

TÜRKİYE HALK BANKASI
ANONİM ŞİRKETİ

Consolidated Financial Statements
As of 30 September 2023
With Review Report Thereon
(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)

REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the General Assembly of Türkiye Halk Bankası AŞ

Introduction

We have reviewed the accompanying consolidated statement of financial position of Türkiye Halk Bankası AŞ (“the Parent Bank”) and its consolidated subsidiaries (together will be referred as “the Group”) as at 30 September 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Parent Bank management is responsible for the preparation and fair presentation of the accompanying consolidated interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

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

Basis for Qualified Conclusion

The Group reclassified the government bonds amounting to TRY 18.965.006 thousand, which were previously classified under financial assets at fair value through other comprehensive income according to the business model prepared in accordance with Turkish Financial Reporting Standard (“TFRS”) 9, into financial assets measured at amortised cost and reversed the marketable securities revaluation fund accumulated under other comprehensive income or loss to be reclassified through profit or loss amounting to TRY 2.229.977 thousand on 23 May 2018. The reclassification constitutes a departure from TFRS 9 requirements. The government bonds reclassified into financial assets measured at amortised cost amounted to TRY 41.452.492 thousand as at 30 September 2023. If such classification were not made, total assets and shareholders’ equity, excluding tax effect, would have been lower by TRY 7.286.931 thousand as at 30 September 2023.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of Türkiye Halk Bankası AŞ and its consolidated subsidiaries as at 30 September 2023, and of the results of its operations and its cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

Emphasis of Matter

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

On October 15, 2019, the US Department of Justice, United States Attorney Southern District of New York indicted the Parent 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 Parent Bank requests an appeal under the “Foreign Sovereign Immunity Act” (“FSIA”). The US Supreme Court has rejected the Parent Bank’s FSIA appeal and remanded the case to the US Court of Appeals for the Second Circuit to be reviewed on common law immunity grounds. The process is ongoing.

In addition, a group of plaintiffs filed a civil lawsuit against the Parent Bank with a claim for damages before the District Court for the Southern District of New York on March 27, 2020, "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 Second Circuit ruled in the Parent Bank’s favor and dismissed the lawsuit on May 2, 2023. The plaintiffs appealed the decision to the US Supreme Court on August 30, 2023. The process is ongoing.

Finally, on July 26, 2023, a new civil case was filed against the Parent Bank by a group of plaintiffs in a complaint filed with the District Court, seeking to satisfy judgments similar to the civil case dated March 27, 2020. The plaintiffs seek judgments by attempting to establish a connection between certain aggrievements they have suffered in various countries and the allegations in the current criminal case against the Parent Bank, which was filed on October 15, 2019. The service was processed on October 1, 2023 and the Parent Bank is closely following the process with its US-based lawyers. The process is ongoing.

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

Report on Other Legal and Regulatory Requirements

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

Additional paragraph for English translation:

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

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

Erdem Taş
Partner

Istanbul, 9 November 2023

TÜRKİYE HALK BANKASI AŞ
THE CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH ENDED 30 SEPTEMBER 2023

1. The Bank's Headquarter Address:
Finanskent Mahallesi Finans Caddesi No:42/1 Ümraniye/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 consolidated nine-month period ended financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures consists of the sections listed below:

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

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

Subsidiaries	Associates
1. Halk Yatırım Menkul Değerler AŞ	1. DHB Bank NV
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ	2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ
3. Halk Finansal Kiralama AŞ	3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ
4. Halk Faktoring AŞ	4. Birleşim Varlık Yönetim AŞ
5. Halk Banka A.D, Skopje	
6. Halkbank AD Beograd	
7. Halk Varlık Kiralama AŞ	

The consolidated financial statements for nine-month ended 30 September 2023 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, 9 November 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>Vice Chairman 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	: Atiye Ece GÜLERGÜN/ Manager
Tel No	: 0216 503 52 48
Fax No	: 0212 340 09 90

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TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

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

As of 30 September 2023 the shareholders’ structure and their respective ownerships are summarized as follows:

Shareholders	30 September 2023	%	31 December 2022	%
Türkiye Varlık Fonu ⁽¹⁾	6.573.604	91,49	4.357.946	87,70
Public shares ⁽¹⁾	611.094	8,51	611.094	12,30
Other shareholders ⁽²⁾	80	0,00	81	0,00
Total	7.184.778	100,00	4.969.121	100,00

⁽¹⁾ The shares of the Türkiye Varlık Fonu amounting to TRY 5.935.328 have been included in Public shares.

⁽²⁾ TRY 80 of the shares included in the “Other Shareholders” group belong to shareholders whose shares do not trade on the exchange.

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

TÜRKİYE HALK BANKASI AŞ
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SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK (continued)

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

Name	Title
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
Mihrimah Belma SATIR	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
Mehmet AYDIN	Member of the Supervisory Board
Faruk ÖZÇELİK	Member of the Supervisory Board
Olcay 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 Parent Bank’s capital.

- a) The Parent Bank’s top management members who have assigned to their position in 2023 are listed with titles and dates of assignment.

Title	Name and Surname	Beginning Date
Member of the Board of Directors	Mihrimah Belma SATIR	2 August 2023
Member of the Supervisory Board	Mehmet AYDIN	2 August 2023
Member of the Supervisory Board	Faruk ÖZÇELİK	2 August 2023

- b) The Parent Bank’s top management members who have left their position in 2023 are listed with titles and dates of leaving.

Title	Name and Surname	Leaving Date
Member of the Supervisory Board	Faruk ÖZÇELİK	16 March 2023
Member of the Supervisory Board	Prof. Dr. Yılmaz ÇOLAK	2 August 2023
Independent Member of the Board of Directors	Prof. Dr. Mesut KARAKAŞ	2 August 2023

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

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

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

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

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

1) General information about the Parent Bank:

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

2) Restructuring process of the Parent Bank:

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

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

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

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

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

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

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

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

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

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

As of 30 September 2023, the Parent Bank operates with a total of 1.066 branches consisting of 1.060 domestic and 6 foreign branches that are 5 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 31 satellite branches. The Parent Bank has also 2 representative offices in England and Iran.

VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION

The Parent Bank and its subsidiaries;

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

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

The Parent Bank’s associates;

- DHB Bank NV
- Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ
- Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ
- Birleşim Varlık Yönetim AŞ

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

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

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

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

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

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

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

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

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

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

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

Platform Ödeme Hizmetleri ve Elektronik Para AŞ, a subsidiary, and Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, an associate, are not consolidated in accordance with the "Communiqué on the Preparation of Consolidated Financial Statements of Banks" as they are not within the scope of financial institutions. In the consolidated financial statements prepared in accordance with International Financial Reporting Standards, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ is included in the scope of consolidation according to the equity method, while Platform Ödeme Hizmetleri ve Elektronik Para AŞ are included in the scope of full consolidation.

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

DHB Bank NV, Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ, Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ and Birleşim Varlık Yönetim 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 Parent Bank participates to equity with significant influence but without controlling interest.

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

Immediate transfer of the equity between the Parent 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 Parent Bank and its subsidiaries. The Parent Bank charge or pay cost of the services according to the service agreements entered into between the Parent Bank and its subsidiaries.

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

SECTION II: CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet (Consolidated Statement of Financial Position)
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- III. Consolidated Statement of Profit or Loss
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TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2023

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

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

CONSOLIDATED ASSETS	Note	Reviewed			Audited		
		Current Period			Prior Period		
		30 September 2023			31 December 2022		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. FINANCIAL ASSETS (NET)		265.863.848	288.215.411	554.079.259	128.790.691	184.711.592	313.502.283
1.1 Cash and Cash Equivalents		148.530.899	238.029.464	386.560.363	33.708.830	139.180.134	172.888.964
1.1.1 Cash and Balances with Central Bank	(1)	142.507.997	222.969.887	365.477.884	31.836.044	132.383.837	164.219.881
1.1.2 Banks	(3)	6.034.204	13.849.376	19.883.580	1.905.320	6.797.184	8.702.504
1.1.3 Money Markets		100.033	1.212.682	1.312.715	25.005	-	25.005
1.1.4 Expected Loss Provision (-)		111.335	2.481	113.816	57.539	887	58.426
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	59.673.678	86.342	59.760.020	34.359.163	157.292	34.516.455
1.2.1 Government Debt Securities		54.881.852	1.785	54.883.637	34.159.249	923	34.160.172
1.2.2 Equity Instruments		20.000	30.016	50.016	-	23.541	23.541
1.2.3 Other Financial Assets		4.771.826	54.541	4.826.367	199.914	132.828	332.742
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	57.659.271	47.366.270	105.025.541	60.403.024	42.459.170	102.862.194
1.3.1 Government Debt Securities		57.051.189	46.480.507	103.531.696	59.787.086	42.005.627	101.792.713
1.3.2 Equity Instruments		78.581	885.763	964.344	88.535	453.543	542.078
1.3.3 Other Financial Assets		529.501	-	529.501	527.403	-	527.403
1.4 Derivative Financial Assets	(2)(11)	-	2.733.335	2.733.335	319.674	2.914.996	3.234.670
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		-	2.733.335	2.733.335	319.674	2.914.996	3.234.670
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST(Net)		1.231.642.449	403.777.117	1.635.419.566	782.365.497	280.723.057	1.063.088.554
2.1 Loans	(5)	1.008.750.146	279.272.241	1.288.022.387	661.625.670	204.546.854	866.172.524
2.2 Lease Receivables	(10)	5.061.671	2.288.717	7.350.388	3.765.017	2.150.295	5.915.312
2.3 Factoring Receivables		4.931.863	224.034	5.155.897	3.563.972	156.625	3.720.597
2.4 Other Financial Assets Measured at Amortised Cost	(6)	263.038.778	123.052.077	386.090.855	166.986.452	74.468.807	241.455.259
2.4.1 Government Debt Securities		260.616.989	123.052.077	383.669.066	164.526.640	74.468.807	238.995.447
2.4.2 Other Financial Assets		2.421.789	-	2.421.789	2.459.812	-	2.459.812
2.5 Expected Credit Loss (-)		50.140.009	1.059.952	51.199.961	53.575.614	599.524	54.175.138
III. DISCONTINUED OPERATIONS (NET)	(14)	3.522	-	3.522	1.772	-	1.772
3.1 Held for Sale		3.522	-	3.522	1.772	-	1.772
3.2 Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		487.241	2.102.085	2.589.326	313.324	1.373.880	1.687.204
4.1 Investments in Associates (Net)	(7)	386.896	2.102.085	2.488.981	212.979	1.373.880	1.586.859
4.1.1 Associates Valued Based on Equity Method		234.584	2.102.085	2.336.669	82.481	1.373.880	1.456.361
4.1.2 Unconsolidated Associates		152.312	-	152.312	130.498	-	130.498
4.2 Subsidiaries (Net)	(8)	100.345	-	100.345	100.345	-	100.345
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non- Financial Subsidiaries		100.345	-	100.345	100.345	-	100.345
4.3 Joint Ventures (Net)	(9)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		20.534.387	1.757.618	22.292.005	19.149.945	1.115.114	20.265.059
VI. INTANGIBLE ASSETS (Net)		1.291.509	419.686	1.711.195	593.204	245.351	838.555
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.291.509	419.686	1.711.195	593.204	245.351	838.555
VII. INVESTMENT PROPERTIES (Net)	(12)	2.324.848	29.607	2.354.455	2.087.840	22.175	2.110.015
VIII. CURRENT TAX ASSET		-	21.224	21.224	-	10.862	10.862
IX. DEFERRED TAX ASSET	(13)	9.869.825	12.387	9.882.212	8.509.725	8.059	8.517.784
X. OTHER ASSETS (Net)	(15)	34.816.018	4.618.174	39.434.192	21.596.611	2.280.051	23.876.662
TOTAL ASSETS		1.566.833.647	700.953.309	2.267.786.956	963.408.609	470.490.141	1.433.898.750

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2023

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

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

CONSOLIDATED LIABILITIES	Note	Reviewed			Audited		
		Current Period			Prior Period		
		30 September 2023			31 December 2022		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(1)	1.070.404.555	749.406.774	1.819.811.329	565.018.355	524.637.062	1.089.655.417
II. FUNDS BORROWED	(3)	1.208.750	18.800.821	20.009.571	963.441	16.131.815	17.095.256
III. MONEY MARKETS		114.143.600	12.102.962	126.246.562	97.182.447	8.057.568	105.240.015
IV. SECURITIES ISSUED (Net)	(4)	16.503.257	-	16.503.257	13.330.441	-	13.330.441
4.1 Bills		12.262.171	-	12.262.171	8.292.627	-	8.292.627
4.2 Assets Backed Securities		4.109.538	-	4.109.538	4.180.403	-	4.180.403
4.3 Bonds		131.548	-	131.548	857.411	-	857.411
V. FUNDS		24.739	-	24.739	237.542	-	237.542
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		24.739	-	24.739	237.542	-	237.542
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)(7)	440.750	1.899.289	2.340.039	-	822.352	822.352
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		440.750	1.899.289	2.340.039	-	822.352	822.352
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		1.121	-	1.121	1.134	2	1.136
IX. LEASE LIABILITIES	(6)	1.457.125	507.660	1.964.785	1.291.125	228.037	1.519.162
X. PROVISIONS	(8)	10.752.368	584.417	11.336.785	8.778.197	348.650	9.126.847
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		6.744.857	131.633	6.876.490	5.341.226	47.941	5.389.167
10.3 Insurance for Technical Provision (Net)		-	387.509	387.509	-	269.536	269.536
10.4 Other Provisions		4.007.511	65.275	4.072.786	3.436.971	31.173	3.468.144
XI. CURRENT TAX LIABILITY	(9)	3.274.545	35.146	3.309.691	9.672.270	6.100	9.678.370
XII. DEFERRED TAX LIABILITIES	(9)	-	2.152	2.152	-	2.152	2.152
XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(11)	6.030.419	31.782.842	37.813.261	6.041.809	21.173.452	27.215.261
14.1 Loans		-	31.782.842	31.782.842	-	21.173.452	21.173.452
14.2 Other Debt Instruments		6.030.419	-	6.030.419	6.041.809	-	6.041.809
XV. OTHER LIABILITIES	(5)	94.607.509	9.838.481	104.445.990	67.184.172	5.363.549	72.547.721
XVI. SHAREHOLDERS' EQUITY	(12)	119.973.112	4.004.562	123.977.674	85.733.049	1.694.029	87.427.078
16.1 Paid-in Capital		7.184.778	-	7.184.778	4.969.121	-	4.969.121
16.2 Capital Reserves		44.706.087	454.173	45.160.260	17.570.431	207.425	17.777.856
16.2.1 Share Premium		44.505.199	-	44.505.199	16.720.856	-	16.720.856
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		200.888	454.173	655.061	849.575	207.425	1.057.000
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		8.251.942	(5.829)	8.246.113	8.262.160	(5.829)	8.256.331
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		3.134.717	(807.798)	2.326.919	7.933.780	(889.029)	7.044.751
16.5 Profit Reserves		44.901.038	3.288.167	48.189.205	29.714.575	1.882.591	31.597.166
16.5.1 Legal Reserves		4.400.037	636.014	5.036.051	2.855.827	274.605	3.130.432
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		33.694.749	51.597	33.746.346	26.811.567	137.899	26.949.466
16.5.4 Other Profit Reserves		6.806.252	2.600.556	9.406.808	47.181	1.470.087	1.517.268
16.6 Income or (Loss)		11.325.521	1.048.437	12.373.958	16.873.523	481.381	17.354.904
16.6.1 Prior Periods' Income or (Loss)		1.738.038	203.550	1.941.588	1.779.599	109.793	1.889.392
16.6.2 Current Period Income or (Loss)		9.587.483	844.887	10.432.370	15.093.924	371.588	15.465.512
16.7 Minority Shares		469.029	27.412	496.441	409.459	17.490	426.949
TOTAL LIABILITIES		1.438.821.850	828.965.106	2.267.786.956	855.433.982	578.464.768	1.433.898.750

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF
30 SEPTEMBER 2023

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

II. CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS

		Reviewed			Audited			
		Current Period			Prior Period			
		30 September 2023			31 December 2022			
CONSOLIDATED OFF-BALANCE SHEET		Note	TRY	FC	TOTAL	TRY	FC	TOTAL
A.	COMMITMENTS AND CONTINGENCIES (I+II+III)		606.721.194	505.052.328	1.111.773.522	415.520.121	376.510.898	792.031.019
I.	GUARANTEES AND WARRANTIES	(1)	341.496.654	186.270.246	527.766.900	203.851.482	118.712.438	322.563.920
1.1	Letters of guarantee		286.206.686	168.438.760	454.645.446	168.531.766	107.098.618	275.630.384
1.1.1	Guarantees subject to public procurement law		12.979.721	21.621.333	34.601.054	6.914.095	13.846.314	20.760.409
1.1.2	Guarantees given for foreign trade operations		25.825	44.261.041	44.286.866	260.008	27.084.154	27.344.162
1.1.3	Other letters of guarantee		273.201.140	102.556.386	375.757.526	161.357.663	66.168.150	227.525.813
1.2	Bank loans		33.069.629	3.782.214	36.851.843	18.466.650	5.161.611	23.628.261
1.2.1	Import acceptances		-	546.610	546.610	-	486.033	486.033
1.2.2	Other bank acceptances		33.069.629	3.235.604	36.305.233	18.466.650	4.675.578	23.142.228
1.3	Letters of credit		11.476	13.893.261	13.904.737	53.360	6.262.789	6.316.149
1.3.1	Documentary letters of credit		11.476	13.893.261	13.904.737	53.360	6.262.789	6.316.149
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		22.208.863	156.011	22.364.874	16.799.706	189.420	16.989.126
1.9	Other sureties		-	-	-	-	-	-
II.	COMMITMENTS		124.119.811	36.581.804	160.701.615	85.805.725	33.058.744	118.864.469
2.1	Irrevocable commitments	(1)	118.545.787	9.736.185	128.281.972	82.028.145	19.145.158	101.173.303
2.1.1	Forward asset purchase commitments		3.872.262	7.398.923	11.271.185	13.574.406	16.245.409	29.819.815
2.1.2	Forward deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3	Capital commitments to subsidiaries and associates		-	-	-	-	-	-
2.1.4	Loan granting commitments		16.930.817	580.508	17.511.325	16.557.370	1.743.365	18.300.735
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Payment commitments for reserve deposits		-	-	-	-	-	-
2.1.7	Payment commitments for Cheques	(3)	17.286.729	-	17.286.729	9.705.677	-	9.705.677
2.1.8	Tax and fund liabilities from export commitments		382.183	-	382.183	163.349	-	163.349
2.1.9	Commitments for credit card expenditure limits		68.194.070	554.727	68.748.797	34.608.889	333.556	34.942.445
2.1.10	Commitments for credit cards and banking services promotions		23.672	-	23.672	24.391	-	24.391
2.1.11	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12	Payables for short sale commitments		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		11.856.054	1.202.027	13.058.081	7.394.063	822.828	8.216.891
2.2	Revocable commitments		5.574.024	26.845.619	32.419.643	3.777.580	13.913.586	17.691.166
2.2.1	Revocable loan granting commitments		-	11.381.645	11.381.645	-	6.223.756	6.223.756
2.2.2	Other revocable commitments		5.574.024	15.463.974	21.037.998	3.777.580	7.689.830	11.467.410
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	141.104.729	282.200.278	423.305.007	125.862.914	224.739.716	350.602.630
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		141.104.729	282.200.278	423.305.007	125.862.914	224.739.716	350.602.630
3.2.1	Forward foreign currency buy/sell transactions		6.715.121	22.684.876	29.399.997	540.243	10.794.739	11.334.982
3.2.1.1	Forward foreign currency transactions-buy		3.456.097	9.812.489	13.268.586	481.250	7.270.497	7.751.747
3.2.1.2	Forward foreign currency transactions-sell		3.259.024	12.872.387	16.131.411	58.993	3.524.242	3.583.235
3.2.2	Currency and interest rate swaps		134.373.824	230.406.397	364.780.221	113.069.406	169.958.347	283.027.753
3.2.2.1	Currency swap-buy		-	128.284.245	128.284.245	-	101.080.438	101.080.438
3.2.2.2	Currency swap-sell		134.193.824	16.810.342	151.004.166	112.749.406	10.570.021	123.319.427
3.2.2.3	Interest rate swap-buy		90.000	42.655.905	42.745.905	160.000	29.153.944	29.313.944
3.2.2.4	Interest rate swap-sell		90.000	42.655.905	42.745.905	160.000	29.153.944	29.313.944
3.2.3	Currency, interest rate and marketable securities options		-	376.197	376.197	11.743.835	13.195.106	24.938.941
3.2.3.1	Currency call options		-	187.773	187.773	6.189.963	6.289.150	12.479.113
3.2.3.2	Currency put options		-	188.424	188.424	5.553.872	6.905.956	12.459.828
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		15.784	14.566	30.350	509.430	408.321	917.751
3.2.4.1	Currency futures-buy		-	14.566	14.566	37.954	372.896	410.850
3.2.4.2	Currency futures-sell		15.784	-	15.784	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		-	28.718.242	28.718.242	-	30.383.203	30.383.203
B.	CUSTODY AND PLEDGED ASSETS (IV+V+VI)		6.004.864.421	1.710.909.644	7.715.774.065	3.561.952.682	1.174.087.485	4.736.040.167
IV.	CUSTODIES		2.548.075.579	237.760.542	2.785.836.121	1.380.747.760	148.086.507	1.528.834.267
4.1	Assets under management		-	-	-	-	-	-
4.2	Custody marketable securities		203.728.418	21.403.227	225.131.645	179.024.164	12.803.462	191.827.626
4.3	Cheques in collection process		137.855.107	140.481.400	278.336.507	82.494.038	88.907.910	171.401.948
4.4	Commercial notes in collection process		2.124.891.548	35.514.916	2.160.406.464	1.068.394.837	24.552.721	1.092.947.558
4.5	Other assets in collection process		-	-	-	-	-	-
4.6	Underwritten securities		-	-	-	-	-	-
4.7	Other custodies		923.606	76.616	1.000.222	709.192	53.957	763.149
4.8	Custodians		80.676.900	40.284.383	120.961.283	50.125.529	21.768.457	71.893.986
V.	PLEDGED ASSETS		3.456.788.842	1.473.149.102	4.929.937.944	2.181.204.922	1.026.000.978	3.207.205.900
5.1	Marketable securities		18.667.085	3.347.866	22.014.951	11.601.810	2.337.804	13.939.614
5.2	Collateral notes		60.412.501	2.752.437	63.164.938	40.176.584	2.295.855	42.472.439
5.3	Commodity		25.812	-	25.812	25.812	-	25.812
5.4	Warranty		-	-	-	-	-	-
5.5	Land and buildings		2.827.911.671	1.067.424.474	3.895.336.145	1.733.386.899	749.471.139	2.482.858.038
5.6	Other pledged assets		378.711.475	280.397.560	659.109.035	269.193.018	182.899.274	452.092.292
5.7	Pledges		171.060.298	119.226.765	290.287.063	126.820.799	88.996.906	215.817.705
VI.	ACCEPTED BILL GUARANTEES AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)			6.611.585.615	2.215.961.972	8.827.547.587	3.977.472.803	1.550.598.383	5.528.071.186

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED
30 SEPTEMBER 2023

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

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Reviewed	Reviewed	Reviewed	Reviewed
		Current Period	Prior Period	Current Period	Prior Period
INCOME AND EXPENSES		1 January -30 September 2023	1 January -30 September 2022	1 July -30 September 2023	1 July -30 September 2022
I. INTEREST INCOME	(1)	192.688.383	106.965.157	84.589.923	47.876.122
1.1 Interest on Loans		115.047.918	59.930.423	50.535.968	23.309.288
1.2 Interest on Reserve Requirements		20.089	4.978	8.685	2.704
1.3 Interest on Banks		1.151.610	438.755	662.053	58.444
1.4 Interest on Money Market Transactions		255.210	77.680	138.956	31.309
1.5 Interest on Marketable Securities Portfolio		73.268.174	45.210.036	32.105.062	23.997.595
1.5.1 Fair Value Through Profit or Loss		39.619	26.963	19.683	6.434
1.5.2 Fair Value Through Other Comprehensive Income		12.469.706	9.972.002	5.124.224	4.664.952
1.5.3 Measured at Amortized Cost		60.758.849	35.211.071	26.961.155	19.326.209
1.6 Financial Lease Interest Income		1.235.013	519.791	481.182	203.649
1.7 Other Interest Income		1.710.369	783.494	658.017	273.133
II. INTEREST EXPENSE (-)	(2)	159.215.447	60.936.327	73.698.786	24.020.779
2.1 Interest on Deposits		142.486.379	43.653.162	67.598.449	17.985.003
2.2 Interest on Funds Borrowed		916.107	425.870	359.975	139.493
2.3 Interest Expense on Money Market Transactions		8.787.294	13.478.898	3.655.280	4.678.173
2.4 Interest on Securities Issued		5.444.538	2.625.023	1.704.553	814.968
2.5 Interest on Leases		170.514	101.903	52.571	37.741
2.6 Other Interest Expenses		1.410.615	651.471	327.958	365.401
III. NET INTEREST INCOME (I - II)		33.472.936	46.028.830	10.891.137	23.855.343
IV. NET FEES AND COMMISSIONS INCOME		13.639.959	6.267.653	5.705.186	2.658.951
4.1 Fees and Commissions Received		19.420.599	8.742.170	8.728.806	3.702.368
4.1.1 Non – cash Loans		3.920.278	1.854.783	1.747.487	812.183
4.1.2 Other	(11)	15.500.321	6.887.387	6.981.319	2.890.185
4.2 Fees and Commissions Paid (-)		5.780.640	2.474.517	3.023.620	1.043.417
4.2.1 Non – cash Loans		35.598	10.325	12.136	4.222
4.2.2 Other	(11)	5.745.042	2.464.192	3.011.484	1.039.195
V. DIVIDEND INCOME		14.757	9.930	12.483	2.644
VI. TRADING INCOME / LOSS (Net)	(3)	(4.837.270)	(4.098.736)	(3.617.167)	(1.610.248)
6.1 Trading Gains / (Losses) on Securities		3.402.880	110.783	1.525.919	58.548
6.2 Gains / (Losses) on Derivate Financial Transactions		21.718.882	1.146.981	(4.563.291)	(1.447.771)
6.3 Foreign Exchange Gains / (Losses)		(29.959.032)	(5.356.500)	(579.795)	(221.025)
VII. OTHER OPERATING INCOME	(4)	11.389.757	2.678.450	3.221.742	1.051.937
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		53.680.139	50.886.127	16.213.381	25.958.627
IX. EXPECTED LOSS PROVISIONS (-)	(5)	3.341.250	24.865.623	1.523.521	14.446.526
X. OTHER PROVISION EXPENSES (-)	(5)	51.897	239.055	3.181	(68.602)
XI. PERSONNEL EXPENSE (-)		14.430.625	6.010.482	5.798.459	2.593.353
XII. OTHER OPERATING EXPENSES (-)	(6)	24.614.196	7.123.805	6.437.341	2.879.411
XIII. NET OPERATING INCOME /LOSS (IX-X-XI)		11.242.171	12.647.162	2.450.879	6.107.939
XIV. INCOME AFTER MERGER		-	-	-	-
XV. INCOME /(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		137.849	91.389	65.191	18.310
XVI. INCOME / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(7)	11.380.020	12.738.551	2.516.070	6.126.249
XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)	(8)	(897.765)	(3.614.278)	1.604.075	(1.469.492)
18.1 Current Tax Provision		952.580	10.618.837	512.327	4.305.522
18.2 Deferred Tax Income Effect (+)		10.101.561	5.106.827	(2.591.625)	240.280
18.3 Deferred Tax Expense Effect (-)		10.156.376	12.111.386	(475.223)	3.076.310
XIX. CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(9)	10.482.255	9.124.273	4.120.145	4.656.757
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income from Non-Current Assets Held for Sale		-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3 Expenses for Other Discontinued Operations		-	-	-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Current Tax Provision		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
XXIV. CURRENT PERIOD PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. NET PROFIT/(LOSS) (XIX+XXIV)	(10)	10.482.255	9.124.273	4.120.145	4.656.757
25.1 Profit / (Loss) of Group		10.432.370	9.120.173	4.120.536	4.653.145
25.2 Profit / (Loss) of Minority Shares (-)		49.885	4.100	(391)	3.612
Profit / (Loss) Per Share (full TRY)		1,61430382	2,11555463	0,57350916	0,93641209

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED
30 SEPTEMBER 2023

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

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

		Reviewed	Reviewed
		Current Period	Prior Period
INCOME EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		1 January -30 September 2023	1 January -30 September 2022
I.	CURRENT PERIOD INCOME/LOSS	10.482.255	9.124.273
II.	OTHER COMPREHENSIVE INCOME	(4.728.050)	7.677.215
2.1	Not Reclassified Through Profit or Loss	(10.218)	(24.509)
2.1.1	Property and Equipment Revaluation Increase/Decrease	(91.254)	(45.100)
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	22.637
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	81.036	(2.046)
2.2	Reclassified Through Profit or Loss	(4.717.832)	7.701.724
2.2.1	Foreign Currency Translation Differences	(92.716)	175.259
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(5.853.693)	10.126.350
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6	Tax on Other Comprehensive Income Items Reclassified Through Profit or Loss	1.228.577	(2.599.885)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	5.754.205	16.801.488

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

TÜRKİYE HALK BANKASI AŞ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed (1 January -30 September 2022)	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss						Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss						Current Period Profit or (Loss)	Total Equity Expect Minority Shares	Minority Shares	Total Equity
	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other(Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves	Prior Period Profit or (Loss)				
I. Prior Period End Balance	2.473.776	5.815.863	-	1.179.142	3.668.274	(473.446)	49.645	(136.454)	(1.959.713)	-	29.367.837	1.908.792	1.835.971	43.729.687	281.684	44.011.371
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	2.473.776	5.815.863	-	1.179.142	3.668.274	(473.446)	49.645	(136.454)	(1.959.713)	-	29.367.837	1.908.792	1.835.971	43.729.687	281.684	44.011.371
IV. Total Comprehensive Income	-	-	-	-	(76.630)	29.484	22.637	175.259	7.526.465	-	-	-	9.120.173	16.797.388	4.100	16.801.488
V. Capital Increase by Cash	2.495.345	10.904.993	-	-	-	-	-	-	-	-	-	-	-	13.400.338	-	13.400.338
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	-	-	-	(158.968)	-	-	-	-	-	-	233.447	1.805.654	(1.835.971)	44.162	130.228	174.390
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	1.817.253	(1.825.054)	-	(7.801)	7.801	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(826)	-	(826)	826	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1.817.253	(1.824.228)	-	(6.975)	6.975	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)	4.969.121	16.720.856	-	1.020.174	3.591.644	(443.962)	72.282	38.805	5.566.752	-	31.418.537	1.889.392	9.120.173	73.963.774	423.813	74.387.587
(1 January -30 September 2023)																
I. Prior Period End Balance	4.969.121	16.720.856	-	1.057.000	9.439.969	(1.416.790)	233.152	4.719	7.040.032	-	31.597.166	1.889.392	15.465.512	87.000.129	426.949	87.427.078
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	4.969.121	16.720.856	-	1.057.000	9.439.969	(1.416.790)	233.152	4.719	7.040.032	-	31.597.166	1.889.392	15.465.512	87.000.129	426.949	87.427.078
IV. Total Comprehensive Income	-	-	-	-	(104.236)	94.018	-	(92.716)	(4.625.116)	-	-	-	10.432.370	5.704.320	49.885	5.754.205
V. Capital Increase by Cash	2.215.657	27.784.343	-	-	-	-	-	-	-	-	-	-	-	30.000.000	-	30.000.000
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	-	-	-	(401.939)	-	-	-	-	-	-	1.130.561	15.515.225	(15.465.512)	778.335	18.056	796.391
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	15.461.478	(15.463.029)	-	(1.551)	1.551	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(1.551)	-	(1.551)	1.551	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	15.461.478	(15.461.478)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)	7.184.778	44.505.199	-	655.061	9.335.733	(1.322.772)	233.152	(87.997)	2.414.916	-	48.189.205	1.941.588	10.432.370	123.481.233	496.441	123.977.674

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
30 SEPTEMBER 2023

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

VI. CONSOLIDATED STATEMENT OF CASH FLOW

	Note	Reviewed	Reviewed
		Current Period	Prior Period
		1 January -30	1 January -30
		September 2023	September 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		(132.639.450)	(29.663.305)
1.1.1 Interest received		131.766.988	78.258.395
1.1.2 Interest paid		(136.969.256)	(56.032.097)
1.1.3 Dividend received		14.757	9.930
1.1.4 Fees and commissions received		20.829.002	9.428.316
1.1.5 Other income		7.820.394	1.500.623
1.1.6 Collections from previously written off loans		4.086.485	4.478.531
1.1.7 Cash payments to personnel and service suppliers		(14.826.701)	(6.084.530)
1.1.8 Taxes paid		(10.799.519)	(6.024.338)
1.1.9 Other		(134.561.600)	(55.198.135)
1.2 Changes in Assets and Liabilities Subject to Banking Operations		322.467.031	65.378.243
1.2.1 Net Increase / decrease in financial assets at fair value through profit or loss		(25.235.446)	41.571
1.2.2 Net (increase) / decrease in due from banks		(414.238)	96.145
1.2.3 Net (increase) / decrease in loans		(321.428.036)	(183.278.809)
1.2.4 Net (increase) / decrease in other assets		(56.288.991)	(13.839.536)
1.2.5 Net increase / (decrease) in bank deposits		30.162.088	36.404.985
1.2.6 Net increase / (decrease) in other deposits		633.272.371	230.604.645
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		442.623	(1.559.693)
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		61.956.660	(3.091.065)
I. Net cash provided from banking operations		189.827.581	35.714.938
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net cash provided from/ (used in) investing activities		(71.011.457)	(55.590.460)
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		(126.285)	(95.289)
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(4.644.368)	(1.808.923)
2.4 Fixed assets sales		4.661.270	2.096.029
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(20.188.869)	(21.170.532)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		18.727.531	5.758.101
2.7 Cash paid for purchase of investment securities		(78.538.923)	(48.817.300)
2.8 Cash obtained from sale of investment securities		10.358.603	8.676.193
2.9 Other		(1.260.416)	(228.739)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		27.714.466	12.844.093
3.1 Cash obtained from loans borrowed and securities issued		13.204.616	17.053.640
3.2 Cash used for repayment of loans borrowed and securities issued		(14.971.366)	(17.389.249)
3.3 Bonds issued		30.000.000	13.400.338
3.4 Dividends paid		(1.551)	(826)
3.5 Payments for leases		(517.233)	(219.810)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		30.690.310	14.910.817
V. Net increase / (decrease) in cash and cash equivalents		177.220.900	7.879.388
VI. Cash and cash equivalents at beginning of the period		85.555.468	63.534.237
VII. Cash and cash equivalents at end of the period		262.776.368	71.413.625

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

The Parent Bank prepares its financial statements in accordance with the BRSA Accounting and Reporting Regulation” which includes the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board (“BRSA”) and circulars and pronouncements published by the BRSA 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 consolidated financial statements are prepared in accordance with the historical cost basis except for financial assets and liabilities carried at fair value. Amounts expressed in thousand Turkish Lira (“TRY”) unless otherwise stated.

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

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. There is no other explanation made by POA as of the date in preparation of the financial statements. Therefore, no inflation adjustment has been made as per TAS 29 in the financial statements as of 30 September 2023.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

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

a) The Group's strategy on financial instruments:

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

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

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

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

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

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

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

III. INFORMATION ABOUT THE CONSOLIDATED ASSOCIATES AND SUBSIDIARIES

1. Basis of consolidation:

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

a) Basis of consolidation of subsidiaries:

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

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

1. Basis of consolidation: (continued)

a) Basis of consolidation of subsidiaries: (continued)

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

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

b) Basis of consolidation of associates:

The Parent Bank's investments in associates, DHB Bank NV, Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ, Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ and Birleşim Varlık Yönetim AŞ are presented in the accompanying financial statements based on the equity method of accounting. An associate is an entity established domestically and abroad in which the Parent Bank invests with a significant influence but no control.

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

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

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

Accounting principles used by the consolidated associates accounted for at equity method, DHB Bank NV, Kobi Girişim Sermayesi AŞ, Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ and Birleşim Varlık Yönetim AŞ are the same of the Parent Bank.

c) Basis of consolidation of joint ventures:

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

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

1. Basis of consolidation: (continued)

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

Accounting for business combinations

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

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

Acquisitions after 1 January 2010

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

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

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

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

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

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

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE PRODUCTS

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

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 Group, if the Group is a legal party of these financial assets.

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

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)

Assessment of Business Model

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

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

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

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

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

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

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

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

3. Other Business Models:

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)

Assessment of Business Model (continued)

3. Other Business Models: (continued)

Measurement Categories of Financial Assets and Liabilities

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

1. Financial assets measured at amortized cost,
2. Financial assets measured at fair value through other comprehensive income
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 Parent Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Parent Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Parent Bank's expectations is updated during the year when deemed necessary. In case the CPI forecast increases or decreases by 100 basis point, profit before taxes as of 30 September 2023 will increase or decrease by approximately TRY 853.258.

a. Financial Assets Measured at Amortised Cost

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

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

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

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

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)

Assessment of Business Model (continued)

3. Other Business Models: (continued)

Measurement Categories of Financial Assets and Liabilities (continued)

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

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

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

Cash Equivalents and Banks

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

Loans and Receivables

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

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

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

Calculation of expected credit losses

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (continued)

Probability of Default (PD)

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

Loss given Default (LGD)

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

Exposure at Default (EAD)

It is the parameter that indicates how much of a loan will default. The default amount for a spot or installment loan is the amount, which is listed on the payment schedule at the time of default. Additionally, the default amount for the credit cards and limit gaps of overdraft accounts and non-cash loans, are calculated with a parameter called credit conversion rate (CCR).

The default risk amount in the future is estimated by calculating by the statistical methods with the credit conversion rate, since it is not known at the time of loan origination due to undrawn commitment for limit of credit cards and overdraft accounts.

12 Month Expected Credit Loss

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

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

Lifetime Expected Credit Losses

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (continued)

Lifetime Expected Credit Losses (continued)

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

a) Considering that a debtor is unlikely to pay credit obligations to the Parent Bank and to the Parent Bank’s consolidated financial subsidiaries without using guarantees

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

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

Low Credit Risk

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

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

Those transactions in the Group are classified as follows:

a) CBRT transactions (Currencies held in CBRT and reserve requirements)

b) Securities (Fair value through other comprehensive income and financial assets measured at amortised cost)

c) Treasury Loans (Transactions with Treasury of Republic of Türkiye)

d) Loans guaranteed by Treasury of Republic of Türkiye

Significant Increase in Credit Risk

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment that are purchased prior to 1 January 2005 are carried at their 31 December 2004 dated restated costs and property and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Property and equipment are amortized by using the straight line method during their useful lives.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (continued)

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.

As of 1 April 2015, the Group adopted the revaluation method for buildings in tangible assets in accordance with Turkish Accounting Standard No: 16 “Property, Plant and Equipment” (TAS 16). Expertise values 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 and equipment items are recognized as expenses.

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

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

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

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

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

Classification of Investment Properties

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

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

XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

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

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

XV. EXPLANATIONS ON LEASING TRANSACTIONS

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XV. EXPLANATIONS ON LEASING TRANSACTIONS (continued)

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

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

Existence of right-of-use:

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

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

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

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

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

The Lease Obligations:

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

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

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XVI. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

Provision and contingent liabilities are accounted in conformity with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

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

XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

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

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

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

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

The new law decrees that the contributors of the bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three year transfer period can be prolonged for maximum 2 years by the Cabinet decision. However related transfer period has been prolonged for 2 years by the Council of Ministers decision dated 14 March 2011, which was published on the Official Gazette dated 9 April 2011 and numbered 27900. In addition, by the Law numbered 6283 “Emendating Social Security and General Health Insurance Act”, which was published on the Official Gazette dated 8 March 2012 and numbered 28227, the authority of the Council of Ministers extending 2 years has been raised to 4 years.

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES (continued)

In accordance with the related legislation, as of the transfer date, the income and expenses of the transferred funds will be considered by the insurance branches and the present value of the actuarial liabilities will be calculated with the technical interest rate of 9,8%. Moreover, after the transfer to 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% corporate tax rate applied on corporate profits, which is included in the first paragraph of Article 32 of the Corporate Tax Law No. 5520, has been increased to 25% for companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, within the scope of Law No. 7394, which came into force by being published in the Official Gazette dated April 15, 2022.

As a result of the amendment made in Article 32 of the Corporate Tax Law numbered 5520, by Article 21 of the "The Law on Imposing Additional Motor Vehicles Tax for Compensation for Economic Losses Caused by Earthquakes Occurred on 6 February 2023 and Amending Certain Laws and Decree Law No. 375" numbered 7456 published in the Official Gazette dated 15 July 2023, starting from the declarations that must be submitted as of 1 October 2023, the corporate tax rate has been determined as 30% for banks, to be applied to their earnings in 2023 and the following taxation periods. The Parent Bank has calculated 30% corporate tax on corporate profits for the taxation period of September 30, 2023.

As of the current period, 30% tax rate is used by the Parent Bank 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.

Since current tax payable amounts are related to prepaid tax amounts, consolidated entities are included in consolidation by offsetting in their non-consolidated financial statements. Deferred tax asset and liability is included in consolidation by offsetting in consolidated entities' non-consolidated financial statements.

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.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XVIII. EXPLANATIONS ON TAXATION (continued)

Accordingly, it is stated that, the financial statements for the 2021 and 2022 are 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.

According to the Article 298/ç of Tax Procedure Law No. 213 and Temporary Article 32 related to Tax Procedure General Communiques No 537 and 547, revaluation provisions have been applied by the Parent Bank.

Considering the tax depreciation expenses determined over the adjusted values in the corporate tax value for the 2022 accounting period, 2% tax was calculated on the value increase amount within the scope of the Provisional Article 32, declared and paid within the required period. The aforementioned application was discussed and approved at the Parent Bank's General Assembly.

In the corporate tax calculations as of September 30, 2023, Tax Procedure Law depreciation expenses have been calculated based on the net book values after revaluation. As a result of the revaluation, the Tax Procedure Law net book values of the revalued depreciable assets will be amortized over their remaining useful lives.

With the 27th clause of the 10th article of Law No. 7440 on the Restructuring of Certain Receivables and Amending Certain Laws published in the Official Gazette dated 12 March 2023 and numbered 32130, by the corporate taxpayers, by being shown in their corporate tax return for the year 2022, in accordance with the Law No. 5520 and the regulations in other laws, the exemption and discount amounts subject to deduction from corporate income and the bases subject to reduced corporate tax within the scope of Article 32/a of the same Law, an additional tax is calculated at the rate of 10% without being associated with the income for the period, and at the rate of 5% over the exempted earnings obtained from abroad with the exception regulated in subparagraph (a) of the first paragraph of Article 5 of the Law No. 5520 and proven to have at least 15% tax burden and the first installment of this tax is paid within the payment period of the corporate tax, and the second installment is paid in the fourth month following this period. The Parent Bank made the first installment payment of the Additional Earthquake Tax together with the Corporate Tax Return for the 2022 accounting period and completed the second installment payment in August.

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. Temporary taxes paid are deducted from the corporate tax and income tax calculated at the end of the year.

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.

Within the scope of the Financial Assistance and Preparedness for Earthquake and Other Natural Disasters Law prepared by the TRNC Council of Ministers in 2023, it has been decided to charge 1% Earthquake Tax on the balance of Net Profit Before Tax in the 2022 Income Statement for the Bank's Cyprus branches. The first installment of the Earthquake Tax was paid on 31 May 2023, and the second installment will be paid on 31 October 2023.

The first period temporary corporate tax return for the period 1 January 2023 - 31 March 2023 has been accrued and paid to the Income and Tax Office in May 2023, and the second term temporary corporate tax return for the period 1 April 2023 - 30 June 2023 was accrued and paid to the Income and Tax Office in August 2023. The third period temporary corporate tax return for the period 1 July 2023 - 30 September 2023 will be submitted in November 2023 and the fourth period temporary corporate tax return for the period 1 October 2023 - 31 December 2023 will be submitted in February 2024 to the Income and Tax Office and payment will be made following the accrual.

Bahrain

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XVIII. EXPLANATIONS ON TAXATION (continued)

Tax practices of the consolidated subsidiaries:

Halk Gayrimenkul Yatırım Ortaklığı AŞ

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

Halk Banka AD Skopje

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

Halk Bank AD Beograd

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

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

XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

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

XX. EXPLANATIONS ON SHARES ISSUED

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

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 Parent 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.

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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 Parent 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 Parent Bank's main shareholder Türkiye Varlık Fonu. Share capital increased from TRY 2.473.776 to TRY 4.969.121.

In accordance with the decision of the Board of Directors of the Parent Bank dated 21 March 2023, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 30.000.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 27 March 2023. Accordingly, the recognition of the capital increase of TRY 2.215.657 was realized on 31 March 2023, based on the permission obtained from the BRSA. After the increase, TRY 2.215.657 of nominal and TRY 27.784.343 of share premium, amounting to a capital increase of TRY 30.000.000, were recognized in the financial statements. The change made to the relevant Articles of Association was registered on 17 April 2023, and it was announced in the Trade Registry Gazette dated 18 April 2023 and numbered 10814. Mentioned capital increase was made by the Parent Bank's main shareholder Türkiye Varlık Fonu. Share capital increased from TRY 4.969.121 to TRY 7.184.778.

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

XXI. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Parent Bank.

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

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

XXIV. EXPLANATIONS ON OTHER MATTERS

None.

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

I. EXPLANATIONS ON THE CONSOLIDATED EQUITY

Equity amount and capital adequacy standard ratio calculation is made within the framework of “Regulation on Equities of the Banks” and “Regulation on Measurement and Evaluation of Banks’ Capital Adequacy” and in accordance with the amendments announced by the BRSA in the resolution dated 21 December 2021, 31 January 2023 and 14 February 2023.

According to the related regulations, it is determined that 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, the amount subject to credit risk can be calculated by using Central Bank's foreign exchange buying rates on 30 December 2022 and the Banks’ own shares that are repurchased from Borsa İstanbul AŞ Money Market after 6 February 2023 are not considered to deduction from Tier I Capital and these are not included in the calculation of the amount subject to credit risk and and market risk until 1 January 2024.

As of 30 September 2023, the capital adequacy ratio and the capital amount of the Group were realized as 12,75% (31 December 2022: 13,89%) and TRY 166.656.816 (31 December 2022: TRY 119.399.165) which were calculated within the scope of the above-mentioned regulation amendments.

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

I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (continued)

(1) Information About Total Consolidated Equity Items:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	8.405.229	6.189.572
Share Premium	44.505.199	16.720.856
Reserves	48.189.205	31.597.166
Other Comprehensive Income according to TAS	14.052.918	17.379.457
Profit	12.373.958	17.354.904
<i>Current Period Profit</i>	<i>10.432.370</i>	<i>15.465.512</i>
<i>Prior Period Profit</i>	<i>1.941.588</i>	<i>1.889.392</i>
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	491.506	225.515
Minority Interest	6.440	4.863
Common Equity Tier 1 Capital Before Deductions	128.024.455	89.472.333
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	2.855.172	1.882.715
Leasehold Improvements on Operational Leases (-)	1.378.857	421.201
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1.711.195	838.555
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 (-)	471.241	424.229
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 (-)	-	-
<i>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>	-	-
<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>	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier 1 Capital	6.416.465	3.566.700
Total Common Equity Tier 1 Capital	121.607.990	85.905.633

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

I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (continued)

(1) Information About Total Consolidated Equity Items: (continued)

ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	26.007.210	17.921.340
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	26.007.210	17.921.340
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	26.007.210	17.921.340
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	147.615.200	103.826.973
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4.743.836	5.729.795
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)	14.546.701	9.973.757
Tier II Capital Before Deductions	19.290.537	15.703.552
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	19.290.537	15.703.552
Total Equity (Total Tier I and Tier II Capital)	166.905.737	119.530.525
Total Tier I and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	248.921	131.360

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I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (continued)

(1) Information About Total Consolidated Equity Items: (continued)

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
TOTAL CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	166.656.816	119.399.165
Total Risk Weighted Assets	1.306.949.925	859.855.891
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	9,30	9,99
Tier I Capital Ratio (%)	11,29	12,07
Capital Adequacy Ratio (%)	12,75	13,89
BUFFERS		
Bank-specific total CET1 Capital Ratio (a+b+c)	3,552	3,550
a) Capital Conservation Buffer Ratio (%)	2,500	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,052	0,050
c) Systemic significant bank buffer ratio %	1,000	1,000
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	4,752	5,886
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	793.966	509.314
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	9.882.212	8.517.784
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	38.161.894	41.261.488
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	14.546.701	9.973.757
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (continued)

- (2) Within the scope of the "Regulation on Banks' Equity" (Regulation), the equity that is the basis for the capital adequacy standard ratio calculation is calculated after deducting the values to be deducted from the equity from the total capital and supplementary capital. The main difference between the "Equity" in the balance sheet and the equity calculated within the scope of the Regulation arises from the stage1 and stage2 expected credit loss allowances in the Tier II capital, and the subordinated debt instruments included in the su Tier II capital capital. In addition, within the scope of the BRSA's Board Decision dated December 21, 2021, in case the net valuation differences of the securities in the portfolio of "Securities at Fair Value through Other Comprehensive Income" as of December 21, 2021 are negative, these differences may not taken into account in the calculated equity amount. Additionally, with the Board Decision of the BRSA dated 14 February 2023, the Banks' own shares that are repurchased from Borsa İstanbul AŞ Money Market are not considered to deduction from Tier I Capital until 1 January 2024. 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 GROUP (continued)

I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (continued)

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

Details on Subordinated Liabilities:				
Issuer	T. Halk Bankası AŞ	T. Halk Bankası AŞ	T. Halk Bankası AŞ	Türkiye Varlık Fonu
Unique identifier (CUSIP, ISIN etc.)	TRSTHALE2716	TRSTHAL62811	TRSTHAL92826	-
Governing Law(s) of the instrument	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA Legislation
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated / consolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	1.000	1.560	2.384	26.007
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	Perpetual
Original maturity date	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Issuer call subject to prior supervisory approval	At the end of the fifth year, the Parent Bank has an early redemption option.	At the end of the fifth year, the Parent Bank has an early redemption option.	At the end of the fifth year, the Parent Bank has an early redemption option.	At the end of the fifth year, the Parent Bank has an early redemption option.
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating Coupon	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	Government Debt Security for 5 years +350 base points	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
Convertible or non-convertible				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-

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

I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (continued)

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

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

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

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

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

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

Current foreign exchange buying rates announced by the Parent Bank as of the financial statement date and the last 5 business days before that, and foreign exchange buying rates of the Parent Bank for the thirty days before the financial statement date are as follows:

	USD	EUR	CHF	GBP	JPY
Balance sheet valuation rate:	27,3283000	28,8969000	29,8385000	33,2523000	0,1824387
Before the balance sheet date;					
Current foreign exchange buying rate on the 1st business day	27,3283000	28,8969000	29,8385000	33,2523000	0,1824387
Current foreign exchange buying rate on the 2nd business day	27,3530000	28,8711000	29,8101000	33,3056000	0,1826403
Current foreign exchange buying rate on the 3rd business day	27,2385000	28,6467000	29,5916000	33,0261000	0,1816932
Current foreign exchange buying rate on the 4th business day	27,1975000	28,7967000	29,7331000	33,0674000	0,1821632
Current foreign exchange buying rate on the 5th business day	27,1388000	28,7359000	29,6787000	33,0773000	0,1817578
Last 30 days arithmetic average:	26,9315857	28,7549905	29,9146714	33,3217905	0,1817355

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

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (continued)

Information related to currency risk:

Current Period	EUR	USD	OTHER FC	TOTAL
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	111.713.387	89.125.015	22.131.485	222.969.887
Banks	4.228.631	3.566.855	6.053.890	13.849.376
Financial assets at fair value through profit and loss	-	56.326	30.016	86.342
Money market placements	-	-	1.212.682	1.212.682
Financial assets at fair value through other comp. income	13.000.833	27.385.723	6.979.714	47.366.270
Loans	155.235.383	96.125.847	27.911.011	279.272.241
Subsidiaries, associates and entities under common control	2.102.085	-	-	2.102.085
Financial assets measured at amortised cost	31.782.829	67.886.063	23.383.185	123.052.077
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	1.757.618	1.757.618
Intangible assets	-	-	419.686	419.686
Other assets ⁽²⁾	3.734.506	2.164.674	1.386.546	7.285.726
Total assets	321.797.654	286.310.503	91.265.833	699.373.990
Liabilities				
Bank deposits	159.715.835	5.867.305	4.897.771	170.480.911
Foreign currency deposits	235.615.402	241.580.157	101.730.304	578.925.863
Money market balances	170.446	11.932.516	-	12.102.962
Funds provided from other financial institutions	10.901.326	7.810.612	88.883	18.800.821
Bonds issued	-	-	-	-
Miscellaneous Payables	2.017.522	3.771.343	1.230.842	7.019.707
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities ⁽²⁾	33.409.139	1.463.942	1.893.855	36.766.936
Total liabilities	441.829.670	272.425.875	109.841.655	824.097.200
Net balance sheet position	(120.032.016)	13.884.628	(18.575.822)	(124.723.210)
Net off-balance sheet position				
Financial derivative assets ⁽³⁾⁽⁴⁾	118.244.557	13.517.799	36.605.211	168.367.567
Financial derivative liabilities ⁽³⁾⁽⁴⁾	5.207.661	24.508.189	5.828.946	35.544.796
Non-cash loans ⁽¹⁾	89.519.644	81.206.505	15.544.097	186.270.246
Prior period				
Total assets	212.135.112	201.663.119	54.278.681	468.076.912
Total liabilities	291.177.287	213.925.077	71.468.549	576.570.913
Net balance sheet position	(79.042.175)	(12.261.958)	(17.189.868)	(108.494.001)
Net off-balance sheet position				
Financial derivative assets	89.726.675	21.410.328	31.992.047	143.129.050
Financial derivative liabilities	14.501.861	16.382.514	8.663.812	39.548.187
Non-cash loans ⁽¹⁾	62.875.922	46.268.411	9.568.105	118.712.438

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

⁽²⁾ 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 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.

⁽³⁾ Financial derivative assets include forward precious metal purchase transactions amounted to TRY 4.943.004 and swap precious metal purchase transactions amounted to TRY 21.653.177. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 2.122.061 Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

⁽⁴⁾ In accordance with the provisions of the "Regulation on the Calculation and Application of the Standard Foreign currency Net General Position/ Equity Ratio by Banks on a Consolidated and Unconsolidated Basis", money options are included in the calculation of exchange rate risk with account delta equivalents.

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III. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK

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

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	2.387.429	-	-	-	-	363.090.455	365.477.884
Banks and financial institutions	5.543.764	189.878	80.779	129.932	27.936	13.911.291	19.883.580
Financial assets at fair value through profit and loss	55.387	10.373	144.830	828	21	59.548.581	59.760.020
Money market placements	1.312.715	-	-	-	-	-	1.312.715
Financial assets at fair value through other comprehensive income	16.055.620	22.948.028	32.619.395	25.531.705	6.906.449	964.344	105.025.541
Loans	488.393.226	182.243.162	178.098.075	295.562.074	98.608.097	45.117.753	1.288.022.387
Financial assets measured at amortised cost	75.951.231	34.813.927	92.771.732	70.016.094	112.537.871	-	386.090.855
Other assets ⁽¹⁾⁽⁴⁾	7.949.684	4.144.584	3.177.891	3.923.948	598.079	22.419.788	42.213.974
Total assets	597.649.056	244.349.952	306.892.702	395.164.581	218.678.453	505.052.212	2.267.786.956
Liabilities							
Bank deposits	53.833.312	16.314.016	-	-	-	148.438.299	218.585.627
Other deposits	789.962.163	350.987.267	75.859.217	10.491.793	407.347	373.517.915	1.601.225.702
Money market balances	123.238.142	2.732.887	-	-	-	275.533	126.246.562
Miscellaneous Payables	8.668.925	-	-	-	-	28.659.862	37.328.787
Bonds issued	4.719.808	11.375.884	394.986	-	-	12.579	16.503.257
Funds provided from other financial institutions ⁽³⁾	1.524.416	2.241.162	10.798.827	4.631.967	615.705	197.494	20.009.571
Other liabilities ⁽¹⁾⁽²⁾	994.386	-	80.878.369	4.929.795	-	161.084.900	247.887.450
Total liabilities	982.941.152	383.651.216	167.931.399	20.053.555	1.023.052	712.186.582	2.267.786.956
Balance sheet long position	-	-	138.961.303	375.111.026	217.655.401	-	731.727.730
Balance sheet short position	(385.292.096)	(139.301.264)	-	-	-	(207.134.370)	(731.727.730)
Off-balance sheet long position	145.721.312	40.982.074	3.025.918	7.516.137	13.851.815	-	211.097.256
Off-balance sheet short position	(147.476.947)	(40.080.239)	(3.292.612)	(7.506.138)	(13.851.815)	-	(212.207.751)
Total position	(387.047.731)	(138.399.429)	138.694.609	375.121.025	217.655.401	(207.134.370)	(1.110.495)

⁽¹⁾ TRY 9.882.212 of deferred tax assets is disclosed under the non-bearing interest column in other assets, TRY 2.152 of deferred tax liability is disclosed under the non-bearing interest column in other liabilities.

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

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

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

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

III. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (continued)

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

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	298.570	-	-	-	-	163.921.311	164.219.881
Banks and financial institutions	2.894.127	604	24.591	80.971	-	5.702.211	8.702.504
Financial assets at fair value through profit and loss	248.098	39.656	104.845	41	535	34.123.280	34.516.455
Money market placements	-	25.005	-	-	-	-	25.005
Financial assets at fair value through other comprehensive income	16.234.678	13.459.853	45.845.861	22.385.198	4.394.526	542.078	102.862.194
Loans	294.637.156	208.485.544	150.547.275	108.916.707	67.358.303	36.227.539	866.172.524
Financial assets measured at amortised cost	54.632.901	20.906.711	31.620.006	64.389.194	69.906.447	-	241.455.259
Other assets ⁽¹⁾⁽⁴⁾	5.471.919	3.233.695	1.310.940	4.308.275	1.453.756	166.343	15.944.928
Total assets	374.417.449	246.151.068	229.453.518	200.080.386	143.113.567	240.682.762	1.433.898.750
Liabilities							
Bank deposits	28.851.440	14.108.834	82.503	-	-	92.344.473	135.387.250
Other deposits	488.605.288	181.696.293	45.831.550	5.207.985	299.106	232.627.945	954.268.167
Money market balances	103.182.840	1.953.674	-	-	-	103.501	105.240.015
Miscellaneous Payables	6.642.967	-	-	-	-	20.386.320	27.029.287
Bonds issued	2.827.712	9.268.302	1.000.000	-	-	234.427	13.330.441
Funds provided from other financial institutions ⁽³⁾	957.738	8.193.024	3.082.228	3.865.015	816.966	180.285	17.095.256
Other liabilities ⁽¹⁾⁽²⁾	1.308.307	335.716	34.199.181	17.921.340	4.929.795	122.853.995	181.548.334
Total liabilities	632.376.292	215.555.843	84.195.462	26.994.340	6.045.867	468.730.946	1.433.898.750
Balance sheet long position	-	30.595.225	145.258.056	173.086.046	137.067.700	-	486.007.027
Balance sheet short position	(257.958.843)	-	-	-	-	(228.048.184)	(486.007.027)
Off-balance sheet long position	129.108.012	15.805.919	17.382.650	5.186.201	9.476.359	-	176.959.141
Off-balance sheet short position	(128.449.656)	(12.766.930)	(17.503.892)	(5.446.650)	(9.476.361)	-	(173.643.489)
Total position	(257.300.487)	33.634.214	145.136.814	172.825.597	137.067.698	(228.048.184)	3.315.652

⁽¹⁾ TRY 8.517.784 of deferred tax assets is disclosed under the non-bearing interest column in other assets, TRY 2.152 of deferred tax liability is disclosed under the non-bearing interest column in other liabilities.

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

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

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

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

III. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (continued)

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

Current Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks ⁽¹⁾	-	-	-	36,81
Financial assets at fair value through profit and loss ⁽⁵⁾	-	6,00	-	19,31
Money market placements	-	-	-	4,00
Financial assets at fair value through other comprehensive income	2,98	7,08	-	22,48
Loans ⁽²⁾	5,61	8,83	-	22,97
Financial assets measured at amortised cost	4,58	7,00	-	26,88
Liabilities				
Bank deposits ⁽⁴⁾	0,40	5,57	-	35,55
Other deposits ⁽⁴⁾	1,34	2,43	0,01	27,76
Money market borrowings	-	7,33	-	31,45
Miscellaneous Payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	24,14
Funds provided from other financial institutions	2,48	1,73	-	30,03

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

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

⁽³⁾ Declared TRY deposits interest rate with a maturity of twelve months as of 30 September 2023.

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

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

Prior Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks ⁽¹⁾	-	2,76	-	21,43
Financial assets at fair value through profit and loss ⁽⁵⁾	3,50	4,53	-	11,22
Money market placements	-	-	-	4,00
Financial assets at fair value through other comprehensive income	2,98	4,41	-	22,38
Loans ⁽²⁾	5,24	7,97	-	14,77
Financial assets measured at amortised cost	4,66	5,61	-	35,66
Liabilities				
Bank deposits ⁽⁴⁾	0,22	3,23	-	18,45
Other deposits ⁽⁴⁾	1,58	2,55	-	14,37
Money market borrowings	-	2,56	-	9,86
Miscellaneous Payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	18,24
Funds provided from other financial institutions	1,75	4,50	-	18,01

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

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

⁽³⁾ Declared TRY deposits interest rate with a maturity of twelve months as of 31 December 2022.

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

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

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

IV. EXPLANATIONS ON THE CONSOLIDATED POSITION RISK OF SHARES

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

Equities	Comparison			Capital Requirements
	Carrying Value ⁽¹⁾	Fair Value Change ⁽²⁾	Market Value	
Stock investment excluding A,B,C,D group	2.589.326	2.440.994	-	505.414

⁽¹⁾ Includes TRY 152.312 of unconsolidated associates, TRY 100.345 of unconsolidated subsidiary and TRY 2.336.669 of associates accounted for under the equity method.

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

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

Portfolio	Realized gains/ losses in the current period	Realized gains/ losses in the current period		Unrealized gains and losses		
		Total	Included To Total Core Capital	Total	Included To Total Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted on a stock exchange	-	-	-	-	-	-
3. Other share certificates	-	15.040	15.040	-	-	-
Total	-	15.040	15.040	-	-	-

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

V. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

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

The liquidity risks of the Parent Bank are managed within the framework of risk and transaction limits approved by the Board of Directors, and the written duties and responsibilities of the units related to liquidity risk management is established. Although the Board of Directors is primarily responsible for managing liquidity risk, committees have been established to ensure the efficient function. The committees responsible for managing liquidity risk are the Asset-Liability Committee (ALCO) and the Liquidity Risk Committee.

The desired level of risk that the bank intends to assume with regard to liquidity risk is determined within the Risk Appetite Framework Directive approved by the Parent Bank's Board of Directors. Within the scope of the risk appetite framework, the level of risk capacity, risk appetite, and trigger levels have been determined on both consolidated and non-consolidated bases.

Regarding 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 are conducted on a daily/weekly/monthly basis and shared with the Parent Bank's top management and related departments. Periodical stress tests are performed in line with the Parent Bank's liquidity management policies.

The Parent Bank has determined a high-quality liquid asset stock as a liquidity buffer for managing liquidity risk. Extending the maturity structure of the time deposits, which constitute a significant source of funds for the Parent Bank, developing new products to encourage savings, and maintaining the core deposit level are adopted as strategic objectives to reduce liquidity risk. Limits and principles regarding the issuance of bonds and bills in TRY have been determined to provide long-term funding other than deposits as part of extending the maturity structure of liabilities. In line with the Parent Bank's needs, new borrowing opportunities are utilized, and within this framework, price/cost movements in international capital markets are closely monitored, and alternative sources of funding are evaluated when conditions are favorable.

The Parent Bank aims to obtain its funding sources from the longest-term and most stable sources possible, taking into account legal and internal limits as well as cost factors. In this context, concentration ratios such as the share of retail funding sources in total sources, the share of high-value deposits in total deposits, and the share of borrowings from money markets in bank borrowings and market volumes are monitored daily within the framework of the Liquidity Early Warning System.

Short-term or daily foreign currency liquidity needs can be met through swap transactions, and sufficient liquidity is kept with correspondent banks for effective management of repayments. Adequate liquidity buffer is maintained by the Parent Bank to meet its intraday liquidity and short-term liquidity needs. In general context, liquidity management is managed within the limits defined by the market makers for the Parent Bank and the limit structures defined by the Parent Bank on the basis of counterparty and transaction type.

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

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

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

The Risk Management Department conducts routine and periodic stress tests based on rapid deposit outflows, defaults on cash and non-cash loans, liquidity outflows with significant loan expansions that may affect the Parent Bank's liquidity such as pandemics and natural disasters, potential losses in the Parent Bank's securities portfolio, FX outflows, scenarios related to the obligations of subsidiaries, and similar fundamental issues. Stress test scenarios that are for other all matters related to liquidity risk management are prepared in collaboration with relevant business units. Analysis of stress test scenarios is shared with the Parent Bank's Top Management and relevant business units, and necessary actions are taken.

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.

The Parent 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.

Liquidity Coverage Ratio:

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

Within the third quarter of 2023, the Parent Bank's deposit gain in TRY and foreign currency reduced its TRY-denominated secured borrowings obtained from money markets, and accordingly increased the total of free securities not given as collateral. Credit expansion slowed down compared to the previous period and the total of liquid assets and required reserves held by the CBRT increased significantly. These changes were developments that increased the Parent Bank's stock of high quality liquid assets during the period. Net cash outflows increased, especially due to the increase in the TRY deposit balance with a maturity of less than 30 days and the increase in other liabilities with a maturity of less than 30 days. The fact that the increase in the stock of high quality liquid assets on a TRY+FC basis was greater than the increase in net cash outflows increased the total liquidity coverage ratio during the period. In addition, the increase in FC deposits and FC liquid assets increased the foreign currency liquidity coverage ratio during the period. During the period, FC and TRY+FC ratios remained above the legal lower limit.

High quality liquid assets are composed of 50,98% accounts held by the CBRT and the Central Banks of the foreign branches, 46,96% securities considered as high quality liquid assets and 2,06% cash and cash equivalents. The primary funding source for the Parent Bank is deposit. Other important funding sources are money market borrowings and securities issued.

Derivative transactions did not cause a net cash outflow that would negatively affect the liquidity position. However, there are periodical fluctuations in the foreign currency liquidity coverage ratio due to foreign currency swap transactions that have TRY side. 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 2.668.240.

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

PERIOD	FC (%)	TRY+FC (%)
July 2023	419.16	147.98
August 2023	598.62	161.58
September 2023	620.92	166.05

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

Liquidity Coverage Ratio:

	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
Current Period				
High Quality Liquid Assets				
High Quality Liquid Assets			614.113.901	275.113.894
Cash Outflows				
Retail and Small Business Customers, of which;	739.664.760	286.099.010	69.778.456	28.602.505
Stable Deposits	107.900.570	73.960	6.602.037	-
Less Stable Deposits	631.764.190	286.025.050	63.176.419	28.602.505
Unsecured wholesale funding , of which;	785.970.005	368.783.968	353.420.724	134.728.910
Operational Deposits	201.870.068	157.181.584	50.467.519	39.295.396
Non-operational Deposits	551.638.277	205.060.494	277.743.881	89.147.173
Other Unsecured Funding	32.461.660	6.541.890	25.209.324	6.286.341
Secured Funding				
Other cash outflows, of which;	26.538.133	3.458.799	23.666.156	3.455.677
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	4.725.643	3.453.596	4.725.643	3.453.596
Obligations related to structured financial products	143.560	-	143.560	-
Commitments related to debts to financial markets and other off-balance sheet obligations	21.668.930	5.203	18.796.953	2.081
Other revocable off-balance sheet commitments and Contractual Obligations				
Other irrevocable or conditionally revocable off-balance sheet Obligations	569.724.984	174.661.520	42.250.727	13.473.505
Total Cash Outflows			489.116.063	180.260.597
Cash Inflows				
Secured Lending				
Unsecured Lending	158.011.262	24.693.801	99.623.077	20.108.992
Other Cash Inflows	2.741.832	123.758.645	2.741.832	123.758.645
Total Cash Inflows	160.753.094	148.452.446	102.364.909	143.867.637
Total Adjusted Value				
Total HQLA Stock			614.113.901	275.113.894
Total Net Cash Outflows			386.751.154	52.221.363
Liquidity Coverage Ratio (%)			158,45%	545,42%

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

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

Liquidity Coverage Ratio: (continued)

	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
Prior Period				
High Quality Liquid Assets				
High Quality Liquid Assets			371.090.566	171.095.004
Cash Outflows				
Retail and Small Business Customers, of which;	454.195.710	214.631.550	42.384.913	21.458.856
Stable Deposits	60.558.720	42.990	3.021.214	-
Less Stable Deposits	393.636.990	214.588.560	39.363.699	21.458.856
Unsecured wholesale funding , of which;	471.195.518	215.077.291	205.358.959	80.194.017
Operational Deposits	101.363.428	81.222.852	25.340.857	20.305.713
Non-operational Deposits	344.177.699	128.395.124	161.847.927	54.552.303
Other Unsecured Funding	25.654.391	5.459.315	18.170.175	5.336.001
Secured Funding			-	-
Other cash outflows, of which;	11.659.878	2.332.129	9.158.303	2.329.755
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.570.020	2.328.173	2.570.020	2.328.173
Obligations related to structured financial products	211.538	-	211.538	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.878.320	3.956	6.376.745	1.582
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	301.551.154	114.560.256	24.903.147	9.961.478
Total Cash Outflows			281.805.322	113.944.106
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	91.193.133	18.116.262	56.326.600	14.272.544
Other Cash Inflows	1.103.926	83.853.871	1.103.926	83.853.871
Total Cash Inflows	92.297.059	101.970.133	57.430.526	98.126.415
Total Adjusted Value				
Total HQLA Stock			371.090.566	171.095.004
Total Net Cash Outflows			224.374.796	29.207.539
Liquidity Coverage Ratio (%)			165,38%	588,22%

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

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

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

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

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
Assets								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	34.717.868	328.674.129	527.137	1.558.750	-	-	-	365.477.884
Banks	13.966.895	5.159.292	189.878	80.705	130.006	75.358	281.446	19.883.580
Financial assets at fair value through profit and loss	585.279	55.382	54.871.746	144.830	9.827	813	4.092.143	59.760.020
Money market placements	-	1.312.715	-	-	-	-	-	1.312.715
Financial assets at fair value through other comprehensive income	-	746.071	11.900.007	32.879.103	46.751.003	11.785.013	964.344	105.025.541
Loans ⁽⁴⁾	5.563.240	107.344.633	48.682.699	421.473.745	528.347.369	157.030.098	19.580.603	1.288.022.387
Financial assets measured at amortised cost	-	3.441.054	20.395.605	90.631.196	105.649.601	165.973.399	-	386.090.855
Other assets ⁽²⁾	3.146.368	4.408.967	5.419.346	3.864.451	5.382.942	715.617	19.276.283	42.213.974
Total assets	57.979.650	451.142.243	141.986.418	550.632.780	686.270.748	335.580.298	44.194.819	2.267.786.956
Liabilities								
Bank deposits	147.807.697	54.357.564	16.420.082	284	-	-	-	218.585.627
Other deposits	352.829.521	804.939.748	358.786.433	75.805.270	7.850.531	1.014.199	-	1.601.225.702
Funds provided from other financial institutions ⁽³⁾	24.222	363.396	425.636	1.953.725	7.337.240	9.905.352	-	20.009.571
Money market balances	-	123.478.958	34.774	-	-	2.732.830	-	126.246.562
Bonds issued	-	4.806.273	11.185.478	511.506	-	-	-	16.503.257
Miscellaneous Payables	76.997	19.341.275	447.200	2.019.704	9.734.550	198.888	5.510.173	37.328.787
Other liabilities ⁽¹⁾	310.610	13.017.798	1.453.615	86.978.775	6.387.816	1.027.031	138.711.805	247.887.450
Total liabilities	501.049.047	1.020.305.012	388.753.218	167.269.264	31.310.137	14.878.300	144.221.978	2.267.786.956
Liquidity Gap	(443.069.397)	(569.162.769)	(246.766.800)	383.363.516	654.960.611	320.701.998	(100.027.159)	-
Net off-Balance Sheet Position	-	(1.750.635)	(469.581)	1.109.721	-	-	-	(1.110.495)
Derivative Financial Assets	-	145.716.312	18.247.706	4.407.333	15.022.274	27.703.631	-	211.097.256
Derivative Financial Liabilities	-	(147.466.947)	(18.717.287)	(3.297.612)	(15.022.274)	(27.703.631)	-	(212.207.751)
Non-Cash Loans	172.838.073	16.026.822	41.805.624	154.410.406	115.506.765	27.179.210	-	527.766.900
Prior Period								
Total Assets	23.144.235	269.977.627	79.038.338	370.456.293	445.646.155	227.011.819	18.624.283	1.433.898.750
Total Liabilities	316.177.567	655.401.093	207.882.110	86.320.174	38.838.615	17.267.231	112.011.960	1.433.898.750
Liquidity Gap	(293.033.332)	(385.423.466)	(128.843.772)	284.136.119	406.807.540	209.744.588	(93.387.677)	-
Net off-Balance Sheet Position	-	663.356	1.542.405	438.100	671.791	-	-	3.315.652
Derivative Financial Assets	-	129.103.012	13.590.693	4.048.663	11.264.053	18.952.720	-	176.959.141
Derivative Financial Liabilities	-	(128.439.656)	(12.048.288)	(3.610.563)	(10.592.262)	(18.952.720)	-	(173.643.489)
Non-Cash Loans	101.186.193	8.326.129	32.413.891	108.863.398	57.123.993	14.407.311	243.005	322.563.920

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

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

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

⁽⁴⁾ Non-performing loans is disclosed in under the undistributed column.

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

VI. EXPLANATIONS ON THE CONSOLIDATED LEVERAGE RATIO

Summary comparison table between total assets and total risk in the consolidated financial statements prepared in accordance with TAS

	Current Period	Prior Period
Total Assets in The Consolidated Financial Statements Prepared in Accordance with TAS ⁽¹⁾	2.010.675.118	1.433.383.376
The difference between Total Assets in the Consolidated Financial Statements Prepared in Accordance with TAS and the Communiqué on Preparation of Consolidated Financial Statements of Banks ⁽¹⁾	(655.785)	(515.374)
The difference between total amount of derivative financial instruments and credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk balances of such instruments ⁽²⁾	221.746.095	150.903.788
The difference between total amount of risk investment securities or commodity collateral financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such instruments ⁽²⁾	59.665.643	41.811.348
The difference between total amount of off-balance sheet transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such items ⁽²⁾	28.355.577	15.758.540
The other differences between amount of assets in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such items	-	-
Total Risk Amount	2.844.586.126	1.800.987.628

⁽¹⁾ The amounts are represented in the table as of 30 June 2023 and 31 December 2022.

⁽²⁾ The amounts in the table represent three-month averages.

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VI. EXPLANATIONS ON THE CONSOLIDATED LEVERAGE RATIO (continued)

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

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-Balance Sheet Assets		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	2.215.308.751	1.401.429.984
2.Assets That Are Deducted from Core Capital	(2.916.152)	(1.107.374)
3.Total on Balance Sheet Exposures	2.212.392.599	1.400.322.610
Derivative Exposures And Credit Derivatives		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	4.037.922	3.067.627
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	3.486.540	2.757.617
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives	7.524.462	5.825.244
Investment Securities Or Commodity Collateral Financing Transactions		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	8.234.053	6.132.299
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions	8.234.053	6.132.299
Off -Balance Sheet Items		
10.Gross Notional Amount of Off-Balance Sheet Items	644.790.589	404.466.015
11.Adjustments for Conversion to Credit Equivalent Amounts	(28.355.577)	(15.758.540)
12.The Total Risk of Off-Balance Sheet Items	616.435.012	388.707.475
Capital And Total Exposures		
13.Tier 1 Capital	146.515.762	97.079.431
14.Total Exposures	2.844.586.126	1.800.987.628
Leverage Ratio		
15.Leverage Ratio	5,15%	5,39%

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

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

VII. EXPLANATIONS RELATED TO THE CONSOLIDATED BUSINESS SEGMENTATION

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

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

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

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

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

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

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

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

VII. EXPLANATIONS RELATED TO THE CONSOLIDATED BUSINESS SEGMENTATION (continued)

Details of the segment information prepared in accordance with the Act on “Disclosure of Financial Statements of Banks and The Related Presentations and Notes” as of 30 September 2023 are presented in the table below.

Current Period	Commercial/ Corporate	Integrated	Treasury/ Investment⁽¹⁾	Other⁽¹⁾	Total
1 January -30 September 2023					
OPERATING INCOME / EXPENSES					
Interest Income	32.839.679	80.407.548	77.211.281	2.229.875	192.688.383
<i>Interest on Loans</i>	32.610.085	79.381.313	3.056.520	-	115.047.918
<i>Interest Income on Marketable Securities</i>	-	957.851	72.310.323	-	73.268.174
<i>Interest Received from Banks</i>	-	-	1.138.688	12.922	1.151.610
<i>Other Interest Income</i>	229.594	68.384	705.750	2.216.953	3.220.681
Interest Expense	60.919.373	81.504.820	16.140.486	650.768	159.215.447
<i>Interest on Deposits</i>	60.764.969	80.323.364	1.398.046	-	142.486.379
<i>Interest on Borrowings</i>	25.253	46.683	626.631	217.540	916.107
<i>Interest on Money Market Borrowings</i>	-	547.417	7.889.650	350.227	8.787.294
<i>Interest on Marketable Bonds Issued</i>	-	-	5.362.351	82.187	5.444.538
<i>Other Interest Expense</i>	129.151	587.356	863.808	814	1.581.129
Net Interest Income	(28.079.694)	(1.097.272)	61.070.795	1.579.107	33.472.936
Net Fees and Commissions Income	3.702.608	6.891.285	2.810.535	235.531	13.639.959
Net Trading Profit / (Loss)	565.632	12.109.653	(17.537.886)	25.331	(4.837.270)
Dividend Income	-	-	14.757	-	14.757
Other Income	336.073	1.639.984	9.403.626	147.923	11.527.606
Expected Loss Provisions	688.306	1.240.757	1.332.439	79.748	3.341.250
Other Expenses	519.094	10.934.130	27.422.924	220.570	39.096.718
Income Before Taxes	(24.682.781)	7.368.763	27.006.464	1.687.574	11.380.020
Income Tax Provision	-	-	(599.142)	(298.623)	(897.765)
Net Profit For The Period	(24.682.781)	7.368.763	26.407.322	1.388.951	10.482.255

SEGMENT ASSETS

30 September 2023

Marketable Securities ⁽²⁾	-	26.384.482	524.441.800	628	550.826.910
Derivative Financial Assets Held for Trading	-	349.441	2.383.894	-	2.733.335
Banks and Money Market Receivables ⁽²⁾	-	4.879.509	16.019.317	290.629	21.189.455
Associates and Subsidiaries (Net)	-	-	2.589.326	-	2.589.326
Loans ⁽²⁾	394.378.749	796.030.742	46.936.719	-	1.237.346.210
Other Assets ⁽²⁾	3.622.824	19.038.790	413.597.461	16.842.645	453.101.720
TOTAL ASSETS	398.001.573	846.682.964	1.005.968.517	17.133.902	2.267.786.956

SEGMENT LIABILITIES

30 September 2023

Deposits	607.698.135	995.458.890	216.654.304	-	1.819.811.329
Derivative Financial Liabilities	-	584.555	1.755.484	-	2.340.039
Money Market Balances	-	11.741.215	111.683.809	2.821.538	126.246.562
Borrowing Funding Loans	278.090	568.806	18.223.273	939.402	20.009.571
Bonds Issued	-	-	12.964.087	3.539.170	16.503.257
Other Liabilities	7.117.393	26.196.990	110.478.102	457.411	144.249.896
Provisions and Tax Payable	608.405	969.884	12.852.540	217.799	14.648.628
Shareholders' Equity	(24.682.781)	7.368.763	139.213.373	2.078.319	123.977.674
TOTAL LIABILITIES	591.019.242	1.042.889.103	623.824.972	10.053.639	2.267.786.956

OFF-BALANCE SHEET ITEMS

30 September 2023

Guarantees and Sureties	256.006.239	192.757.612	79.003.049	-	527.766.900
Commitments	1.925.348	44.534.360	114.229.385	12.522	160.701.615
Derivative Financial Instruments	-	53.229.987	370.075.020	-	423.305.007
TOTAL OFF-BALANCE SHEET ITEMS	257.931.587	290.521.959	563.307.454	12.522	1.111.773.522

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

⁽²⁾ 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 GROUP (continued)

VII. EXPLANATIONS RELATED TO THE CONSOLIDATED BUSINESS SEGMENTATION (continued)

Prior Period	Commercial/ Corporate	Integrated	Treasury/ Investment ⁽¹⁾	Other ⁽¹⁾	Total
1 January -30 September 2022					
OPERATING INCOME / EXPENSES					
Interest Income	18.085.427	41.032.024	46.865.028	982.678	106.965.157
<i>Interest on Loans</i>	17.874.997	40.380.770	1.674.656	-	59.930.423
<i>Interest Income on Marketable Securities</i>	-	620.088	44.589.948	-	45.210.036
<i>Interest Received from Banks</i>	-	-	432.529	6.226	438.755
<i>Other Interest Income</i>	210.430	31.166	167.895	976.452	1.385.943
Interest Expense	18.012.091	24.386.640	18.213.237	324.359	60.936.327
<i>Interest on Deposits</i>	17.698.741	23.885.428	2.068.993	-	43.653.162
<i>Interest on Borrowings</i>	17.723	57.211	186.522	164.414	425.870
<i>Interest on Money Market Borrowings</i>	-	150.840	13.199.800	128.258	13.478.898
<i>Interest on Marketable Bonds Issued</i>	-	-	2.593.789	31.234	2.625.023
<i>Other Interest Expense</i>	295.627	293.161	164.133	453	753.374
Net Interest Income	73.336	16.645.384	28.651.791	658.319	46.028.830
Net Fees and Commissions Income	1.724.744	3.432.401	1.094.179	16.329	6.267.653
Net Trading Profit / (Loss)	27.329	4.980.442	(9.116.078)	9.571	(4.098.736)
Dividend Income	-	-	9.930	-	9.930
Other Income	810.020	1.045.902	699.122	214.795	2.769.839
Expected Loss Provisions	1.552.996	2.566.510	20.647.738	98.379	24.865.623
Other Expenses	1.203.720	7.264.302	4.737.187	168.133	13.373.342
Income Before Taxes	(121.287)	16.273.317	(4.045.981)	632.502	12.738.551
Income Tax Provision	-	-	(3.566.340)	(47.938)	(3.614.278)
Net Profit For The Period	(121.287)	16.273.317	(7.612.321)	584.564	9.124.273

SEGMENT ASSETS

31 December 2022

Marketable Securities ⁽²⁾	-	17.824.827	360.975.678	628	378.801.133
Derivative Financial Assets Held for Trading	-	250.665	2.984.005	-	3.234.670
Banks and Money Market Receivables ⁽²⁾	-	427.159	8.188.383	105.703	8.721.245
Associates and Subsidiaries (Net)	-	-	1.687.204	-	1.687.204
Loans ⁽²⁾	284.922.174	497.341.919	30.247.190	-	812.511.283
Other Assets ⁽²⁾	3.723.562	12.657.863	199.781.771	12.780.019	228.943.215
TOTAL ASSETS	288.645.736	528.502.433	603.864.231	12.886.350	1.433.898.750

SEGMENT LIABILITIES

31 December 2022

Deposits	361.738.703	585.394.896	142.521.818	-	1.089.655.417
Derivative Financial Liabilities	-	301.279	521.073	-	822.352
Money Market Balances	-	7.585.020	96.159.760	1.495.235	105.240.015
Borrowing Funding Loans	395.181	589.094	15.182.741	928.240	17.095.256
Bonds Issued	-	-	9.723.707	3.606.734	13.330.441
Other Liabilities	8.287.920	16.366.361	76.494.973	371.568	101.520.822
Provisions and Tax Payable	342.318	535.444	17.840.773	88.834	18.807.369
Shareholders' Equity	3.424.863	26.027.659	56.650.823	1.323.733	87.427.078
TOTAL LIABILITIES	374.188.985	636.799.753	415.095.668	7.814.344	1.433.898.750

OFF-BALANCE SHEET ITEMS

31 December 2022

Guarantees and Sureties	158.431.430	117.125.931	47.006.559	-	322.563.920
Commitments	1.420.003	32.386.264	85.053.259	4.943	118.864.469
Derivative Financial Instruments	-	35.087.036	315.515.594	-	350.602.630
TOTAL OFF-BALANCE SHEET ITEMS	159.851.433	184.599.231	447.575.412	4.943	792.031.019

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

⁽²⁾ 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 GROUP (continued)

VIII. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS

Explanations Related To Risk Management

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

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

The structure of the internal systems determines the level of risk by identifying the risks that the bank is exposed to. The Department of Compliance, another unit within the scope of internal systems, performs the compliance function of the Parent Bank's activities regarding MASAK and Anti-Money Laundering and Prevention of Terrorist Financing.

In this direction, the relevant units are responsible for monitoring, controlling and reporting risks, limited to their areas of responsibility. Outside of internal systems, Top Management is directly responsible to the Board of Directors for the risks to which the Parent Bank is exposed in relation to its duties.

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

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

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

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

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

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

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

Overview of Risk Weighted Amounts (*):

		Risk Weighted Amounts		Minimum Capital Requirements	
		Current Period	Prior Period	Current Period	Prior Period
1	Credit risk (excluding counterparty credit risk) (CCR) (**)	1.148.140.785	786.720.694	91.851.263	62.937.656
2	Standardized approach (SA)	1.148.140.785	786.720.694	91.851.263	62.937.656
3	Internal rating-based (IRB) approach	-	-	-	-
4	Counterparty credit risk (**)	11.166.191	8.071.010	893.295	645.681
5	Standardized approach for counterparty credit risk (SA-CCR)	11.166.191	8.071.010	893.295	645.681
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	74.167.400	32.488.100	5.933.392	2.599.048
17	Standardized approach (SA)	74.167.400	32.488.100	5.933.392	2.599.048
18	Internal model approaches (IMM)	-	-	-	-
19	Operational Risk	69.046.409	29.467.236	5.523.713	2.357.379
20	Basic Indicator Approach	69.046.409	29.467.236	5.523.713	2.357.379
21	Standard Approach	-	-	-	-
22	Advanced measurement approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	4.429.140	3.108.851	354.331	248.708
24	Floor adjustment	-	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	1.306.949.925	859.855.891	104.555.994	68.788.472

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

(**) Based on the Board Decision dated 31 January 2023 published by the BRSA, CBRT's foreign exchange buying rates as of 30 December 2022 was used in the calculation of the amount subject to credit risk.

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

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS

(1) Cash and Central Bank of the Republic of 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	3.488.973	10.208.203	2.918.483	6.562.822
CBRT	138.572.479	206.801.915	28.712.954	120.985.281
Other ⁽¹⁾	446.545	5.959.769	204.607	4.835.734
Total	142.507.997	222.969.887	31.836.044	132.383.837

⁽¹⁾ It includes the reserve requirement held by the Central Bank of Macedonia, the Central Bank of Serbia and the Central Bank of TRNC.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand unrestricted amount ⁽¹⁾	137.029.045	91.882.178	28.666.697	38.540.462
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Other ⁽²⁾	1.543.434	114.919.737	46.257	82.444.819
Total	138.572.479	206.801.915	28.712.954	120.985.281

⁽¹⁾ Reserve deposits kept in CBRT.

⁽²⁾ Blocked reserve deposits kept in CBRT and Central Bank of TRNC.

As per the Communiqué no. 2013/15 “Reserve Deposits” of the Central Bank of the Republic of Türkiye (CBRT), banks operating in Türkiye keep reserve deposits for their TRY liabilities held at TRY with reserve deposit rates between 0%-25% varied according to their maturity compositions, for their FC and precious metal liabilities at US Dollar, Euro and/or standard gold with reserve deposit rates between 5%-29% 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.

With the Board of Directors decision No. 177/21 dated 2022 of the Central Bank of Macedonia, reserve requirement ratio is 5% for MKD currency liabilities, 19% for foreign currency liabilities and 50% for foreign indexed liabilities.

According to the Official Gazette of Serbia No. 76/2018 and 77/2023 of the Central Bank of Serbia, banks maintain reserve requirement of 7% for short term liabilities with maturities less than two years and 2% for long term liabilities with maturities more than two years, 23% for short term foreign currency liabilities with maturities less than two years and 16% for long term foreign liabilities with maturities more than two years and 100% for foreign currency index liabilities.

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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	54.871.159	-	34.015.603	-

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	9.194	-	93.792	-

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	-	520.633	-	121.833
Swap transactions	-	2.212.149	319.674	2.745.078
Futures transactions	-	-	-	-
Options	-	553	-	48.085
Other	-	-	-	-
Total	-	2.733.335	319.674	2.914.996

(3) Information on banks and other financial institutions:

Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	4.057.269	496.142	1.012.531	780.750
Foreign banks	1.976.935	13.353.234	892.789	6.016.434
Branches and offices abroad	-	-	-	-
Total	6.034.204	13.849.376	1.905.320	6.797.184

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	19.594.911	23.913.821	18.240.767	33.445.116

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	-	191.285	109.178	472.490

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities	105.275.343		102.360.287	
<i>Quoted on a stock exchange</i>	100.512.565		99.831.814	
<i>Not quoted</i>	4.762.778		2.528.473	
Equity Securities	981.625		559.360	
<i>Quoted on a stock exchange</i>	867.643		440.490	
<i>Not quoted</i>	113.982		118.870	
Impairment provision (-)	1.231.427		57.453	
Total	105.025.541		102.862.194	

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

(5) Information on loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
<i>Corporate shareholders</i>	-	-	-	-
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	3.220.888	-	1.487.680	-
Total	3.220.888	-	1.487.680	-

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

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

	Cash Loans	Loans Under Close Monitoring		
		Standard Loans	Restructured Loans	
			Loans Not Subject to Restructuring	Loans with Revised Contract Terms
Non-specialized loans	950.354.839	33.497.940	191.726	36.021.722
<i>Corporation loans</i>	548.087.107	24.672.217	166.373	36.015.048
<i>Export loans</i>	53.220.000	680.312	-	-
<i>Import loans</i>	-	-	-	-
<i>Loans given to financial sector</i>	11.799.336	-	-	-
<i>Consumer loan</i>	156.500.763	1.710.733	24.506	5.270
<i>Credit cards</i>	59.576.918	3.053.222	847	-
<i>Other</i>	121.170.715	3.381.456	-	1.404
Specialized lending	219.870.341	5.982.442	-	-
Other receivables	-	-	-	-
Accruals	19.377.259	1.689.532	8.176	1.447.807
Total	1.189.602.439	41.169.914	199.902	37.469.529

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	11.573.798	12.229.027	-	-
Significant Increase in Credit Risk	-	-	23.440.560	26.046.560

In the current period, the decrease in the Group's Stage 1 and Stage 2 Expected Loss Provision balances is partially due to the decrease in the risk levels of customers.

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

(5) Information on loans (continued) :

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	2.105.077	134.440.038	136.545.115
<i>Real estate loans</i>	16.759	101.235.277	101.252.036
<i>Automobile loans</i>	362.015	8.907.436	9.269.451
<i>Consumer loans</i>	1.726.303	24.297.325	26.023.628
<i>Other</i>	-	-	-
Consumer loans- Indexed to FC	1.554	2.267.281	2.268.835
<i>Real estate loans</i>	-	2.131.433	2.131.433
<i>Automobile loans</i>	-	25.334	25.334
<i>Consumer loans</i>	1.554	110.514	112.068
<i>Other</i>	-	-	-
Consumer loans- FC	33.300	13.061.706	13.095.006
<i>Real estate loans</i>	1.435	4.144.218	4.145.653
<i>Automobile loans</i>	34	16.533	16.567
<i>Consumer loans</i>	28.486	8.875.302	8.903.788
<i>Other</i>	3.345	25.653	28.998
Individual credit cards-TRY	22.365.230	796	22.366.026
<i>Installment</i>	8.264.671	796	8.265.467
<i>Non-installment</i>	14.100.559	-	14.100.559
Individual credit cards-FC	5.994	619.497	625.491
<i>Installment</i>	-	585.814	585.814
<i>Non-installment</i>	5.994	33.683	39.677
Personnel loans-TRY	772.442	1.200.473	1.972.915
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	772.442	1.200.473	1.972.915
<i>Other</i>	-	-	-
Personnel loans-Indexed to FC	109	115.805	115.914
<i>Real estate loans</i>	-	113.679	113.679
<i>Automobile loans</i>	-	168	168
<i>Consumer loans</i>	109	1.958	2.067
<i>Other</i>	-	-	-
Personnel loans-FC	1.608	258.001	259.609
<i>Real estate loans</i>	142	143.540	143.682
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	1.466	114.073	115.539
<i>Other</i>	-	388	388
Personnel credit cards-TRY	718.324	-	718.324
<i>Installment</i>	249.059	-	249.059
<i>Non-installment</i>	469.265	-	469.265
Personnel credit cards-FC	272	14.600	14.872
<i>Installment</i>	-	-	-
<i>Non-installment</i>	272	14.600	14.872
Overdraft accounts-TRY (Retail customers) ^(**)	3.512.507	-	3.512.507
Overdraft accounts-FC (Retail customers) ^(***)	419.457	51.914	471.371
Total	29.935.874	152.030.111	181.965.985

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

^(**) TRY 135.673 of the overdraft account consists of loans given to personnel.

^(***) TRY 3.581 of the overdraft account consists of loans given to personnel.

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

(5) Information on loans: (continued)

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

Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	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	3.561	1.565.305	1.568.866
<i>Real estate loans</i>	-	1.466.015	1.466.015
<i>Automobile loans</i>	-	21.617	21.617
<i>Consumer loans</i>	3.561	77.673	81.234
<i>Other</i>	-	-	-
Consumer loans- FC	28.103	8.806.792	8.834.895
<i>Real estate loans</i>	538	2.887.399	2.887.937
<i>Automobile loans</i>	364	10.440	10.804
<i>Consumer loans</i>	23.343	5.876.537	5.899.880
<i>Other</i>	3.858	32.416	36.274
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	419.016	420.850
<i>Installment</i>	-	400.887	400.887
<i>Non-installment</i>	1.834	18.129	19.963
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	138	73.712	73.850
<i>Real estate loans</i>	-	71.981	71.981
<i>Automobile loans</i>	-	157	157
<i>Consumer loans</i>	138	1.300	1.438
<i>Other</i>	-	274	274
Personnel loans-FC	1.343	152.865	154.208
<i>Real estate loans</i>	260	92.356	92.616
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	1.077	60.186	61.263
<i>Other</i>	6	323	329
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	10.370	10.566
<i>Installment</i>	-	-	-
<i>Non-installment</i>	196	10.370	10.566
Overdraft accounts-TRY (Retail customers) ^(**)	2.118.415	-	2.118.415
Overdraft accounts-FC (Retail customers) ^(***)	276.909	27.289	304.198
Total	15.639.160	109.844.237	125.483.397

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

^(**) TRY 67.951 of the overdraft account consists of loans given to personnel.

^(***) TRY 2.583 of the overdraft account consists of loans given to personnel.

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

(5) Information on loans: (continued)

d) Information on commercial installments loans and corporate credit cards^(*):

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	2.797.276	111.572.585	114.369.861
<i>Business premises loans</i>	-	1.987.052	1.987.052
<i>Automobile loans</i>	72.114	3.613.767	3.685.881
<i>Consumer loans</i>	2.725.162	105.971.766	108.696.928
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	1.292.015	5.532.470	6.824.485
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	1.292.015	5.532.470	6.824.485
Commercial installment loans - FC	5.417.958	112.258.039	117.675.997
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	509.113	94.975.098	95.484.211
<i>Other</i>	4.908.845	17.282.941	22.191.786
Corporate credit cards-TRY	38.869.916	-	38.869.916
<i>Installment</i>	12.010.392	-	12.010.392
<i>Non-installment</i>	26.859.524	-	26.859.524
Corporate credit cards-FC	811	35.547	36.358
<i>Installment</i>	-	17.477	17.477
<i>Non-installment</i>	811	18.070	18.881
Overdraft accounts-TRY (Commercial customers)	34.725.159	-	34.725.159
Overdraft accounts-FC (Commercial customers)	135.142	-	135.142
Total	83.238.277	229.398.641	312.636.918

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

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	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	964.604	3.744.442	4.709.046
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	964.604	3.744.442	4.709.046
Commercial installment loans - FC	2.908.865	82.139.278	85.048.143
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	391.917	71.059.454	71.451.371
<i>Other</i>	2.516.948	11.079.824	13.596.772
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	20.199	21.232
<i>Installment</i>	-	10.250	10.250
<i>Non-installment</i>	1.033	9.949	10.982
Overdraft accounts-TRY (Commercial customers)	23.866.070	-	23.866.070
Overdraft accounts-FC (Commercial customers)	55.948	-	55.948
Total	55.763.870	143.516.514	199.280.384

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

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

(5) Information on loans: (continued)

e) Domestic and foreign loans^(*):

	Current Period	Prior Period
Domestic loans	1.217.836.753	815.375.195
Foreign loans	50.605.031	31.744.418
Total	1.268.441.784	847.119.613

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

f) Loans granted to subsidiaries and associates:

None. (31 December 2022: None.)

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

	Current Period	Prior Period
Loans with Limited Collectability	707.556	1.832.288
Loans with Doubtful Collectability	1.307.356	2.220.847
Uncollectible Loans	13.646.907	11.332.519
Total	15.661.819	15.385.654

The increase in the expected credit loss provision balance allocated for stage 3 loans is caused by the result of the the increase in risk amount in the current period.

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

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current period			
Gross amounts before the specific provisions	502.123	290.092	964.484
<i>Restructured loans</i>	<i>502.123</i>	<i>290.092</i>	<i>964.484</i>
Prior period			
Gross amounts before the specific provisions	740.290	339.119	1.008.506
<i>Restructured loans</i>	<i>740.290</i>	<i>339.119</i>	<i>1.008.506</i>

^(*) Rediscounts are not included.

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

(5) Information on loans: (continued)

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

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

	III. Group	IV. Group	V. Group
Current Period	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period end balance	3.584.387	3.374.825	12.093.699
Additions (+)	4.544.730	266.036	413.435
Transfers from other categories of loans under non-performing (+)	-	3.814.835	5.355.203
Transfers to other categories of loans under non-performing (-)	5.245.377	3.924.661	-
Collections (-)(*)	1.265.195	792.033	2.541.520
Write-offs (-)	192	390	93.548
Sold (-)	-	-	3.631
<i>Corporate and Commercial Loans</i>	-	-	3.631
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
Current period end balance	1.618.353	2.738.612	15.223.638
Provision (-)	707.556	1.307.356	13.646.907
Net balance on balance sheet	910.797	1.431.256	1.576.731
Prior Period			
Prior period end balance	2.561.869	761.381	13.426.643
Additions (+)(**)	8.800.771	153.726	1.717.723
Transfers from other categories of loans under non-performing (+)	-	5.111.990	2.172.798
Transfers to other categories of loans under non-performing (-)	5.421.194	1.863.594	-
Collections (-)(*)	2.357.057	787.943	2.940.718
Write-offs (-)(**)	2	735	2.270.648
Sold (-)	-	-	12.099
<i>Corporate and Commercial Loans</i>	-	-	12.099
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
Current period end balance	3.584.387	3.374.825	12.093.699
Provision (-)	1.832.288	2.220.847	11.332.519
Net balance on balance sheet	1.752.099	1.153.978	761.180

(*) 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.

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

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

	III. Group	IV. Group	V. Group
Current period	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Balance at the end of the period	363.317	1.521.486	4.720.095
Provisions(-)	182.380	640.783	4.477.529
Net balance in the balance sheet	180.937	880.703	242.566
Prior period			
Balance at the end of the period	483.217	881.159	4.188.003
Provisions(-)	333.731	815.753	3.972.860
Net balance in the balance sheet	149.486	65.406	215.143

(*) Rediscounts are included.

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

(5) Information on loans: (continued)

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period (Net)	910.797	1.431.256	1.576.731
Loans to granted real persons and legal entities (Gross)	1.618.353	2.738.612	15.223.638
Provisions (-)	707.556	1.307.356	13.646.907
Loans to granted real persons and legal entities (Net)	910.797	1.431.256	1.576.731
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-
Prior period (Net)	1.752.099	1.153.978	761.180
Loans to granted real persons and legal entities (Gross)	3.584.387	3.374.825	12.093.699
Specific provisions (-)	1.832.288	2.220.847	11.332.519
Loans to granted real persons and legal entities (Net)	1.752.099	1.153.978	761.180
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	1.537	770	1.481
Interest Accruals and Valuation Differences	11.922	13.364	1.660.415
Provision (-)	10.385	12.594	1.658.934
Prior Period (Net)	819	240	1.082
Interest Accruals and Valuation Differences	8.737	7.959	1.753.921
Provision (-)	7.918	7.719	1.752.839

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

(5) Information on loans: (continued)

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

The Parent Bank liquidates its uncollectible receivables through different methods. These are by making payment protocols and by presenting adequate repayment schedules for the lower amount of receivables. Within the context of this collection policy, nonperforming loans are collected in considerable amounts. Collections are firstly offset against lawsuits and expenses, interest and principle receivables from loans.

k) Explanations on write-off policy:

In the current period, the Group derecognised the non-performing loan amounting to TRY 94.130 on the grounds that there was no reasonable expectation, and the Group's non-performing loan ratio decreased from 1,53% to 1,52% after the loans were written off.

(In the previous period, the Group derecognised the non-performing loan amounting to TRY 2.271.385 on the grounds that there was no reasonable expectation, and the Group's non-performing loan ratio decreased from 2,46% to 2,20% after the loans were written off.)

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

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked Securities	100.707.017	95.970.413	109.707.592	55.559.702

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	101.078.818	25.296.340	46.157.728	17.310.081

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

	Current Period		Prior Period	
	Government bonds	378.473.109		234.845.851
Treasury bills	174.470		1.982.106	
Other public sector debt securities	5.021.487		2.167.490	
Total	383.669.066		238.995.447	

c) Information on financial assets measured at amortised cost:

	Current Period		Prior Period	
	Debt securities	386.090.855		241.455.259
<i>Quoted on a stock exchange</i>	360.356.236		223.107.074	
<i>Not quoted</i>	25.734.619		18.348.185	
Impairment provision (-)	-		-	
Total	386.090.855		241.455.259	

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

	Current Period		Prior Period	
	Beginning balance	241.455.259		133.178.664
Foreign currency differences on monetary assets	32.993.062		23.584.831	
Purchases during the year ⁽¹⁾	122.001.137		96.151.910	
Disposals through sales and redemptions	(10.358.603)		(11.460.146)	
Impairment provision (-)	-		-	
Balance at the end of the period	386.090.855		241.455.259	

⁽¹⁾ The difference between the discount amount of TRY 110.868.548 as of 30 September 2023 and the amount of discount amount of TRY 67.406.334 as of 31 December 2022 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) The reasons behind unconsolidated associates being out of consolidation scope:

In accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks, associates that are financial institutions are included in the consolidation, associates that are non-financial institutions are not included in the scope of consolidation.

b) Information on unconsolidated associates:

Description	Address (City/ Country)	Bank's share percentage, if different- voting percentage (%)	Bank's risk group share percentage (%)
1. Kredi Kayıt Bürosu AŞ ⁽¹⁾	Istanbul	18,18	18,18
2. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ ⁽¹⁾	Istanbul	33,33	33,33
3. Bankalararası Kart Merkezi AŞ ⁽¹⁾	Istanbul	9,28	9,28
4. JCR Avrasya Derecelendirme AŞ ⁽¹⁾	Istanbul	2,86	2,86

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	1.124.771	125.480	352.211	121.262	-	91.040	15.744	-
2.	501.530	329.311	157.067	35.510	-	(9.743)	(22.495)	-
3.	4.379.330	4.222.009	384.280	512.853	-	3.536.150	207.418	-
4.	277.410	242.691	19.241	43.198	-	107.429	78.817	-

⁽¹⁾The financial data is obtained from unaudited 30 September 2023 financial statement .

d) Information on consolidated associates:

Description	Address (City/ Country)	Bank's share percentage, if different voting percentage (%)	Bank's risk group share percentage (%)
1. DHB Bank NV ⁽¹⁾	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾	Ankara	31,47	33,12
3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾	Istanbul	35,79	35,79
4. Birleşim Varlık Yönetim AŞ ⁽¹⁾	Istanbul	16,00	16,00

e) Information related to the associates as shown in (d):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value ⁽²⁾
1.	52.581.406	7.006.949	67.388	1.532.210	13.639	403.856	149.110	2.340.649
2.	306.024	301.067	3.601	57.033	-	74.732	146.117	-
3.	53.334	532.645	173	3.532	-	2.367	1.936	-
4.	896.840	754.841	27.815	239.351	-	100.195	136.102	-

⁽¹⁾The financial data is obtained from 30 September 2023 financial statements used in consolidation.

⁽²⁾Financial information about the fair value of DHB Bank NV has been obtained from valuation report as of 30 September 2023.

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

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

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

f) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	1.586.859	1.195.858
Movements during the period	902.122	391.001
<i>Purchases ⁽¹⁾⁽²⁾</i>	126.285	79.539
<i>Bonus shares obtained profit from current year's share</i>	9.697	-
<i>Dividends from current year income</i>	-	-
<i>Sales</i>	-	-
<i>Transfers</i>	21.242	(5.595)
<i>Revaluation decrease (-) / increase</i>	744.898	317.057
<i>Impairment provisions (-)/ reversals</i>	-	-
Balance at the end of the period	2.488.981	1.586.859
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ The Parent Bank has made a payment of TRY 119.285 for Birleşim Varlık Yönetim AŞ which is purchased in the current period.

⁽²⁾ In the current period, the Parent Bank has made a payment of TRY 7.000 due to the paid capital increase of Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ.

g) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	2.102.085	1.373.880
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	234.584	82.481
Other non- financial investments	152.312	130.498

h) Associates quoted to a stock exchange:

None.

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

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

(8) Information on subsidiaries (Net):

a) Information on consolidated subsidiaries ⁽¹⁾:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ	Halk Osiguruvanje AD, Skopje
COMMON EQUITY TIER I CAPITAL								
Paid in Capital	250.000	1.645.000	523.000	2.226.470	246.000	754.199	100	197.213
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-	-
Share premium	-	50.372	-	11.633	-	773.455	-	-
Reserves	124.628	57.682	242.855	4.874.846	304.898	4.163.056	4.799	521.986
Other Comprehensive Income according to TAS	10.770	4.822.206	2.071	-	10	-	-	-
Profit / Loss	1.006.475	273.620	322.488	413.349	430.460	327.121	1.638	(154.925)
<i>Net Profit</i>	<i>1.006.475</i>	<i>357.345</i>	<i>322.488</i>	<i>413.349</i>	<i>430.460</i>	<i>327.121</i>	<i>1.638</i>	<i>(15.564)</i>
<i>Prior Period Profit/Loss</i>	<i>-</i>	<i>(83.725)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(139.361)</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 (-)	-	-	-	119.410	-	171.466	-	-
Leasehold Improvements (-)	-	-	-	26.454	-	22.956	-	-
Intangible Assets (-)	9.309	2.233	1.883	91.430	5.941	313.075	-	22.865
Total Core Capital	1.382.564	6.846.647	1.088.531	7.289.004	975.427	5.510.334	6.537	541.409
SUPPLEMENTARY CAPITAL	-	-	63.812	177.404	29.144	66.582	-	-
CAPITAL	1.382.564	6.846.647	1.152.343	7.466.408	1.004.571	5.576.916	6.537	541.409
NET AVAILABLE CAPITAL	1.382.564	6.846.647	1.152.343	7.466.408	1.004.571	5.576.916	6.537	541.409

⁽¹⁾ The information is presented from companies' financial statements as of 30 September 2023.

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.

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

In accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks, subsidiaries that are financial institutions are included in the consolidation, subsidiaries that are non-financial institutions are not included in the scope of consolidation.

In this context, subsidiary of the Parent Bank, Platform Ödeme Hizmetleri ve Elektronik Para AŞ, which is non-financial institution, is not included in the scope of consolidation.

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

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

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

c) Information on unconsolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage, if different voting percentage (%)	Bank's risk group share percentage (%)
1. Platform Ödeme Hizmetleri ve Elektronik Para AŞ ⁽¹⁾	Istanbul	100,00	100,00

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

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. 106.867	97.875	13.748	17.822	-	(3.679)	326	100.345

⁽¹⁾ The financial data is obtained from 30 September 2023 financial statements.

e) Information on consolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage, if different voting percentage (%)	Bank's risk group share percentage (%)
1. Halk Yatırım Menkul Değerler AŞ	Istanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ ^{(2) (3)}	Istanbul	79,33	79,36
3. Halk Finansal Kiralama AŞ	Istanbul	100,00	100,00
4. Halk Banka AD, Skopje	Macedonia	99,63	99,63
5. Halk Faktoring AŞ	Istanbul	100,00	100,00
6. Halkbank AD Beograd	Serbia	100,00	100,00
7. Halk Varlık Kiralama AŞ	Istanbul	100,00	100,00
8. Halk Osiguruvanje AD, Skopje	Macedonia	-	99,63

f) Information related to the subsidiaries as shown in (e): ⁽¹⁾

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. 8.332.843	1.391.873	32.194	1.462.564	23.220	1.006.475	218.060	1.190.578
2. 12.436.875	6.803.952	7.877.192	89.973	-	357.345	7.884	6.629.164
3. 10.262.215	1.090.414	6.381	1.239.171	-	322.488	146.448	811.319
4. 40.748.832	7.406.888	1.349.072	1.212.714	112.711	413.349	54.412	6.725.518
5. 5.276.701	981.368	13.074	991.448	-	430.460	179.610	931.982
6. 29.380.242	5.846.365	805.753	928.796	77.057	327.121	124.443	5.085.906
7. 3.105.809	6.537	1	-	-	1.638	1.039	6.182
8. 738.760	564.274	125.386	7.439	6.749	(15.564)	(40.816)	-

⁽¹⁾ The financial data is obtained from 30 September 2023 financial statements used in consolidation.

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

⁽³⁾ The Parent 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

g) Movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period (Before Elimination)	18.009.436	7.733.280
Movements during the period	3.625.748	10.276.156
<i>Purchase ⁽¹⁾</i>	<i>974.346</i>	<i>2.266.422</i>
<i>Bonus shares obtained profit from current year's share</i>	<i>153.972</i>	<i>28.785</i>
<i>Dividends from current year income</i>	-	-
<i>Sales</i>	-	-
<i>Transfer</i>	-	<i>5.595</i>
<i>Revaluation increase/decrease</i>	<i>2.497.430</i>	<i>7.975.354</i>
<i>Impairment Provisions (-)/ Reversals</i>	-	-
Share capital elimination of subsidiaries	(21.534.839)	(17.909.091)
Balance at the end of the period	100.345	100.345
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ In the current period, Halk Banka AD, Skopje has made a payment of TRY 86.574 due to the paid capital increase of Halk Osiguruvanje AD, Skopje.

⁽²⁾ The Parent Bank has made a payment TRY 887.772 due to the paid capital increase of Halk Banka AD, Skopje and increased its share ratio to 99,63%.

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

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

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

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

	Current Period	Prior Period
Banks	11.811.424	7.601.174
Insurance companies	154.190	67.616
Factoring companies	931.982	931.982
Leasing companies	811.319	811.319
Financing companies	-	-
Other financial subsidiaries	7.825.924	8.497.000
Other non-financial subsidiaries	100.345	100.345

i) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock ⁽¹⁾	6.629.164	7.400.240
Quoted foreign stock exchange	-	-

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

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

None. (31 December 2022: None).

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

a) Maturity structure of investments on financial lease:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	596.149	534.321	3.126.042	424.461
1 - 4 years	6.128.428	4.637.280	3.286.853	3.376.404
More than 4 years	3.235.617	1.875.469	1.459.005	1.811.085
Total	9.960.194	7.047.070	7.871.900	5.611.950

b) Information on net investments of financial lease:

	Current Period	Prior Period
Gross financial lease investment	9.960.194	7.871.900
Unearned revenues from financial lease	(2.913.124)	(2.259.950)
Total	7.047.070	5.611.950

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

	Current Period	Prior Period
Financial lease receivables with limited collectability	18.836	2.276
Financial lease receivables with doubtful collectability	4.074	7.289
Uncollectible financial lease receivables	280.408	293.797
Provisions	(280.083)	(274.956)
Total	23.235	28.406

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

None (31 December 2022: None).

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

(12) Information on investment property:

	Current Period	Prior Period
Cost:		
Opening Balance	2.220.036	1.478.497
Acquisitions	422.016	648.032
Transfer	(85.613)	121.787
Disposals	(76.651)	(28.280)
Impairment Charge/Reversal	-	-
Ending Balance	2.479.788	2.220.036
Accumulated Depreciation (-)		
Opening Balance	110.021	104.680
Amortization Charge	21.870	8.844
Transfer	-	787
Disposals	(6.558)	(4.290)
Impairment Provisions	-	-
Total Accumulated Depreciation (-)	125.333	110.021
Net Book Value	2.354.455	2.110.015

(13) Information on deferred tax assets:

	Current Period	Prior Period
Deferred Tax Asset /(Liability)		
Provisions ⁽¹⁾	14.057.398	12.105.270
Revaluation of Financial Assets	(10.064.006)	(2.220.087)
Other	5.886.668	(1.369.551)
Deferred Tax Asset /(Liability):	9.880.060	8.515.632
Deferred tax accounted under shareholders' equity	(1.405.951)	(2.715.564)
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	(1.369.930)	(2.598.507)
Actuarial gains/losses	564.111	470.093
Valuation of subsidiaries	(600.132)	(587.150)

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

⁽²⁾ Net deferred tax assets amounting to TRY 9.880.060 consists of deferred tax assets which amounting to TRY 9.882.212 and deferred tax liabilities amounting to TRY 2.152.

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

	Current Period	Prior Period
Cost	3.522	1.772
Accumulated Depreciation (-)	-	-
Net book value	3.522	1.772
Opening Balance	1.772	2.481
Acquisition	1.750	1
Transfer (Net)	-	-
Disposals (Net)	-	(710)
Revaluation Increase	-	-
Impairment (-) / Reversal	-	-
Depreciation (-)	-	-
Closing net book value	3.522	1.772

(15) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 39.434.192 and does not exceed 10% of the balance sheet total (31 December 2022: TRY 23.876.662).

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

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES

(1) Information on deposit / funds collected:

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

Current Period

	Demand accounts	7 day call	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	31.732.690	-	9.671.523	114.504.867	281.700.230	18.087.697	6.479.072	120.237	462.296.316
Foreign currency deposits	179.697.226	-	71.082.915	195.156.166	29.350.997	12.584.279	25.273.327	29.662	513.174.572
<i>Residents in Türkiye</i>	143.366.589	-	61.257.099	181.907.690	21.841.305	5.712.320	12.496.204	29.107	426.610.314
<i>Residents abroad</i>	36.330.637	-	9.825.816	13.248.476	7.509.692	6.871.959	12.777.123	555	86.564.258
Public sector deposits	10.999.135	-	50.367.585	10.743.639	1.988.514	37.875	17.657	-	74.154.405
Commercial inst. deposits	68.064.907	-	73.687.219	131.048.016	105.050.070	28.047.696	8.244.931	-	414.142.839
Other inst. deposits	6.457.684	-	6.580.611	44.141.311	9.076.124	5.367.969	82.580	-	71.706.279
Precious metals	55.877.879	-	133.485	8.758.487	455.282	206.836	319.322	-	65.751.291
Interbank deposits	147.807.697	-	29.026.975	41.007.923	640.036	102.996	-	-	218.585.627
<i>CBRT</i>	2.863	-	-	-	-	-	-	-	2.863
<i>Domestic banks</i>	374.124	-	26.550.848	23.724.652	640.036	102.712	-	-	51.392.372
<i>Foreign banks</i>	146.911.472	-	672.998	17.283.271	-	284	-	-	164.868.025
<i>Participation banks</i>	519.238	-	1.803.129	-	-	-	-	-	2.322.367
Total	500.637.218	-	240.550.313	545.360.409	428.261.253	64.435.348	40.416.889	149.899	1.819.811.329

(*) As of 30 September 2023, the Parent Bank has a total of TRY 423.284.793 without accruals FX indexed TRY deposit instrument of which published by the CBRT and Ministry of Treasury and Finance.

Prior Period

	Demand accounts	7 day call	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	24.119.641	-	8.307.357	63.747.128	105.970.538	6.174.864	4.274.725	119.802	212.714.055
Foreign currency deposits	99.768.616	-	49.866.705	159.022.163	31.834.515	10.947.876	19.613.612	23.189	371.076.676
<i>Residents in Türkiye</i>	76.567.976	-	42.417.062	150.678.266	27.557.992	6.105.336	10.209.124	22.365	313.558.121
<i>Residents abroad</i>	23.200.640	-	7.449.643	8.343.897	4.276.523	4.842.540	9.404.488	824	57.518.555
Public sector deposits	6.713.701	-	60.362.673	6.116.194	904.955	21.801	17.221	-	74.136.545
Commercial inst. deposits	52.824.520	-	57.388.655	55.648.871	34.238.292	6.557.775	4.083.234	-	210.741.347
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	92.070.027	-	16.380.144	26.854.275	108	82.696	-	-	135.387.250
<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>	86.792.579	-	692.756	10.639.100	-	193	-	-	98.124.628
<i>Participation banks</i>	4.894.260	-	800.449	-	-	-	-	-	5.694.709
Total	315.793.463	-	197.840.047	335.966.358	180.040.463	31.098.985	28.773.110	142.991	1.089.655.417

(*) As of 31 December 2022, the Parent Bank has a total of TRY 147.918.128 without accruals FX indexed TRY deposit instrument of which published by the CBRT and Ministry of Treasury and Finance.

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

(1) Information on deposit / funds collected: (continued)

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

b.1. Amounts exceeding insurance limit:

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

Saving Deposits	Under the guarantee insurance		Exceeding the insurance limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	119.727.798	65.044.411	342.148.605	147.363.380
Foreign currency saving deposits	65.026.393	36.299.334	163.464.953	132.468.862
Other deposits in the form of saving deposits	35.670.396	20.263.798	22.609.846	18.882.193
Foreign branches' deposits under foreign authorities' insurance	2.189.929	1.252.749	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

(*) With the "Regulation on Insured Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated 22 December 2022 and numbered 32051, the amount of deposits under the guarantee insurance has been set as TRY 400 effective from the beginning of the calendar year of 2023, which was TRY 200 as of 2022.

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. In this scope, the balance of commercial deposits of the Parent Bank subject to insurance is TRY 43.318.673. This amount is not included at the above table that includes the insurance and exceeding the insurance limit saving deposit informations.

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	774.256	524.208
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	42.132	21.252
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	-	582.797	-	130.902
Swap transactions	440.750	1.315.719	-	644.566
Future transactions	-	-	-	-
Options	-	773	-	46.884
Other	-	-	-	-
Total	440.750	1.899.289	-	822.352

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

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

(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	1.204.410	1.497.851	960.890	1.690.542
Foreign banks, institutions and funds	4.340	17.302.970	2.551	14.441.273
Total	1.208.750	18.800.821	963.441	16.131.815

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	981.631	236.994	722.863	319.001
Medium and long-term	227.119	18.563.827	240.578	15.812.814
Total	1.208.750	18.800.821	963.441	16.131.815

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

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

Main liability of the Group is deposits, which is composed of 25,40% of saving deposits and 28,20% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Group borrows loans from interbank money markets.

The Group's 77,99% of bank deposits and 36,16% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (Net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	12.262.171	-	8.292.627	-
Bonds	131.548	-	857.411	-
Assets Backed Securities	4.109.538	-	4.180.403	-
Total	16.503.257	-	13.330.441	-

(5) Information on other liabilities:

Other liabilities balance in the balance sheet amounts to TRY 104.445.990 and does not exceed 10% of the balance sheet total (31 December 2022: TRY 72.547.721).

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

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

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Parent 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 2022: None).

- c) Explanations on operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	67.391	54.872	89.013	79.589
1 - 4 years	551.474	426.036	519.305	419.253
More than 4 years	2.773.971	1.483.877	1.689.033	1.020.320
Total	3.392.836	1.964.785	2.297.351	1.519.162

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

None (31 December 2022: None).

(8) Explanations on provisions:

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

As of 30 September 2023 the Group does not have a provision amount of the currency differences on foreign currency indexed loans and finance lease receivables (31 December 2022: None).

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

As of 30 September 2023, the Group's stage 3 expected credit losses for unindemnified and unfunded non-cash loans balance is TRY 525.616 (31 December 2022: TRY 389.456).

- c) Information on other provisions:

Total other provision balance amounting to TRY 4.072.786 (31 December 2022: TRY 3.468.144) consists of TRY 525.616 (31 December 2022: TRY 389.456) for stage 3 expected credit losses of unindemnified and unfunded non-cash loans, TRY 2.891.258 (31 December 2022: 2.773.127) for stage 1 and stage 2 expected credit loss amount of non-cash loans, TRY 134.548 (31 December 2022: TRY 107.145) for legal cases filed against the Group, and TRY 521.364 (31 December 2022: TRY 198.416) of other provisions.

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

(9) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 30 September 2023, the Group's calculated current tax liability is amounting to TRY 527.122 and recognized under corporate tax provision account as of the mentioned date (31 December 2022: TRY 8.180.085 corporate tax liability)

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate tax payable	527.122	8.180.085
Income on securities tax	1.047.985	641.431
Property income tax	6.374	4.713
Banking and insurance transactions tax (BITT)	1.006.457	505.394
Foreign exchange transactions tax	12.760	16.351
Value added tax payable	31.285	28.348
Other	344.992	173.657
Total	2.976.975	9.549.979

a.3. Information on premiums:

	Current Period	Prior Period
Social insurance premiums-employee	1.682	746
Social insurance premiums-employer	7.337	2.974
Bank social aid pension fund premium-employee	118.010	43.988
Bank social aid pension fund premium-employer	175.246	68.535
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	8.510	3.455
Unemployment insurance-employer	17.499	6.636
Other	4.432	2.057
Total	332.716	128.391

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

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

b) Explanations related to deferred tax liability:

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

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

None (31 December 2022: None).

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

Information on Subordinated Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital borrowings instruments	-	31.782.842	-	21.173.452
<i>Subordinated loans</i>	-	31.782.842	-	21.173.452
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.030.419	-	6.041.809	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.030.419	-	6.041.809	-
Total	6.030.419	31.782.842	6.041.809	21.173.452

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

(12) Information on shareholders' equity

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	7.184.778	4.969.121
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 30.000.000.

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 Parent Bank dated 21 March 2023, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 30.000.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 27 March 2023. Accordingly, the recognition of the capital increase of TRY 2.215.657 was realized on 31 March 2023, based on the permission obtained from the BRSA. After the increase, TRY 2.215.657 of nominal and TRY 27.784.343 of share premium, amounting to a capital increase of TRY 30.000.000, were recognized in the financial statements. The change made to the relevant Articles of Association was registered on 17 April 2023, and it was announced in the Trade Registry Gazette dated 18 April 2023 and numbered 10814. Mentioned capital increase was made by the Parent Bank's main shareholder Türkiye Varlık Fonu. Share capital increased from TRY 4.969.121 to TRY 7.184.778.

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

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

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

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

None.

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

None.

f) Information on the Parent Bank's acquired shares:

Between 1 January 2023 – 30 September 2023, the Parent Bank has repurchased shares amounting to TRY 69.252 and has not resold shares within the scope of the Board of Directors' decisions dated 17 March 2020 and 14 February 2023.

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

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

h) Information on preferred shares:

None.

i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	15.040	-	15.040	-
<i>Valuation differences</i>	15.040	-	15.040	-
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	3.134.717	(807.798)	7.933.780	(889.029)
<i>Valuation differences</i>	3.134.717	(719.801)	7.933.780	(893.748)
<i>Exchange rate difference</i>	-	(87.997)	-	4.719
Total	3.149.757	(807.798)	7.948.820	(889.029)

j) Information on Profit Distribution:

The Ordinary General Assembly Meeting of the Parent Bank was held on August 2, 2023. At the General Assembly Meeting, it was decided to transfer the remaining amount of TRY 14.016.201 to extraordinary reserves, after allocating TRY 737.695 of the unconsolidated net profit amounting to TRY 14.753.896 from the activities of the year 2022 as general legal reserves. In addition, the income from real estate sales made during the period will continue to be monitored in the special funds account of 132.355 TL, which is the 50% exemption amount in Article 5/1-e of the Corporate Tax Law No. 5520.

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED 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:

Types of irrevocable commitments	Current Period	Prior Period
Commitments for credit card expenditure limits	68.748.797	34.942.445
Payment commitments for cheques	17.286.729	9.705.677
Loan granting commitments	17.511.325	18.300.735
Forward asset purchase and sale commitments	11.271.185	29.819.815
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	23.672	24.391
Tax and fund liabilities from export commitments	382.183	163.349
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	13.058.081	8.216.891
Total	128.281.972	101.173.303

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

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

	Current Period	Prior Period
Letters of credit	13.904.737	6.316.149
Bank acceptances	36.851.843	23.628.261
Other guarantees	22.364.874	16.989.126
Total	73.121.454	46.933.536

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

	Current Period	Prior Period
Letters of certain guarantees	70.029.613	43.254.431
Letters of advance guarantees	19.239.475	11.528.112
Letters of tentative guarantees	3.865.271	3.266.565
Letters of guarantee given to customs offices	11.914.181	6.605.339
Other letters of guarantee	349.596.906	210.975.937
Total	454.645.446	275.630.384

c) Explanations on non-cash loans:

c.1. Total non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	86.161.146	44.389.420
<i>Within one year or less original maturity</i>	5.846.549	4.771.970
<i>Within more than one year maturity</i>	80.314.597	39.617.450
Other non-cash loans	441.605.754	278.174.500
Total	527.766.900	322.563.920

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

The Parent Bank has credit termly derivative transactions as part of its trading transactions. These transactions include credit default swaps which based on treasury of Turkish Republic's credit risk. As of 30 September 2023, the Parent Bank has credit default conditioned cross currency swap transaction amounting to USD 50 million with 5 year maturity (weighted average remaining maturity 4,3 months). In this transactions the Parent Bank sells protection.

3) Explanations on contingent liabilities and assets:

Group's commitments for the cheques given to customers are TRY 17.286.729 (31 December 2022: TRY 9.705.677).

4) Services provided on behalf of others:

None.

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

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

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans⁽¹⁾				
Short term loans	37.666.178	934.262	16.780.758	471.528
Medium and long term loans	61.734.618	12.929.116	34.224.930	7.628.486
Interest on non-performing loans	1.777.467	6.277	818.745	5.976
Premiums from resource utilization support fund	-	-	-	-
Total	101.178.263	13.869.655	51.824.433	8.105.990

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

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	-	404.898	319.750	12.330
Domestic banks	522.694	1.111	70.700	1.921
Foreign banks	148.672	74.235	25.582	8.472
Foreign headquarters and branches	-	-	-	-
Total	671.366	480.244	416.032	22.723

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	35.084	4.535	26.720	243
Financial Assets at Fair Value through Other Comprehensive Income	10.634.323	1.835.383	9.022.352	949.650
Financial Assets Measured at Amortized Cost	55.803.548	4.955.301	32.659.272	2.551.799
Total	66.472.955	6.795.219	41.708.344	3.501.692

d) Interest income from subsidiaries and associates

None (30 September 2022: None).

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

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

(2) Information on interest expenses:

a) Information on interest expense on funds borrowed: ⁽¹⁾

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	343.132	532.656	163.721	231.627
<i>CBRT</i>	-	-	-	-
<i>Domestic banks</i>	343.132	44.486	163.721	57.704
<i>Overseas banks</i>	-	488.170	-	173.923
<i>Overseas head office and branches</i>	-	-	-	-
Other institutions	2	40.317	6	30.516
Total	343.134	572.973	163.727	262.143

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

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	398.131	35.493

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	2.921.018	2.523.520	1.683.046	941.977

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

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

(2) Information on interest expenses: (continued)

d) Maturity structure of interest expenses on deposits:

Current Period	Time deposits							Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TRY									
Bank deposits	397	4.097.539	3.203.275	104.765	-	-	-	7.405.976	
Saving deposits	4	1.949.890	17.823.399	29.397.433	1.476.371	692.836	10.594	51.350.527	
Public deposits	14	7.187.351	1.253.090	126.504	4.812	2.016	-	8.573.787	
Commercial deposits	35	16.599.944	17.173.603	9.141.039	1.892.838	517.464	-	45.324.923	
Other deposits	1	1.817.146	6.657.380	1.185.837	1.166.430	22.544	-	10.849.338	
7 days call accounts	-	-	-	-	-	-	-	-	
Total	451	31.651.870	46.110.747	39.955.578	4.540.451	1.234.860	10.594	123.504.551	
Foreign currency									
Deposits	20.868	979.436	3.831.637	10.062.912	2.726.990	607.569	158	18.229.570	
Bank deposits	-	45.278	603.985	-	-	-	-	649.263	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	650	28.813	63.672	6.250	3.610	-	102.995	
Total	20.868	1.025.364	4.464.435	10.126.584	2.733.240	611.179	158	18.981.828	
Grand total	21.319	32.677.234	50.575.182	50.082.162	7.273.691	1.846.039	10.752	142.486.379	

Prior Period	Time deposits							Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TRY									
Bank deposits	149	2.160.265	701.846	-	-	-	-	2.862.260	
Saving deposits	6	912.137	4.953.064	8.438.431	588.651	655.154	10.884	15.558.327	
Public deposits	7	2.939.484	632.878	76.774	25.736	1.789	-	3.676.668	
Commercial deposits	14	4.282.257	4.048.435	918.727	2.789.894	1.853.397	-	13.892.724	
Other deposits	1	752.587	2.138.523	322.293	410.375	72.240	-	3.696.019	
7 days call accounts	-	-	-	-	-	-	-	-	
Total	177	11.046.730	12.474.746	9.756.225	3.814.656	2.582.580	10.884	39.685.998	
Foreign currency									
Deposits	4.918	441.625	2.556.686	339.471	119.397	138.433	98	3.600.628	
Bank deposits	52	46.310	299.177	6	-	-	-	345.545	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	731	17.956	906	548	850	-	20.991	
Total	4.970	488.666	2.873.819	340.383	119.945	139.283	98	3.967.164	
Grand total	5.147	11.535.396	15.348.565	10.096.608	3.934.601	2.721.863	10.982	43.653.162	

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

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

(3) Explanations on trading profit/loss:

	Current Period	Prior Period
Profit	196.236.298	120.016.843
<i>Profit from the capital market transactions</i>	3.930.537	132.628
<i>Profit on derivative financial transactions</i>	53.948.887	24.770.350
<i>Foreign exchange gains</i>	138.356.874	95.113.865
Loss (-)	201.073.568	124.115.579
<i>Loss from the capital market transactions</i>	527.657	21.845
<i>Loss from derivative financial transactions</i>	32.230.005	23.623.369
<i>Foreign exchange losses</i>	168.315.906	100.470.365

(4) Information on other operating income:

	Current Period	Prior Period
Adjustments for prior period expenses	7.214.793	1.482.192
Insurance technical income	172.866	114.745
Income from the asset sale	1.162.737	394.072
Rent income	123.175	92.734
Other income	2.716.186	594.707
Total	11.389.757	2.678.450

(5) Information on Expected Credit Losses and other provisions:

	Current Period	Prior Period
Expected Credit Losses	3.341.250	24.865.623
<i>12 Month Expected Credit Loss (Stage 1)</i>	133.728	8.700.757
<i>Significant Increase in Credit Risk (Stage 2)</i>	616.562	10.701.684
<i>Non – Performing Loans (Stage 3)</i>	2.590.960	5.463.182
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	51.897	73.372
Total	3.393.147	25.104.678

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

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

(6) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	583.812	341.398
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	997.620	445.343
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	264.452	153.475
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	8.811	15.519
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	9.173.130	3.927.582
<i>Leasing Expenses on TFRS 16 Exceptions</i>	352.994	156.016
<i>Maintenance expenses</i>	253.037	119.143
<i>Advertisement expenses</i>	1.325.407	717.838
<i>Other expenses</i>	7.241.692	2.934.585
Loss on sales of assets	7	2.690
Other ^(*)	13.586.364	2.237.798
Total	24.614.196	7.123.805

^(*) Due to the earthquake that occurred on February 6, 2023 in the center of Kahramanmaraş, it includes a cash donation payment of TRY 7.122.394 paid by the Group to the Disaster and Emergency Management Directorate of the Ministry of Interior-Republic of Türkiye.

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

The Group's income before tax/loss is due from continuing activities. Net interest income is TRY 33.472.936 (30 September 2022: TRY 46.028.830), net fees and commissions income is TRY 13.639.959 (30 September 2022: TRY 6.267.653) and the profit from operations before tax is TRY 11.380.020 (30 September 2022: TRY 12.738.551).

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

For the period then ended 30 September 2023, the Group's tax provision expense amounting to TRY 2.897.765 (30 September 2022: TRY 3.614.278) consists of TRY 952.580 (30 September 2022: TRY 10.618.837) of current tax charge and TRY 10.101.561 (30 September 2022: TRY 5.106.827) of deferred tax income, TRY 10.156.376 (30 September 2022: TRY 12.111.386) of deferred tax expense.

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

As of 30 September 2023, the Group's net operating income after tax is amounting to TRY 10.482.255. (30 September 2022: TRY 9.124.273)

(10) Information on net profit/loss:

a) If disclosure of the nature, size and recurrence rate of income and expense items arising from ordinary banking transactions is necessary to understand the bank's performance during the period, the explanation regarding the nature and amount of these items is as follows:

There is no issue to be disclosed.

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

There is no issue to be disclosed.

(11) Other items in the Income Statement:

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

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

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

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

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

Current Period

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning Balance	-	2.255	-	-	-	-
Closing Balance	-	6.757	-	-	-	-
Interest and commissions	-	338	-	-	-	-

Prior Period

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning Balance	-	2.133	-	-	-	-
Closing Balance	-	2.255	-	-	-	-
Interest and commissions	-	24	-	-	-	-

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

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	522.749	138.492	-	-	-	-
Closing Balance	2.363.200	522.749	-	-	-	-
Interest expense on deposits	398.131	35.493	-	-	-	-

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

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss						
Beginning Balance	-	28.466	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	(1.455)	-	-	-	-

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

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

(2) Disclosures for risk group of the Parent Bank:

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

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

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

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

Current Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	-	-
Non-Cash Loans	6.757	<0,01
Deposits	2.363.200	0,13
Forward and Option Contracts	-	-

Prior Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	-	-
Non-Cash Loans	2.255	<0,01
Deposits	522.749	0,05
Forward and Option Contracts	-	-

Pricing of these transactions are in accordance with the general pricing policies of the Parent 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 of the Group are TRY 96.352 as of 30 September 2023.

(30 September 2022: TRY 44.884).

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

VI. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

None.

VII. OTHER EXPLANATIONS

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

First, the Parent 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 Parent 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 Parent Bank's objection.

In the meeting held by the Parent 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 Parent 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 Parent 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.

Parent 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 Parent Bank's motion to dismiss the indictment on October 1, 2020. The Parent 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 Parent 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 Parent Bank's appeal on October 22, 2021. The Parent Bank filed its petition with the Second Circuit for an en banc rehearing. Second Circuit denied Parent Bank's petition on December 15, 2021.

As the Parent 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 Parent 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 Parent Bank's writ of certiorari on July 18, 2022, and the briefing was concluded on August 2, 2022.

The US Supreme Court reviewed the Parent 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 Parent 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 Parent Bank filing its counter reply brief with the Court on January 6, 2023. Oral argument was held before the Court on January 17, 2023.

The US Supreme Court announced its opinion regarding the Parent Bank's FSIA appeal on April 19, 2023, ruling that FSIA applied only in civil cases and not in criminal cases. On the other hand, the Supreme Court ruled that the Second Circuit did not fully consider the Parent Bank's sovereign immunity status under common law and remanded the case for reconsideration by the Second Circuit.

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

VII. OTHER EXPLANATIONS (continued)

The briefing with the Second Circuit has started with the Parent Bank's opening brief filed on July 31, 2023. The briefing process will be concluded by the Government's and the Parent Bank's reply briefs, respectively.

If the Second Circuit review results in a decision that the Parent Bank is entitled to common law sovereign immunity 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, with Parent Bank's rights to appeal being fully reserved, and the District Court will need to create a new schedule for the trials.

In addition, a civil case was filed by plaintiffs against the Parent Bank on March 27, 2020 with a claim for damages 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 Parent Bank's attorneys on July 1, 2020. The Parent 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 Parent 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 ruled in the Parent Bank's favor and dismissed the lawsuit seeking to satisfy judgements on May 2, 2023. Plaintiffs appealed the decision to the US Supreme Court on August 30, 2023. The Parent Bank will file its reply brief on November 14, 2023.

Finally, on July 26, 2023, 151 plaintiffs filed a complaint in the U.S. District Court for the Southern District of New York and a new civil case against the Parent Bank seeking to satisfy judgments similar to the civil case dated March 27, 2020.

The service was processed on October 1, 2023. According to the complaint, the plaintiffs seek judgments from the Court to the fullest extent permitted by law, attempting to establish a connection between certain aggrievements they have suffered in various countries and the supposed allegations in the current criminal case against the Parent Bank, which was filed on October 15, 2019.

The civil proceedings are being handled by the Parent Bank and its US-based lawyers and the Parent Bank will file its reply brief to the complaint at a date to be determined by the Court. The proceedings of both the criminal case and the civil case are closely monitored by the Parent Bank through U.S. law firms with relevant expertise.

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SECTION VI: LIMITED REVIEW REPORT

I. EXPLANATIONS ON LIMITED REVIEW REPORT

The Parent Bank's publicly available consolidated financial statements and footnotes as of 30 September 2023 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 9 November 2023 is presented in front of the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

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SECTION VII: INTERIM ACTIVITY REPORT

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

Chairman’s Review

Dear Shareholders,

Dear Stakeholders,

While the global economy has yet to overcome the persisting issues it faces, it remains resilient against these challenges. Despite remaining flat for some time, the global economic growth outlook received a slight boost in end-of-year growth projections due to the partial improvement observed in the third quarter. The world has experienced a bottleneck in recent years and has come to adopt a “new normal” where social, political, and economic forecasting prove challenging. However, the resilience of the global economy is promising. It goes without saying that this situation by itself is still far from indicating a full recovery in the global economy. National economies still have to grapple not only with common challenges like combating inflation and rising energy prices but also with emerging risks varying from region to region.

Owing to the formidable shocks faced in the first half of 2023, the eurozone has experienced a slowdown of economic activities and continues to endure stagnation in growth due to weaknesses in domestic demand, high consumer prices, and enduring challenges in energy prices.

Although the tight monetary policies of central banks triggered a partial downward pressure in global economic growth, signs of recovery are becoming evident in the U.S. economy, which relatively quickly managed to overcome the impacts of the banking crisis it faced in the first half of the year. International authorities are now revising their growth expectations upward for the flagship of the global economy.

In addition to the uncertainties in the global economy and international centers of power, the geopolitical tensions in the Middle East present new global risks and a looming threat of a potentially disruptive global conflict. While regional instabilities carry the potential to disrupt the economic and commercial activities that underpin global demand, Türkiye continues to pursue its mission to become a regional leader. The country undertakes an active and effective role in seeking enduring solutions and highlights today’s most-needed concepts including reliability, transparency, value-added production, innovation, and development thanks to its political and economic stability. As the world struggles with leadership and power balance issues, our country successfully saw through an election period and focused on its future goals while taking steady steps towards a sustainable economy.

A substantial indicator of success is the national five-year credit default swap (CDS) value, a key factor in international investments, which registered a drop soon after the elections, reaching 383.4 over the recent quarter. Thanks to the growth in the second quarter of the year, Türkiye ranked as the second-fastest growing economy among the Organisation for Economic Co-operation and Development (OECD) countries and the third among the G20 countries. The country sustained this performance in the third quarter. Guided by our Medium-Term Program and our 12th Development Plan, we will continue to steadily progress towards becoming a prominent power in the new financial ecosystem.

Our purpose for the Century of Türkiye is to seize upcoming opportunities to mitigate the risks of global fluctuations by harnessing our robust financial infrastructure and to embark on a period of rapid development by leveraging our vast resources through the industriousness of our young and dynamic population. The essence of our perspective on developing and growing by producing relies on the effective and efficient use of our entire physical, financial, natural, and, importantly, human resources in all our economic activities. By adopting new approaches and practices aligned with our national economic objectives, Türkiye is rapidly progressing towards becoming an international hub, particularly in sectors such as energy, transportation, industry, agriculture, and tourism.

When our Small and Medium-sized Enterprises (SMEs) enhance their innovation capacities, expand their scale, and are seamlessly integrated into supply chains, they can make a more effective and efficient contribution to both growth and employment. The banking sector plays a strategic role in national growth and development through loans as well as products and services that help drive our business world forward. The sector maintained its support of the Turkish economy over the last quarter.

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SECTION VII: INTERIM ACTIVITY REPORT

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

Chairman's Review (continued)

Today, just as in the past, we remain steadfast in our support for our nation and in our pursuit of Century of Türkiye goals, with the dedication of our 27,000 employees serving in branches across the four corners of our country. As we proudly celebrate the Centenary of our Republic, we renew our dedication and determination towards the ideal of "Great Türkiye." We will endeavor to propel our country to the global standing it rightfully deserves.

On behalf of Halkbank and each one of our dedicated and devoted employees, who work tirelessly to fulfill their responsibilities to our nation and our country, I would like to sincerely thank you, our distinguished stakeholders, for your invaluable cooperation and the value we create together. We will continue to work tirelessly and unwaveringly in the future, just as we have in the past, to further advance this valuable cooperation.

Sincerely,

R. Süleyman ÖZDİL

Chairman

(*) Interim activity report information concerning amounts are unconsolidated and full TRY unless otherwise stated.

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SECTION VII: INTERIM ACTIVITY REPORT (continued)

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

General Manager's Review

Dear Stakeholders,

During a period marked by economic recovery efforts globally, Türkiye has once again demonstrated its commitment to growth by focusing on structural reforms, enhancing economic stability and confidence, and taking determined steps toward a strong future. Today, the world expects a new wave of economic fluctuations as global turmoil intensifies with rapidly escalating geopolitical tension in the Middle East. Meanwhile, the Ministry of Treasury and Finance and the Presidency of Strategy and Budget offered concrete steps towards adjusting to changing conditions and instilling due transformations to boost resilience against crises with the "Medium-Term Program," a comprehensive roadmap for the Turkish economy for the period between 2024 and 2026, and the 12th Development Plan for the years 2024–2028. On a steady growth streak for 13 years now, the Turkish economy continues to weather inflation and focus on production, high-value-added investments, and development within the scope of the Medium-Term Program and the 12th Development Plan.

In 2024, it is expected that our economy will grow by 4 percent, and inflation will decrease. The Organisation for Economic Co-Operation and Development (OECD), the International Monetary Fund (IMF), and the World Bank all simultaneously boosting end-of-year estimations for Türkiye serve as a clear indication of the rapid progress resulting from the measures taken.

As we see through another quarter, we pursue our mission to be the People's Bank and help businesses access funding in line with our national growth policy, which is built on investment, employment, production, and exportation.

We are committed to offering essential products and services to Türkiye's SMEs, assisting them in fulfilling their crucial role as drivers of the transition to a sustainable economy. Today, we are Türkiye's leading SME bank with a 20.2 percent market share. SME loans constitute 57.2 percent of our commercial loans as of the third quarter of 2023. This figure represents our emphasis on SMEs and our contribution to production and employment towards our goal of realizing a powerful Türkiye.

Our Bank continues to pursue its mission of supporting small-scale tradespeople and artisans as our tradespeople loan balance reached 227 billion Turkish lira as of September 2023. Our loan placement policy prioritizes tradespeople and artisans, and pledges to increase support to businesses.

We also maintain support in the entrepreneurship ecosystem to help spur new innovations and contribute to sustainable growth. We have provided 23.4 billion Turkish lira in loans to 127,000 entrepreneurs of all ages and educational backgrounds seeking to start their own businesses. To date, we have reached out to 207,000 entrepreneurs and women's cooperatives within the scope of our schemes to support the entrepreneurial women of the powerful Türkiye. Our total contribution to women entrepreneurs exceeded 50.3 billion Turkish lira.

As a testament to our commitment to promoting gender equality and women's full participation in the workforce and all aspects of social life, we have become a signatory to the Women's Empowerment Principles, a joint initiative by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the United Nations Global Compact. We have once again committed in front of the world's most reputable organizations that what we have done so far will continue to grow in the future. We will continue to support initiatives that prioritize women's labor, focus on technology and jobs, and increase domestic and national production.

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TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

SECTION VII: INTERIM ACTIVITY REPORT (continued)

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

General Manager's Review (continued)

Esteemed Stakeholders,

We achieved steady growth thanks to our efforts, some of which I cited above. With our focus set on our vision of the Century of Türkiye and, powered by our nation, on production and added-value generation, we boosted our assets by 79.9 percent on a year-on-year basis, reaching 2.2 trillion Turkish lira. During this period, our cash loans increased by 68.6 percent and reached 1.3 trillion Turkish lira while total loans rose by 72.4 percent to 1.8 trillion Turkish lira. Our commercial loan volume rose by 70.6 percent year-on-year to reach 1.1 trillion Turkish lira.

We set off on our journey 85 years ago in a small two-story building in Ankara to accomplish the great dreams of our nation, and our nation guides us to this day. Today, we have become a large family of 27,000 people dedicated to our country and working in 1,182 locations for the welfare and well-being of our nation.

Indeed, our clients and shareholders who believe in a bright future for Türkiye comprise a major part of this great family.

On behalf of Halkbank, established upon the order of Gazi Mustafa Kemal Atatürk in line with the economic independence and national development ideals of our Republic, I would like to thank all our stakeholders who accompanied us on our way into the centenary of our Republic and I hope to nurture this cooperation in the future.

Sincerely,

Osman ARSLAN

General Manager

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TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

SECTION VII: INTERIM ACTIVITY REPORT (continued)

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

Major Financial Information

Summary Balance Sheet (TRY Million)	September 2023	December 2022	Change (%)
Total Assets	2.267.787	1.433.899	58,2
Loans	1.288.022	866.173	48,7
<i>TRY</i>	1.008.750	661.626	52,5
<i>FC</i>	279.272	204.547	36,5
Marketable Securities	550.876	378.834	45,4
Deposit	1.819.811	1.089.655	67,0
<i>TRY</i>	1.070.404	565.018	89,4
<i>FC</i>	749.407	524.637	42,8
Total Equity	123.978	87.427	41,8

Summary Statement of Profit or Loss (TRY Million)	September 2023	September 2022	Change (%)
Interest Income	192.688	106.965	80,1
<i>On Loan</i>	115.048	59.930	92,0
<i>On Securities</i>	73.268	45.210	62,1
Interest Expense	159.215	60.936	161,3
<i>On Deposit</i>	142.486	43.653	226,4
Net Interest Income	33.473	46.029	(27,3)
Net Fee and Commission	13.640	6.268	117,6
Net Profit	10.482	9.124	14,9

Ratio (%)	September 2023	December 2022
Cash Loans/Total Asset	56,8	60,4
Non-Performing Loans/Total Cash Loans (Gross)	1,5	2,2
Demand Deposit/Total Deposit	27,5	29,0
Loan/Deposit Ratio	70,8	79,5
Average Return on Asset (ROA)	0,76	1,31
Average Return on Equity (ROE)	13,26	23,54
Capital Adequacy Ratio	12,75	13,89

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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SECTION VII: INTERIM ACTIVITY REPORT (continued)

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

2023 Third Quarter Interim Developments

Significant Developments

- Our Bank has issued commercial papers/bonds with a par value of 12,910 billion Turkish lira to qualified investors during the period.

New Products and Campaigns

- The “Credit Guarantee Fund Support Loan 3” has been developed to address the financial requirements of small and medium-sized enterprises (SMEs), which hold an important place in our country and the global economic system and have a strong ability to adapt to innovations and change
- The “Bursa İnegöl Emergency Support Loan” product has been established to provide financial assistance on favorable terms to businesses that were impacted by the factory and workplace fires in the İnegöl district of Bursa province in August 2023.
- The “Term-Free Export Credit Package” product has been created to contribute to the achievement of our country’s export targets.
- The “İkitelli Region Flood Support Loan” was established to offer relief to businesses in the aftermath of the catastrophic flooding caused by the severe rainfall in the Başakşehir and Arnavutköy districts of Istanbul on September 5, 2023. This product is designed to help enterprises within the İkitelli Organized Industrial Zone resume their operations and provide the necessary funds to recover from the damages sustained.

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