

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

**TÜRKİYE HALK BANKASI  
ANONİM ŞİRKETİ**

**Unconsolidated Financial Statements  
As of 31 December 2022  
With Auditors' Report Thereon**  
(Convenience Translation of Unconsolidated  
Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

**1) Qualified Opinion**

We have audited the financial statements of Türkiye Halk Bankası A.Ş. (“the Bank”), which comprise the unconsolidated balance sheet as at 31 December 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters on the unconsolidated financial statements described in the basis for the qualified opinion paragraphs, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

**2) Basis for Qualified Opinion**

The 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. The government bonds reclassified into financial assets measured at amortised cost as at 31 December 2022 amounted to TRY 31.249.779 thousand. If such classification were not made, total assets and shareholders’ equity, excluding tax effect, would be lower by TRY 3.501.034 thousand as at 31 December 2022.

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

**3) Emphasis of Matter**

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

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

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

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

**4) Key Audit Matters**

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

<b>Key Audit Matter</b>	<b>How the matter was addressed in the audit</b>
<p><b><i>Impairment of loans in accordance with TFRS 9 “Financial Instruments Standard”</i></b></p> <p>Impairment of loans is a key area of judgement for the management. The Bank has the total loans amounting to TRY 842.617.528 thousand, which comprise 61% of the Bank’s total assets in its unconsolidated financial statements and the total provision for expected credit loss</p>	<p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans</p>

<p>amounting to TRY 53.309.206 as at 31 December 2022.</p> <p>The Bank recognizes provisions for impairment in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. Applied accounting policies are explained in detail in the Section 3 Note VIII. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Bank exercises significant decisions using judgement, interpretation and assumptions over calculating loan impairments. These judgements, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans.</p> <p>There is a potential risk of impairment losses/provisions provided/will be provided may not meet the requirements of the TFRS 9. Failure in determining the loans that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans is considered as a key audit matter.</p> <p>Related explanations relating to the impairment of loans are presented in Section 5 Note I.5.</p>	<p>and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have read and analysed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.</p> <p>We have performed audit procedures on selected samples of loans and receivables with the objective of identifying whether the loss event had occurred and whether the provision for expected credit loss has been recognized in a timely manner within the framework of the provisions of the relevant regulation.</p> <p>We have tested relevant inputs and assumptions used by the management considering the expected credit loss calculation by considering whether those appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p>We have tested historical loss data to validate the completeness and accuracy of key parameters. We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p>Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements underlying the estimations of impairments were reasonable.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loans and related impairment provisions.</p>
<p><b>Key Audit Matter</b></p>	<p><b>How the matter was addressed in the audit</b></p>
<p><b><i>Valuation of Pension Fund Obligations</i></b></p> <p>Defined benefit pension plan that the Bank provides to its employees is managed by Türkiye Halk Bankası AŞ Emekli Sandığı Vakfi</p>	<p>Our audit work included the following procedures:</p> <p>We involved internal experts (actuary) in our audit team to evaluate the assumptions used in the</p>

and T.C. Ziraat Bankası ve T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (“Plan”) which were established by the 20th provisional article of the Social Security Law numbered 506 (the “Law”).

As disclosed in the Section III Note XVII to the unconsolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation (“SSF”) as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds’ members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation deed.

As of 31 December 2022, the Bank’s transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.

As described in Section Five Note II.9.f considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this as a key audit matter.

calculation of the pension obligations and the appropriateness of the estimates.

It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used.

In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Bank’s actuary.

We have assessed whether there is a significant change in the actuarial assumptions, methods, legal regulations and legislation used in the calculations and whether the assumptions are reasonable. In addition, we have reviewed the sufficiency of disclosures prepared with this regard.

Key Audit Matter	How the matter was addressed in the audit
<p><b><i>Information Technologies Audit</i></b></p> <p>The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> <li>• We identified and tested the Banks' controls over information systems as part of our audit procedures.</li> <li>• Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> <li>• Security management</li> <li>• Change management</li> <li>• Operations management</li> </ul> </li> <li>• We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner.</li> <li>• We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation.</li> <li>• Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation.</li> <li>• We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.</li> <li>• Finally, we understood and tested the controls over database, network, application and operating system layers of applications.</li> </ul>

## **5) Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

## **6) Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January-31 December 2022 does not comply with the TCC and the provisions of the Bank's articles of association in relation to financial reporting.

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

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

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

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 BAĐIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MŞAVİRLİK A.Ş.**  
**Member of DELOITTE TOUCHE TOHMATSU LIMITED**

Mjde Aslan  
Partner

Istanbul, 17 February 2023



**TÜRKİYE HALK BANKASI AŞ**  
**THE UNCONSOLIDATED FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 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 year end financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures consists of the sections listed below:

- **Section One** : GENERAL INFORMATION ABOUT THE 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** : OTHER EXPLANATIONS
- **Section Seven** : AUDITOR'S REPORT

The unconsolidated financial statements for the year ended 31 December 2022 and related disclosures and footnotes that are subject to audit and are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in **thousands of Turkish Lira**.

Istanbul, 17 February 2023

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

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

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

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**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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 31 December 2022 the shareholders’ structure and their respective ownerships are summarized as follows:

<b>Shareholders</b>	<b>31 December 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 31 DECEMBER 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, Independent Member of the Board of Directors
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
Tahir DEMİRKIRAN	Executive Vice President, Loan Policies, Monitoring and Specialized Loans
Ergin KAYA	Executive Vice President, Banking Operations and Digital Transformation
Yalçın MADENCİ	Executive Vice President, Corporate and Commercial Marketing
Yusuf Duran OCAK	Executive Vice President, Financial Management and Planning
Fatih ŞAHBAZ	Executive Vice President, Human Resources and Support Services
Ali ŞÖNER	Executive Vice President, Treasury Management and International Banking
Altan TAŞKIRAN	Executive Vice President, Retail and Digital Banking
Hasan TUNCAY	Executive Vice President, SME 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
Executive Vice President	Fatih ŞAHBAZ	22 November 2022
Executive Vice President	Altan TAŞKIRAN	22 November 2022
Executive Vice President	Tahir DEMİRKIRAN	28 November 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	Himmet KARADAĞ	25 March 2022

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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 31 DECEMBER 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 31 December 2022, the Bank operates with a total of 1038 branches consisting of 1032 domestic and 6 foreign branches that are 5 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 30 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 Ödeme Hizmetleri ve Elektronik Para 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 Ödeme Hizmetleri ve Elektronik Para 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.

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022**

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

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

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

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

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



**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 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
- VII. Statement Of Profit Distribution

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2022**  
*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*  
**I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

ASSETS	Note	Audited			Audited		
		Current Period			Prior Period		
		31 December 2022			31 December 2021		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. FINANCIAL ASSETS (NET)</b>		<b>129.001.375</b>	<b>173.538.837</b>	<b>302.540.212</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>33.526.579</b>	<b>132.587.288</b>	<b>166.113.867</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)	31.834.644	127.159.631	158.994.275	19.513.681	103.910.654	123.424.335
1.1.2 Banks	(3)	1.749.473	5.427.657	7.177.130	344.437	3.189.828	3.534.265
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Loss Provision (-)		57.538	-	57.538	34.374	-	34.374
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	(2)	<b>33.996.979</b>	<b>133.751</b>	<b>34.130.730</b>	<b>25.137.951</b>	<b>725</b>	<b>25.138.676</b>
1.2.1 Government Debt Securities		33.948.807	923	33.949.730	24.869.639	725	24.870.364
1.2.2 Equity Instruments		-	-	-	145.601	-	145.601
1.2.3 Other Financial Assets		48.172	132.828	181.000	122.711	-	122.711
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(4)	<b>61.158.143</b>	<b>37.902.282</b>	<b>99.060.425</b>	<b>39.347.469</b>	<b>25.960.864</b>	<b>65.308.333</b>
1.3.1 Government Debt Securities		59.787.086	37.459.800	97.246.886	38.593.800	25.623.561	64.217.361
1.3.2 Equity Instruments		843.654	442.482	1.286.136	228.886	337.303	566.189
1.3.3 Other Financial Assets		527.403	-	527.403	524.783	-	524.783
<b>1.4 Derivative Financial Assets</b>	(2)(11)	<b>319.674</b>	<b>2.915.516</b>	<b>3.235.190</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		319.674	2.915.516	3.235.190	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>779.661.282</b>	<b>250.604.261</b>	<b>1.030.265.543</b>	<b>446.255.471</b>	<b>203.806.331</b>	<b>650.061.802</b>
<b>2.1 Loans</b>	(5)	<b>666.016.811</b>	<b>176.600.717</b>	<b>842.617.528</b>	<b>390.846.238</b>	<b>148.741.790</b>	<b>539.588.028</b>
<b>2.2 Lease Receivables</b>	(10)	-	-	-	-	-	-
<b>2.3 Factoring Receivables</b>		-	-	-	-	-	-
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	(6)	<b>166.986.452</b>	<b>74.003.544</b>	<b>240.989.996</b>	<b>77.789.153</b>	<b>55.064.541</b>	<b>132.853.694</b>
2.4.1 Government Debt Securities		164.526.640	74.003.544	238.530.184	77.738.630	55.064.541	132.803.171
2.4.2 Other Financial Assets		2.459.812	-	2.459.812	50.523	-	50.523
<b>2.5 Expected Credit Loss (-)</b>		<b>53.341.981</b>	-	<b>53.341.981</b>	<b>22.379.920</b>	-	<b>22.379.920</b>
<b>NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)</b>	(16)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>10.492.662</b>	<b>9.214.095</b>	<b>19.706.757</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>1.612.921</b>	<b>1.764.937</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	1.612.921	1.764.937	78.073	1.218.924	1.296.997
<b>4.2 Subsidiaries (Net)</b>	(8)	<b>10.340.646</b>	<b>7.601.174</b>	<b>17.941.820</b>	<b>3.080.060</b>	<b>4.585.604</b>	<b>7.665.664</b>
4.2.1 Unconsolidated Financial Subsidiaries		10.240.301	7.601.174	17.841.475	3.080.060	4.585.604	7.665.664
4.2.2 Unconsolidated Non- Financial Subsidiaries		100.345	-	100.345	-	-	-
<b>4.3 Joint Ventures (Net)</b>	(9)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>	(12)	<b>12.067.835</b>	<b>609</b>	<b>12.068.444</b>	<b>8.317.159</b>	<b>378</b>	<b>8.317.537</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(13)	<b>574.468</b>	-	<b>574.468</b>	<b>513.936</b>	-	<b>513.936</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		574.468	-	574.468	513.936	-	513.936
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(14)	<b>360.056</b>	-	<b>360.056</b>	<b>359.752</b>	-	<b>359.752</b>
<b>VIII. CURRENT TAX ASSET</b>		-	-	-	-	-	-
<b>IX. DEFERRED TAX ASSET</b>	(15)	<b>8.437.719</b>	-	<b>8.437.719</b>	<b>157.394</b>	-	<b>157.394</b>
<b>X. OTHER ASSETS (Net)</b>	(17)	<b>17.299.341</b>	<b>887.634</b>	<b>18.186.975</b>	<b>6.268.677</b>	<b>215.069</b>	<b>6.483.746</b>
<b>TOTAL ASSETS</b>		<b>957.894.738</b>	<b>434.245.436</b>	<b>1.392.140.174</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 BALANCE SHEET AS OF 31 DECEMBER 2022**

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

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

LIABILITIES	Note	Audited			Audited		
		Current Period			Prior Period		
		TRY	FC	TOTAL	TRY	FC	TOTAL
		31 December 2022			31 December 2021		
<b>I. DEPOSITS</b>	(1)	567.603.075	493.319.456	1.060.922.531	259.839.714	366.064.757	625.904.471
<b>II. FUNDS BORROWED</b>	(3)	180.267	13.241.796	13.422.063	498.522	13.046.818	13.545.340
<b>III. MONEY MARKETS</b>		94.101.600	8.057.568	102.159.168	136.525.331	2.644.672	139.170.003
<b>IV. SECURITIES ISSUED (Net)</b>	(4)	8.976.077	-	8.976.077	6.413.302	-	6.413.302
4.1 Bills		7.107.044	-	7.107.044	4.694.698	-	4.694.698
4.2 Assets Backed Securities		1.011.622	-	1.011.622	1.011.622	-	1.011.622
4.3 Bonds		857.411	-	857.411	706.982	-	706.982
<b>V. FUNDS</b>	(5)	237.542	-	237.542	138.541	-	138.541
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		237.542	-	237.542	138.541	-	138.541
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)(8)	-	823.543	823.543	18.187	2.452.064	2.470.251
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	823.543	823.543	18.187	2.452.064	2.470.251
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES</b>	(7)	1.275.326	3.163	1.278.489	854.471	12.112	866.583
<b>X. PROVISIONS</b>	(9)	8.717.353	-	8.717.353	3.408.469	-	3.408.469
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		5.285.506	-	5.285.506	2.246.923	-	2.246.923
10.3 Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4 Other Provisions		3.431.847	-	3.431.847	1.161.546	-	1.161.546
<b>XI. CURRENT TAX LIABILITY</b>	(10)	9.468.573	527	9.469.100	859.868	30	859.898
<b>XII. DEFERRED TAX LIABILITIES</b>	(10)	-	-	-	-	-	-
<b>XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(12)	6.041.809	21.173.452	27.215.261	6.051.459	15.591.893	21.643.352
14.1 Loans		-	21.173.452	21.173.452	-	15.591.893	15.591.893
14.2 Other Debt Instruments		6.041.809	-	6.041.809	6.051.459	-	6.051.459
<b>XV. OTHER LIABILITIES</b>	(6)	64.721.368	4.354.061	69.075.429	41.129.481	2.166.547	43.296.028
<b>XVI. SHAREHOLDERS' EQUITY</b>	(13)	88.073.481	1.770.137	89.843.618	42.044.998	1.455.357	43.500.355
16.1 Paid-in Capital		4.969.121	-	4.969.121	2.473.776	-	2.473.776
16.2 Capital Reserves		17.683.890	395.076	18.078.966	6.963.056	294.687	7.257.743
16.2.1 Share Premium		16.680.879	-	16.680.879	5.776.224	-	5.776.224
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.003.011	395.076	1.398.087	1.186.832	294.687	1.481.519
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		12.580.026	1.833.570	14.413.596	4.810.662	1.350.460	6.161.122
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		8.556.841	(458.509)	8.098.332	(1.732.203)	(189.790)	(1.921.993)
<b>16.5 Profit Reserves</b>		29.529.707	-	29.529.707	28.021.978	-	28.021.978
16.5.1 Legal Reserves		2.696.611	-	2.696.611	2.548.763	-	2.548.763
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		26.785.915	-	26.785.915	25.426.034	-	25.426.034
16.5.4 Other Profit Reserves		47.181	-	47.181	47.181	-	47.181
<b>16.6 Income or (Loss)</b>		14.753.896	-	14.753.896	1.507.729	-	1.507.729
16.6.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Income or (Loss)		14.753.896	-	14.753.896	1.507.729	-	1.507.729
<b>16.7 Minority Shares</b>		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>849.396.471</b>	<b>542.743.703</b>	<b>1.392.140.174</b>	<b>497.782.343</b>	<b>403.434.250</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**  
**31 DECEMBER 2022**

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

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

		Audited			Audited		
		Current Period			Prior Period		
		31 December 2022			31 December 2021		
OFF-BALANCE SHEET	Note	TRY	FC	TOTAL	TRY	FC	TOTAL
<b>A. COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>415.654.379</b>	<b>358.192.812</b>	<b>773.847.191</b>	<b>177.195.784</b>	<b>263.127.030</b>	<b>440.322.814</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(1)	<b>203.985.740</b>	<b>111.200.707</b>	<b>315.186.447</b>	<b>82.028.060</b>	<b>108.912.740</b>	<b>190.940.800</b>
1.1 Letters of guarantee		168.666.024	100.393.232	269.059.256	71.425.233	91.526.108	162.951.341
1.1.1 Guarantees subject to public procurement law		6.914.095	13.846.314	20.760.409	4.022.784	9.819.863	13.842.647
1.1.2 Guarantees given for foreign trade operations		260.008	26.715.104	26.975.112	188.413	18.874.330	19.062.743
1.1.3 Other letters of guarantee		161.491.921	59.831.814	221.323.735	67.214.036	62.831.915	130.045.951
1.2 Bank loans		18.466.650	5.161.611	23.628.261	1.079.481	10.501.763	11.581.244
1.2.1 Import acceptances		-	486.033	486.033	-	272.303	272.303
1.2.2 Other bank acceptances		18.466.650	4.675.578	23.142.228	1.079.481	10.229.460	11.308.941
1.3 Letters of credit		53.360	5.625.245	5.678.605	22.275	6.842.406	6.864.681
1.3.1 Documentary letters of credit		53.360	5.625.245	5.678.605	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		16.799.706	20.619	16.820.325	9.501.071	42.463	9.543.534
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>85.805.725</b>	<b>23.652.091</b>	<b>109.457.816</b>	<b>38.457.173</b>	<b>10.799.643</b>	<b>49.256.816</b>
2.1 Irrevocable commitments	(1)	82.028.145	17.738.854	99.766.999	37.152.475	6.988.133	44.140.608
2.1.1 Forward asset purchase commitments		13.574.406	16.245.409	29.819.815	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		16.557.370	1.493.445	18.050.815	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	(4)	9.705.677	-	9.705.677	6.146.359	-	6.146.359
2.1.8 Tax and fund liabilities from export commitments		163.349	-	163.349	106.220	-	106.220
2.1.9 Commitments for credit card expenditure limits		34.608.889	-	34.608.889	17.272.727	-	17.272.727
2.1.10 Commitments for credit cards and banking services promotions		24.391	-	24.391	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		7.394.063	-	7.394.063	5.306.244	-	5.306.244
2.2 Revocable commitments		3.777.580	5.913.237	9.690.817	1.304.698	3.811.510	5.116.208
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		3.777.580	5.913.237	9.690.817	1.304.698	3.811.510	5.116.208
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)(3)	<b>125.862.914</b>	<b>223.340.014</b>	<b>349.202.928</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		125.862.914	223.340.014	349.202.928	56.710.551	143.414.647	200.125.198
3.2.1 Forward foreign currency buy/sell transactions		540.243	10.809.669	11.349.912	1.524.482	14.931.282	16.455.764
3.2.1.1 Forward foreign currency transactions-buy		481.250	7.277.955	7.759.205	770.538	9.871.952	10.642.490
3.2.1.2 Forward foreign currency transactions-sell		58.993	3.531.714	3.590.707	753.944	5.059.330	5.813.274
3.2.2 Currency and interest rate swaps		113.069.406	168.543.715	281.613.121	54.300.111	93.946.423	148.246.534
3.2.2.1 Currency swap-buy		-	100.374.575	100.374.575	-	44.940.478	44.940.478
3.2.2.2 Currency swap-sell		112.749.406	9.861.252	122.610.658	53.790.111	5.539.715	59.329.826
3.2.2.3 Interest rate swap-buy		160.000	29.153.944	29.313.944	255.000	21.733.115	21.988.115
3.2.2.4 Interest rate swap-sell		160.000	29.153.944	29.313.944	255.000	21.733.115	21.988.115
3.2.3 Currency, interest rate and marketable securities options		11.743.835	13.195.106	24.938.941	885.958	3.591.388	4.477.346
3.2.3.1 Currency call options		6.189.963	6.289.150	12.479.113	442.917	1.795.760	2.238.677
3.2.3.2 Currency put options		5.553.872	6.905.956	12.459.828	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		509.430	408.321	917.751	-	-	-
3.2.4.1 Currency futures-buy		37.954	372.896	410.850	-	-	-
3.2.4.2 Currency futures-sell		471.476	35.425	506.901	-	-	-
3.2.5 Interest rate buy/sell futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	30.383.203	30.383.203	-	30.945.554	30.945.554
<b>B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)</b>		<b>3.548.608.488</b>	<b>1.157.275.339</b>	<b>4.705.883.827</b>	<b>1.734.577.963</b>	<b>846.016.382</b>	<b>2.580.594.345</b>
<b>IV. CUSTODIES</b>		<b>1.368.688.542</b>	<b>147.968.761</b>	<b>1.516.657.303</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		169.310.140	12.803.462	182.113.602	134.858.276	5.684.265	140.542.541
4.3 Cheques in collection process		80.276.997	88.845.314	169.122.311	34.365.778	63.365.000	97.730.778
4.4 Commercial notes in collection process		1.068.266.795	24.536.791	1.092.803.586	494.216.428	19.065.722	513.282.150
4.5 Other assets in collection process		-	-	-	-	-	-
4.6 Underwritten securities		-	-	-	-	-	-
4.7 Other custodies		709.081	14.737	723.818	870.946	1.702.098	2.573.044
4.8 Custodians		50.125.529	21.768.457	71.893.986	44.777.399	5.905.314	50.682.713
<b>V. PLEDGED ASSETS</b>		<b>2.179.919.946</b>	<b>1.009.306.578</b>	<b>3.189.226.524</b>	<b>1.025.489.136</b>	<b>750.293.983</b>	<b>1.775.783.119</b>
5.1 Marketable securities		10.316.834	2.202.425	12.519.259	8.458.409	2.277.338	10.735.747
5.2 Collateral notes		40.176.584	1.945.380	42.121.964	15.652.676	3.014.547	18.667.223
5.3 Commodity		25.812	-	25.812	25.812	-	25.812
5.4 Warranty		-	-	-	-	-	-
5.5 Land and buildings		1.733.386.899	734.152.394	2.467.539.293	778.975.982	570.877.545	1.349.853.527
5.6 Other pledged assets		269.193.018	182.899.222	452.092.240	171.863.800	112.178.608	284.042.408
5.7 Pledges		126.820.799	88.107.157	214.927.956	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>3.964.262.867</b>	<b>1.515.468.151</b>	<b>5.479.731.018</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**  
**31 DECEMBER 2022**

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

**III. STATEMENT OF PROFIT OR LOSS**

INCOME AND EXPENSES	Note	Audited	Audited
		Current Period 1 January -31 December 2022	Prior Period 1 January -31 December 2021
<b>I. INTEREST INCOME</b>	<b>(1)</b>	<b>153.973.729</b>	<b>83.477.780</b>
1.1 Interest on Loans		85.604.042	54.195.894
1.2 Interest on Reserve Requirements		5.154	2.924
1.3 Interest on Banks		535.284	1.270.079
1.4 Interest on Money Market Transactions		-	-
1.5 Interest on Marketable Securities Portfolio		67.542.320	27.788.510
1.5.1 Fair Value Through Profit or Loss		12.589	10.862
1.5.2 Fair Value Through Other Comprehensive Income		14.217.543	8.285.326
1.5.3 Measured at Amortized Cost		53.312.188	19.492.322
1.6 Financial Lease Interest Income		-	-
1.7 Other Interest Income		286.929	220.373
<b>II. INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>85.728.561</b>	<b>63.618.009</b>
2.1 Interest on Deposits		64.459.527	42.009.351
2.2 Interest on Funds Borrowed		358.199	218.010
2.3 Interest Expense on Money Market Transactions		15.784.597	17.535.025
2.4 Interest on Securities Issued		3.700.719	3.268.444
2.5 Interest on Leases		148.958	117.254
2.6 Other Interest Expenses		1.276.561	469.925
<b>III. NET INTEREST INCOME (I - II)</b>		<b>68.245.168</b>	<b>19.859.771</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>8.461.949</b>	<b>4.087.789</b>
4.1 Fees and Commissions Received		11.691.782	5.682.775
4.1.1 Non – cash Loans		2.653.564	1.327.309
4.1.2 Other	<b>(12)</b>	9.038.218	4.355.466
4.2 Fees and Commissions Paid (-)		3.229.833	1.594.986
4.2.1 Non – cash Loans		169	134
4.2.2 Other	<b>(12)</b>	3.229.664	1.594.852
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>426.209</b>	<b>192.637</b>
<b>VI. TRADING INCOME / LOSS (Net)</b>	<b>(4)</b>	<b>(5.876.000)</b>	<b>(7.418.173)</b>
6.1 Trading Gains / (Losses) on Securities		205.160	38.439
6.2 Gains / (Losses) on Derivate Financial Transactions		7.832.809	18.518.810
6.3 Foreign Exchange Gains / (Losses)		(13.913.969)	(25.975.422)
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>3.573.124</b>	<b>6.266.854</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>74.830.450</b>	<b>22.988.878</b>
<b>IX. EXPECTED LOSS PROVISIONS (-)</b>	<b>(6)</b>	<b>36.785.104</b>	<b>11.884.553</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>(6)</b>	<b>185.113</b>	<b>27.988</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>8.220.695</b>	<b>4.308.398</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>9.495.284</b>	<b>5.361.846</b>
<b>XIII. NET OPERATING INCOME /LOSS (IX-X-XI)</b>		<b>20.144.254</b>	<b>1.406.093</b>
<b>XIV. INCOME AFTER MERGER</b>		-	-
<b>XV. INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-
<b>XVI. INCOME / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVII. PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	<b>(8)</b>	<b>20.144.254</b>	<b>1.406.093</b>
<b>XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>(5.390.358)</b>	<b>101.636</b>
18.1 Current Tax Provision		16.734.654	19.615
18.2 Deferred Tax Income Effect (+)		5.594.165	4.698.320
18.3 Deferred Tax Expense Effect (-)		16.938.461	4.819.571
<b>XIX. CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(10)</b>	<b>14.753.896</b>	<b>1.507.729</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</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>		-	-
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>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</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>XXV. NET PROFIT/(LOSS) (XVIII+XXIII)</b>	<b>(11)</b>	<b>14.753.896</b>	<b>1.507.729</b>
25.1 Profit / (Loss) of Group		14.753.896	1.507.729
25.2 Profit / (Loss) of Minority Shares (-)		-	-
Profit / (Loss) Per Share (full TRY)		3,29556919	0,60948485

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED**  
**31 DECEMBER 2022**

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

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

		Audited	Audited
		Current Period	Prior Period
INCOME EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		1 January -31 December 2022	1 January -31 December 2021
<b>I.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>14.753.896</b>	<b>1.507.729</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>18.272.799</b>	<b>(1.285.560)</b>
<b>2.1</b>	<b>Not Reclassified Through Profit or Loss</b>	<b>8.252.474</b>	<b>328.382</b>
2.1.1	Property and Equipment Revaluation Increase/Decrease	2.531.694	415.088
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(1.290.692)	(415.824)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	7.029.914	287.463
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(18.442)	41.655
<b>2.2</b>	<b>Reclassified Through Profit or Loss</b>	<b>10.020.325</b>	<b>(1.613.942)</b>
2.2.1	Foreign Currency Translation Differences	141.173	(134.384)
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	12.924.681	(1.805.798)
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	(3.045.529)	326.240
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>33.026.695</b>	<b>222.169</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022**  
**(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)**  
**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Audited (1 January -31 December 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
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	-	-	-	-	373.579	(332.660)	287.463	(134.384)	(1.479.558)	-	-	-	1.507.729	222.169	-	222.169		
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	-	-	-	347.682	-	-	-	-	-	-	-	2.600.045	(2.600.045)	347.682	-	347.682		
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	2.600.045	(2.600.045)	-	-	-	-		
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	2.600.045	(2.600.045)	-	-	-	-		
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	2.600.045	(2.600.045)	-	-	-	-		
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Period End Balance (III+IV+.....+X+XI)</b>	<b>2.473.776</b>	<b>5.776.224</b>	<b>-</b>	<b>1.481.519</b>	<b>1.948.954</b>	<b>(471.746)</b>	<b>4.683.914</b>	<b>(136.454)</b>	<b>(1.785.539)</b>	<b>-</b>	<b>28.021.978</b>	<b>-</b>	<b>1.507.729</b>	<b>43.500.355</b>	<b>-</b>	<b>43.500.355</b>		
<b>(1 January -31 December 2022)</b>																		
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
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	-	-	-	-	2.161.094	(938.534)	7.029.914	141.173	9.879.152	-	-	-	14.753.896	33.026.695	-	33.026.695		
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	-	-	-	(83.432)	-	-	-	-	-	-	-	1.507.729	(1.507.729)	(83.432)	-	(83.432)		
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	1.507.729	(1.507.729)	-	-	-	-		
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	1.507.729	(1.507.729)	-	-	-	-		
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>1.398.087</b>	<b>4.110.048</b>	<b>(1.410.280)</b>	<b>11.713.828</b>	<b>4.719</b>	<b>8.093.613</b>	<b>-</b>	<b>29.529.707</b>	<b>-</b>	<b>14.753.896</b>	<b>89.843.618</b>	<b>-</b>	<b>89.843.618</b>		

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED**  
**31 DECEMBER 2022**

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

**VI. STATEMENT OF CASH FLOWS**

	Note	Audited	Audited
		Current Period	Prior Period
		1 January -31	1 January -31
		December 2022	December 2021
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>(37.972.647)</b>	<b>(31.313.536)</b>
1.1.1 Interest received		109.527.157	59.898.090
1.1.2 Interest paid		(78.968.857)	(61.711.718)
1.1.3 Dividend received		426.209	192.637
1.1.4 Fees and commissions received		12.799.574	5.332.938
1.1.5 Other income		2.067.387	3.051.435
1.1.6 Collections from previously written off loans		4.328.083	2.327.529
1.1.7 Cash payments to personnel and service suppliers		(8.305.419)	(4.361.149)
1.1.8 Taxes paid		(9.355.867)	(479.700)
1.1.9 Other	(1)	(70.490.914)	(35.563.598)
<b>1.2 Changes in Assets and Liabilities Subject to Banking Operations</b>		<b>86.393.712</b>	<b>50.470.735</b>
1.2.1 Net Increase / decrease in financial assets at fair value through profit or loss		(8.993.533)	(9.457.426)
1.2.2 Net (increase) / decrease in due from banks		-	-
1.2.3 Net (increase) / decrease in loans		(287.558.163)	(20.971.350)
1.2.4 Net (increase) / decrease in other assets		(30.158.803)	(42.408.273)
1.2.5 Net increase / (decrease) in bank deposits		87.050.668	16.166.118
1.2.6 Net increase / (decrease) in other deposits		311.485.604	55.210.132
1.2.7 Net Increase / decrease in financial liabilities at fair value through profit or loss		-	-
1.2.8 Net increase / (decrease) in funds borrowed		(1.650.988)	1.995.544
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities	(1)	16.218.927	49.935.990
<b>I. Net cash provided from banking operations</b>		<b>48.421.065</b>	<b>19.157.199</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II. Net cash provided from/ (used in) investing activities</b>		<b>(63.088.355)</b>	<b>(16.703.161)</b>
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		(2.345.961)	(564.184)
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(1.077.087)	(357.740)
2.4 Fixed assets sales		3.468.992	2.668.822
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(25.233.285)	(8.332.600)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		11.482.714	3.005.980
2.7 Cash paid for purchase of investment securities		(56.287.775)	(20.528.083)
2.8 Cash obtained from sale of investment securities		7.125.727	7.493.789
2.9 Other		(221.680)	(89.145)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>20.849.918</b>	<b>(5.783.371)</b>
3.1 Cash obtained from loans borrowed and securities issued		21.118.730	13.123.150
3.2 Cash used for repayment of loans borrowed and securities issued		(13.302.050)	(18.639.746)
3.3 Bonds issued		13.400.000	-
3.4 Dividends paid		-	-
3.5 Payments for leases		(366.762)	(266.775)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(1)</b>	<b>14.962.468</b>	<b>23.367.773</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>21.145.096</b>	<b>20.038.440</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>(4)</b>	<b>62.119.451</b>	<b>42.081.011</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>(5)</b>	<b>83.264.547</b>	<b>62.119.451</b>

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



**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED**  
**31 DECEMBER 2022**

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

**VII. STATEMENT OF PROFIT DISTRIBUTION**

	Audited	Audited
	Current Period <sup>(*)</sup>	Prior Period
	31 December 2022	31 December 2021
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT</b>		
1.1. Current Period Profit	20.144.254	1.406.093
1.2. Taxes and Legal Duties Payables (-)	(5.390.358)	101.636
1.2.1. Corporate Tax (Income Tax)	(16.734.654)	(19.615)
1.2.2. Withholding Tax	-	-
1.2.3. Other Taxes and Duties	11.344.296	121.251
<b>A. Net Profit For The Period (1.1-1.2)</b>	<b>14.753.896</b>	<b>1.507.729</b>
1.3. Accumulated Losses (-)	-	-
1.4. First Legal Reserves (-)	-	75.386
1.5. Other Statutory Reserves (-)	-	-
<b>B. Net Profit Available for Distribution [(A)-(1.3+1.4+1.5)]</b>	<b>-</b>	<b>1.432.343</b>
1.6. First Dividend to shareholders (-)	-	-
1.6.1. To Owners of Ordinary Shares	-	-
1.6.2. To Owners of Privileged Shares	-	-
1.6.3. To Owners of Redeemed Shares	-	-
1.6.4. To Profit Sharing Bonds	-	-
1.6.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.7. Dividends to personnel (-)	-	-
1.8. Dividends to Board of Directors (-)	-	-
1.9. Second Dividend to Shareholders (-)	-	-
1.9.1. To Owners of Ordinary Shares	-	-
1.9.2. To Owners of Privileged Shares	-	-
1.9.3. To Owners of Redeemed Shares	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders Of Profit And Loss Sharing Certificates	-	-
1.10. Second Legal Reserves (-)	-	-
1.11. Status Reserves (-)	-	1.432.343
1.12. Extraordinary Reserves(2)	-	-
1.13. Other Reserves	-	-
<b>II. Distribution of Reserves</b>		
2.1. Appropriated Reserves	-	-
2.2. Second Legal Reserves (-)	-	-
2.2.1. Dividends to Shareholders (-)	-	-
2.2.2. To Owners of Ordinary Shares	-	-
2.3.3. To Owners of Privileged Shares	-	-
2.3.4. To Profit Sharing Bonds	-	-
2.3.5. To Holders of Profit and Loss Sharing Certificates	-	-
2.3. Dividends to Personnel (-)	-	-
2.4. Dividends to the Boards of Directors (-)	-	-
<b>III. Earnings per Share</b>		
3.1. To Owners of Ordinary Shares	3,29556919	0,6094849
3.2. To Owners of Ordinary Shares (%)	%329,56	%60,95
3.3. To Owners of Privileged Shares	-	-
3.4. To Owners of Privileged Shares (%)	-	-
<b>IV. Dividend per Share</b>		
4.1. To Owners of Ordinary Shares	-	-
4.2. To Owners of Ordinary Shares (%)	-	-
4.3. To Owners of Privileged Shares	-	-
4.4. To Owners of Privileged Shares (%)	-	-

(\*) As of 31 December 2022 financial reporting date, General Assembly has not been held yet.

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

**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 31 December 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 5.300.077 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 31 December 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.

**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.

**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.

**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.

**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**

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

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

TFRS 9, explains how financial assets are classified in accordance with above methods explained in Article 1 and 2 and other than these financial assets, remaining financial assets are classified in accordance with the method detailed in Article 3.

In addition, the Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Bank's expectations is updated during the year when deemed necessary. As of December 31, 2022, the valuation of the related assets was made according to the actual annual inflation of 64.27%.

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

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

*Assessment of Business Model (continued)*

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

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

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

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

- (a) Asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- (b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

- (a) Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

***Cash Equivalents and Banks***

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

***Loans and Receivables***

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

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

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

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

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

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

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

**Assessment of Business Model (continued)**

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

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

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

***Associates and subsidiaries***

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

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

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

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

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

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

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

**Calculation of Expected Credit Losses**

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

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

**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.



**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.

**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.

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)****XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT (continued)**

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

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

	<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.

**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.

**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.

**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 2022 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 31 December 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 and 2022 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.

**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. Advance corporate tax is calculated as 15% of taxable income.

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 in May 2022, second period advance corporate tax return for the period 1 April 2022 - 30 June 2022 in August 2022, third period advance corporate tax return for the period 1 July 2022 - 30 September 2022 was issued and paid to Revenue and Tax Office. Forth 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.

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

**XX. EXPLANATIONS ON SHARES ISSUED (continued)**

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.

Share capital increased from TRY 2.473.776 to TRY 4.969.121.

**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 VIII.

**XXIV. EXPLANATIONS ON OTHER MATTERS**

None.



**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 31 December 2022, the capital adequacy ratio and the capital amount of the Bank were realized as 14,70% (31 December 2021: 14,47%) and TRY 122.261.467 (31 December 2021: TRY 69.894.389) which were calculated within the scope of the above-mentioned regulation amendments.

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022**  
(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

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

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

(1) Information on Equity Items:

	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	24.151.869	7.310.664
Profit	14.753.896	1.507.729
<i>Current Period Profit</i>	14.753.896	1.507.729
<i>Prior Period Profit</i>	-	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	604.530	474.327
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>91.910.453</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	1.482.209	1.191.568
Leasehold Improvements on Operational Leases	385.937	190.465
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	574.468	513.936
Net Deferred Tax Asset/Liability	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital	424.229	351.767
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	-
<i>The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital</i>	-	-
<i>Mortgage Servicing Rights not deducted</i>	-	-
<i>Excess Amount arising from Deferred Tax Assets from Temporary Differences</i>	-	-
Other items to be Defined by the BRSA	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	-
<b>Total Deductions from Common Equity Tier 1 Capital</b>	<b>2.866.843</b>	<b>2.247.736</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>89.043.610</b>	<b>44.537.413</b>

**TÜRKİYE HALK BANKASI AŞ**  
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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	17.921.340	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>17.921.340</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>17.921.340</b>	<b>13.807.080</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>106.964.950</b>	<b>58.344.493</b>
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	5.729.795	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)	9.698.082	5.630.027
<b>Tier II Capital Before Deductions</b>	<b>15.427.877</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>15.427.877</b>	<b>11.559.822</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>122.392.827</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	131.360	9.926

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**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)	122.261.467	69.894.389
Total Risk Weighted Assets	831.962.718	483.026.446
<b>Capital Adequacy Ratios</b>		
CET1 Capital Ratio (%)	10,70	9,22
Tier I Capital Ratio (%)	12,86	12,08
Capital Adequacy Ratio (%)	14,70	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 (%)	6,696	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	509.314	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	8.437.719	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)	41.007.350	11.169.768
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	9.698.082	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.

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

**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. In addition, within the scope of the BRSA's Board Decision dated December 21, 2021, in case the net valuation differences of the securities in the portfolio of "Securities at Fair Value through Other Comprehensive Income" as of December 21, 2021 are negative, these differences may not taken into account in the calculated equity amount. In addition; in accordance with the regulation, operating lease development costs, which are presented under the Tangible Assets item in the balance sheet and Intangible Fixed Assets for the calculation of capital adequacy are taken into account as a discount item from the core capital. In addition; in accordance with the regulation, operating lease development costs, which are presented under the Tangible Assets item in the balance sheet and Intangible Fixed Assets for the calculation of capital adequacy are taken into account as a discount item from the core capital. Similarly, some accounts determined by the Board are deducted from the total Equity in the calculation of the "Equity" amount, which is the basis for the capital adequacy calculation.

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

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

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

<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)	800	1.950	2.980	17.921
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
Demand or dated	Dated	Dated	Dated	Demand
Original maturity date	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Issuer call subject to prior supervisory approval	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
<b>Coupons / dividends</b>				
Fixed or floating dividend/coupon	Floating Coupon	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	Government Debt Security for 5 years +350 base points	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
<b>Convertible or non-convertible</b>				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-

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

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

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

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

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

**II. EXPLANATIONS ON CREDIT RISK**

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

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

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

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

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

As prescribed in the related Communiqué, the credit worthiness of the debtors of the loans and other receivables is monitored regularly and statements of accounts taken for the loans are audited in line with the related regulations. Guarantee factors are developed in accordance with the decision of the credit committee and updated according to the top management's initiatives and changes in the economic conditions. The Bank receives sufficient collaterals in consideration of the loans and other receivables granted. Guarantees obtained are surety ships, immovable mortgages, cash blockages and customer or real person cheques.

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

The Bank's largest 100 and 200 cash loan customers compose 27,29% and 32,48% of the total cash loan portfolio, respectively.

The Bank's largest 100 and 200 non-cash loan customers compose 36,39% and 47,11% of the total non-cash loan portfolio, respectively.

The Bank's largest 100 ve 200 cash and non-cash loan customers represent 16,83% and 21,36% of the total "on and off balance sheet" assets, respectively.

Stage I and Stage II expected losses for credit risks of the Bank is TRY 38.146.895 (31 December 2021: TRY 10.488.846).



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

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

<b>Exposure Categories:</b>	<b>Credit Risk Amount <sup>(1)</sup></b>	<b>Current Period Average Risk Amount</b>	<b>Credit Risk Amount <sup>(1)</sup></b>	<b>Prior Period Average Risk Amount</b>
Conditional and unconditional exposures to central governments or central banks	429.663.619	329.843.401	262.977.997	206.075.933
Conditional and unconditional exposures to regional governments or local authorities	2.081.598	1.894.949	1.956.089	2.171.111
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	3.451.052	2.915.295	2.249.287	2.059.419
Conditional and unconditional exposures to multilateral development banks	62	215	358	16.501
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	9.788.234	8.907.023	4.365.503	4.742.401
Conditional and unconditional exposures to corporates	422.549.356	346.580.113	245.901.120	216.084.292
Conditional and unconditional retail exposures	236.160.106	190.000.604	163.497.801	148.848.852
Conditional and unconditional exposures secured by real estate property	208.630.129	158.196.430	111.048.694	100.166.259
Past due items	3.866.851	4.322.765	3.955.905	5.575.620
Items in regulatory high-risk categories	44.248.814	23.254.805	5.052.594	1.410.918
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Stock Investments	19.451.485	11.529.114	8.805.055	6.818.925
Other Receivables	60.557.235	39.381.417	26.079.388	22.040.660

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

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

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

Profile of significant exposures in major regions:

	Risk Classifications <sup>(1)</sup>											Total	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments		Other
<b>Current Period</b>													
1. Domestic	429.663.608	2.081.598	3.451.052	62	5.738.406	421.914.488	236.118.008	208.432.852	3.866.806	44.247.650	-	60.531.560	1.416.046.090
2. European Union (EU) Countries	2	-	-	-	1.571.129	314.957	31.375	14.803	34	750	-	-	1.933.050
3. OECD Countries <sup>(2)</sup>	2	-	-	-	610.638	-	136	1.670	7	25	-	-	612.478
4. Off-Shore Banking Regions	-	-	-	-	18.193	319.911	47	9.472	-	-	-	-	347.623
5. USA, Canada	5	-	-	-	270.434	-	1.485	762	-	5	-	-	272.691
6. Other Countries	2	-	-	-	1.579.434	-	9.055	170.570	4	384	-	25.675	1.785.124
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	19.451.485	-	19.451.485
8. Unallocated Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>429.663.619</b>	<b>2.081.598</b>	<b>3.451.052</b>	<b>62</b>	<b>9.788.234</b>	<b>422.549.356</b>	<b>236.160.106</b>	<b>208.630.129</b>	<b>3.866.851</b>	<b>44.248.814</b>	<b>19.451.485</b>	<b>60.557.235</b>	<b>1.440.448.541</b>
<b>Prior Period</b>													
1. Domestic	262.977.973	1.956.089	2.249.287	358	2.009.620	245.595.396	163.486.467	110.870.047	3.955.863	5.049.925	-	26.065.213	824.216.238
2. European Union (EU) Countries	12	-	-	-	1.147.058	245.157	6.876	12.290	27	404	-	-	1.411.824
3. OECD Countries <sup>(2)</sup>	-	-	-	-	399.408	-	50	1.457	4	-	-	-	400.919
4. Off-Shore Banking Regions	-	-	-	-	1.437	60.567	236	1.031	-	1.880	-	-	65.151
5. USA, Canada	4	-	-	-	132.879	-	1.394	46	-	280	-	-	134.603
6. Other Countries	8	-	-	-	675.101	-	2.778	163.823	11	105	-	14.175	856.001
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	8.805.055	-	8.805.055
8. Unallocated Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>262.977.997</b>	<b>1.956.089</b>	<b>2.249.287</b>	<b>358</b>	<b>4.365.503</b>	<b>245.901.120</b>	<b>163.497.801</b>	<b>111.048.694</b>	<b>3.955.905</b>	<b>5.052.594</b>	<b>8.805.055</b>	<b>26.079.388</b>	<b>835.889.791</b>

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

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

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

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

Profile of significant exposures by sectors:

Current Period	Risk Simfları <sup>(1)</sup>													Total	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments	Other	TRY		FC
<b>Agriculture</b>	<b>95.783</b>	-	<b>4.031</b>	-	-	<b>1.652.155</b>	<b>2.006.909</b>	<b>937.142</b>	<b>35.862</b>	<b>70.960</b>	-	<b>65</b>	<b>4.342.174</b>	<b>460.733</b>	<b>4.802.907</b>
<i>Farming and Stockbreeding</i>	42.669	-	4.025	-	-	1.218.247	1.010.739	527.934	11.260	47.251	-	24	2.641.799	220.350	2.862.149
<i>Forestry</i>	36.442	-	6	-	-	190.583	911.273	334.681	22.524	-	-	37	1.319.355	176.191	1.495.546
<i>Fishery</i>	16.672	-	-	-	-	243.325	84.897	74.527	2.078	23.709	-	4	381.020	64.192	445.212
<b>Manufacturing</b>	<b>9.909.602</b>	-	<b>110.577</b>	-	-	<b>176.011.307</b>	<b>30.741.591</b>	<b>46.031.928</b>	<b>498.306</b>	<b>9.025.780</b>	-	<b>533</b>	<b>207.307.457</b>	<b>65.022.167</b>	<b>272.329.624</b>
<i>Mining and Quarrying</i>	244.559	-	-	-	-	8.264.529	420.111	659.405	4.637	140.872	-	22	5.025.572	4.708.563	9.734.135
<i>Production</i>	9.501.366	-	110.577	-	-	132.076.476	30.069.001	43.740.930	491.689	8.365.596	-	511	183.580.083	40.776.063	224.356.146
<i>Electricity, Gas and Water</i>	163.677	-	-	-	-	35.670.302	252.479	1.631.593	1.980	519.312	-	-	18.701.802	19.537.541	38.239.343
<b>Construction</b>	<b>2.324.022</b>	-	-	-	-	<b>52.965.389</b>	<b>7.757.889</b>	<b>20.894.150</b>	<b>332.079</b>	<b>7.504.793</b>	-	<b>10</b>	<b>74.905.461</b>	<b>16.872.871</b>	<b>91.778.332</b>
<b>Services</b>	<b>296.461.718</b>	<b>1.960.032</b>	<b>3.331.615</b>	<b>62</b>	<b>7.186.646</b>	<b>126.704.286</b>	<b>133.605.584</b>	<b>72.178.041</b>	<b>2.121.992</b>	<b>11.709.130</b>	-	<b>10.221</b>	<b>519.660.066</b>	<b>135.609.261</b>	<b>655.269.327</b>
<i>Wholesale and Retail Trade</i>	5.250.936	-	31.676	62	-	67.923.535	81.875.542	40.882.205	1.376.921	6.828.914	-	1.107	193.596.263	10.574.635	204.170.898
<i>Accommodation and Dining</i>	1.988.150	10	-	-	-	17.835.235	6.643.238	16.483.602	312.562	585.176	-	30	19.437.053	24.410.950	43.848.003
<i>Transportation and Telecom.</i>	296.901	-	-	-	-	9.578.708	34.875.414	3.349.144	284.250	297.440	-	70	41.142.593	7.539.334	48.681.927
<i>Financial Institutions</i>	18.828	-	87	-	7.186.646	13.188.494	291.278	1.089.755	1.410	1.644.144	-	6.149	18.214.542	5.212.249	23.426.791
<i>Real Estate and Rental Services</i>	167.722	-	-	-	-	10.923.422	3.128.451	5.552.028	68.523	728.615	-	10	16.278.587	4.290.184	20.568.771
<i>Professional Services</i>	62.219	-	-	-	-	17.025	3.658.372	673.911	44.294	-	-	190	4.455.637	374	4.456.011
<i>Educational Services</i>	159.979	-	1.372.722	-	-	571.409	841.286	1.073.115	21.303	391.936	-	12	4.330.859	100.903	4.431.762
<i>Health and Social Services</i>	288.516.983	1.960.022	1.927.130	-	-	6.666.458	2.292.003	3.074.281	12.729	1.232.905	-	2.653	222.204.532	83.480.632	305.685.164
<b>Other</b>	<b>120.872.494</b>	<b>121.566</b>	<b>4.829</b>	-	<b>2.601.588</b>	<b>65.216.219</b>	<b>62.048.133</b>	<b>68.588.868</b>	<b>878.612</b>	<b>15.938.151</b>	<b>19.451.485</b>	<b>60.546.406</b>	<b>262.413.155</b>	<b>153.855.196</b>	<b>416.268.351</b>
<b>Total</b>	<b>429.663.619</b>	<b>2.081.598</b>	<b>3.451.052</b>	<b>62</b>	<b>9.788.234</b>	<b>422.549.356</b>	<b>236.160.106</b>	<b>208.630.129</b>	<b>3.866.851</b>	<b>44.248.814</b>	<b>19.451.485</b>	<b>60.557.235</b>	<b>1.068.628.313</b>	<b>371.820.228</b>	<b>1.440.448.541</b>

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

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

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

Profile of significant exposures by sectors (continued):

Prior Period	Risk Classifications <sup>(1)</sup>													TRY	FC	Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments	Other				
<b>Agriculture</b>	<b>194.840</b>	-	<b>1.693</b>	-	-	<b>631.358</b>	<b>1.228.261</b>	<b>408.278</b>	<b>27.124</b>	-	-	<b>66</b>	<b>1.997.822</b>	<b>493.798</b>	<b>2.491.620</b>	
<i>Farming and Stockbreeding</i>	<i>84.400</i>	-	<i>1.688</i>	-	-	<i>259.353</i>	<i>598.924</i>	<i>150.689</i>	<i>7.919</i>	-	-	<i>26</i>	<i>950.225</i>	<i>152.774</i>	<i>1.102.999</i>	
<i>Forestry</i>	<i>66.938</i>	-	<i>5</i>	-	-	<i>87.832</i>	<i>564.587</i>	<i>223.644</i>	<i>10.881</i>	-	-	<i>37</i>	<i>802.875</i>	<i>151.049</i>	<i>953.924</i>	
<i>Fishery</i>	<i>43.502</i>	-	-	-	-	<i>284.173</i>	<i>64.750</i>	<i>33.945</i>	<i>8.324</i>	-	-	<i>3</i>	<i>244.722</i>	<i>189.975</i>	<i>434.697</i>	
<b>Manufacturing</b>	<b>10.289.979</b>	-	<b>59.391</b>	-	-	<b>92.015.603</b>	<b>24.454.838</b>	<b>21.803.529</b>	<b>1.031.094</b>	-	-	<b>536</b>	<b>93.786.221</b>	<b>55.868.749</b>	<b>149.654.970</b>	
<i>Mining and Quarrying</i>	<i>204.352</i>	-	-	-	-	<i>4.608.624</i>	<i>377.233</i>	<i>332.837</i>	<i>23.466</i>	-	-	<i>22</i>	<i>1.886.596</i>	<i>3.659.938</i>	<i>5.546.534</i>	
<i>Production</i>	<i>9.963.696</i>	-	<i>59.391</i>	-	-	<i>68.727.532</i>	<i>23.894.014</i>	<i>20.563.593</i>	<i>774.652</i>	-	-	<i>514</i>	<i>87.111.477</i>	<i>36.871.915</i>	<i>123.983.392</i>	
<i>Electricity, Gas and Water</i>	<i>121.931</i>	-	-	-	-	<i>18.679.447</i>	<i>183.591</i>	<i>907.099</i>	<i>232.976</i>	-	-	-	<i>4.788.148</i>	<i>15.336.896</i>	<i>20.125.044</i>	
<b>Construction</b>	<b>2.875.216</b>	-	-	-	-	<b>32.628.098</b>	<b>5.220.111</b>	<b>11.839.031</b>	<b>671.210</b>	-	-	<b>10</b>	<b>41.602.981</b>	<b>11.630.695</b>	<b>53.233.676</b>	
<b>Services</b>	<b>160.888.652</b>	<b>1.927.388</b>	<b>2.187.041</b>	<b>358</b>	<b>3.597.441</b>	<b>76.280.934</b>	<b>84.743.594</b>	<b>34.834.845</b>	<b>1.451.529</b>	-	-	<b>10.018</b>	<b>269.470.595</b>	<b>96.451.205</b>	<b>365.921.800</b>	
<i>Wholesale and Retail Trade</i>	<i>9.279.377</i>	-	<i>6.857</i>	<i>358</i>	-	<i>34.426.972</i>	<i>53.563.141</i>	<i>16.129.438</i>	<i>805.312</i>	-	-	<i>1.253</i>	<i>102.647.059</i>	<i>11.565.649</i>	<i>114.212.708</i>	
<i>Accommodation and Dining</i>	<i>2.197.576</i>	<i>10</i>	-	-	-	<i>12.507.295</i>	<i>4.553.739</i>	<i>10.378.808</i>	<i>141.079</i>	-	-	<i>30</i>	<i>10.131.002</i>	<i>19.647.535</i>	<i>29.778.537</i>	
<i>Transportation and Telecom.</i>	<i>560.121</i>	-	<i>5</i>	-	-	<i>10.011.630</i>	<i>21.043.156</i>	<i>1.400.933</i>	<i>107.799</i>	-	-	<i>71</i>	<i>24.132.320</i>	<i>8.991.395</i>	<i>33.123.715</i>	
<i>Financial Institutions</i>	<i>53.118</i>	-	-	-	<i>3.597.441</i>	<i>7.539.423</i>	<i>126.377</i>	<i>1.196.333</i>	<i>1.253</i>	-	-	<i>5.866</i>	<i>9.240.934</i>	<i>3.278.877</i>	<i>12.519.811</i>	
<i>Real Estate and Rental Services</i>	<i>330.503</i>	-	<i>48</i>	-	-	<i>6.304.307</i>	<i>1.987.523</i>	<i>2.962.588</i>	<i>40.309</i>	-	-	<i>10</i>	<i>7.370.814</i>	<i>4.254.474</i>	<i>11.625.288</i>	
<i>Professional Services</i>	<i>167.425</i>	-	-	-	-	<i>29</i>	<i>2.132.149</i>	<i>202.588</i>	<i>11.069</i>	-	-	<i>192</i>	<i>2.513.297</i>	<i>155</i>	<i>2.513.452</i>	
<i>Educational Services</i>	<i>236.091</i>	-	<i>1.329.555</i>	-	-	<i>452.764</i>	<i>507.154</i>	<i>683.799</i>	<i>327.446</i>	-	-	<i>12</i>	<i>3.178.260</i>	<i>358.561</i>	<i>3.536.821</i>	
<i>Health and Social Services</i>	<i>148.064.441</i>	<i>1.927.378</i>	<i>850.576</i>	-	-	<i>5.038.514</i>	<i>830.355</i>	<i>1.880.358</i>	<i>17.262</i>	-	-	<i>2.584</i>	<i>110.256.909</i>	<i>48.354.559</i>	<i>158.611.468</i>	
<b>Other</b>	<b>88.729.310</b>	<b>28.701</b>	<b>1.162</b>	-	<b>768.062</b>	<b>44.345.127</b>	<b>47.850.997</b>	<b>42.163.011</b>	<b>774.948</b>	<b>5.052.594</b>	<b>8.805.055</b>	<b>26.068.758</b>	<b>153.330.992</b>	<b>111.256.733</b>	<b>264.587.725</b>	
<b>Total</b>	<b>262.977.997</b>	<b>1.956.089</b>	<b>2.249.287</b>	<b>358</b>	<b>4.365.503</b>	<b>245.901.120</b>	<b>163.497.801</b>	<b>111.048.694</b>	<b>3.955.905</b>	<b>5.052.594</b>	<b>8.805.055</b>	<b>26.079.388</b>	<b>560.188.611</b>	<b>275.701.180</b>	<b>835.889.791</b>	

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

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

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

Analysis of maturity-bearing exposures according to remaining maturities (\*):

<b>Current Period</b>	<b>Term to Maturity</b>				
<b>Exposure Categories</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 year</b>
1. Conditional and unconditional exposures to central governments or central banks	124.089.553	3.638.171	11.904.052	29.405.084	260.626.759
2. Conditional and unconditional exposures to regional governments or local authorities	59.290	9.914	47.109	74.036	1.891.249
3 Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	573.632	152.365	107.299	473.658	2.144.098
4. Conditional and unconditional exposures to Multilateral Development Banks	-	-	-	-	62
5. Conditional and unconditional exposures to banks and brokerage houses	8.723.247	26.501	62.726	211.947	763.813
6. Conditional and unconditional exposures to corporates	68.297.355	31.845.894	41.797.125	81.195.463	199.413.519
7. Conditional and unconditional retail exposures	34.449.868	6.379.948	15.294.773	31.667.134	148.368.383
8. Conditional and unconditional exposures secured by real estate property	24.264.268	8.261.528	13.955.727	39.064.040	123.084.566
9. Past due items	3.767.804	475	2.484	6.431	89.657
10. Items in Regulatory High-Risk Categories	1.007.387	599.480	6.677.024	12.216.004	23.748.919
11. Stock Investments	19.451.485	-	-	-	-
12. Other Items	60.537.786	43	6.943	10.367	2.096
<b>Total</b>	<b>345.221.675</b>	<b>50.914.319</b>	<b>89.855.262</b>	<b>194.324.164</b>	<b>760.133.121</b>

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

<b>Prior Period</b>	<b>Term to Maturity</b>				
<b>Exposure Categories</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>Over 1 year</b>
1. Conditional and unconditional exposures to central governments or central banks	87.951.370	3.704.591	3.575.482	3.685.821	164.060.733
2. Conditional and unconditional exposures to regional governments or local authorities	40.971	17.623	18.242	96.410	1.782.843
3 Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	206.536	97.061	41.333	157.464	1.746.893
4. Conditional and unconditional exposures to Multilateral Development Banks	358	-	-	-	-
5. Conditional and unconditional exposures to banks and brokerage houses	3.733.967	119.834	15.422	190.059	306.221
6. Conditional and unconditional exposures to corporates	27.256.564	16.868.519	19.940.501	44.808.072	137.027.464
7. Conditional and unconditional retail exposures	21.619.469	3.942.151	6.726.681	22.302.010	108.907.490
8. Conditional and unconditional exposures secured by real estate property	6.273.531	2.731.220	4.910.123	16.487.531	80.646.289
9. Past due items	3.927.948	65	27	173	27.692
10. Items in Regulatory High-Risk Categories	16	44	34	135.547	4.916.953
11. Stock Investments	8.805.055	-	-	-	-
12. Other Items	26.070.974	30	2.387	4.550	1.447
<b>Total</b>	<b>185.886.759</b>	<b>27.481.138</b>	<b>35.230.232</b>	<b>87.867.637</b>	<b>499.424.025</b>

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

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

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

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

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

Islamic International Rating Agency (IIRA) country ratings are taken into account in calculating the Bank's capital adequacy. For other portfolios, the ratings given by the Fitch Ratings are used for the counterparties resident abroad.

Islamic International Rating Agency (IIRA) notes are used in the "Central Government or Receivables from Central Banks" portfolio. Fitch Ratings' rating grades are used for the risk classes listed below, provided that they are resident abroad.

- Receivables on banks and intermediary institutions
- Receivables on regional governments or local authorities
- Receivables on administrative bodies and other non-commercial undertakings
- Receivables on multilateral development banks
- Corporate receivables

The relevant risk classification is used in determining the risk weights on a receivable that is classified as per the second section, Article 8 of the Additional Regulation 1 on Measurement and Assessment of Capital Adequacy Ratios of Banks. In the absence of a specific rating, the provisions of paragraph a,b and c of Article 9 of the regulation mentioned should be used.

In the 26th Article of the Regulation on the Principles Regarding the Authorization and Activities of Rating Agencies, IIRA grades are used in the below table of maturity in determining the credit quality level of the country grades, central government and central banks receivables.

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

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

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

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

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

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

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

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

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

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

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

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Türkiye	635.310.888	-	635.310.888
Cyprus	1.343.068	-	1.343.068
Marshall Islands	319.911	-	319.911
Malta	314.937	-	314.937
Kyrgyzstan	82.808	-	82.808
Other	1.349	-	1.349

Exposures by risk weights:

**Current Period**

Risk Weights	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%2	%4	%500	Deductions from Equity
1 Exposures before Credit Risk Mitigation	444.530.568	-	72.585.022	-	54.356.152	460.608.791	549.170.318	17.336.172	30.328.210	1.243.540	-	-	7.935	131.360
2. Exposures after Credit Risk Mitigation	466.167.328	-	61.044.111	123.495.177	119.066.474	231.588.512	391.136.452	16.370.802	30.328.210	1.243.540	-	-	7.935	131.360

**Prior Period**

Risk Weights	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%2	%4	%500	Deductions from Equity
1 Exposures before Credit Risk Mitigation	247.261.679	-	10.165.649	-	13.632.050	305.271.284	351.234.927	5.809.701	-	839.243	-	-	-	9.926
2. Exposures after Credit Risk Mitigation	277.941.807	-	8.662.681	64.970.542	52.648.957	162.027.798	263.578.486	5.220.277	-	839.243	-	-	-	9.926



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

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

Information by major sectors and type of counterparties:

Major Sectors /Counterparties	Current Period		
	Significant Increase in Credit Risk (Stage II) <sup>(1)</sup>	Credit – Impaired Losses (Stage III) <sup>(2)</sup>	Expected Credit Loss (IFRS 9) <sup>(3)</sup>
<b>Agriculture</b>	<b>398.701</b>	<b>116.372</b>	<b>228.555</b>
<i>Farming and Stockbreeding</i>	393.766	95.472	210.338
<i>Forestry</i>	2.605	1.329	805
<i>Fishery</i>	2.330	19.571	17.412
<b>Manufacturing</b>	<b>18.223.917</b>	<b>3.558.446</b>	<b>11.253.454</b>
<i>Mining and Quarrying</i>	198.166	191.144	240.605
<i>Production</i>	9.794.987	2.836.441	5.526.100
<i>Electricity, Gas and Water</i>	8.230.764	530.861	5.486.749
<b>Construction</b>	<b>4.331.234</b>	<b>2.788.989</b>	<b>4.752.234</b>
<b>Services</b>	<b>25.225.496</b>	<b>7.266.759</b>	<b>17.367.003</b>
<i>Wholesale and Retail Trade</i>	4.887.586	3.309.172	3.506.959
<i>Accommodation and Dining</i>	12.224.326	1.566.238	6.808.597
<i>Transportation and Telecommunication</i>	816.441	401.408	342.237
<i>Financial Institutions</i>	4.518	336.522	335.250
<i>Real Estate and Rental Services</i>	6.894.123	1.078.738	5.744.404
<i>Professional Services</i>	92.156	52.750	36.538
<i>Educational Services</i>	193.037	430.959	502.484
<i>Health and Social Services</i>	113.309	90.972	90.534
<b>Other</b>	<b>6.142.395</b>	<b>3.106.298</b>	<b>4.439.133</b>
<b>Total</b>	<b>54.321.743</b>	<b>16.836.864</b>	<b>38.040.379</b>

<sup>(1)</sup> Income accruals amounting to TRY 2.912.182 are not included in the table.

<sup>(2)</sup> Income accruals amounting to TRY 1.757.173 are not included in the table.

<sup>(3)</sup> The provision for accruals of stage three loans amounting to TRY 1.757.173 and the provision for accruals of stage two loans amounting to TRY 1.334.799 are not included in the table.

Major Sectors /Counterparties	Prior Period		
	Significant Increase in Credit Risk (Stage II) <sup>(1)</sup>	Credit – Impaired Losses (Stage III) <sup>(2)</sup>	Expected Credit Loss (IFRS 9) <sup>(3)</sup>
<b>Agriculture</b>	<b>371.211</b>	<b>115.598</b>	<b>144.751</b>
<i>Farming and Stockbreeding</i>	367.524	86.746	123.502
<i>Forestry</i>	1.230	510	552
<i>Fishery</i>	2.457	28.342	20.697
<b>Manufacturing</b>	<b>12.434.210</b>	<b>3.840.986</b>	<b>4.462.011</b>
<i>Mining and Quarrying</i>	72.667	194.660	165.860
<i>Production</i>	5.367.316	3.126.352	2.983.915
<i>Electricity, Gas and Water</i>	6.994.227	519.974	1.312.236
<b>Construction</b>	<b>4.689.186</b>	<b>3.168.045</b>	<b>3.651.655</b>
<b>Services</b>	<b>23.531.574</b>	<b>5.216.975</b>	<b>7.485.879</b>
<i>Wholesale and Retail Trade</i>	5.249.857	2.933.134	2.727.751
<i>Accommodation and Dining</i>	11.022.954	495.356	2.468.158
<i>Transportation and Telecommunication</i>	750.465	245.710	194.795
<i>Financial Institutions</i>	306.177	9.878	128.512
<i>Real Estate and Rental Services</i>	5.490.101	988.848	1.517.926
<i>Professional Services</i>	96.527	15.901	14.723
<i>Educational Services</i>	250.013	430.222	276.900
<i>Health and Social Services</i>	365.480	97.926	157.114
<b>Other</b>	<b>3.738.732</b>	<b>1.975.218</b>	<b>1.315.506</b>
<b>Total</b>	<b>44.764.913</b>	<b>14.316.822</b>	<b>17.059.802</b>

<sup>(1)</sup> Income accruals amounting to TRY 2.202.624 are not included in the table.

<sup>(2)</sup> Income accruals amounting to TRY 1.980.360 are not included in the table.

<sup>(3)</sup> The provision for accruals of stage three loans amounting to TRY 1.573.013 and the provision for accruals of stage two loans amounting to TRY 83.467 are not included in the table.

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

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

Movements in value adjustments and provisions:

<b>Current Period</b>	<b>Opening Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Other Adjustments</b>	<b>Closing Balance</b>
1. Stage III expected credit loss	11.874.366	5.503.788	(2.215.843)	-	15.162.311
2. Stage I and Stage II expected credit loss	10.488.846	29.004.625	(1.346.576)	-	38.146.895

<b>Prior Period</b>	<b>Opening Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Other Adjustments</b>	<b>Closing Balance</b>
1. Stage III expected credit loss	11.049.150	4.039.729	(3.214.513)	-	11.874.366
2. Stage I and Stage II expected credit loss	5.583.058	7.272.561	(2.366.773)	-	10.488.846

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

The net value and type of collaterals of the loans amounting followed under loans and other receivables under close monitoring section is below.

<b>Collateral Types</b>	<b>Net Value of Collateral Current Period <sup>(1)</sup></b>
Real estate mortgage	9.393.240
Salary pledge, vehicle pledge and pledge of commercial undertaking	2.004.868
CGF	2.408.340
Cheque / bills	102.585
Sureties	30.220.385
Other <sup>(2)</sup>	10.192.325
<b>Total</b>	<b>54.321.743</b>

<sup>(1)</sup> Income accruals amounting TRY 2.912.182 are not included in the table.

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

<b>Collateral Types</b>	<b>Net Value of Collateral Prior Period <sup>(1)</sup></b>
Real estate mortgage	8.455.446
Salary pledge, vehicle pledge and pledge of commercial undertaking	414.838
CGF	3.122.178
Cheque / bills	81.677
Sureties	23.648.633
Other <sup>(2)</sup>	9.042.141
<b>Total</b>	<b>44.764.913</b>

<sup>(1)</sup> Income accruals amounting TRY 2.202.624 are not included in the table.

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

The net value and type of collaterals belongs to loans followed under non-performing loans section is below.

<b>Collateral Types</b>	<b>Net Value of Collateral Current Period <sup>(2)</sup></b>
Cash	5.850
Mortgage	3.000.526
Pledge	178.497
Cheque / bills	5.309
Sureties	7.262.106
Other <sup>(1)</sup>	6.384.576
<b>Total</b>	<b>16.836.864</b>

<sup>(1)</sup> Comprised of share certificates, blockage on receivables, uncollateralized etc.

<sup>(2)</sup> Income accruals amounting to TRY 1.757.173 are not included in the table.

<b>Collateral Types</b>	<b>Net Value of Collateral Prior Period <sup>(2)</sup></b>
Cash	11.028
Mortgage	2.895.781
Pledge	145.563
Cheque / bills	369
Sureties	7.508.954
Other <sup>(1)</sup>	3.755.127
<b>Total</b>	<b>14.316.822</b>

<sup>(1)</sup> Comprised of share certificates, blockage on receivables and salaries, uncollateralized, etc.

<sup>(2)</sup> Income accruals amounting to TRY 1.980.360 are not included in the table.

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

**III. 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>23.12.2022</b>	<b>26.12.2022</b>	<b>27.12.2022</b>	<b>28.12.2022</b>	<b>29.12.2022</b>	<b>30.12.2022</b>
USD	18,6150000	18,6212000	18,6418000	18,6407000	18,6482000	18,6448000
CHF	19,9603000	19,9584000	19,9988000	20,1067000	20,1802000	20,1984000
GBP	22,3956000	22,4523000	22,3720000	22,5344000	22,4411000	22,4761000
JPY	0,1396002	0,1396414	0,1392461	0,1389308	0,1395972	0,1411187
EUR	19,7505000	19,7943000	19,7985000	19,8654000	19,8706000	19,9126000

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	18,5912864
CHF	19,9305591
GBP	22,6094273
JPY	0,1375054
EUR	19,6971409

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

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

Information related to currency risk:

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>OTHER FC</b>	<b>TOTAL</b>
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	61.299.058	57.202.963	8.657.610	127.159.631
Banks	2.427.764	1.315.843	1.684.050	5.427.657
Financial assets at fair value through profit and loss	39.649	94.102	-	133.751
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	8.114.765	29.787.517	-	37.902.282
Loans <sup>(2)</sup>	98.516.367	75.143.335	2.941.015	176.600.717
Subsidiaries, associates and entities under common control	1.612.921	-	7.601.174	9.214.095
Financial assets measured at amortised cost	21.173.443	37.291.203	15.538.898	74.003.544
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	609	609
Intangible assets	-	-	-	-
Other assets <sup>(3)</sup>	479.558	730.951	424.763	1.635.272
<b>Total assets</b>	<b>193.663.525</b>	<b>201.565.914</b>	<b>36.848.119</b>	<b>432.077.558</b>
<b>Liabilities</b>				
Bank deposits	90.849.338	14.319.133	4.252.338	109.420.809
Foreign currency deposits	154.236.342	181.834.354	47.827.951	383.898.647
Money market balances	-	8.057.568	-	8.057.568
Funds provided from other financial institutions	6.877.460	6.364.336	-	13.241.796
Bonds issued	-	-	-	-
Miscellaneous Payables	679.358	2.024.117	460.041	3.163.516
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities <sup>(3)</sup>	21.809.899	1.045.473	136.032	22.991.404
<b>Total liabilities</b>	<b>274.452.397</b>	<b>213.644.981</b>	<b>52.676.362</b>	<b>540.773.740</b>
<b>Net balance sheet position</b>	<b>(80.788.872)</b>	<b>(12.079.067)</b>	<b>(15.828.243)</b>	<b>(108.696.182)</b>
<b>Net off-balance sheet position</b>				
Financial derivative assets <sup>(4)</sup>	89.295.579	21.310.272	31.824.794	142.430.645
Financial derivative liabilities <sup>(4)</sup>	14.236.004	16.537.266	8.073.620	38.846.890
Non-cash loans <sup>(1)</sup>	59.276.701	46.041.320	5.882.686	111.200.707
<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>				
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> In the current period, there are no foreign currency indexed loans. (31 December 2021: TRY 14.553)

<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 in asset, 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 1.001.498 and swap precious metal purchase transactions amounted to TRY 24.255.394. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 5.126.311 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)**

**IV. 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):

<b>Current Period</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and over</b>	<b>Non-bearing interest</b>	<b>Total</b>
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	199.713	-	-	-	-	158.794.562	158.994.275
Banks and financial institutions	3.019.769	-	-	-	-	4.157.361	7.177.130
Financial assets at fair value through profit and loss	37.656	39.656	104.845	41	535	33.947.997	34.130.730
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	14.042.873	13.396.240	45.095.823	21.175.553	4.063.800	1.286.136	99.060.425
Loans	282.962.827	206.607.587	146.996.495	108.955.465	65.433.640	31.661.514	842.617.528
Financial assets measured at amortised cost	54.247.868	20.906.711	31.558.985	64.389.194	69.887.238	-	240.989.996
Other assets <sup>(1)(4)</sup>	3.266.641	54.732	240.722	527.829	46.713	5.033.453	9.170.090
<b>Total assets</b>	<b>357.777.347</b>	<b>241.004.926</b>	<b>223.996.870</b>	<b>195.048.082</b>	<b>139.431.926</b>	<b>234.881.023</b>	<b>1.392.140.174</b>
<b>Liabilities</b>							
Bank deposits	28.430.590	14.054.920	82.503	-	-	92.540.351	135.108.364
Other deposits	486.712.849	180.200.427	39.550.660	546.977	-	218.803.254	925.814.167
Money market balances	100.191.170	1.864.497	-	-	-	103.501	102.159.168
Miscellaneous Payables	6.047.698	-	-	-	-	19.696.793	25.744.491
Bonds issued	2.260.550	5.481.100	1.000.000	-	-	234.427	8.976.077
Funds provided from other financial institutions <sup>(3)</sup>	120.805	7.514.883	2.161.228	3.009.574	478.968	136.605	13.422.063
Other liabilities <sup>(2)</sup>	1.000.000	-	33.947.997	17.921.340	4.929.795	123.116.712	180.915.844
<b>Total liabilities</b>	<b>624.763.662</b>	<b>209.115.827</b>	<b>76.742.388</b>	<b>21.477.891</b>	<b>5.408.763</b>	<b>454.631.643</b>	<b>1.392.140.174</b>
Balance sheet long position	-	31.889.099	147.254.482	173.570.191	134.023.163	-	486.736.935
Balance sheet short position	(266.986.315)	-	-	-	-	(219.750.620)	(486.736.935)
Off-balance sheet long position	128.803.384	15.412.142	17.382.650	5.186.201	9.476.359	-	176.260.736
Off-balance sheet short position	(128.142.633)	(12.372.656)	(17.503.892)	(5.446.650)	(9.476.361)	-	(172.942.192)
<b>Total position</b>	<b>(266.325.564)</b>	<b>34.928.585</b>	<b>147.133.240</b>	<b>173.309.742</b>	<b>134.023.161</b>	<b>(219.750.620)</b>	<b>3.318.544</b>

<sup>(1)</sup> TRY 8.437.719 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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**IV. 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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**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)**

**IV. 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>	3,25	3,91	-	21,42
Financial assets at fair value through profit and loss <sup>(5)</sup>	3,50	4,53	-	9,01
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,01	4,41	-	22,38
Loans <sup>(2)</sup>	5,27	7,96	-	14,76
Financial assets measured at amortised cost	4,66	5,61	-	35,66
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,21	3,23	-	18,45
Other deposits <sup>(4)</sup>	1,56	2,56	-	14,37
Money market borrowings	-	2,56	-	9,82
Miscellaneous Payables <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	-	-	17,88
Funds provided from other financial institutions	1,69	4,50	-	17,73

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

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

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

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

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

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

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

<b>Current Period</b>				
	<b>Currency</b>	<b>Applied Shock (+/- x basis point)</b>	<b>Gains/(Losses)</b>	<b>Gains/Shareholders' Equity –Losses/ Shareholders' Equities</b>
1	TRY	500	(8.071.845)	(%6,57)
		(400)	7.906.393	%6,43
2	EUR*	200	1.063.399	%0,87
		(200)	(2.103.244)	(%1,71)
3	USD	200	(3.240.574)	(%2,64)
		(200)	4.325.730	%3,52
<b>Total (For negative shocks)</b>			<b>10.128.879</b>	<b>%8,24</b>
<b>Total (For positive shocks)</b>			<b>(10.249.020)</b>	<b>(%8,34)</b>
<b>Prior Period</b>				
	<b>Currency</b>	<b>Applied Shock (+/- x basis point)</b>	<b>Gains/(Losses)</b>	<b>Gains/Shareholders' Equity –Losses/ Shareholders' Equities</b>
1	TRY	500	(6.403.406)	(%9,27)
		(400)	6.092.718	%8,82
2	EUR*	200	2.488.313	%3,60
		(200)	(3.672.243)	(%5,31)
3	USD	200	(3.359.452)	(%4,86)
		(200)	4.467.812	%6,47
<b>Total (For negative shocks)</b>			<b>6.888.287</b>	<b>%9,97</b>
<b>Total (For positive shocks)</b>			<b>(7.274.545)</b>	<b>(%10,53)</b>

(\*) Other currencies are shown under EUR.

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

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

Information about position risk of shares:

Equities	Comparison				Capital Requirements
	Carrying Value	Fair Value	Change <sup>(2)</sup>	Market Value	
Investment in Shares-Grade A	7.400.240	7.400.240		7.400.240	592.019
Quoted Securities <sup>(1)</sup>	7.400.240	7.400.240		7.400.240	592.019
Investment in Shares-Grade B	-	-		-	-
Quoted Securities	-	-		-	-
Investment in Shares-Grade C	-	-		-	-
Quoted Securities	-	-		-	-
Investment in Shares-Grade D	-	-		-	-
Other	12.394.920	12.154.501		-	1.187.726

<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>	-	6.270.348	6.270.348	-	-	-
3. Other share certificates	-	3.696.835	3.696.835	-	-	-
<b>Total</b>	-	<b>9.967.183</b>	<b>9.967.183</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.

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

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

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

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

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

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

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

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

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

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

In the fourth quarter of 2022, increase in the Bank's deposits in TRY and FC, decreased its secured borrowings from money markets. Thus, the growth of the securities portfolio has increased the total of unrestricted securities not given for collateral, and also the increase of FC and TRY assets held at CBRT have increased the total of high quality liquid assets. The increase in net cash outflows, on the other hand, was smaller both in foreign currency (FC) and in total (TRY+FC) terms compared to the growth in the stock of high quality liquid assets, and accordingly, there was an increase in Liquidity Coverage Ratios during the period.

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

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

High quality liquid assets are composed of 41,98% accounts held by the CBRT and the Central Banks of the foreign branches, 56,02% securities considered as high quality liquid assets and 2% 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 1.807.597.

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;

Liquidity Minimum-Maximum

Liquidity Coverage Ratio	FC		TRY+FC	
	Related Week	(%)	Related Week	(%)
Maximum	14.11.2022 - 20.11.2022	617,08	14.11.2022 - 20.11.2022	169,41
Minimum	03.10.2022 - 09.10.2022	441,64	03.10.2022 - 09.10.2022	150,47

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**VI. 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			361.962.008	161.976.715
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	454.061.279	214.588.563	42.384.914	21.458.856
Stable Deposits	60.424.277	-	3.021.214	-
Less Stable Deposits	393.637.002	214.588.563	39.363.700	21.458.856
Unsecured wholesale funding , of which;	470.497.677	214.953.791	204.134.108	80.070.514
Operational Deposits	101.363.427	81.222.850	25.340.857	20.305.712
Non-operational Deposits	345.056.052	128.395.134	162.199.268	54.552.308
Other Unsecured Funding	24.078.198	5.335.807	16.593.983	5.212.494
Secured Funding			-	-
Other cash outflows, of which;	10.977.828	1.861.618	8.476.254	1.859.245
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.099.510	1.857.663	2.099.510	1.857.663
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.878.318	3.955	6.376.744	1.582
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	301.551.150	114.560.264	24.903.147	9.961.479
<b>Total Cash Outflows</b>			<b>279.898.423</b>	<b>113.350.094</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	87.976.024	15.053.950	53.558.688	11.658.370
Other Cash Inflows	634.979	83.384.924	634.979	83.384.924
<b>Total Cash Inflows</b>	<b>88.611.003</b>	<b>98.438.874</b>	<b>54.193.667</b>	<b>95.043.294</b>
<b>Total Adjusted Value</b>				
<b>Total HQLA Stock</b>			<b>361.962.008</b>	<b>161.976.715</b>
<b>Total Net Cash Outflows</b>			<b>225.704.756</b>	<b>29.528.881</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>160,38%</b>	<b>552,83%</b>

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

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

Liquidity Coverage Ratio: (continued)

Prior Period	Total Unweighted Value (average) <sup>(1)</sup>		Total Weighted Value (average) <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			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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**VI. 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	10.843.742	148.150.533	-	-	-	-	-	158.994.275
Banks	4.145.899	3.031.231	-	-	-	-	-	7.177.130
Financial assets at fair value through profit and loss	-	37.656	39.656	34.052.842	41	535	-	34.130.730
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	8.774.075	6.387.673	40.685.102	31.289.082	10.638.357	1.286.136	99.060.425
Loans	1.756.589	84.296.300	57.269.458	265.185.959	311.110.015	104.405.170	18.594.037	842.617.528
Financial assets measured at amortised cost	-	20.863.741	9.916.722	21.919.290	87.079.530	101.210.713	-	240.989.996
Other assets <sup>(2)</sup>	1.453	923.117	603.522	1.015.671	1.491.359	101.515	5.033.453	9.170.090
<b>Total assets</b>	<b>16.747.683</b>	<b>266.076.653</b>	<b>74.217.031</b>	<b>362.858.864</b>	<b>430.970.027</b>	<b>216.356.290</b>	<b>24.913.626</b>	<b>1.392.140.174</b>
<b>Liabilities</b>								
Bank deposits	92.281.429	28.620.166	14.124.266	82.503	-	-	-	135.108.364
Other deposits	211.980.672	490.572.406	182.521.073	40.066.747	670.949	2.320	-	925.814.167
Funds provided from other financial institutions <sup>(3)</sup>	-	52.134	476.177	1.257.201	2.911.768	8.724.783	-	13.422.063
Money market balances	-	100.273.280	21.408	-	-	1.864.480	-	102.159.168
Bonds issued	-	2.249.313	4.857.731	1.738.484	130.549	-	-	8.976.077
Miscellaneous Payables	35.856	12.734.291	339.598	1.486.165	6.159.154	34.847	4.954.580	25.744.491
Other liabilities <sup>(1)</sup>	-	10.937.285	301.404	34.567.776	22.695.008	5.758.746	106.655.625	180.915.844
<b>Total liabilities</b>	<b>304.297.957</b>	<b>645.438.875</b>	<b>202.641.657</b>	<b>79.198.876</b>	<b>32.567.428</b>	<b>16.385.176</b>	<b>111.610.205</b>	<b>1.392.140.174</b>
<b>Liquidity Gap</b>	<b>(287.550.274)</b>	<b>(379.362.222)</b>	<b>(128.424.626)</b>	<b>283.659.988</b>	<b>398.402.599</b>	<b>199.971.114</b>	<b>(86.696.579)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>665.751</b>	<b>1.542.902</b>	<b>438.100</b>	<b>671.791</b>	<b>-</b>	<b>-</b>	<b>3.318.544</b>
Derivative Financial Assets	-	128.798.384	13.196.916	4.048.663	11.264.053	18.952.720	-	176.260.736
Derivative Financial Liabilities	-	(128.132.633)	(11.654.014)	(3.610.563)	(10.592.262)	(18.952.720)	-	(172.942.192)
<b>Non-Cash Loans</b>	<b>101.180.816</b>	<b>8.090.448</b>	<b>31.622.105</b>	<b>106.356.777</b>	<b>53.530.771</b>	<b>14.405.530</b>	<b>-</b>	<b>315.186.447</b>
<b>Prior Period</b>								
Total Assets	13.290.280	167.746.142	47.050.546	205.001.887	305.348.385	143.532.683	19.246.670	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>(154.881.325)</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>(28.578.003)</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.

<sup>(4)</sup> Non-performing loans is disclosed in under the undistributed column.

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

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

<b>Current Period</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Adjustments <sup>(1)</sup></b>	<b>Total</b>
<b>Liabilities</b>							
Deposits	824.704.529	200.736.551	41.713.195	741.306	2.535	(6.975.585)	1.060.922.531
Funds provided from other financial intuitions	52.821	548.510	1.531.379	4.304.846	9.980.901	(2.996.394)	13.422.063
Money market borrowings	100.341.020	41.231	131.786	702.357	2.040.085	(1.097.311)	102.159.168
Securities issued	2.370.991	5.051.100	1.754.852	155.120	-	(355.986)	8.976.077
Funds	6.866	22.309	72.203	126.174	9.990	-	237.542
<b>Total</b>	<b>927.476.227</b>	<b>206.399.701</b>	<b>45.203.415</b>	<b>6.029.803</b>	<b>12.033.511</b>	<b>(11.425.276)</b>	<b>1.185.717.381</b>
<b>Prior Period</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Adjustments <sup>(1)</sup></b>	<b>Total</b>
<b>Liabilities</b>							
Deposits	495.605.017	103.133.001	29.843.795	736.091	2.305	(3.415.738)	625.904.471
Funds provided from other financial intuitions	85.483	326.024	1.368.950	4.056.900	8.404.193	(696.210)	13.545.340
Money market borrowings	137.513.927	14.200	687.353	42.599	1.365.850	(453.926)	139.170.003
Securities issued	1.833.929	3.169.850	344.532	1.636.759	-	(571.768)	6.413.302
Funds	14.403	25.540	71.923	26.675	-	-	138.541
<b>Total</b>	<b>635.052.759</b>	<b>106.668.615</b>	<b>32.316.553</b>	<b>6.499.024</b>	<b>9.772.348</b>	<b>(5.137.642)</b>	<b>785.171.657</b>

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



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

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

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

<b>Current Period<sup>(1)</sup></b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Forwards Contracts- Buy	7.269.771	2.334.291	1.145.948	40.590	-	10.790.600
Forward Contracts – Sell	4.368.368	1.069.525	1.145.600	40.578	-	6.624.071
Swaps – Buy	99.941.979	8.464.760	2.902.716	932.240	-	112.241.695
Swaps – Sell	122.131.244	9.641.926	2.464.964	260.460	-	134.498.594
Credit Default Swap – Buy	-	-	-	-	-	-
Credit Default Swap – Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	848.727	152.771	-	-	-	1.001.498
Forward Precious Metal - Sell	3.793.810	1.332.501	-	-	-	5.126.311
Money Buy Options	5.394.200	7.084.913	-	-	-	12.479.113
Money Sell Options	5.395.779	7.064.049	-	-	-	12.459.828
Swaps Interest – Buy	10.000	60.000	-	10.291.226	18.952.718	29.313.944
Swaps Interest – Sell	10.000	60.000	-	10.291.226	18.952.718	29.313.944
Futures – Buy	-	410.850	-	-	-	410.850
Futures – Sell	-	506.901	-	-	-	506.901
Swaps Precious Metal - Buy	22.626.349	1.629.045	-	-	-	24.255.394
Swaps Precious Metal - Sell	-	-	-	-	-	-
<b>Total</b>	<b>271.790.227</b>	<b>39.811.532</b>	<b>7.659.228</b>	<b>21.856.320</b>	<b>37.905.436</b>	<b>379.022.743</b>

<b>Prior Period<sup>(2)</sup></b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Forwards Contracts- Buy	6.661.532	3.825.069	2.440.822	-	-	12.927.423
Forward Contracts – Sell	5.827.327	1.550.887	741.433	-	-	8.119.647
Swaps – Buy	43.306.910	-	2.308.629	1.486.815	-	47.102.354
Swaps – Sell	57.828.260	1.420.455	1.861.972	498.930	-	61.609.617
Credit Default Swap – Buy	-	-	-	-	-	-
Credit Default Swap – Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	1.539.559	1.122.595	-	-	-	2.662.154
Forward Precious Metal - Sell	2.427.766	3.409.729	1.739.406	-	-	7.576.901
Money Buy Options	1.728.930	345.130	164.617	-	-	2.238.677
Money Sell Options	1.728.922	345.130	164.617	-	-	2.238.669
Swaps Interest – Buy	10.000	85.000	360.440	3.039.591	18.493.084	21.988.115
Swaps Interest – Sell	10.000	85.000	360.440	3.039.591	18.493.084	21.988.115
Futures – Buy	-	-	-	-	-	-
Futures – Sell	-	-	-	-	-	-
Swaps Precious Metal - Buy	19.325.276	1.381.223	-	-	-	20.706.499
Swaps Precious Metal - Sell	-	-	-	-	-	-
<b>Total</b>	<b>140.394.482</b>	<b>13.570.218</b>	<b>10.142.376</b>	<b>8.064.927</b>	<b>36.986.168</b>	<b>209.158.171</b>

<sup>(1)</sup> Foreign exchange purchase and sale commitments of TRY 29.819.815 are included in the table.

<sup>(2)</sup> Foreign exchange purchase and sale commitments of TRY 9.032.973 are included in the table.

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**VII. 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)	1.348.702.814	833.852.381
2.Assets That Are Deducted from Core Capital	(763.978)	(672.609)
3.Total on Balance Sheet Exposures(Sum of rows 1 and 2)	1.347.938.836	833.179.772
<b>Derivative Exposures And Credit Derivatives</b>		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	2.725.285	6.077.022
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	2.657.237	1.023.770
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives(Sum of rows 4 and 5)	5.382.522	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)	5.901.580	2.432.628
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions(Sum of rows 7 and 8)	5.901.580	2.432.628
<b>Off -Balance Sheet Items</b>		
10.Gross Notional Amount of Off-Balance Sheet Items	371.490.714	215.292.430
11.(Adjustments for Conversion to Credit Equivalent Amounts)	(8.321.769)	(4.156.782)
12.The Total Risk of Off-Balance Sheet Items(Sum of rows 10 and 11)	363.168.945	211.135.648
<b>Capital And Total Exposures</b>		
13.Tier 1 Capital	100.109.350	54.704.177
14.Total Exposures(Sum of rows 3,6,9 and 12)	1.722.391.883	1.053.848.840
<b>Leverage Ratio</b>		
15.Leverage Ratio	%5,81	%5,19

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

**VIII. 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.

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

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

**VIII. 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 31 December 2022 are presented in the table below.

<b>Current Period</b>	<b>Commercial/ Corporate</b>	<b>Integrated</b>	<b>Treasury/ Investment</b>	<b>Total</b>
<b>1 January -31 December 2022</b>				
<b>OPERATING INCOME / EXPENSES</b>				
Interest Income	26.685.722	59.003.530	68.284.477	153.973.729
<i>Interest on Loans</i>	26.453.926	58.096.815	1.053.301	85.604.042
<i>Interest Income on Marketable Securities</i>	-	866.067	66.676.253	67.542.320
<i>Interest Received from Banks</i>	-	-	535.284	535.284
<i>Other Interest Income</i>	231.796	40.648	19.639	292.083
Interest Expense	26.916.362	36.270.286	22.541.913	85.728.561
<i>Interest on Deposits</i>	26.590.996	35.471.004	2.397.527	64.459.527
<i>Interest on Borrowings</i>	24.009	70.374	263.816	358.199
<i>Interest on Money Market Borrowings</i>	-	269.111	15.515.486	15.784.597
<i>Interest on Marketable Bonds Issued</i>	-	-	3.700.719	3.700.719
<i>Other Interest Expense</i>	301.357	459.797	664.365	1.425.519
Net Interest Income	(230.640)	22.733.244	45.742.564	68.245.168
Net Fees and Commissions Income	2.685.153	4.933.816	842.980	8.461.949
Net Trading Profit / (Loss)	37.893	6.063.174	(11.977.067)	(5.876.000)
Dividend Income	-	-	426.209	426.209
Other Income	822.708	1.203.463	1.546.953	3.573.124
Expected Loss Provisions	1.688.139	2.998.944	32.098.021	36.785.104
Other Expenses	1.462.794	8.517.751	7.920.547	17.901.092
<b>Income Before Taxes</b>	<b>164.181</b>	<b>23.417.002</b>	<b>(3.436.929)</b>	<b>20.144.254</b>
Income Tax Provision	-	-	(5.390.358)	(5.390.358)
<b>Net Profit For The Period</b>	<b>164.181</b>	<b>23.417.002</b>	<b>(8.827.287)</b>	<b>14.753.896</b>
<b>SEGMENT ASSETS</b>				
<b>31 December 2022</b>				
Marketable Securities <sup>(1)</sup>	-	17.824.827	356.323.549	374.148.376
Derivative Financial Assets Held for Trading	-	250.665	2.984.525	3.235.190
Banks and Money Market Receivables	-	427.159	6.744.178	7.171.337
Associates and Subsidiaries (Net)	-	-	19.706.757	19.706.757
Loans <sup>(1)</sup>	291.752.915	497.341.919	213.488	789.308.322
Other Assets	3.723.562	12.657.863	182.188.767	198.570.192
<b>TOTAL ASSETS</b>	<b>295.476.477</b>	<b>528.502.433</b>	<b>568.161.264</b>	<b>1.392.140.174</b>
<b>SEGMENT LIABILITIES</b>				
<b>31 December 2022</b>				
Deposits	366.969.314	585.394.896	108.558.321	1.060.922.531
Derivative Financial Liabilities	-	301.279	522.264	823.543
Money Market Balances	-	7.585.020	94.574.148	102.159.168
Borrowing Funding Loans	395.181	589.094	12.437.788	13.422.063
Bonds Issued	-	-	8.976.077	8.976.077
Other Liabilities	8.287.920	16.366.361	73.152.440	97.806.721
Provisions and Tax Payable	342.318	535.444	17.308.691	18.186.453
Shareholders' Equity	3.424.863	26.027.659	60.391.096	89.843.618
<b>TOTAL LIABILITIES</b>	<b>379.419.596</b>	<b>636.799.753</b>	<b>375.920.825</b>	<b>1.392.140.174</b>
<b>OFF-BALANCE SHEET ITEMS</b>				
<b>31 December 2022</b>				
Guarantees and Sureties	158.614.820	117.125.931	39.445.696	315.186.447
Commitments	1.420.003	32.386.264	75.651.549	109.457.816
Derivative Financial Instruments	-	35.087.036	314.115.892	349.202.928
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>	<b>160.034.823</b>	<b>184.599.231</b>	<b>429.213.137</b>	<b>773.847.191</b>

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

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

Prior Period	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
<b>1 January -31 December 2021</b>				
<b>OPERATING INCOME / EXPENSES</b>				
Interest Income	16.028.295	38.342.805	29.106.680	83.477.780
<i>Interest on Loans</i>	<i>15.856.304</i>	<i>38.083.916</i>	<i>255.674</i>	<i>54.195.894</i>
<i>Interest Income on Marketable Securities</i>	-	<i>232.578</i>	<i>27.555.932</i>	<i>27.788.510</i>
<i>Interest Received from Banks</i>	-	-	<i>1.270.079</i>	<i>1.270.079</i>
<i>Other Interest Income</i>	<i>171.991</i>	<i>26.311</i>	<i>24.995</i>	<i>223.297</i>
Interest Expense	15.598.361	24.415.122	23.604.526	63.618.009
<i>Interest on Deposits</i>	<i>15.541.973</i>	<i>23.901.163</i>	<i>2.566.215</i>	<i>42.009.351</i>
<i>Interest on Borrowings</i>	<i>18.839</i>	<i>70.226</i>	<i>128.945</i>	<i>218.010</i>
<i>Interest on Money Market Borrowings</i>	-	<i>55.063</i>	<i>17.479.962</i>	<i>17.535.025</i>
<i>Interest on Marketable Bonds Issued</i>	-	-	<i>3.268.444</i>	<i>3.268.444</i>
<i>Other Interest Expense</i>	<i>37.549</i>	<i>388.670</i>	<i>160.960</i>	<i>587.179</i>
Net Interest Income	429.934	13.927.683	5.502.154	19.859.771
Net Fees and Commissions Income	1.291.317	2.417.278	379.194	4.087.789
Net Trading Profit / (Loss)	22.916	7.038.059	(14.479.148)	(7.418.173)
Dividend Income	-	-	192.637	192.637
Other Income	1.923.901	1.098.521	3.244.432	6.266.854
Expected Loss Provisions	611.460	1.484.600	9.788.493	11.884.553
Other Expenses	391.184	4.853.884	4.453.164	9.698.232
<b>Income Before Taxes</b>	<b>2.665.424</b>	<b>18.143.057</b>	<b>(19.402.388)</b>	<b>1.406.093</b>
Income Tax Provision	-	-	101.636	101.636
<b>Net Profit For The Period</b>	<b>2.665.424</b>	<b>18.143.057</b>	<b>(19.300.752)</b>	<b>1.507.729</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)**

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

	Current Period		Prior Period	
	Book Value	Fair Value	Book Value	Fair Value
<b>Financial Assets</b>	<b>1.330.158.647</b>	<b>1.343.366.275</b>	<b>848.366.457</b>	<b>813.605.080</b>
Cash and Balances with the Central Bank of Türkiye	158.994.275	158.994.275	123.424.335	123.424.335
Financial assets at fair value through P&L <sup>(3) (4)</sup>	1.733	1.733	1.256	1.256
Banks	7.177.130	7.127.813	3.534.265	3.533.879
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income <sup>(1)</sup>	98.972.022	98.972.022	65.262.061	65.262.061
Other Financial Assets Measured at Amortised Cost	240.989.996	262.616.882	132.853.694	109.649.876
Loans <sup>(2)</sup>	824.023.491	815.653.550	523.290.846	511.733.673
<b>Financial Liabilities</b>	<b>1.213.326.362</b>	<b>1.208.095.640</b>	<b>800.234.673</b>	<b>798.718.976</b>
Bank deposits	135.108.364	134.991.769	63.659.359	63.580.261
Other Deposits	925.814.167	920.647.524	562.245.112	560.549.235
Derivative financial liabilities held for trading	823.543	823.543	2.470.251	2.470.251
Funds provided from other financial institutions	13.422.063	13.835.084	13.545.340	13.798.863
Money market borrowings	102.159.168	102.155.870	139.170.003	139.173.972
Securities issued	8.976.077	8.618.870	6.413.302	6.415.088
Miscellaneous payables	25.744.491	25.744.491	11.864.723	11.864.723
Leasing payables	1.278.489	1.278.489	866.583	866.583

<sup>(1)</sup> As of 31 December 2022, TRY 88.403 (31 December 2021: TRY 46.272) of "equity investments not quoted on stock exchange" followed in financial assets at fair value through other comprehensive income are not included.

<sup>(2)</sup> Net of follow-up loans has not been included in the table above.

<sup>(3)</sup> As of 31 December 2022, marketable securities amounting to TRY 181.000 (31 December 2021: TRY 268.312) that are not valued with market price, are not included in financial assets at fair value through Profit and Loss..

<sup>(4)</sup> Securities lending transactions amounting to TRY 33.947.997 (31 December 2021: TRY 24.869.108) is not included in the financial assets at fair value through P&L.

As of 31 December 2022, fair values of Associates and Subsidiaries are shown at section 5 footnote 7 and 8. The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

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

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

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

*Classification of Fair Value Measurement*

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

In this context, the fair value classification of financial assets and liabilities measured at fair values are as followed:

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets Measured at Fair Value:</b>				
Financial Assets Measured at Fair Value through Profit/Loss <sup>(2) (4)</sup>	1.733	-	-	1.733
Derivative financial assets	-	3.235.190	-	3.235.190
Financial Assets at Fair Value through Other Comprehensive Income <sup>(1)</sup>	98.972.022	-	-	98.972.022
Subsidiaries	7.400.240	-	10.541.580	17.941.820
Associates <sup>(3)</sup>	-	-	1.612.921	1.612.921
<b>Total Financial Assets</b>	<b>106.373.995</b>	<b>3.235.190</b>	<b>12.154.501</b>	<b>121.763.686</b>
<b>Financial Liabilities Measured at Fair Value:</b>				
Derivative financial liabilities	-	823.543	-	823.543
<b>Total Financial Liabilities</b>	<b>-</b>	<b>823.543</b>	<b>-</b>	<b>823.543</b>

<sup>(1)</sup> As of 31 December 2022, share certificates amounting to TRY 88.403 of “securities not quoted on the stock exchange” in financial assets at fair value through other comprehensive income are not included in the above table.

<sup>(2)</sup> As of 31 December 2022, marketable securities amounting to TRY 181.000 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

<sup>(3)</sup> Bank’s associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş (TRY 11.518), Bileşim Finansal Teknolojiler ve Ödeme Sis. A.Ş (TRY 127.982), Kredi Kayıt Bürosu A.Ş. (TRY 2.516) and Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ (TRY 10.000) are not included in the table.

<sup>(4)</sup> As of 31 December 2022, the securities lending transactions amounting to TRY 33.947.997 followed in financial assets at fair value through profit or loss are not included in the table.

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

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

<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets Measured at Fair Value:</b>				
Financial Assets Measured at Fair Value through Profit/Loss <sup>(2) (4)</sup>	1.256	-	-	1.256
Derivative financial assets	-	8.988.530	-	8.988.530
Financial Assets at Fair Value through Other Comprehensive Income <sup>(1)</sup>	65.262.061	-	-	65.262.061
Subsidiaries	1.710.255	-	5.955.409	7.665.664
Associates <sup>(3)</sup>	-	-	1.218.924	1.218.924
<b>Total Financial Assets</b>	<b>66.973.572</b>	<b>8.988.530</b>	<b>7.174.333</b>	<b>83.136.435</b>
<b>Financial Liabilities Measured at Fair Value:</b>				
Derivative financial liabilities	-	2.470.251	-	2.470.251
<b>Total Financial Liabilities</b>	<b>-</b>	<b>2.470.251</b>	<b>-</b>	<b>2.470.251</b>

<sup>(1)</sup> As of 31 December 2021, share certificates amounting to TRY 46.272 of “securities not quoted on the stock exchange” in financial assets at fair value through other comprehensive income are not included in the above table.

<sup>(2)</sup> As of 31 December 2021, marketable securities amounting to TRY 268.312 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

<sup>(3)</sup> Bank’s associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş (TRY 11.518), Bileşim Finansal Teknolojiler ve Ödeme Sis. A.Ş (TRY 62.989), Kredi Kayıt Bürosu A.Ş. (TRY 2.516) and Platform Ödeme Hizmetleri ve Elektronik Para A.Ş. (TRY 1.050) are not included in the table.

<sup>(4)</sup> As of 31 December 2021, the securities lending transactions amounting to TRY 24.869.108 followed in financial assets at fair value through profit or loss are not included in the table.

The movement of financial assets classified as level three are as follows

	<b>Current Period</b>
Balance at the beginning of the period	7.174.333
Purchases during the year	1.903.957
Non-paid up shares	-
Valuation Difference	3.075.161
Transfers	1.050
Redemption or Sales	-
<b>Period End Balance</b>	<b>12.154.501</b>
	<b>Prior Period</b>
Balance at the beginning of the period	3.930.630
Purchases during the year	506.941
Non-paid up shares	46.000
Valuation Difference	2.690.762
Transfers	-
Redemption or Sales	-
<b>Period End Balance</b>	<b>7.174.333</b>

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

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

The Bank does not engage in fiduciary transactions.



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

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

**Explanations Related To Risk Management**

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

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

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

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

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

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

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

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

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

**XI. 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) (**)	765.045.505	443.726.454	61.203.640	35.498.116
2 Standardized approach (SA) (*)	765.045.505	443.726.454	61.203.640	35.498.116
3 Internal rating-based (IRB) approach	-	-	-	-
4 Counterparty credit risk (**)	7.692.181	4.577.631	615.374	366.210
5 Standardized approach for counterparty credit risk (SA-CCR)	7.692.181	4.577.631	615.374	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	28.424.938	8.764.625	2.273.995	701.170
17 Standardized approach (SA)	28.424.938	8.764.625	2.273.995	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)	3.108.851	2.098.109	248.708	167.849
24 Floor adjustment	-	-	-	-
<b>25 Total ( 1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>831.962.718</b>	<b>483.026.446</b>	<b>66.557.016</b>	<b>38.642.115</b>

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

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

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

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

**Differences and matching between asset and liabilities' carrying values in financial statements and in capital adequacy calculation:**

Assets	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				Not subject to capital requirements or subject to deduction from capital
		Credit Risk	Counterparty credit risk	Securitization positions	Market Risk	
Cash and Balances with the Central Bank	158.973.827	158.973.827	-	-	-	-
Derivative Financial Assets	3.235.190	-	3.235.190	-	170.294	-
Financial assets at fair value through profit and loss	34.130.730	181.000	-	-	1.733	33.947.997
Banks	7.171.336	7.171.336	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-
Financial assets at fair value through OCI (net)	99.060.425	69.015.337	-	-	30.045.088	-
Loans	789.308.322	789.176.962	-	-	-	131.360
Receivables from factoring	-	-	-	-	-	-
Financial assets measured at amortised cost (net)	240.957.221	240.957.221	-	-	-	-
Subsidiaries (net)	1.764.937	1.764.937	-	-	-	-
Associates (net)	17.941.820	17.941.820	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Tangible Assets (net)	12.068.444	11.682.507	-	-	-	385.937
Intangible Assets (net)	574.468	-	-	-	-	574.468
Real estate for investment purpose (net)	360.056	360.056	-	-	-	-
Tax asset	-	-	-	-	-	-
Deferred Tax Assets	8.437.719	-	-	-	-	8.437.719
Assets Held For Sale and Discontinued Operations (net)	-	-	-	-	-	-
Other assets	18.155.679	18.155.335	-	-	344	-
<b>Total Assets</b>	<b>1.392.140.174</b>	<b>1.315.380.338</b>	<b>3.235.190</b>	<b>-</b>	<b>30.217.459</b>	<b>43.477.481</b>
<b>Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deposits	1.060.922.531	-	-	-	-	1.060.922.531
Derivative financial liabilities	823.543	-	-	-	47.228	776.315
Loans	13.422.063	-	-	-	-	13.422.063
Money market borrowings	102.159.168	-	65.542.884	-	-	36.616.284
Securities issued	8.976.077	-	-	-	-	8.976.077
Funds	237.542	-	-	-	-	237.542
Other liabilities	69.075.429	-	-	-	3.404	69.072.025
Factoring payables	-	-	-	-	-	-
Finance lease payables	1.278.489	-	-	-	-	1.278.489
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Provisions	8.717.353	-	-	-	-	8.717.353
Tax Liability	9.469.100	-	-	-	-	9.469.100
Deferred Tax Liability	-	-	-	-	-	-
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated Loans	27.215.261	-	-	-	-	27.215.261
Shareholders' equity	89.843.618	-	-	-	-	89.843.618
<b>Total liabilities</b>	<b>1.392.140.174</b>	<b>-</b>	<b>65.542.884</b>	<b>-</b>	<b>50.632</b>	<b>1.326.546.658</b>

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

**XI. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**  
**Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements:**

	<b>Total</b>	<b>Credit risk</b>	<b>Securitization positions</b>	<b>Counterparty credit risk</b>	<b>Market Risk</b>
<b>1</b> Asset carrying value amount under scope of regulatory consolidation	1.392.140.174	1.315.380.338	-	3.235.190	30.217.459
<b>2</b> Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	65.542.884	50.632
<b>3</b> Total net amount under regulatory scope of consolidation	1.392.140.174	1.315.380.338	-	(62.307.694)	30.166.827
<b>4</b> Off-balance Sheet Amounts <sup>(*)</sup>	773.847.191	195.171.600	-	6.758.247	16.861.344
<b>5</b> Differences in valuations	-	-	-	-	-
<b>6</b> Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
<b>7</b> Differences due to consideration of provisions	-	-	-	-	-
<b>8</b> Differences due to prudential filters	-	-	-	-	-
<b>9</b> Differences due to risk reduction	-	1.510.551.938	-	(55.549.447)	47.028.171

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

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

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

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

**Explanations Related to Counterparty Credit Risk**

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

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

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

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

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

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

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

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

	Replacement cost	Potential Future exposure	EEPE <sup>(*)</sup>	Alpha used for computing regulatory EAD	EAD post-CRM	Risk Weighted Assets
Standardised Approach - CCR (for derivatives)	3.351.340	2.591.634		1,4	5.942.974	2.677.353
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)					6.286.529	4.217.314
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>12.229.503</b>	<b>6.894.667</b>

<sup>(\*)</sup> 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	5.942.974	781.199
<b>Total subject to the CVA capital obligation</b>	<b>5.942.974</b>	<b>781.199</b>

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

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

Risk weight / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	2%	4%	Total Credit
										Risk
Claims on sovereigns and Central Banks	2.557.824	-	-	-	-	-	-	-	-	2.557.824
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	- 2.917.302	764.218	-	1.846.754	-	-	-	-	5.528.274
Claims on corporates	-	- 23.422	-	-	3.950.688	-	-	-	-	3.974.110
Claims included in the regulatory retail portfolios	-	-	-	- 169.295	-	-	-	-	-	169.295
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*	-	-	-	-	-	781.199	-	-	-	781.199
<b>Total</b>	<b>2.557.824</b>	<b>- 2.940.724</b>	<b>764.218</b>	<b>169.295</b>	<b>6.578.641</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.010.702</b>

**Collaterals for Counterparty Credit Risk:**

	Collateral for derivative transactions				Collateral for other transactions	
	Received Collaterals		Given Collaterals		Received Collaterals	Given Collaterals
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	63.520	-	-
Cash-foreign currency	-	1.732.196	-	424.624	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1.732.196</b>	<b>-</b>	<b>488.144</b>	<b>-</b>	<b>-</b>

**Counterparty Credit Risk-Credit Derivatives:**

None.

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**XI. 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)	-	16.315
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	815.273	16.305
(i) Over the counter derivative financial instruments	815.273	16.305
(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	236	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	500	10
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	-	-

**Explanations on securization:**

None.



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

**Qualitative Disclosure on Credit Risk:**

Credit risk, which is the most important risk profile of the Bank's business model, refers to risks and losses arising from counterparty's failure to meet its obligations under contracts that the Bank is a party to. Credit limits are set according to the risk appetite and capacity of the Bank.

Credit limits are assigned according to the customer's financial condition and credit need by the branches, regional credit committee, head of credit department, executive vice president in charge of loans, general manager, credit committee and board of directors and revised whenever required. As part of its risk policies, the Bank monitors limits designated by sectors and sub sectors.

Within the scope of internal systems, internal audit activities are carried out by the Board of Inspectors and the Internal Audit Department in order to ensure that the activities of the Bank are carried out in accordance with the Bank's policies determined in compliance with the legal regulations. The Risk Management Department, which is the risk unit within the internal systems, performs the functions of measuring, monitoring, controlling and reporting on the credit risk to which the Bank is exposed to. These units are regularly reporting the risks exposed to the Bank's Senior Management.

The Bank, in the credit allocation process, restricts its risk exposure by working with highly creditworthy banks and institutions considering the credit ratings for the purpose of managing its risks. Under the scope of credit risk management, the Bank rates all of its borrowers' credit and requires additional collaterals from whose risk is higher. The Bank has the policy of not granting loans/credits and/or limiting the amount of such loans/credits. The Bank's risk is concentrated in Türkiye.

Limits are determined based on the type of loans and customers and risk and limit information is controlled periodically. Loans granted to other banks and risk limits set for the correspondent bank transactions are controlled on a daily basis. Risk concentrations are monitored systematically, concerning the off-balance sheet operations based on the customers and banks.

**Credit Quality of Assets**

		Gross carrying value as per TAS		Allowances/ amortisation and impairments	Net values
		Defaulted	Non-Defaulted		
1	Loans	18.594.037	824.023.491	53.309.206	789.308.322
2	Debt Securities(*)	-	340.290.657	90.278	340.200.379
3	Off-balance sheet exposures	-	424.644.263	3.159.598	421.484.665
<b>4</b>	<b>Total</b>	<b>18.594.037</b>	<b>1.588.958.411</b>	<b>56.559.082</b>	<b>1.550.993.366</b>

(\*) As of 31 December 2022, TRY 33.947.997 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	10.260.960
3	Receivables back to performing status	183.407
4	Amounts written off	2.104.883
5	Other changes	(5.675.815)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>18.594.037</b>

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

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

**Breakdown According to Maturity:**

<b>31 December 2022</b>	<b>Demand Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 years and Over</b>	<b>Total</b>	
Loans (*)	1.756.589	84.296.300	57.269.458	265.185.959	311.110.015	104.405.170	824.023.491

(\*) Non-performing loans has not been included in the table above.

**Exposures Provisioned Against By Major Regions:**

<b>31 December 2022</b>	<b>Non-Performing Loans</b>	<b>ECL (Stage 3)</b>
Domestic	18.521.461	15.131.669
European Union (EU) Countries	173	121
OECD Countries	33	25
Off-Shore Banking Regions	-	-
USA, Canada	20	10
Other Countries	72.350	30.486
<b>Total</b>	<b>18.594.037</b>	<b>15.162.311</b>

**Exposures Provisioned Against By Sectors:**

Explained in Section 4-II Information According to Sectors and Counterparties

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

<b>31 December 2022</b>	
30-60 days overdue	1.863.028
60-90 days overdue	2.889.147
<b>Total</b>	<b>4.752.175</b>

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

<b>31 December 2022</b>	
Loans Structured from Standard Loans	496.258
Loans Composed of Follow-up Loans	26.626.359
Loans Restructured from Non-Performing Loans	1.945.111

(\*) Rediscounts are not included in the amount.

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

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

**Qualitative Disclosure on Credit Risk Mitigation Techniques**

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

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

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

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

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

The volatility in the real estate market is closely monitored by the Bank and fluctuations that may occur depending on the market movements related to the mentioned risk class, are taken into account according to the principles stated in the related regulation.

In the portfolios where the comprehensive financial guarantee method is used, the risk mitigating effects of collateral are determined through standard volatility adjustments.

Concentration checks are conducted on guarantors and collateral providers.

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

**Credit Risk Mitigation Techniques- Overview**

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans <sup>(2)</sup>	415.172.749	374.135.573	229.775.691	26.844.254	21.822.565	-	-
2 Debt Instruments <sup>(1)</sup>	340.200.379	-	-	-	-	-	-
3 Total	755.373.128	374.135.573	229.775.691	26.844.254	21.822.565	-	-
4 Of which defaulted	1.902.463	1.529.263	987.501	595.118	560.658	-	-

<sup>(1)</sup> As of 31 December 2022, TRY 33.947.997 of borrowed securities is not included in Financial Assets at Fair Value through Profit or Loss.

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

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

Explained in risk classifications related to Article 6 of Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks in 4-II Financial Position and Risk Management of Bank – Credit Risk section.

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**XI. 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	407.085.156	906.793	428.365.144	1.298.475	495.870	%0,12
Claims on regional governments or local authorities	2.030.682	161.435	2.016.360	65.238	1.040.799	%50,00
Claims on administrative bodies and other non-commercial undertakings	2.601.792	1.942.808	2.533.224	917.828	3.451.052	%100,00
Claims on multilateral development banks	-	-	62	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	6.202.017	5.395.625	6.201.919	3.586.315	5.166.137	%52,78
Claims on corporates	296.823.902	224.687.463	277.797.784	144.751.572	359.493.346	%85,08
Claims included in the regulatory retail portfolios	237.815.958	83.143.600	218.415.784	17.744.322	178.427.073	%75,55
Claims secured by residential property	115.676.475	15.348.567	115.676.475	7.818.702	43.223.312	%35,00
Claims secured by commercial property	70.198.237	22.404.499	70.198.237	14.936.715	46.525.678	%54,65
Overdue loans	4.121.977	1.230.080	3.515.807	351.044	3.604.654	%93,22
Higher risk categories decided by the Board	44.309.930	-	44.248.814	-	81.565.098	%184,33
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	18.207.945	-	18.207.945	-	18.207.945	%100,00
Equity share investments	60.538.391	8.089.836	60.538.391	18.844	23.844.541	%39,38
<b>Total</b>	<b>1.265.612.462</b>	<b>363.310.706</b>	<b>1.247.715.946</b>	<b>191.489.055</b>	<b>765.045.505</b>	<b>%53,16</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%	500%
Claims on sovereigns and Central Banks	429.167.748	-	-	-	-	-	495.871	-	-	-	-	-	-	429.663.619
Claims on regional governments or local authorities	-	-	-	-	2.081.598	-	-	-	-	-	-	-	-	2.081.598
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	3.451.052	-	-	-	-	-	-	3.451.052
Claims on multilateral development banks	62	-	-	-	-	-	-	-	-	-	-	-	-	62
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	14.005	-	4.583.699	-	1.882.265	-	3.308.265	-	-	-	-	-	-	9.788.234
Claims on corporates	5.049.283	-	50.694.906	-	37.201.100	135	327.304.368	2.299.564	-	-	-	-	-	422.549.356
Claims included in the regulatory retail portfolios	-	-	-	-	-	230.932.138	5.227.968	-	-	-	-	-	-	236.160.106
Claims secured by residential property	-	-	-	123.495.177	-	-	-	-	-	-	-	-	-	123.495.177
Claims secured by commercial property	-	-	-	-	77.218.550	-	7.916.402	-	-	-	-	-	-	85.134.952
Overdue loans	-	-	-	-	682.961	-	3.025.321	158.569	-	-	-	-	-	3.866.851
Higher risk categories decided by the Board	-	-	-	-	-	-	-	13.912.669	30.328.210	-	-	-	7.935	44.248.814
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	-	-	-	-	-	-	18.207.945	-	-	-	-	-	-	18.207.945
Other receivables	31.936.230	-	5.765.506	-	-	656.239	22.199.260	-	-	-	-	-	-	60.557.235
<b>Total</b>	<b>466.167.328</b>	<b>-</b>	<b>61.044.111</b>	<b>123.495.177</b>	<b>119.066.474</b>	<b>231.588.512</b>	<b>391.136.452</b>	<b>16.370.802</b>	<b>30.328.210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.935</b>	<b>1.439.205.001</b>

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

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

**Publicly Announced Qualitative Disclosure on Market Risk**

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

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

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

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

The following table discloses the amounts that are calculated using the standard method.

**Market Risk: Standardised approach**

	<b>RWA</b>
<b>Outright products</b>	
Interest rate risk (general and specific)	12.182.513
Equity risk (general and specific)	2.395.475
Foreign exchange risk	13.489.375
Commodity risk	-
<b>Options</b>	
Simplified approach	-
Delta-plus method	357.575
Scenario approach	-
Securitization	-
<b>Total</b>	<b>28.424.938</b>

**Information related to Operational Risk**

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

	<b>2 PP Amount</b>	<b>1 PP Amount</b>	<b>CP Amount</b>	<b>Total/ No. Of Years of Positive Gross</b>	<b>Rate (%)</b>	<b>Total</b>
Gross Income	10.681.283	16.723.023	16.901.683	14.768.663	15	2.215.299
<b>Amount at Operational Risk (Total * 12,5)</b>						<b>27.691.243</b>

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

**XII. EXPLANATIONS ON REMUNERATION POLICIES**

**Disclosures related with Remuneration Committee**

The Bank's Remuneration Committee is comprised of two board members. The committee has convened for once during the year. The duties and responsibilities of the Committee include the following:

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

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

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

Positions specified below are considered as key personnel by the Bank:

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

As of the end of 2022, the number of critical key personnel is 25.

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

Benefits to be paid to the managers and employees at all levels are in line with the Bank's ethical values, internal balances and strategic objectives and cannot be associated only with the short term performance of the Bank. Regardless of the performance of the units that are audited by internal audit, the benefits of are determined on the basis of the general wage increase rate set by the Bank. Remuneration policy and practices are one of the important factors in ensuring employee engagement and improving performance. While determining the remuneration policy created to protect employees with high performance, sectoral data are taken into consideration by taking the internal wage balance and budget possibilities into account. Remuneration Committee at its meeting in December 2022 reviewed the remuneration policy and practices.

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

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

**Evaluation about how the bank’s remuneration processes take the current and future risks into account**

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

**Evaluation about how the Bank associates variable remunerations with performance**

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

**Evaluation about the bank’s methods to adjust remunerations according to long-term performance**

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

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

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and foreign currency	2.917.083	5.974.624	1.899.965	4.958.954
CBRT	28.917.561	121.184.994	17.613.716	98.951.673
Other	-	13	-	27
<b>Total</b>	<b>31.834.644</b>	<b>127.159.631</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>	28.666.697	38.540.462	17.211.303	34.517.548
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Other <sup>(2)</sup>	250.864	82.644.532	402.413	64.434.125
<b>Total</b>	<b>28.917.561</b>	<b>121.184.994</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 amounts held in the CBRT and Central Bank of TRNC are included in the Other.

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	33.947.997	-	-	-

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	-	121.865	-	195.839
Swap transactions	319.674	2.745.566	2.721.424	6.017.405
Futures transactions	-	-	-	-
Options	-	48.085	17.442	36.420
Other	-	-	-	-
<b>Total</b>	<b>319.674</b>	<b>2.915.516</b>	<b>2.738.866</b>	<b>6.249.664</b>

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	856.684	499.812	220.083	115.757
Foreign banks	892.789	4.927.845	124.354	3.074.071
Branches and offices abroad	-	-	-	-
<b>Total</b>	<b>1.749.473</b>	<b>5.427.657</b>	<b>344.437</b>	<b>3.189.828</b>

b) Information on foreign banks:

	Unrestricted Balance		Restricted Balance	
	Current Period		Current Period	
EU Countries	436.246		-	
USA and Canada	378.246		-	
OECD Countries <sup>(1)</sup>	1.069.695		424.625	
Offshore Banking Regions	23.048		-	
Other	3.488.774		-	
<b>Total</b>	<b>5.396.009</b>		<b>424.625</b>	

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

	Unrestricted Balance		Restricted Balance	
	Current Period		Prior Period	
EU Countries	380.765		1.487	
USA and Canada	203.339		-	
OECD Countries <sup>(1)</sup>	889.314		298.911	
Offshore Banking Regions	1.009		-	
Other	1.423.600		-	
<b>Total</b>	<b>2.898.027</b>		<b>300.398</b>	

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

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

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

a) Financial assets at fair value through other comprehensive income 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	18.240.767	33.445.116	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	109.178	472.490	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	97.814.460		66.476.611	
<i>Quoted on a stock exchange</i>	97.814.460		66.476.611	
<i>Not quoted</i>	-		-	
Equity Securities	1.303.418		585.047	
<i>Quoted on a stock exchange</i>	1.197.734		521.493	
<i>Not quoted</i>	105.684		63.554	
Impairment provision (-)	57.453		1.753.325	
<b>Total</b>	<b>99.060.425</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	1.246.669	-	625.041	-
<b>Total</b>	<b>1.246.669</b>	<b>-</b>	<b>625.041</b>	<b>-</b>

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

	Cash Loans	Loans Under Close Monitoring			
		Standard Loans	Loans Not Subject to Restructuring	Restructured Loans	
				Loans with Revised Contract Terms	Refinance
Non-specialized loans	632.800.865	24.075.171	22.410	26.603.945	
<i>Corporation loans</i>	372.953.607	17.772.282	-	26.591.496	
<i>Export loans</i>	34.493.695	42.749	-	-	
<i>Import loans</i>	-	-	-	-	
<i>Loans given to financial sector</i>	14.602.882	-	-	-	
<i>Consumer loan</i>	101.421.234	851.096	22.410	8.646	
<i>Credit cards</i>	35.511.459	1.552.644	-	928	
<i>Other</i>	73.817.988	3.856.400	-	2.875	
Specialized lending	124.515.992	3.620.213	-	4	
Other receivables	-	-	-	-	
Accruals	9.472.709	1.906.757	2.109	1.003.316	
<b>Total</b>	<b>766.789.566</b>	<b>29.602.141</b>	<b>24.519</b>	<b>27.607.265</b>	

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	12.176.855	3.646.930	-	-
Significant Increase in Credit Risk	-	-	25.970.040	6.841.916

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

c) Distribution of cash loans by maturity structure:

Current Period	Standard Loans	Loans under close monitoring	
		Loans Not Subject To Restructuring	Restructured
Short Term Loans	252.040.264	4.347.065	689.707
Medium and Long Term Loans	514.749.302	25.255.076	26.942.077
<b>Prior Period</b>			
Short Term Loans	101.064.514	2.981.702	264.214
Medium and Long Term Loans	375.258.795	20.325.877	23.395.744

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

(5) Information on loans (continued) :

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	1.299.363	98.062.826	99.362.189
<i>Real estate loans</i>	8.291	71.829.365	71.837.656
<i>Automobile loans</i>	58.894	4.889.921	4.948.815
<i>Consumer loans</i>	1.232.178	21.343.540	22.575.718
<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	11.455.918	920	11.456.838
<i>Installment</i>	4.559.861	920	4.560.781
<i>Non-installment</i>	6.896.057	-	6.896.057
Individual credit cards-FC	1.834	-	1.834
<i>Installment</i>	-	-	-
<i>Non-installment</i>	1.834	-	1.834
Personnel loans-TRY	97.640	725.142	822.782
<i>Real estate loans</i>	-	42	42
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	97.640	725.100	822.740
<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	355.740	-	355.740
<i>Installment</i>	129.770	-	129.770
<i>Non-installment</i>	225.970	-	225.970
Personnel credit cards-FC	196	-	196
<i>Installment</i>	-	-	-
<i>Non-installment</i>	196	-	196
Overdraft accounts-TRY (Retail customers) <sup>(**)</sup>	2.118.415	-	2.118.415
Overdraft accounts-FC (Retail customers)	-	-	-
<b>Total</b>	<b>15.329.106</b>	<b>98.788.888</b>	<b>114.117.994</b>

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

<sup>(\*\*)</sup> TRY 67.951 of the overdraft account consists of loans given to personnel.

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

(5) Information on loans (continued) :

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

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Consumer loans-TRY	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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**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)**

(5) Information on loans (continued) :

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

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Commercial installment loans-TRY	2.717.960	57.612.595	60.330.555
<i>Business premises loans</i>	1.654	1.591.953	1.593.607
<i>Automobile loans</i>	89.786	2.402.499	2.492.285
<i>Consumer loans</i>	2.626.520	53.618.143	56.244.663
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	-	-	-
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Commercial installment loans - FC	391.917	71.059.454	71.451.371
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	391.917	71.059.454	71.451.371
<i>Other</i>	-	-	-
Corporate credit cards-TRY	25.249.390	-	25.249.390
<i>Installment</i>	10.623.531	-	10.623.531
<i>Non-installment</i>	14.625.859	-	14.625.859
Corporate credit cards-FC	1.033	-	1.033
<i>Installment</i>	-	-	-
<i>Non-installment</i>	1.033	-	1.033
Overdraft accounts-TRY (Commercial customers)	23.866.070	-	23.866.070
Overdraft accounts-FC (Commercial customers)	-	-	-
<b>Total</b>	<b>52.226.370</b>	<b>128.672.049</b>	<b>180.898.419</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) :

f) Loans by customers:

	Current Period	Current Period
Public	34.363.094	12.298.807
Private	789.660.397	510.992.039
<b>Total</b>	<b>824.023.491</b>	<b>523.290.846</b>

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

g) Domestic and foreign loans(\*):

	Current Period	Prior Period
Domestic loans	821.823.229	521.958.708
Foreign loans	2.200.262	1.332.138
<b>Total</b>	<b>824.023.491</b>	<b>523.290.846</b>

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

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	6.710.672	2.916.786
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>6.710.672</b>	<b>2.916.786</b>

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

	Current Period	Prior Period
Loans with Limited Collectability	1.778.357	1.049.450
Loans with Doubtful Collectability	2.189.055	312.066
Uncollectible Loans	11.194.899	10.512.850
<b>Total</b>	<b>15.162.311</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.

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

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
<b>Current period</b>			
<b>Gross amounts before the specific provisions</b>	<b>680.019</b>	<b>332.509</b>	<b>932.583</b>
<i>Restructured loans</i>	<i>680.019</i>	<i>332.509</i>	<i>932.583</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>

(\*) Rediscounts are not included.

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

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

	III. Group	IV. Group	V. Group
<b>Current Period</b>	<b>Loans with Limited Collectability    Loans with Doubtful Collectability    Uncollectible Loans</b>		
Current period end balance	2.424.637	708.929	13.163.616
Additions(+)**	8.601.080	60.961	1.598.919
Transfers from other categories of loans under non-performing(+)	-	5.053.238	2.101.918
Transfers to other categories of loans under non-performing(-)	5.359.655	1.795.501	-
Collections(-) (*)	2.223.880	747.657	2.887.685
Write-offs(-) (**)	-	-	2.104.883
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>3.442.182</b>	<b>3.279.970</b>	<b>11.871.885</b>
Provision(-)	1.778.357	2.189.055	11.194.899
<b>Net balance on balance sheet</b>	<b>1.663.825</b>	<b>1.090.915</b>	<b>676.986</b>
<b>Prior Period</b>			
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.

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

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

	III. Group	IV. Group	V. Group
	<b>Loans with Limited Collectability    Loans with Doubtful Collectability    Uncollectible Loans</b>		
<b>Current period</b>			
Balance at the end of the period	341.012	786.304	3.966.189
Provisions(-)	279.800	783.961	3.835.240
<b>Net balance in the balance sheet</b>	<b>61.212</b>	<b>2.343</b>	<b>130.949</b>
<b>Prior period</b>			
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):

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current period (Net)</b>	<b>1.663.825</b>	<b>1.090.915</b>	<b>676.986</b>
Loans to granted real persons and legal entities (Gross)	3.442.182	3.279.970	11.871.885
Provisions (-)	1.778.357	2.189.055	11.194.899
<b>Loans to granted real persons and legal entities (Net)</b>	<b>1.663.825</b>	<b>1.090.915</b>	<b>676.986</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>

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period (Net)</b>	-	-	-
Interest Accruals and Valuation Differences	7.019	6.376	1.743.778
Provision (-)	7.019	6.376	1.743.778
<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

**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) :

l) 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.

m) Explanations on write-off policy:

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

In the previous period, the Bank derecognised the 5th group non-performing loan amounting to TRY 2.104.883 on the grounds that there was no reasonable expectation, and the Bank's non-performing loan ratio decreased from 2,45% to 2,21% 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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**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked Securities	109.707.592	55.559.702	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	46.157.728	17.310.081	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		234.826.643		132.010.297
Treasury bills		1.536.051		-
Other public sector debt securities		2.167.490		792.874
<b>Total</b>		<b>238.530.184</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		240.989.996		132.853.694
<i>Quoted on a stock exchange</i>		223.107.074		120.512.297
<i>Not quoted</i>		17.882.922		12.341.397
Impairment provision (-)		-		-
<b>Total</b>		<b>240.989.996</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		23.487.246		17.795.411
Purchases during the year <sup>(1)</sup>		91.774.783		37.931.041
Disposals through sales and redemptions		(7.125.727)		(7.493.789)
Impairment provision (-)		-		-
<b>Balance at the end of the period</b>		<b>240.989.996</b>		<b>132.853.694</b>

<sup>(1)</sup> The difference between the discount amount of TRY 67.405.111 as of December 31, 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 <sup>(3)</sup>
1.	34.298.279	4.579.579	50.717	842.867	3.064	196.944	106.321	1.612.921
2.	228.749	226.721	1.323	27.652	-	156.706	13.794	-
3.	33.447	33.398	13	4.081	-	3.398	-	-
4.	781.026	34.415	320.607	67.411	-	(18.412)	58.105	-
5.	413.537	313.485	109.191	38.333	-	(35.010)	(5.804)	-

<sup>(1)</sup>The financial data is obtained from 31 December 2022 financial statements used in consolidation.

<sup>(2)</sup>The financial data is obtained from unaudited 31 December 2022 financial statement .

<sup>(3)</sup>Financial information about the fair value of Demir Halkbank NV has been obtained from valuation report as of 31 December 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	467.940	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	393.996	544.687
Impairment provisions (-)/ reversals	-	-
<b>Balance at the end of the period</b>	<b>1.764.937</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 Ödeme Hizmetleri ve Elektronik Para AŞ for TRY 700 increasing its share ratio to 33,33%, and afterwards purchased 66,67% of Platform Ödeme Hizmetleri ve Elektronik Para 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	1.612.921	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	1.338.698	246.000	754.199	100
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-
Share premium	-	50.372	-	11.633	-	773.455	-
Reserves	135.372	50.817	34.246	2.769.832	127.042	2.221.736	3.088
Other Comprehensive Income according to TAS	11.174	4.841.036	2.071	-	10	-	-
<b>Profit / Loss</b>	<b>419.256</b>	<b>3.551</b>	<b>208.609</b>	<b>70.296</b>	<b>177.856</b>	<b>205.391</b>	<b>1.711</b>
<i>Net Profit</i>	<i>419.256</i>	<i>3.551</i>	<i>234.525</i>	<i>200.623</i>	<i>177.856</i>	<i>205.391</i>	<i>1.711</i>
<i>Prior Period Profit/Loss</i>	-	-	<i>(25.916)</i>	<i>(130.327)</i>	-	-	-
Bonus Shares from Associates, Subsidiaries and Joint Ventures not Accounted in Current Period's Profit	-	-	-	-	-	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	-	-	-	79.638	-	320.868	-
Leasehold Improvements (-)	-	-	-	18.845	-	16.419	-
Intangible Assets (-)	10.796	1.973	1.594	60.345	4.373	169.825	-
<b>Total Core Capital</b>	<b>705.006</b>	<b>6.513.803</b>	<b>766.332</b>	<b>4.031.631</b>	<b>546.535</b>	<b>3.447.669</b>	<b>4.899</b>
<b>SUPPLEMENTARY CAPITAL CAPITAL</b>	<b>-</b>	<b>-</b>	<b>93.321</b>	<b>97.633</b>	<b>28.252</b>	<b>45.002</b>	<b>-</b>
<b>NET AVAILABLE CAPITAL</b>	<b>705.006</b>	<b>6.513.803</b>	<b>859.653</b>	<b>4.129.264</b>	<b>574.787</b>	<b>3.492.671</b>	<b>4.899</b>

<sup>(1)</sup> The information is presented from companies' financial statements as of 31 December 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 <sup>(1)</sup>	Istanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ <sup>(1)(2)(3)</sup>	Istanbul	79,33	79,36
3. Halk Finansal Kiralama AŞ <sup>(1)</sup>	Istanbul	100,00	100,00
4. Halk Banka AD, Skopje <sup>(1)</sup>	Macedonia	99,56	99,56
5. Halk Faktoring AŞ <sup>(1)</sup>	Istanbul	100,00	100,00
6. Halkbank A.D. Beograd <sup>(1)</sup>	Serbia	100,00	100,00
7. Halk Varlık Kiralama AŞ <sup>(1)</sup>	Istanbul	100,00	100,00
8. Platform Ödeme Hizmetleri ve Elektronik Para 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.	3.765.683	715.802	25.107	390.409	14.937	419.256	197.868	1.090.578
2.	10.807.979	6.472.642	7.088.761	28.296	6.253	3.551	40.160	7.400.240
3.	7.186.625	767.926	8.891	796.460	-	234.525	75.184	811.319
4.	26.972.319	4.110.821	901.636	737.610	38.175	200.623	38.472	4.103.294
5.	3.783.697	550.908	7.574	709.044	-	177.856	67.633	931.982
6.	18.857.208	3.633.913	436.697	559.397	70.410	205.391	83.117	3.497.880
7.	3.174.006	4.899	1	-	-	1.711	850	6.182
8.	101.191	101.066	214	2.653	-	737	922	100.345

<sup>(1)</sup> The financial data is obtained from 31 December 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 financial statements as of 31 December 2022.

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	10.276.156	2.168.582
Purchase <sup>(1)(2)(3)(4)(5)(6)</sup>	2.266.422	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	7.975.354	1.579.660
Impairment Provisions (-)/ Reversals	-	-
<b>Balance at the end of the period</b>	<b>17.941.820</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.

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

<sup>(5)</sup> In the current period, the Bank has made a payment TRY 94.750 due to the paid capital increase of Platform Ödeme Hizmetleri ve Elektronik Para AŞ.

<sup>(6)</sup> In the current period, the Bank has made a payment TRY 915.001 due to the paid capital increase of Halkbank A.D. Beograd.

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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:

	Current Period	Prior Period
Banks	7.601.174	4.585.604
Insurance companies	-	-
Factoring companies	931.982	362.348
Leasing companies	811.319	471.661
Financing companies	-	-
Other financial subsidiaries	8.497.000	2.246.051
Other non-financial subsidiaries	100.345	-

f) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock <sup>(1)</sup>	7.400.240	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 Istanbul 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 tangible assets:

Current Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
<b>Cost:</b>						
Immovable	2.756.675	143.452	3.279.031	343.158	-	5.836.000
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	1.250.525	751.602	-	276.783	-	1.725.344
Office machines	1.019.491	583.060	-	50.991	-	1.551.560
Fixed assets obtained due to non-performing loans	4.562.261	2.065.395	-	1.915.880	-	4.711.776
Lease hold improvements costs	387.045	268.118	-	-	-	655.163
Other	374.304	78.762	-	10.999	-	442.067
<b>Total Cost</b>	<b>10.350.301</b>	<b>3.890.389</b>	<b>3.279.031</b>	<b>2.597.811</b>	<b>-</b>	<b>14.921.910</b>
<b>Accumulated depreciation (-)</b>						
Immovable	401.449	20.369	514.846	75.358	-	861.306
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	469.596	260.426	-	163.426	-	566.596
Office machines	658.640	159.773	-	9.584	-	808.829
Fixed assets obtained due to non-performing loans	22.074	21.264	-	11.101	-	32.237
Lease hold improvements costs	196.784	72.442	-	-	-	269.226
Other	264.541	27.855	-	5.462	-	286.934
<b>Total Accumulated Depreciation</b>	<b>2.013.084</b>	<b>562.129</b>	<b>514.846</b>	<b>264.931</b>	<b>-</b>	<b>2.825.128</b>
<b>Provision for impairment (-)</b>						
Immovable	15.325	-	8.658	-	-	23.983
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	-	-	-	-	-	-
Fixed assets obtained due to non-performing loans	4.355	-	-	-	-	4.355
<b>Total provision for impairment (-)</b>	<b>19.680</b>	<b>-</b>	<b>8.658</b>	<b>-</b>	<b>-</b>	<b>28.338</b>
<b>Net Book Value</b>	<b>8.317.537</b>	<b>3.328.260</b>	<b>2.755.527</b>	<b>2.332.880</b>	<b>-</b>	<b>12.068.444</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)**

(12) Information on tangible assets (continued) :

<b>Prior Period</b>	<b>Balance at the end of the prior period</b>	<b>Additions</b>	<b>Revaluation Increase</b>	<b>Disposals (-)</b>	<b>Transfer</b>	<b>Balance at the end of the period</b>
<b>Cost:</b>						
Immovable	2.124.315	95.352	579.331	42.323	-	2.756.675
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	1.051.315	494.755	-	295.545	-	1.250.525
Office machines	983.641	92.925	-	57.075	-	1.019.491
Fixed assets obtained due to non-performing loans	4.680.512	1.889.572	-	2.007.823	-	4.562.261
Lease hold improvements costs	262.577	124.468	-	-	-	387.045
Other	355.715	35.563	-	16.974	-	374.304
<b>Total Cost</b>	<b>9.458.075</b>	<b>2.732.635</b>	<b>579.331</b>	<b>2.419.740</b>	<b>-</b>	<b>10.350.301</b>
<b>Accumulated depreciation (-)</b>						
Immovable	253.984	11.716	139.675	3.926	-	401.449
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	309.272	223.906	-	63.582	-	469.596
Office machines	550.671	142.568	-	34.599	-	658.640
Fixed assets obtained due to non-performing loans	23.299	16.373	-	17.598	-	22.074
Lease hold improvements costs	154.592	42.192	-	-	-	196.784
Other	271.835	21.732	-	29.026	-	264.541
<b>Total Accumulated Depreciation</b>	<b>1.563.653</b>	<b>458.487</b>	<b>139.675</b>	<b>148.731</b>	<b>-</b>	<b>2.013.084</b>
<b>Provision for impairment (-)</b>						
Immovable	12.774	-	3.023	472	-	15.325
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	-	-	-	-	-	-
Fixed assets obtained due to non-performing loans	4.355	-	-	-	-	4.355
<b>Total provision for impairment (-)</b>	<b>17.129</b>	<b>-</b>	<b>3.023</b>	<b>472</b>	<b>-</b>	<b>19.680</b>
<b>Net Book Value</b>	<b>7.877.293</b>	<b>2.274.148</b>	<b>436.633</b>	<b>2.270.537</b>	<b>-</b>	<b>8.317.537</b>

(13) Information on intangible assets:

<b>Current Period</b>	<b>Balance at the end of the prior period</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>Transfer</b>	<b>Balance at the end of the period</b>
<b>Cost:</b>					
Other intangible assets	923.967	221.680	-	-	1.145.647
<b>Total Cost</b>	<b>923.967</b>	<b>221.680</b>	<b>-</b>	<b>-</b>	<b>1.145.647</b>
<b>Accumulated Depreciation (-)</b>					
Other intangible assets	410.031	161.148	-	-	571.179
<b>Total Accumulated Depreciation</b>	<b>410.031</b>	<b>161.148</b>	<b>-</b>	<b>-</b>	<b>571.179</b>
<b>Net Book Value</b>	<b>513.936</b>	<b>60.532</b>	<b>-</b>	<b>-</b>	<b>574.468</b>
<b>Prior Period</b>	<b>Balance at the end of the prior period</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>Transfer</b>	<b>Balance at the end of the period</b>
<b>Cost:</b>					
Other intangible assets	834.820	89.147	-	-	923.967
<b>Total Cost</b>	<b>834.820</b>	<b>89.147</b>	<b>-</b>	<b>-</b>	<b>923.967</b>
<b>Accumulated Depreciation (-)</b>					
Other intangible assets	261.895	148.136	-	-	410.031
<b>Total Accumulated Depreciation</b>	<b>261.895</b>	<b>148.136</b>	<b>-</b>	<b>-</b>	<b>410.031</b>
<b>Net Book Value</b>	<b>572.925</b>	<b>(58.989)</b>	<b>-</b>	<b>-</b>	<b>513.936</b>



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

(14) Information on investment property:

	Current Period	Prior Period
<b>Cost:</b>		
Opening Balance	445.071	435.639
Acquisitions	3.695	9.432
Transfer	-	-
Disposals	-	-
Impairment Charge/Reversal	-	-
<b>Ending Balance</b>	<b>448.766</b>	<b>445.071</b>
<b>Accumulated Depreciation (-)</b>		
Opening Balance	85.319	81.992
Amortization Charge	3.391	3.327
Transfer	-	-
Disposals	-	-
Impairment Provisions	-	-
<b>Total Accumulated Depreciation (-)</b>	<b>88.710</b>	<b>85.319</b>
<b>Net Book Value</b>	<b>360.056</b>	<b>359.752</b>

(15) Information on tax assets:

	Current Period	Prior Period
<b>Deferred Tax Asset /(Liability)</b>		
Provisions <sup>(1)</sup>	12.065.255	3.214.984
Revaluation of Financial Assets	(2.221.419)	(5.527.489)
Other	(1.406.117)	2.469.899
<b>Deferred Tax Asset /(Liability):</b>	<b>8.437.719</b>	<b>157.394</b>
<b>Deferred tax accounted under shareholders' equity</b>	<b>(2.783.046)</b>	<b>280.925</b>
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	(2.665.989)	379.540
Actuarial gains/losses	470.093	117.935
Valuation of subsidiaries	(587.150)	(216.550)

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

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

None.

(17) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 18.186.975 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	24.118.081	-	8.307.357	63.747.128	105.970.538	6.174.864	4.274.725	119.802	212.712.495
Foreign currency deposits	87.869.418	-	44.323.679	157.107.794	28.394.564	7.704.248	14.616.868	23.189	340.039.760
<i>Residents in Türkiye</i>	76.991.830	-	42.417.062	150.678.266	27.557.992	6.105.336	10.209.124	22.365	313.981.975
<i>Residents abroad</i>	10.877.588	-	1.906.617	6.429.528	836.572	1.598.912	4.407.744	824	26.057.785
Public sector deposits	6.713.701	-	60.362.673	6.116.194	904.955	21.801	17.221	-	74.136.545
Commercial inst. deposits	52.982.514	-	57.604.663	57.859.345	34.238.292	6.557.775	4.083.234	-	213.325.823
Other inst. deposits	3.448.365	-	5.340.727	18.482.502	6.753.311	7.144.804	570.948	-	41.740.657
Precious metals	36.848.593	-	193.786	6.095.225	338.744	169.169	213.370	-	43.858.887
Interbank deposits	92.281.429	-	15.904.749	26.839.575	108	82.503	-	-	135.108.364
<i>CBRT</i>	1.779	-	-	-	-	-	-	-	1.779
<i>Domestic banks</i>	381.409	-	14.886.939	16.215.175	108	82.503	-	-	31.566.134
<i>Foreign banks</i>	87.003.981	-	217.361	10.624.400	-	-	-	-	97.845.742
<i>Participation banks</i>	4.894.260	-	800.449	-	-	-	-	-	5.694.709
<b>Total</b>	<b>304.262.101</b>	<b>-</b>	<b>192.037.634</b>	<b>336.247.763</b>	<b>176.600.512</b>	<b>27.855.164</b>	<b>23.776.366</b>	<b>142.991</b>	<b>1.060.922.531</b>

(\*) As of 31 December 2022, the Bank has a total deposit balance of TRY 147.918.128 without accrual regarding to FX indexed TRY deposit instruments announced by the CBRT and Ministry of Treasury and Finance.

**Prior Period**

	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	14.770.570	-	9.301.522	61.536.172	16.277.055	2.544.494	3.720.806	132.027	108.282.646
Foreign currency deposits	70.781.423	-	37.579.282	158.239.770	7.306.978	6.458.451	12.284.973	20.344	292.671.221
<i>Residents in Türkiye</i>	64.071.897	-	36.689.100	153.563.705	6.800.758	4.983.025	8.309.005	19.744	274.437.234
<i>Residents abroad</i>	6.709.526	-	890.182	4.676.065	506.220	1.475.426	3.975.968	600	18.233.987
Public sector deposits	5.162.007	-	5.159.673	4.843.268	535.623	53.068	15.044	-	15.768.683
Commercial inst. deposits	19.347.805	-	24.818.251	32.649.249	1.582.430	1.414.218	2.042.503	-	81.854.456
Other inst. deposits	1.532.264	-	3.505.395	13.905.284	2.023.206	2.673.524	6.073.817	-	29.713.490
Precious metals	28.229.042	-	197.454	4.914.191	243.446	136.356	234.127	-	33.954.616
Interbank deposits	28.311.953	-	19.703.212	15.570.775	73.419	-	-	-	63.659.359
<i>CBRT</i>	27.637	-	-	-	-	-	-	-	27.637
<i>Domestic banks</i>	377.832	-	19.480.597	10.091.593	73.419	-	-	-	30.023.441
<i>Foreign banks</i>	27.906.484	-	222.615	5.479.182	-	-	-	-	33.608.281
<i>Participation banks</i>	-	-	-	-	-	-	-	-	-
<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>

(\*) 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	65.042.724	45.658.688	147.363.380	62.400.473
Foreign currency saving deposits	46.335.866	38.102.218	147.221.761	134.235.893
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	1.252.749	535.794	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

All deposit and participation funds have been covered by insurance except official institutions, credit institutions and financial institutions in accordance with the "Amendment of Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936. The balance of commercial deposits subject to insurance in this scope is TRY 24.870.348. This amount is not included in the above table that includes the insurance and exceeding the insurance limit information for saving deposits only.

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

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

	Current Period	Prior Period
Foreign branches' saving deposits and other accounts	524.208	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	9.454	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	-	130.934	-	287.630
Swap transactions	-	645.725	357	2.154.315
Future transactions	-	-	-	-
Options	-	46.884	17.830	10.119
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>823.543</b>	<b>18.187</b>	<b>2.452.064</b>

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

(3) Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Funds borrowed from CBRT	-	-	-	-
Domestic banks and institutions	177.716	1.527.077	498.522	1.781.127
Foreign banks, institutions and funds	2.551	11.714.719	-	11.265.691
<b>Total</b>	<b>180.267</b>	<b>13.241.796</b>	<b>498.522</b>	<b>13.046.818</b>

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	144.838	130.958	363.399	277.642
Medium and long-term	35.429	13.110.838	135.123	12.769.176
<b>Total</b>	<b>180.267</b>	<b>13.241.796</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 20,05% of saving deposits and 32,05% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets.

The Bank's 80,99% of bank deposits and 41,47% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	7.107.044	-	4.694.698	-
Bonds	857.411	-	706.982	-
Assets Backed Securities	1.011.622	-	1.011.622	-
<b>Total</b>	<b>8.976.077</b>	<b>-</b>	<b>6.413.302</b>	<b>-</b>

(5) Explanations on the funds:

Funds are granted as loans in conformity with the protocols between the Bank and fund owner ministry or institutions.

Maturity structure of funds:

	Current Period	Prior Period
Short Term	1.411	1.350
Long Term	236.131	137.191
<b>Total</b>	<b>237.542</b>	<b>138.541</b>

(6) 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).

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

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

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

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the 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	70.130	63.898	36.524	36.100
1 - 4 years	429.231	342.423	448.317	362.750
More than 4 years	1.525.874	872.168	838.939	467.733
<b>Total</b>	<b>2.025.235</b>	<b>1.278.489</b>	<b>1.323.780</b>	<b>866.583</b>

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

None (31 December 2021: None).

(9) Explanations on provisions:

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

As of 31 December 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 non-cash loans:

As of 31 December 2022, the Bank's specific provision for unindemnified non-cash loans balance is TRY 389.456 (31 December 2021: TRY 337.306).

- c) Information on other provisions:

Total other provision balance amounting to TRY 3.431.847 (31 December 2021: TRY 1.161.546) consists of TRY 389.456 (31 December 2021: TRY 337.306) for stage 3 expected credit losses of unindemnified and unfunded non-cash loans, TRY 2.770.142 (31 December 2021: 629.840) for stage 1 and stage 2 expected credit losses amount of non-cash loans, TRY 92.820 (31 December 2021: TRY 73.416) for legal cases filed against the Bank, and TRY 179.429 (31 December 2021: TRY 120.984) of other provisions.

- d) Movement of employee termination benefits:

Severance indemnity provision as of 31 December 2022 is calculated by an independent company by using the actuarial conjectures. The amount calculated for the employee termination benefits as a result of the actuarial valuation according to TAS 19, is as follows;

	Current Period	Prior Period
Inflation Rate	%9,90	%15,80
Discount Rate	%13,09	%19,10
Estimated Real Wage Growth Rate	%53,50(*)	%30,00

(\*) It was used 53,50% for 2023 and 10,10% for the following years.

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

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

(9) Explanations on provisions (continued) :

d) Movement of employee termination benefits (continued) :

Calculated amounts as a result of actuarial conjectures are as follows:

	<b>Current Period</b>	<b>Prior Period</b>
As of January 1	1.524.122	932.665
Charge for the year	154.492	90.623
Interest Expense	288.552	117.854
Actuarial gain/loss	1.290.692	415.824
Prior period service cost composed current period	16.166	6.311
Payment/The limitation of benefits/ Loss (Gain) therefore discharge	2.594	1.017
Benefits paid within the period (-)	(74.738)	(40.172)
<b>Total</b>	<b>3.201.880</b>	<b>1.524.122</b>

e) Liabilities for employee benefits:

As of December 31, 2022, the Bank has unused vacations of TRY 419.515, dividends for personnel amounting to TRY 1.664.111, severance pay liability for Bank personnel amounting to TRY 3.074.256 and severance pay liability for subcontractors amounting to TRY 127.624. (December 31, 2021 unused leave provision: TRY 223.018, 31 December 2021 personnel dividend: TRY 499.783, 31 December 2021 severance pay for Bank personnel: TRY 1.464.422, 31 December 2021 severance pay for subcontractors: TRY 59.700).

The Bank accounts for actuarial gains / losses under equity commencing from 1 January 2013.

f) Liabilities arising from retirement benefits:

f.1. Liabilities of pension funds founded as per the Social Security Institution:

None.

f.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees:

Based on the results of the actuarial reports prepared as of 31 December 2022, it was determined that there is no technical deficit for Türkiye Halk Bankası AŞ Emekli Sandığı and T.C. Ziraat Bankası ve Türkiye Halk Bankası Çalışanları Emekli Sandığı Vakfı.

The above mentioned actuarial review, which was made in accordance with the principles of the related law, measures the present value of the liability as of 31 December 2022, in other words; it measures the amount to be paid to the Social Security Institution by the Bank. Actuarial assumptions used in the calculation are given below.

<b>Assumptions</b>	<b>Current Period</b>	<b>Prior Period</b>
Discount Rate	%9,80	%9,80
Mortality Rate	CSO 1980 kadın/erkek	CSO 1980 kadın/erkek

T. Halk Bankası Çalışanları Emekli Sandığı Vakfı, ("Fund") which was established by 20th provisional article of Social Security Law numbered 506. As of 31 December 2022, the number of personnel who benefit from the Fund is 39.857 (31 December 2021: 38.816).

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

(9) Explanations on provisions (continued):

f) Liabilities arising from retirement benefits (continued) :

f.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees (continued):

Below table shows the present values of premiums and salary payments as of 31 December 2022, by taking into account the health expenses within the Social Security Institution limits.

<b>Transferable Pension and Medical Benefits:</b>	<b>Current Period</b>	<b>Prior Period</b>
Net Present Value of Total Liabilities Other Than Health	(9.641.633)	(4.839.389)
Net Present Value of Long Term Insurance Line Premiums	9.611.819	4.989.362
<b>Net Present Value of Total Liabilities Other Than Health</b>	<b>(29.814)</b>	<b>149.973</b>
Net Present Value of Health Liabilities	(1.687.560)	(1.134.467)
Net Present Value of Health Premiums	6.004.830	3.117.266
<b>Net Present Value of Health Liabilities</b>	<b>4.317.270</b>	<b>1.982.799</b>
<b>Pension Fund Assets</b>	<b>8.089.148</b>	<b>5.679.944</b>
General Administration Expenses (1%)	(113.292)	(59.739)
<b>Amount of Actuarial and Technical Deficit</b>	<b>12.263.312</b>	<b>7.752.977</b>

Plan assets are comprised as follows:

<b>Total Assets</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	6.720.925	4.811.099
Marketable Securities	515.350	504.807
Property and Equipment	404.510	179.872
Other	448.363	184.166
<b>Total</b>	<b>8.089.148</b>	<b>5.679.944</b>

On the other hand, after the transfer, the currently paid health benefits will be revised within the framework of the Social Security Institution legislation and related regulations.

The sensitivity analysis of defined benefit obligation of excess liabilities and retirement indemnities are as follows:

**Change in Assumptions (%)**

<b>Assumptions</b>	<b>Death Benefits</b>	<b>Medical Benefits</b>	<b>Total</b>
Discount rate +1	(%19,9)	(%19,8)	(%19,8)
Discount rate -1	%27,4	%27,1	%27,1
Inflation rate +1	%27,5	%33,6	%33,6
Inflation rate -1	(%20,2)	(%23,4)	(%23,4)

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

(10) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 31 December 2022, the Bank's calculated current tax liability is amounting to TRY 8.044.471 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	8.044.471	8.025
Income on securities tax	641.431	409.434
Property income tax	4.713	3.049
Banking and insurance transactions tax (BITT)	491.879	246.819
Foreign exchange transactions tax	16.351	52.359
Value added tax payable	-	-
Other	147.060	74.027
<b>Total</b>	<b>9.345.905</b>	<b>793.713</b>

a.3. Information on premiums:

	<b>Current Period</b>	<b>Prior Period</b>
Social insurance premiums-employee	10	13
Social insurance premiums-employer	11	15
Bank social aid pension fund premium-employee	43.988	22.968
Bank social aid pension fund premium-employer	68.535	37.885
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	3.139	1.653
Unemployment insurance-employer	6.247	3.273
Other	1.265	378
<b>Total</b>	<b>123.195</b>	<b>66.185</b>



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

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

b) Information on deferred tax liability:

It is explained in the 15th footnote of Section Five, Explanations And Notes Related To The Assets.

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

None. (31 December 2021: None.)

(12) 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	-	21.173.452	-	15.591.893
<i>Subordinated loans</i>	-	21.173.452	-	15.591.893
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.041.809	-	6.051.459	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.041.809	-	6.051.459	-
<b>Total</b>	<b>6.041.809</b>	<b>21.173.452</b>	<b>6.051.459</b>	<b>15.591.893</b>

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

(13) Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	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.

Share capital increased from TRY 2.473.776 to TRY 4.969.121.

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

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

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

None.

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

None.

f) Information on the Bank's acquired shares:

Between 1 January 2022 – 31 December 2022, the Bank has repurchased shares amounting to TRY 8.850 and has not resold shares within the scope of the Board of Directors' decision dated 17 March 2020.

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

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

h) Information on preferred shares:

None.

i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	8.133.613	1.833.570	1.719.164	1.350.460
<i>Valuation differences</i>	<i>8.133.613</i>	<i>1.833.570</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	8.556.841	(458.509)	(1.732.203)	(189.790)
<i>Valuation differences</i>	<i>8.556.841</i>	<i>(463.228)</i>	<i>(1.732.203)</i>	<i>(53.336)</i>
<i>Exchange rate difference</i>	-	<i>4.719</i>	-	<i>(136.454)</i>
<b>Total</b>	<b>16.690.454</b>	<b>1.375.061</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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**II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)**

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

k) Information on Legal Reserves

	<b>Current Period</b>	<b>Prior Period</b>
I. Legal Reserve	1.658.198	1.590.043
II. Legal Reserve	585.488	585.488
Special Reserves	28.696	21.465
Share Buyback Reserve Fund	424.229	351.767
<b>Total</b>	<b>2.696.611</b>	<b>2.548.763</b>

l) Information on Extraordinary Reserves:

	<b>Current Period</b>	<b>Prior Period</b>
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	26.785.915	25.426.034
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital (-)	-	-
<b>Total</b>	<b>26.785.915</b>	<b>25.426.034</b>

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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	34.608.889	17.272.727
Payment commitments for cheques	9.705.677	6.146.359
Loan granting commitments	18.050.815	6.237.140
Forward asset purchase and sale commitments	29.819.815	9.044.334
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	24.391	27.584
Tax and fund liabilities from export commitments	163.349	106.220
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	7.394.063	5.306.244
<b>Total</b>	<b>99.766.999</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	5.678.605	6.864.681
Bank acceptances	23.628.261	11.581.244
Other guarantees	16.820.325	9.543.534
<b>Total</b>	<b>46.127.191</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	41.826.204	26.134.531
Letters of advance guarantees	10.733.470	7.724.693
Letters of tentative guarantees	3.167.164	1.930.929
Letters of guarantee given to customs offices	6.241.811	3.716.631
Other letters of guarantee	207.090.607	123.444.557
<b>Total</b>	<b>269.059.256</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	37.360.755	22.991.978
<i>Within one year or less original maturity</i>	2.611.568	2.037.876
<i>Within more than one year maturity</i>	34.749.187	20.954.102
Other non-cash loans	277.825.692	167.948.822
<b>Total</b>	<b>315.186.447</b>	<b>190.940.800</b>

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

c) Information on non-cash loans (continued):

c.2. Sectoral risk concentration of non-cash loans

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	569.671	0,28	114.157	0,10	236.420	0,28	315.516	0,29
<i>Farming and Stockbreeding</i>	418.276	0,21	24.656	0,02	183.955	0,22	18.808	0,02
<i>Forestry</i>	25.924	0,01	18	-	8.548	0,01	4.709	-
<i>Fishery</i>	125.471	0,06	89.483	0,08	43.917	0,05	291.999	0,27
Manufacturing	65.835.859	32,28	50.950.496	45,82	19.675.926	23,98	52.137.042	47,88
<i>Mining and Quarrying</i>	2.949.309	1,45	1.740.260	1,56	386.734	0,47	1.708.401	1,57
<i>Production</i>	59.871.713	29,35	45.240.620	40,69	18.195.364	22,18	47.696.899	43,80
<i>Electricity, Gas and Water</i>	3.014.837	1,48	3.969.616	3,57	1.093.828	1,33	2.731.742	2,51
Construction	51.405.050	25,20	34.733.463	31,23	24.509.366	29,88	23.862.796	21,91
Services	83.687.683	41,02	25.049.436	22,53	36.929.178	45,03	32.396.206	29,74
<i>Wholesale and Retail Trade</i>	51.620.210	25,30	10.313.100	9,27	22.727.973	27,72	13.461.503	12,36
<i>Accommodation and Dining</i>	4.332.324	2,12	4.454.922	4,01	409.621	0,50	5.774.150	5,30
<i>Transportation and Telecom.</i>	2.662.042	1,31	5.705.581	5,13	1.543.594	1,88	8.670.681	7,96
<i>Financial Institutions</i>	10.315.427	5,06	61.931	0,06	5.536.689	6,75	102.637	0,09
<i>Real Estate and Rental Services</i>	12.614.788	6,18	4.300.166	3,87	5.290.718	6,45	4.161.907	3,82
<i>Professional Services</i>	67.142	0,03	2.027	-	44.473	0,05	660	-
<i>Educational Services</i>	167.347	0,08	38.229	0,03	106.846	0,13	116.679	0,11
<i>Health and Social Services</i>	1.908.403	0,94	173.480	0,16	1.269.264	1,55	107.989	0,10
Other	2.487.477	1,22	353.155	0,32	677.170	0,83	201.180	0,18
<b>Total</b>	<b>203.985.740</b>	<b>100,00</b>	<b>111.200.707</b>	<b>100,00</b>	<b>82.028.060</b>	<b>100,00</b>	<b>108.912.740</b>	<b>100,00</b>

c.3. Non-cash loans classified under I. and II. Group

	Group I		Group II	
	TRY	FC	TRY	FC
<b>Non-Cash Loans</b>	<b>202.284.058</b>	<b>106.412.732</b>	<b>1.701.682</b>	<b>4.787.975</b>
Letters of Guarantee	166.964.342	96.056.623	1.701.682	4.336.609
Bills of Exchange and Bank Acceptances	18.466.650	5.124.321	-	37.290
Letters of Credit	53.360	5.211.169	-	414.076
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	16.799.706	20.619	-	-

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

2) Information on derivative financial instruments:

Types of trading transactions	Derivative transactions according to purposes			
	Trading Derivatives		Derivative Financial Instruments held for Risk Management	
	Current Period	Prior Period	Current Period	Prior Period
<b>Foreign Currency related Derivative Transactions (I):</b>	<b>260.191.837</b>	<b>125.203.414</b>	-	-
Currency Forwards-Purchases/Sales	11.349.912	16.455.764	-	-
Currency Swaps-Purchases/Sales	222.985.233	104.270.304	-	-
Currency Futures-Purchases/Sales	917.751	-	-	-
Currency Options-Purchases/Sales	24.938.941	4.477.346	-	-
<b>Interest Rate related Derivative Transactions (II)</b>	<b>58.627.888</b>	<b>43.976.230</b>	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Swaps-Purchases/Sales	58.627.888	43.976.230	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-
<b>Other Trading Derivatives (III) (1)</b>	<b>30.383.203</b>	<b>30.945.554</b>	-	-
<b>A. Total Trading Derivatives (I+II+III)</b>	<b>349.202.928</b>	<b>200.125.198</b>	-	-
<b>Derivative Financial Instruments held for Risk Management</b>	-	-	-	-
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
FC investment in associates risk hedge	-	-	-	-
<b>B. Total Derivative Financial Instruments held for Risk Management</b>	-	-	-	-
<b>Total Derivative Transactions (A+B)</b>	<b>349.202.928</b>	<b>200.125.198</b>	-	-

<sup>(1)</sup> Other trading derivative transactions include forward precious metal purchase and sale transactions of TRY 1.001.498 and TRY 5.126.311; respectively, and swap precious metal purchase transactions of TRY 24.255.394.

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

The Bank has credit termly derivative transactions as part of its trading transactions. These transactions include credit default swaps which based on treasury of Turkish Republic's credit risk. As of 31 December 2022, the Bank has credit default conditioned cross currency swap transaction amounting to USD 110 million with 5 year maturity (weighted average remaining maturity 8 months). In this transactions the Bank sells protection.

4) Information on contingent liabilities and assets:

Bank's commitments for the cheques given to customers are TRY 9.705.677 (31 December 2021: TRY 6.146.359).

5) 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	25.579.560	397.307	12.493.936	199.133
Medium and long term loans	48.500.513	10.026.381	34.302.569	6.840.937
Interest on non-performing loans	1.100.281	-	359.319	-
Premiums from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>75.180.354</b>	<b>10.423.688</b>	<b>47.155.824</b>	<b>7.040.070</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	319.750	12.331	1.211.758	-
Domestic banks	95.602	4.608	35.543	303
Foreign banks	58.285	44.708	15.271	7.204
Foreign headquarters and branches	-	-	-	-
<b>Total</b>	<b>473.637</b>	<b>61.647</b>	<b>1.262.572</b>	<b>7.507</b>

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	10.746	1.843	10.813	49
Financial Assets at Fair Value through Other				
Comprehensive Income	12.969.640	1.247.903	7.594.948	690.378
Financial Assets Measured at Amortized Cost	49.636.655	3.675.533	17.056.898	2.435.424
<b>Total</b>	<b>62.617.041</b>	<b>4.925.279</b>	<b>24.662.659</b>	<b>3.125.851</b>

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	486.366	209.133

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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 <sup>(1)</sup>:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	55.122	261.528	58.924	131.100
<i>CBRT</i>	-	-	-	-
<i>Domestic banks</i>	55.122	39.170	58.924	29.821
<i>Overseas banks</i>	-	222.358	-	101.279
<i>Overseas head office and branches</i>	-	-	-	-
Other institutions	14	41.535	7	27.979
<b>Total</b>	<b>55.136</b>	<b>303.063</b>	<b>58.931</b>	<b>159.079</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	198.076	79.013

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	2.233.420	1.467.299	2.002.114	1.266.330



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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>Account name</b>									
<b>TRY</b>									
Bank deposits	912	2.860.892	1.162.647	3	-	-	-	4.024.454	
Saving deposits	7	1.217.137	7.061.463	12.616.036	804.521	823.845	13.853	22.536.862	
Public deposits	10	4.524.567	825.161	119.603	26.819	2.376	-	5.498.536	
Commercial deposits	15	6.734.838	6.475.704	2.096.791	3.028.237	2.032.000	-	20.367.585	
Other deposits	1	1.184.771	3.039.744	583.531	684.785	93.690	-	5.586.522	
7 days call accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>945</b>	<b>16.522.205</b>	<b>18.564.719</b>	<b>15.415.964</b>	<b>4.544.362</b>	<b>2.951.911</b>	<b>13.853</b>	<b>58.013.959</b>	
<b>Foreign currency</b>									
Deposits	68	659.629	3.937.115	982.549	147.395	151.986	130	5.878.872	
Bank deposits	78	52.028	484.705	8	-	-	-	536.819	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	1.017	25.522	1.408	783	1.147	-	29.877	
<b>Total</b>	<b>146</b>	<b>712.674</b>	<b>4.447.342</b>	<b>983.965</b>	<b>148.178</b>	<b>153.133</b>	<b>130</b>	<b>6.445.568</b>	
<b>Grand total</b>	<b>1.091</b>	<b>17.234.879</b>	<b>23.012.061</b>	<b>16.399.929</b>	<b>4.692.540</b>	<b>3.105.044</b>	<b>13.983</b>	<b>64.459.527</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>Account name</b>									
<b>TRY</b>									
Bank deposits	1.642	2.520.061	744.308	26.874	-	-	-	3.292.885	
Saving deposits	21	1.959.087	12.199.244	1.322.091	589.650	500.479	13.467	16.584.039	
Public deposits	19	591.689	566.380	69.233	27.577	2.376	-	1.257.274	
Commercial deposits	18	5.661.520	6.449.750	323.837	188.737	1.196.655	-	13.820.517	
Other deposits	1	496.685	3.048.531	461.066	348.050	202.850	-	4.557.183	
7 days call accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>1.701</b>	<b>11.229.042</b>	<b>23.008.213</b>	<b>2.203.101</b>	<b>1.154.014</b>	<b>1.902.360</b>	<b>13.467</b>	<b>39.511.898</b>	
<b>Foreign currency</b>									
Deposits	178	261.852	1.785.864	102.215	49.333	110.669	91	2.310.202	
Bank deposits	-	14.009	154.022	171	-	-	-	168.202	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	596	16.133	884	416	1.020	-	19.049	
<b>Total</b>	<b>178</b>	<b>276.457</b>	<b>1.956.019</b>	<b>103.270</b>	<b>49.749</b>	<b>111.689</b>	<b>91</b>	<b>2.497.453</b>	
<b>Grand total</b>	<b>1.879</b>	<b>11.505.499</b>	<b>24.964.232</b>	<b>2.306.371</b>	<b>1.203.763</b>	<b>2.014.049</b>	<b>13.558</b>	<b>42.009.351</b>	

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

(3) Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through other Comprehensive Income	11.998	7.787
Other	414.211	184.850
<b>Total</b>	<b>426.209</b>	<b>192.637</b>

(4) Information on trading profit/loss:

	Current Period	Prior Period
<b>Profit</b>	<b>160.504.497</b>	<b>215.349.702</b>
<i>Profit from the capital market transactions</i>	280.124	40.811
<i>Profit on derivative financial transactions</i>	36.811.647	50.580.757
<i>Foreign exchange gains</i>	123.412.726	164.728.134
<b>Loss (-)</b>	<b>166.380.497</b>	<b>222.767.875</b>
<i>Loss from the capital market transactions</i>	74.964	2.372
<i>Loss from derivative financial transactions</i>	28.978.838	32.061.947
<i>Foreign exchange losses</i>	137.326.695	190.703.556

Information on gain/loss from derivative financial instruments:

	Current Period	Prior Period
<b>Profit on derivative financial instruments</b>	<b>36.811.647</b>	<b>50.580.757</b>
Effect of the change in foreign exchange on profit	36.001.861	50.197.393
Effect of the change in interest rate on profit	809.786	383.364
<b>Loss on derivative financial instruments (-)</b>	<b>28.978.838</b>	<b>32.061.947</b>
Effect of the change in foreign exchange on loss	28.206.774	31.744.596
Effect of the change in interest rate on loss	772.064	317.351
<b>Profit/loss on derivative financial instruments</b>	<b>7.832.809</b>	<b>18.518.810</b>

(5) Impairment losses on loans and other receivables:

	Current Period	Prior Period
Adjustments for prior period expenses	1.683.749	5.695.187
Income from the asset sale	1.140.677	404.184
Rent income	83.927	59.657
Other income	664.771	107.826
<b>Total</b>	<b>3.573.124</b>	<b>6.266.854</b>

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

	Current Period	Prior Period
Expected Credit Losses	36.785.104	11.884.553
<i>12 Month Expected Credit Loss (Stage 1)</i>	11.853.564	2.301.508
<i>Significant Increase in Credit Risk (Stage 2)</i>	19.330.593	5.316.337
<i>Non – Performing Loans (Stage 3)</i>	5.600.947	4.266.708
Marketable Securities Impairment Expense	165.683	-
<i>Financial Assets at Fair Value through Profit or Loss</i>	165.683	-
<i>Financial Assets at Fair Value through Other Comprehensive Income</i>	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
Other	19.430	27.988
<b>Total</b>	<b>36.970.217</b>	<b>11.912.541</b>

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

(7) Information on other operating expenses:

	<b>Current Period</b>	<b>Prior Period</b>
Reserve for employee termination benefits	387.066	175.633
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	8.658	3.023
Depreciation expenses of fixed assets	540.865	442.113
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	161.148	148.136
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	21.264	16.373
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	5.662.249	2.771.140
<i>Leasing Expenses on TFRS 16 Exceptions</i>	<i>211.663</i>	<i>128.039</i>
<i>Maintenance expenses</i>	<i>99.840</i>	<i>68.120</i>
<i>Advertisement expenses</i>	<i>1.190.042</i>	<i>466.325</i>
<i>Other expenses</i>	<i>4.160.704</i>	<i>2.108.656</i>
Loss on sales of assets	4.565	6.575
Other	2.709.469	1.798.853
<b>Total</b>	<b>9.495.284</b>	<b>5.361.846</b>

(8) 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 68.245.168 (31 December 2021: TRY 19.859.771 net interest income), net fees and commissions income is TRY 8.461.949 (31 December 2021: TRY 4.087.789) and the profit from operations before tax is TRY 20.144.254 (31 December 2021: TRY 1.406.093 profit from operations before tax).

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

For the period then ended 31 December 2022, the Bank's tax provision expense amounting to TRY 5.390.358 (31 December 2021: TRY 101.636 tax provision income) consists of TRY 16.734.654 (31 December 2021: TRY 19.615) of current tax charge and TRY 5.594.165 (31 December 2021: TRY 4.698.320) of deferred tax charge, TRY 16.938.461 (31 December 2021: TRY 4.819.571) of deferred tax income.

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

As of 31 December 2022, the Bank's net operating income after tax is amounting to TRY 14.753.896 (31 December 2021: TRY 1.507.729)

(11) Information on net profit/loss:

- a) If disclosure of the nature, size and recurrence rate of income and expense items arising from ordinary banking transactions is necessary 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.

(12) 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.

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

**V. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Explanations on inflation adjustments for equity items:

As per the BRSA circular announced on 28 April 2005, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA decree numbered 1623 and dated 21 April 2005.

According to this circular, TRY 1.220.451 of inflation adjustment related to paid in capital was transferred to the "Other Capital Reserves" account, which was previously recognized in "Paid-in Capital Inflation Adjustment" account before 31 December 2005. However, inflation adjustments related to other equity items are presented under the related equity item.

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

**VI. EXPLANATIONS AND NOTES RELATED TO THE CASH FLOW STATEMENT**

- (1) Disclosures for the “other” and “the effect of foreign exchange differences on cash and cash equivalents” items of cash flow statement:

The “net increase in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TRY 16.218.927 increase for the year 2022 (31 December 2021: TRY 49.935.990 increase). "Other" item in operating profit is composed of other operating expenses excluding fees and commissions expense, foreign exchange gain, other operating income and personnel expenses and decrease by TRY 70.490.914 for the year 2022 (31 December 2021: TRY 35.563.598 decrease).

For the year ended 31 December 2022, the effect of change in foreign exchange rate on cash and cash equivalents is TRY 14.962.468 increase (31 December 2021: TRY 23.367.773 increase). The average exchange rates of last five weekdays were taken into consideration as of the balance sheet date when calculating the effect of change in the exchange rates.

- (2) Items used in determination of cash and cash equivalents:

Cash in TRY, cash in foreign currency, demand Central Bank and demand bank deposits are defined as cash, whereas time bank deposits up to three months and money market receivables are defined as cash equivalents.

- (3) The effect of any change in accounting policies:

None.

- (4) Cash and cash equivalents balance at the beginning of the period:

	<b>Current Period</b>	<b>Prior Period</b>
Cash	60.969.308	41.125.326
<i>Cash in TRY, foreign currency and others<sup>(1)</sup></i>	<i>6.858.945</i>	<i>4.779.792</i>
<i>Demand CBRT and Banks</i>	<i>54.110.363</i>	<i>36.345.534</i>
Cash equivalents	1.150.143	955.685
<i>Time Bank Deposits Up to 3 Months</i>	<i>1.150.143</i>	<i>955.685</i>
<i>Money Market Placements</i>	-	-
<b>Total Cash and Cash Equivalents</b>	<b>62.119.451</b>	<b>42.081.011</b>

<sup>(1)</sup>Others items include cheques received.

- (5) Cash and cash equivalents balance at the end of the period:

	<b>Current Period</b>	<b>Prior Period</b>
Cash	80.244.778	60.969.308
<i>Cash in TRY, foreign currency and others<sup>(1)</sup></i>	<i>8.891.720</i>	<i>6.858.945</i>
<i>Demand CBRT and Banks</i>	<i>71.353.058</i>	<i>54.110.363</i>
Cash equivalents	3.019.769	1.150.143
<i>Time Bank Deposits Up to 3 Months</i>	<i>3.019.769</i>	<i>1.150.143</i>
<i>Money Market Placements</i>	-	-
<b>Total Cash and Cash Equivalents</b>	<b>83.264.547</b>	<b>62.119.451</b>

<sup>(1)</sup>Others items include cheques received.

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**VII. 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	6.710.672	185.644	-	-	-	-
Interest and commissions	450.868	1.345	-	-	-	-

<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	209.133	1.452	-	-	-	-

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	3.771.699	861.235	-	-	-	-
Interest expense on deposits	198.076	79.013	-	-	-	-

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	325.860	28.466	-	-	-	-
Total Profit/Loss	5.370	16	-	-	-	-

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

**VII. 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	6.710.672	0,80
Non-Cash Loans	185.644	0,06
Deposits	3.771.699	0,36
Forward and Option Contracts	325.860	0,09

<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 19.273 as of 31 December 2022 (31 December 2021: TRY 13.412).

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**VIII. EXPLANATIONS ON THE BANK'S DOMESTIC BRANCHES, AGENCIES/BRANCHES ABROAD AND OFF-SHORE BRANCHES**

(1) Explanations on the Bank's domestic branches, agencies/branches abroad and off-shore branches

<b>Current Period</b>	<b>Quantity</b>	<b>Number of Employees</b>	<b>Countries</b>		
Domestic Branch	1.032	20.688			
Abroad Agencies	1	1	IRAN		
	1	1	ENGLAND		
				<b>Total Assets</b>	<b>Statutory Capital</b>
Overseas Branch	5	88	T.R.N.C.	6.114.197	-
	1	3	BAHRAIN	65.777.681	-
Off-shore Branches	-	-	-	-	-
<b>Prior Period</b>	<b>Quantity</b>	<b>Number of Employees</b>	<b>Countries</b>		
Domestic Branch	1.018	20.270			
Abroad Agencies	1	2	IRAN		
	1	1	ENGLAND		
	1	1	SINGAPORE(*)		
				<b>Total Assets</b>	<b>Statutory Capital</b>
Overseas Branch	4	62	T.R.N.C.	2.556.755	-
	1	3	BAHRAIN	43.382.845	-
Off-shore Branches	-	-	-	-	-

(\*) Singapore Representative activities were terminated on December 31, 2021.

(2) Explanations on branch and agency openings or closings or other significant operational changes of the Bank:

During the year 2022, the Bank opened 15 branches, 1 of them being a foreign branch.

Singapore Representative activities were terminated on December 31, 2021.



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

**IX. FEES RELATED WITH THE SERVICES PROVIDED BY INDEPENDENT AUDITORS/INDEPENDENT AUDIT AGENCIES**

In accordance with the decision of the POA dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below over VAT excluded amounts.

	<b>Current Period</b>	<b>Prior Period</b>
Independent audit fees in the reporting period	8.219	5.006
Fees for tax advisory	-	-
Fees for other assurance services	123	65
Fees for other services except independent audit	524	154
<b>Total</b>	<b>8.866</b>	<b>5.225</b>

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

The procedures and principles of the articles of law that allow the revaluation of immovable and depreciable economic assets have been revised on the Communiqué Amending the General Communiqué on Tax Procedure Law No. 547 published in the Official Gazette dated 14 January 2023 and numbered 32073. Accordingly, in terms of corporate tax calculation, the Bank will be able to revalue its immovable and depreciable economic assets in the balance sheet, provided that the conditions in the related articles of Tax Procedure Law are met.

With the Board Decision of the BRSA dated 31 January 2023, in accordance with the Regulation on the Measurement and Assessment of the Capital Adequacy of Banks, in the calculation of the amount based on credit risk for TRY amount, the foreign currency items are decided to be calculated using the CBRT foreign exchange buying rate of 30 December 2022, instead of the CBRT foreign exchange buying rate of 31 December 2021 and also SME and retail limits are updated.

On 2, 7, 15 and 16 February, the Bank repurchased shares amounting to TRY 5.000, TRY 7.500, TRY 150 and TRY 2.500 within the scope of the Board of Directors' decision dated 17 March 2020, respectively.

On 6 February 2023, an earthquake, which the epicenter was Kahramanmaraş occurred and struck 10 provinces. After the disaster, BRSA, CBRT, TBB and Revenue Administration implemented several regulatory reliefs for the residents of the provinces in the disaster area. The Bank management has taken all necessary measures within the scope of aforementioned reliefs, and further studies on the subject is in progress. As announced in the Official Gazette numbered 32098 and dated 8 February 2023, a State of Emergency was declared for 3 months in Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa.

**SECTION VI: OTHER EXPLANATIONS**

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

The US Supreme Court reviewed the Bank's petition for a writ of certiorari on September 28, 2022 and announced its decision to grant review on October 3, 2022. Following the grant of review, the Bank filed its appeal on the merits with the Supreme Court on November 14, 2022. Then, the Solicitor General under the U.S. Department of Justice filed its reply brief on December 14, 2022. Briefing was concluded with the Bank filing its counter reply brief with the Court on January 6, 2023.

The U.S. Supreme Court heard the oral argument on January 17, 2023. In the course of the next phase the US Supreme Court is expected to announce its opinion regarding the Bank's FSIA appeal. If the US Supreme Court rules favorably, the case will be dismissed before the trial process. In the case of an adverse ruling, the case will be returned to the District Court for the Southern District of New York and the District Court will need to create a new schedule for the trials.

**SECTION VI: OTHER EXPLANATIONS**

**I. 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, and thereby dismiss the case on September 25, 2020. The case was fully briefed on December 16, 2020. District Court conditionally granted Bank's motion to dismiss on the grounds of forum non conveniens on February 16, 2021. The case was closed at the District Court on March 3, 2021.

The Plaintiffs filed their appeal brief with the Second Circuit as to the District Court's Decision on June 30, 2021. The case is fully briefed, and the oral arguments were heard before the Second Circuit on October 13, 2022. The Second Circuit's decision is pending.

The proceedings of both the criminal case and the civil case are closely monitored by the Bank through U.S. law firms with relevant expertise.

**SECTION VII: AUDITORS' REPORT**

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

The Bank's publicly available unconsolidated financial statements and footnotes as of 31 December 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 17 February 2023 is presented in front of the financial statements.

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

None.