities from export commitments	101.909	106.220
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	6.015.072	5.306.244
<b>Total</b>	<b>53.305.470</b>	<b>44.140.608</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of credit	7.769.260	6.864.681
Bank acceptances	20.214.724	11.581.244
Other guarantees	14.206.332	9.543.534
<b>Total</b>	<b>42.190.316</b>	<b>27.989.459</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of certain guarantees	34.830.018	26.134.531
Letters of advance guarantees	8.977.003	7.724.693
Letters of tentative guarantees	2.515.154	1.930.929
Letters of guarantee given to customs offices	4.605.994	3.716.631
Other letters of guarantee	162.235.309	123.444.557
<b>Total</b>	<b>213.163.478</b>	<b>162.951.341</b>

c) Information on non-cash loans:

c.1. Total non-cash loans:

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash loans for providing cash loans	27.556.264	22.991.978
<i>Within one year or less original maturity</i>	3.875.897	2.037.876
<i>Within more than one year maturity</i>	23.680.367	20.954.102
Other non-cash loans	227.797.530	167.948.822
<b>Total</b>	<b>255.353.794</b>	<b>190.940.800</b>

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 June 2022, the Bank has credit default conditioned cross currency swap transaction amounting to USD 110 million with 5 year maturity (weighted average remaining maturity 1,2 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 8.537.002 (31 December 2021: TRY 6.146.359).

4) Services provided on behalf of others:

None.

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

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

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Interest on loans<sup>(1)</sup></b>				
Short term loans	9.889.030	183.056	5.263.980	108.382
Medium and long term loans	21.276.195	4.548.798	15.346.148	2.942.648
Interest on non-performing loans	389.215	-	101.678	-
Premiums from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>31.554.440</b>	<b>4.731.854</b>	<b>20.711.806</b>	<b>3.051.030</b>

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

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	326.433	-	502.263	-
Domestic banks	28.448	603	16.698	171
Foreign banks	11.560	9.894	6.862	4.481
Foreign headquarters and branches	-	-	-	-
<b>Total</b>	<b>366.441</b>	<b>10.497</b>	<b>525.823</b>	<b>4.652</b>

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	6.626	25	4.186	28
Financial Assets at Fair Value through Other Comprehensive Income	4.738.696	523.613	2.682.359	287.608
Financial Assets Measured at Amortized Cost	14.248.721	1.633.944	4.063.773	1.146.294
<b>Total</b>	<b>18.994.043</b>	<b>2.157.582</b>	<b>6.750.318</b>	<b>1.433.930</b>

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	153.763	109.139

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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	33.997	93.536	23.778	57.438
<i>CBRT</i>	3	-	-	-
<i>Domestic banks</i>	33.994	17.945	23.778	14.380
<i>Overseas banks</i>	-	75.591	-	43.058
<i>Overseas head office and branches</i>	-	-	-	-
Other institutions	-	20.022	4	12.362
<b>Total</b>	<b>33.997</b>	<b>113.558</b>	<b>23.782</b>	<b>69.800</b>

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

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	40.341	36.099

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	1.165.679	627.547	979.571	433.426

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

(2) Information on interest expenses (continued):

d) Maturity structure of interest expenses on deposits:

Current Period	Time deposits							Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
<b>TRY</b>									
Bank deposits	215	1.400.229	458.884	-	-	-	-	1.859.328	
Saving deposits	4	629.698	3.547.029	4.394.735	389.639	477.675	8.285	9.447.065	
Public deposits	3	1.036.339	330.685	37.698	16.310	1.195	-	1.422.230	
Commercial deposits	10	2.632.478	2.551.476	170.230	2.142.065	1.374.363	-	8.870.622	
Other deposits	1	495.842	1.288.553	157.146	235.087	50.450	-	2.227.079	
7 days call accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>233</b>	<b>6.194.586</b>	<b>8.176.627</b>	<b>4.759.809</b>	<b>2.783.101</b>	<b>1.903.683</b>	<b>8.285</b>	<b>23.826.324</b>	
<b>Foreign currency</b>									
Deposits	67	221.611	1.191.161	106.968	38.876	52.748	70	1.611.501	
Bank deposits	6	6.018	155.232	4	-	-	-	161.260	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	452	10.963	589	338	596	-	12.938	
<b>Total</b>	<b>73</b>	<b>228.081</b>	<b>1.357.356</b>	<b>107.561</b>	<b>39.214</b>	<b>53.344</b>	<b>70</b>	<b>1.785.699</b>	
<b>Grand total</b>	<b>306</b>	<b>6.422.667</b>	<b>9.533.983</b>	<b>4.867.370</b>	<b>2.822.315</b>	<b>1.957.027</b>	<b>8.355</b>	<b>25.612.023</b>	

Prior Period	Time deposits							Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
<b>TRY</b>									
Bank deposits	158	1.385.110	420.985	7.637	-	-	-	1.813.890	
Saving deposits	19	895.562	5.714.234	614.350	245.705	209.209	6.106	7.685.185	
Public deposits	15	453.390	270.655	31.683	16.374	1.241	-	773.358	
Commercial deposits	13	2.924.560	3.562.837	153.803	92.864	538.893	-	7.272.970	
Other deposits	-	270.664	1.543.047	231.046	118.226	134.895	-	2.297.878	
7 days call accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>205</b>	<b>5.929.286</b>	<b>11.511.758</b>	<b>1.038.519</b>	<b>473.169</b>	<b>884.238</b>	<b>6.106</b>	<b>19.843.281</b>	
<b>Foreign currency</b>									
Deposits	77	146.649	999.718	38.969	24.494	46.876	-	1.256.783	
Bank deposits	-	10.906	70.678	49	-	-	-	81.633	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	285	7.528	460	165	357	-	8.795	
<b>Total</b>	<b>77</b>	<b>157.840</b>	<b>1.077.924</b>	<b>39.478</b>	<b>24.659</b>	<b>47.233</b>	<b>-</b>	<b>1.347.211</b>	
<b>Grand total</b>	<b>282</b>	<b>6.087.126</b>	<b>12.589.682</b>	<b>1.077.997</b>	<b>497.828</b>	<b>931.471</b>	<b>6.106</b>	<b>21.190.492</b>	

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

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

(3) Information on trading profit/loss:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Profit</b>	<b>83.890.227</b>	<b>52.845.894</b>
<i>Profit from the capital market transactions</i>	39.717	26.174
<i>Profit on derivative financial transactions</i>	17.442.294	8.740.970
<i>Foreign exchange gains</i>	66.408.216	44.078.750
<b>Loss (-)</b>	<b>86.448.909</b>	<b>55.037.121</b>
<i>Loss from the capital market transactions</i>	10.514	692
<i>Loss from derivative financial transactions</i>	14.901.101	6.385.275
<i>Foreign exchange losses</i>	71.537.294	48.651.154

(4) Impairment losses on loans and other receivables:

	<b>Current Period</b>	<b>Prior Period</b>
Adjustments for prior period expenses	964.934	4.954.790
Income from the asset sale	507.072	104.061
Rent income	38.236	27.352
Other income	70.160	45.307
<b>Total</b>	<b>1.580.402</b>	<b>5.131.510</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Expected Credit Losses	10.229.372	986.281
<i>12 Month Expected Credit Loss (Stage 1)</i>	2.232.476	1.204
<i>Significant Increase in Credit Risk (Stage 2)</i>	4.701.019	63
<i>Non – Performing Loans (Stage 3)</i>	3.295.877	985.014
Marketable Securities Impairment Expense	-	-
<i>Financial Assets at Fair Value through Profit or Loss</i>	-	-
<i>Financial Assets at Fair Value through Other Comprehensive Income</i>	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
Other	306.952	-
<b>Total</b>	<b>10.536.324</b>	<b>986.281</b>

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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	221.522	102.238
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	238.539	221.347
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	78.155	74.018
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	10.164	8.627
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	2.039.505	1.146.127
<i>Leasing Expenses on TFRS 16 Exceptions</i>	78.673	53.362
<i>Maintenance expenses</i>	34.274	24.409
<i>Advertisement expenses</i>	353.508	130.089
<i>Other expenses</i>	1.573.050	938.267
Loss on sales of assets	236	268
Other	1.241.872	853.133
<b>Total</b>	<b>3.829.993</b>	<b>2.405.758</b>

(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 21.454.922 (30 June 2021: TRY 359.729 net interest expense), net fees and commissions income is TRY 3.276.504 (30 June 2021: TRY 1.693.636) and the profit from operations before tax is TRY 6.631.286 (30 June 2021: TRY 129.188 loss from operations before tax).

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

For the period then ended 30 June 2022, the Bank's tax provision expense amounting to TRY 2.030.997 (30 June 2021: TRY 252.165 tax provision income) consists of TRY 6.189.309 (30 June 2021: TRY 9.158) of current tax charge and TRY 4.853.103 (30 June 2021: TRY 1.521.634) of deferred tax charge, TRY 9.011.415 (30 June 2021: TRY 1.782.957) of deferred tax income.

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

As of 30 June 2022, the Bank's net operating income after tax is amounting to TRY 4.600.289 (30 June 2021: TRY 122.977)

(10) Information on net profit/loss:

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

There is no issue to be disclosed.

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

There is no issue to be disclosed.

(11) Other items in the income statement:

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

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

**V. EXPLANATIONS RELATED TO THE RISK GROUP OF THE BANK**

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

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

<b>Current Period</b>							
<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>		
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	
Loans							
Beginning Balance	2.916.786	244.149	-	-	-	-	
Closing Balance	4.786.118	215.770	-	-	-	-	
Interest and commissions	153.763	617	-	-	-	-	

<b>Prior Period</b>							
<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>		
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	
Loans							
Beginning Balance	3.164.527	265.880	-	-	-	-	
Closing Balance	2.916.786	244.149	-	-	-	-	
Interest and commissions	109.139	802	-	-	-	-	

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

<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Deposits</b>						
Beginning Balance	861.235	674.655	-	-	-	-
Closing Balance	1.076.204	861.235	-	-	-	-
Interest expense on deposits	40.341	36.099	-	-	-	-

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

<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Transactions at Fair Value Through Profit or Loss</b>						
Beginning Balance	28.466	-	-	-	-	-
Closing Balance	-	28.466	-	-	-	-
Total Profit/Loss	(1.391)	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:

<b>Current Period</b>	<b>Amount</b>	<b>Compared To The Amounts In The Financial Statements (%)</b>
Cash Loans	4.786.118	0,72
Non-Cash Loans	215.770	0,08
Deposits	1.076.204	0,14
Forward and Option Contracts	-	-

<b>Prior Period</b>	<b>Amount</b>	<b>Compared To The Amounts In The Financial Statements (%)</b>
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 8.322 as of 30 June 2022 (30 June 2021: TRY 6.741).



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

The international rating agency Fitch Ratings has revised Türkiye's Long-Term Foreign-Currency Issuer Default Rating to "B" from "B+" on July 8 2022. Accordingly, Fitch Ratings also revised the Bank's Long-Term Local Currency Issuer Default Rating to "B" from "B+" on July 26, 2022. The outlook of the relevant rating remain unchanged.

**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. The Bank filed its 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 on Halkbank's writ of certiorari on July 18, 2022. The Bank has filed its reply brief on August 2, 2022. Should the US Supreme Court grant the writ of certiorari on the FSIA, and the Bank prevails on the merits of the case as well, the case will be dismissed before the trial process. In case the writ of certiorari is denied by the US Supreme Court, the case will be returned to the District Court and the District Court will need to create a new schedule for the trials.

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

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. The appeal is still ongoing at the Second Circuit.

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.

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**SECTION VI: LIMITED REVIEW REPORT**

**I. EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT**

The Bank's publicly available unconsolidated financial statements and footnotes as of 30 June 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 12 August 2022 is presented in front of the financial statements.

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

None.

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

**SECTION VII: INTERIM ACTIVITY REPORT**

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

**Chairman's Review**

Dear Stakeholders,

The global inflationary pressure, triggered by the expansionary monetary policies implemented by developed countries to keep their economies alive during COVID lockdowns, has been exacerbated by the crisis that broke out between Russia and Ukraine in the first quarter of 2022. Russia's reduction of gas flows to Europe via the Nord Stream 1 natural gas pipeline has created a major energy crisis in the region, which is now having a knock-on effect on our country. A recession is becoming more and more likely in Europe, which is our biggest export market. We expect this situation to reflect on our commercial relations. The banking sector is closely analyzing these processes, as we work meticulously to keep our companies internationally competitive by reducing the economic impact of these developments experienced in our export markets.

Until now, the stagnation of investments caused by the global agenda in our main export markets has not had a negative impact on the exports of Türkiye, which has found new opportunities in the changing supply chain following the pandemic. With Türkiye's exports rising by 20 percent and approaching \$126 billion by the end of the second quarter of 2022, the goals set for the first half of the year have been met, as the country's export expectations for the year-end stand at \$250 billion. Our country broke export records in 20 of the last 22 months, affirming the competitiveness of our businesses despite the difficult circumstances.

While the Turkish banking sector has reinforced confidence, we will also be closely following the banking and real estate crisis that has emerged in China. The real estate crisis in China has weakened the demand for construction and may cause a downturn in iron ore prices. Falling commodity prices, which typically correlate with price inflation around the world, will reflect positively on Türkiye's industrial and real estate sectors.

Having analyzed global developments successfully with an interactive policy, Türkiye's diplomatic efforts have greatly contributed to its reputation. Acting as the main mediator between Russia and Ukraine and supporting all efforts made to stop the war, Türkiye has once again demonstrated its international stature by hosting a meeting in which both parties came together for the first time to address the problems experienced in the shipment of Ukrainian grain.

Dear Stakeholders,

Despite the macro developments that cause us to constantly renew our periodic strategies, our understanding and vision of banking have remained the same. In addition to our efforts for tradespeople, artisans, and SMEs, the products and services we have launched for women, young people, and new entrepreneurs have also attracted a great deal of attention. Productive Women Meetings, which has celebrated its second anniversary and reached thousands of young women in all seven regions, has turned into a signature event.

We emphasize the satisfaction of customer groups of all ages and profiles and their permanent cooperation with our Bank. This sensitivity guides our relations with all our customers in the retail, SME, and commercial segments, and everyone who works with Halkbank is welcomed by our customer team of friendly and experienced employees who understand their demands. Our hardworking teammates expand our horizons to further develop our business with the feedback they receive from our customers. In such a competitive sector as the banking sector, where all the traditional rules of customer engagement and loyalty are being rewritten, the satisfaction provided by our colleagues remains our greatest strength.

I would like to thank all our stakeholders and shareholders for putting their trust in us and inspiring us along the way.

Sincerely,

R. Süleyman Özdil

Chairman

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

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

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

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

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

**General Manager's Review**

Dear Stakeholders,

The Turkish economy emerged from the second quarter of the year with positive indicators, thanks to the measures taken to maintain the production and employment power of enterprises by reducing the impact of external developments stemming from global factors. The close collaboration between the banking system and the real economy has enabled businesses to continue their activities without any financial problems. Additionally, the share of machinery and equipment investments in total growth has increased, and our employment power has been preserved in both the industrial and service sectors.

As Türkiye is a strong supplier in the global value chain, the value of the country's production might for other countries has been revealed once again. Despite the recession expectations and the decreasing import trends in the European Union and the United States, our enterprises continued to break new records in exports of industrial products. In the third quarter, which is expected to see a boom in tourism, our country's economy will accelerate even further, and our Republic will celebrate its centennial with a strong showing.

In the second quarter, our Bank supported all enterprises and segments in their production, investment, employment, and export efforts, and became one of the main financial drivers of the country's growth. The ecosystem of women entrepreneurs, which has created many success stories with the support of our Bank, has been further strengthened with new events. Starting their second year with newfound energy, the meetings stood out in our Bank's activities and across the country as a socially sound banking service that provides direct benefits and clear results.

With the positive momentum created for the entrepreneurship ecosystem by the Productive Women Competition held in March, our Bank launched the Productive Women Meetings in Izmir in May. We emphasized our intention to organize more events throughout the country with meetings in Adana, Diyarbakır, Kocaeli, and Rize, and we were filled with pride after seeing the ever-increasing interest in our financial support in the new phase of our activities for women entrepreneurs. The support and participation of His Excellency Nureddin Nebati, Ph.D., our Minister of Treasury and Finance, has further elevated the events, and boosted morale among ourselves, participants and entrepreneurs.

We listen to the demands and expectations of all industries at the business world meetings we hold throughout the year. We see the Productive Women Meetings as an opportunity to listen to women entrepreneurs and understand the support they need to develop their businesses. This year's events are also highlighted by cooperatives that have many women among their ranks. We organize Brand Training for cooperatives with Halk Akademi with the idea that branding should be given priority at cooperatives. At these events, which host experts in the field, we provide training on branding, marketing, social media, and selecting the right product and market

We see how well these meetings go following the inclusion of young people who want to produce, transform their production into value and create new jobs. At the Youth Meetings we organize as part of our events, our marketing teams come together with university students and ask them to share their innovative ideas. Halkbank supports all young people to help them start their own businesses. Our new products appeal to graduates who lack professional work experience in their respective fields and want to start or have already started their own businesses in their fields. We offer the young entrepreneur loan to entrepreneurs under 35 with a maximum limit of 350,000 Turkish lira with a 60-month repayment term.

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

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

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

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

Our Bank has also launched a variety of products to facilitate the way of doing business for entrepreneurs and corporate customers. During this period, we offered our customers new products such as the Secure Digital Payment System, Teknokent Support Package, and the Green Energy Loan Package, which supports environmentalist steps against the global climate crisis. We have contributed to the development of the entrepreneurship ecosystem through six different entrepreneur models, namely the Young, Brave, Master, Techno, People, and Tradespeople Entrepreneur loans. With this product, which addresses a wide range of entrepreneurs from young university graduates to seasoned professionals looking to establish their own businesses, we have enabled our 33,000 entrepreneurs to benefit from 6.2 billion Turkish lira in funding.

While continuing our efforts to empower women, young people, and entrepreneurs economically and socially, we have also increased our support for tradespeople, artisans, and SMEs in line with our traditional mission. In the first half of 2022, the number of tradesmen using loans has increased by 52 percent year-on-year, and the amount of provided loans has risen by 126 percent. Having extended 33 billion Turkish lira in loans to our tradespeople as of the year-end 2021, our Bank's support reached 29.2 billion Turkish lira at the end of the first half of 2022. The tradespeople loan balance of our Bank, which reached 79.9 billion Turkish lira at the end of last year, increased to 90.6 billion Turkish lira at the end of the first half of this year, while the number of tradespeople using loans reached 1.1 million. Excluding retail loans, the share of SME loans in cash loans stood at 50 percent, as Halkbank continued to be Türkiye's leading bank in SME loans.

In the first half of the year, which was quite busy in every aspect, Halkbank crossed a historic threshold by increasing its total assets to over 1 trillion Turkish lira with an inclusive and participatory approach that extends from local to national and from regional to global scales. At the end of the second quarter, Halkbank grew its asset size by 52.1 percent year-on-year to 1.1 trillion Turkish lira, and increased its total deposits by 47.3 percent to 747.1 billion Turkish lira. Over the same period, our cash loans rose by 42.2 percent to 661.2 billion Turkish lira, and our total loans increased by 53 percent to 916.6 billion Turkish lira.

Halkbank has long been a flagship in sustainability and an advocate of an environmentally friendly approach in the Turkish banking sector, and has embarked upon a new journey internationally by elevating its vision to a higher level. 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. We believe that the banking sector has a decisive influence in the fight against climate change in Türkiye, as it has throughout the rest of the world. Halkbank attaches great importance to this global effort, and it is proud to do its part.

As shown by the figures and new products and services launched, we have left behind a productive period that has supported the development of the country with tailored solutions for young people, women entrepreneurs, professional groups, and the demands and expectations of the real economy. We will continue working for Türkiye's economic and social development in the second half of the year with the same level of determination.

We would like to thank you, our esteemed investors, for your unwavering support, and as Halkbank family, express our gratitude for your trust in our Bank.

Sincerely,

Osman ARSLAN

General Manager

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

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

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

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

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

**Major Financial Information**

**Summary Balance Sheet**  
**(TRY Million)**

	<b>June 2022</b>	<b>December 2021</b>	<b>Change (%)</b>
Total Assets	1.089.907	901.217	20,9
Loans	661.198	539.588	22,5
<i>TRY</i>	497.127	390.846	27,2
<i>FC</i>	164.071	148.742	10,3
Marketable Securities	291.989	223.301	30,8
Deposit	747.073	625.904	19,4
<i>TRY</i>	361.969	259.839	39,3
<i>FC</i>	385.104	366.065	5,2
Total Equity	67.125	43.500	54,3

**Summary Statement of Profit or Loss**  
**(TRY Million)**

	<b>June 2022</b>	<b>June 2021</b>	<b>Change (%)</b>
Interest Income	58.041	32.547	78,3
<i>On Loan</i>	36.286	23.763	52,7
<i>On Securities</i>	21.152	8.184	158,4
Interest Expense	36.586	32.187	13,7
<i>On Deposit</i>	25.612	21.190	20,9
Net Interest Income	21.455	360	5.864,2
Net Fee and Commission	3.277	1.694	93,5
Net Profit	4.600	123	3.640,8

**Ratio (%)**

	<b>June 2022</b>	<b>December 2021</b>
Cash Loans/Total Asset	60,7	59,9
Non-Performing Loans/Total Cash Loans (Gross)	2,8	3,0
Demand Deposit/Total Deposit	28,3	26,9
Loan/Deposit Ratio	88,5	86,2
Average Return on Asset (ROA)	0,93	0,19
Average Return on Equity (ROE)	16,77	3,49
Capital Adequacy Ratio	14,68	14,47

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

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

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

**2022 Second Quarter Interim Developments**

**Significant Developments**

- Our Bank has issued bills with a par value of 3,588,200,000 Turkish lira to the qualified investors throughout this period.
- Our Bank has joined the global cooperation Net-Zero Banking Alliance (NZBA) convened by the United Nations Environment Programme Finance Initiative.

**New Products and Campaigns**

- Our Bank has created the “Teknokent Support Package” to subsidize enterprises that operate/will operate in Teknokent/Teknopark areas established under the Law on Technology Development Zones.
- Our Bank has created the “Pre-School Special Education Institutions Support Package” to increase the number of pre-school special education institutions, which are one of the factors that give the greatest support to working mothers, as well as the number of female managers/partners operating these institutions, to facilitate their access to funding, and to encourage quality investments.
- Our Bank has created the “CGF-Secured Tea Procurement Package” to respond to the needs of companies purchasing green tea leaves. In addition to tea procurement, the package includes working capital funding through loan issues.
- Our Bank has created the “Housing Insulation Support Package” for targets clients who wish to install or renovate housing insulation in line with our goal to promote energy efficiency and environmental sustainability by helping reduce energy consumption.
- Our Bank has created the “My First Home Loan” product, a part of the Mortgage Packages, in order to aims to offer funding on affordable interest rates to clients who have not yet registered any property.
- Our Bank has created the “Extended Home Loan” product, a part of the Mortgage Packages, in order to aims to offer funding on affordable interest rates and to convert foreign savings to Turkish lira for clients who have not yet registered any property and who possess deposit savings in foreign currency or gold.

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