

**TÜRKİYE HALK BANKASI
ANONİM ŞİRKETİ**

Consolidated Financial Statements
As of 31 December 2023
With Auditors' Report Thereon
(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)

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

INDEPENDENT AUDITOR'S REPORT

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

A) Report on the Audit of the Consolidated Financial Statements

1) Qualified Opinion

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

In our opinion, except for the effects of the matters on the consolidated financial statements described in the basis for the qualified opinion paragraphs, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

The Group reclassified the government bonds amounting to TRY 18.965.006 thousand, which were previously classified under financial assets at fair value through other comprehensive income according to the business model prepared in accordance with Turkish Financial Reporting Standard (“TFRS”) 9, into financial assets measured at amortised cost and reversed the marketable securities revaluation fund accumulated under other comprehensive income or loss to be reclassified through profit or loss amounting to TRY 2.229.977 thousand on 23 May 2018. The reclassification constitutes a departure from TFRS 9. The government bonds reclassified into financial assets measured at amortised cost as at 31 December 2023 amounted to TRY 44.066.438 thousand. If such classification were not made, total assets and shareholders’ equity excluding tax effect would be lower by TRY 6.117.199 thousand as at 31 December 2023.

We conducted our audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing (“SIA”)

which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* (“Code of Ethics”) published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) **Emphasis of Matter**

As detailed in Section Six, 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 (the *Owens* case) 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.” The case was dismissed by the District Court, the Second Circuit and the U.S. Supreme Court, respectively. Consequently, the *Owens* case was conclusively dismissed on January 8, 2024.

Finally, on July 26, 2023, a new civil case (the *Hughes* case) was filed against the Parent Bank by a group of plaintiffs in a complaint filed with the District Court, seeking to satisfy judgements 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 Parent Bank filed its motion to dismiss the case with the District Court on December 22, 2023. 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.

4) **Key Audit Matters**

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

Key Audit Matter	How the matter was addressed in the audit
<p data-bbox="201 376 801 434"><i>Impairment of loans in accordance with TFRS 9 “Financial Instruments Standard”</i></p> <p data-bbox="201 470 801 703">Impairment of loans is a key area of judgement for the management. The Group has the total loans amounting to TRY 1.314.291.600 thousand, which comprise 57% of the Group’s total assets in its consolidated financial statements and the total provision for expected credit loss amounting to TRY 49.441.109 as at 31 December 2023.</p> <p data-bbox="201 739 801 1137">The Group recognizes provisions for impairment in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. Applied accounting policies are explained in detail in the Section 3 Note VIII. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p data-bbox="201 1173 801 1375">The Group exercises significant decisions using judgement, interpretation and assumptions over calculating loan impairments. These judgements, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans.</p> <p data-bbox="201 1411 801 1680">There is a potential risk of impairment losses/provisions provided/will be provided may not meet the requirements of the TFRS 9. Failure in determining the loans that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans is considered as a key audit matter.</p> <p data-bbox="201 1715 801 1783">Related explanations relating to the impairment of loans are presented in Section V Note I.5.</p>	<p data-bbox="829 470 1430 537">As part of our audit work, the following procedures were performed:</p> <p data-bbox="829 573 1430 775">We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p data-bbox="829 810 1430 945">We have read and analysed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.</p> <p data-bbox="829 981 1430 1214">We have performed audit procedures on selected samples of loans with the objective of identifying whether the loss event had occurred and whether the provision for expected credit loss has been recognized in a timely manner within the framework of the provisions of the relevant regulation.</p> <p data-bbox="829 1249 1430 1653">We have tested relevant inputs and assumptions used by the management considering the expected credit loss calculation by considering whether those appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p data-bbox="829 1688 1430 1756">We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p data-bbox="829 1823 1430 1926">We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p data-bbox="829 1962 1430 2029">Based on our discussions with the Group management, we evaluated whether the key</p>

	<p>assumptions and other judgements underlying the estimations of impairments were reasonable.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the consolidated financial statements of the Group with respect to loans and related impairment provisions.</p>
<p>Key Audit Matter</p>	<p>How the matter was addressed in the audit</p>
<p><i>Valuation of Pension Fund Obligations</i></p> <p>Defined benefit pension plan that the Parent Bank provides to its employees is managed by Türkiye Halk Bankası AŞ Emekli Sandığı Vakfı and T.C. Ziraat Bankası ve T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (“Plan”) which were established by the 20th provisional article of the Social Security Law numbered 506 (“Law”).</p> <p>As disclosed in the Section III Note XVII to the consolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation (“SSF”) as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Parent Bank that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds’ members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation deed.</p> <p>As of 31 December 2023, the Parent Bank’s transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of</p>	<p>Our audit work included the following procedures:</p> <p>We involved internal experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates.</p> <p>It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used.</p> <p>In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Parent Bank’s actuary.</p> <p>We have assessed whether there is a significant change in the actuarial assumptions, methods, legal regulations and legislation used in the calculations and whether the assumptions are reasonable. In addition, we have reviewed the sufficiency of disclosures prepared with this regard.</p>

<p>changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.</p> <p>As described in Section Five Note II.9.e considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this a key audit matter.</p>	
<p>Key Audit Matter</p>	<p>How the matter was addressed in the audit</p>
<p><i>Information Technologies Audit</i></p> <p>The Group and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Group and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Group means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> • We identified and tested the Group's controls over information systems as part of our audit procedures. • Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> • Security management • Change management • Operations management • We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner. • We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation. • Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation. • We also tested the appropriateness and accuracy of the information produced by

	<p>the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.</p> <ul style="list-style-type: none"> • Finally, we understood and tested the controls over database, network, application and operating system layers of applications.
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5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code (“TCC”), nothing has come to our attention that may cause us to believe that the Group’s set of accounts for the period 1 January - 31 December 2023 does not comply with TCC and the provisions of the the Parent Bank’s articles of association in relation to financial reporting.

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

The engagement partner on the audit resulting in this independent auditor’s report is Erdem Taş.

Additional Paragraph for English Translation

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

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

Erdem Taş
Partner

Istanbul, 14 February 2024

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

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

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

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 AD Skopje	
6. Halkbank AD Beograd	
7. Halk Varlık Kiralama AŞ	

The consolidated financial statements for year ended 31 December 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, 14 February 2024

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 31 DECEMBER 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 31 December 2023 the shareholders’ structure and their respective ownerships are summarized as follows:

Shareholders	31 December 2023	%	31 December 2022	%
Türkiye Varlık Fonu ⁽¹⁾	6.573.604	91,49	4.357.946	87,70
Public shares ⁽¹⁾	611.093	8,51	611.094	12,30
Other shareholders ⁽²⁾	81	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 81 of the shares included in the “Other Shareholders” group belong to shareholders whose shares do not trade on the exchange.

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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

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

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 SEKMEN	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
Olca ATLIOĞLU	Executive Vice President, Information Technologies
İlhan BÖLÜKBAŞ	Executive Vice President, Loan Allocation and Management
Celal CANDAN	Executive Vice President, Credit Risk Monitoring and Legal Proceedings
Tahir DEMİRKIRAN	Executive Vice President, Loan Policies, Monitoring and Specialized Loans
Ergin KAYA	Executive Vice President, Banking Operations and Digital Transformation
Yalçın MADENCİ	Executive Vice President, Corporate and Commercial Marketing
Yusuf Duran OCAK	Executive Vice President, Financial Management and Planning
Fatih ŞAHBAZ	Executive Vice President, Human Resources and Support Services
Ali ŞÖNER	Executive Vice President, Treasury Management and International Banking
Altan TAŞKIRAN	Executive Vice President, Retail and Digital Banking
Hasan TUNCAY	Executive Vice President, SME Banking

People mentioned above do not own any shares in the 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 SEKMEN	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.

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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 31 December 2023, the Parent Bank operates with a total of 1.079 branches consisting of 1.073 domestic and 6 foreign branches that are 5 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 35 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
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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 ("Halk Faktoring") was established in June 2012 in Türkiye and its 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
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(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 consolidation. 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 31 DECEMBER 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)
- II. Consolidated Statement of Off-Balance Sheet Items
- III. Consolidated Statement of Profit or Loss
- IV. Consolidated Statement of Profit or Loss and Other Comprehensive Income
- V. Consolidated Statement of Changes in Shareholders' Equity
- VI. Consolidated Statement of Cash Flows
- VII. Statement of Profit Distribution

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2023

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

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

CONSOLIDATED ASSETS	Note	Audited			Audited		
		Current Period			Prior Period		
		31 December 2023			31 December 2022		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. FINANCIAL ASSETS (NET)		175.110.301	300.004.789	475.115.090	128.790.691	184.711.592	313.502.283
1.1 Cash and Cash Equivalents		65.739.027	241.981.017	307.720.044	33.708.830	139.180.134	172.888.964
1.1.1 Cash and Balances with Central Bank	(1)	58.383.459	223.481.117	281.864.576	31.836.044	132.383.837	164.219.881
1.1.2 Banks	(3)	6.761.374	16.320.634	23.082.008	1.905.320	6.797.184	8.702.504
1.1.3 Money Markets		705.217	2.182.907	2.888.124	25.005	-	25.005
1.1.4 Expected Loss Provision (-)		111.023	3.641	114.664	57.539	887	58.426
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	39.538.388	37.345	39.575.733	34.359.163	157.292	34.516.455
1.2.1 Government Debt Securities		35.418.374	1.349	35.419.723	34.159.249	923	34.160.172
1.2.2 Equity Instruments		797	35.996	36.793	-	23.541	23.541
1.2.3 Other Financial Assets		4.119.217	-	4.119.217	199.914	132.828	332.742
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	69.720.912	54.310.022	124.030.934	60.403.024	42.459.170	102.862.194
1.3.1 Government Debt Securities		69.636.615	53.263.517	122.900.132	59.787.086	42.005.627	101.792.713
1.3.2 Equity Instruments		84.297	1.046.505	1.130.802	88.535	453.543	542.078
1.3.3 Other Financial Assets		-	-	-	527.403	-	527.403
1.4 Derivative Financial Assets	(2)(11)	111.974	3.676.405	3.788.379	319.674	2.914.996	3.234.670
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		111.974	3.676.405	3.788.379	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)		1.265.250.225	446.711.843	1.711.962.068	782.365.497	280.723.057	1.063.088.554
2.1 Loans	(5)	1.006.259.638	308.031.962	1.314.291.600	661.625.670	204.546.854	866.172.524
2.2 Lease Receivables	(10)	7.855.446	2.701.825	10.557.271	3.765.017	2.150.295	5.915.312
2.3 Factoring Receivables		6.104.440	218.052	6.322.492	3.563.972	156.625	3.720.597
2.4 Other Financial Assets Measured at Amortised Cost	(6)	293.803.473	136.953.976	430.757.449	166.986.452	74.468.807	241.455.259
2.4.1 Government Debt Securities		291.411.340	136.953.976	428.365.316	164.526.640	74.468.807	238.995.447
2.4.2 Other Financial Assets		2.392.133	-	2.392.133	2.459.812	-	2.459.812
2.5 Expected Credit Loss (-)		48.772.772	1.193.972	49.966.744	53.575.614	599.524	54.175.138
III. DISCONTINUED OPERATIONS (NET)	(16)	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		994.518	2.436.869	3.431.387	313.324	1.373.880	1.687.204
4.1 Investments in Associates (Net)	(7)	396.410	2.436.869	2.833.279	212.979	1.373.880	1.586.859
4.1.1 Associates Valued Based on Equity Method		244.098	2.436.869	2.680.967	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)	598.108	-	598.108	100.345	-	100.345
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non- Financial Subsidiaries		598.108	-	598.108	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)	(12)	29.158.949	2.026.019	31.184.968	19.149.945	1.115.114	20.265.059
VI. INTANGIBLE ASSETS (Net)	(13)	1.517.511	584.130	2.101.641	593.204	245.351	838.555
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.517.511	584.130	2.101.641	593.204	245.351	838.555
VII. INVESTMENT PROPERTIES (Net)	(14)	15.054.757	33.046	15.087.803	6.540.577	22.175	6.562.752
VIII. CURRENT TAX ASSET		-	-	-	-	10.862	10.862
IX. DEFERRED TAX ASSET	(15)	14.493.112	13.934	14.507.046	8.509.725	8.059	8.517.784
X. OTHER ASSETS (Net)	(17)	38.084.743	5.532.283	43.617.026	21.596.611	2.280.051	23.876.662
TOTAL ASSETS		1.539.667.638	757.342.913	2.297.010.551	967.861.346	470.490.141	1.438.351.487

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2023

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

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

CONSOLIDATED LIABILITIES	Note	Audited			Audited		
		Current Period			Prior Period		
		31 December 2023	31 December 2022				
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(1)	1.120.393.181	810.488.435	1.930.881.616	565.018.355	524.637.062	1.089.655.417
II. FUNDS BORROWED	(3)	3.068.293	20.588.826	23.657.119	963.441	16.131.815	17.095.256
III. MONEY MARKETS		9.708.690	18.716.071	28.424.761	97.182.447	8.057.568	105.240.015
IV. SECURITIES ISSUED (Net)	(4)	17.151.189	-	17.151.189	13.330.441	-	13.330.441
4.1 Bills		10.546.742	-	10.546.742	8.292.627	-	8.292.627
4.2 Assets Backed Securities		6.471.955	-	6.471.955	4.180.403	-	4.180.403
4.3 Bonds		132.492	-	132.492	857.411	-	857.411
V. FUNDS	(5)	571.618	-	571.618	237.542	-	237.542
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		571.618	-	571.618	237.542	-	237.542
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)(8)	186.308	708.949	895.257	-	822.352	822.352
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		186.308	708.949	895.257	-	822.352	822.352
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		16.981	1	16.982	1.134	2	1.136
IX. LEASE LIABILITIES	(7)	1.726.345	567.336	2.293.681	1.291.125	228.037	1.519.162
X. PROVISIONS	(9)	12.543.822	719.039	13.262.861	8.778.197	348.650	9.126.847
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		8.096.278	201.066	8.297.344	5.341.226	47.941	5.389.167
10.3 Insurance for Technical Provision (Net)		-	444.684	444.684	-	269.536	269.536
10.4 Other Provisions		4.447.544	73.289	4.520.833	3.436.971	31.173	3.468.144
XI. CURRENT TAX LIABILITY	(10)	5.105.526	78.249	5.183.775	9.672.270	6.100	9.678.370
XII. DEFERRED TAX LIABILITIES	(10)	-	2.152	2.152	-	2.152	2.152
XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	6.064.043	36.066.237	42.130.280	6.041.809	21.173.452	27.215.261
14.1 Loans		-	36.066.237	36.066.237	-	21.173.452	21.173.452
14.2 Other Debt Instruments		6.064.043	-	6.064.043	6.041.809	-	6.041.809
XV. OTHER LIABILITIES	(6)	79.848.242	9.776.075	89.624.317	67.184.172	5.363.549	72.547.721
XVI. SHAREHOLDERS' EQUITY	(13)	137.291.730	5.623.213	142.914.943	90.185.786	1.694.029	91.879.815
16.1 Paid-in Capital		7.184.778	-	7.184.778	4.969.121	-	4.969.121
16.2 Capital Reserves		45.047.632	487.352	45.534.984	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		542.433	487.352	1.029.785	849.575	207.425	1.057.000
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		17.794.556	(12.856)	17.781.700	8.262.160	(5.829)	8.256.331
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(696.147)	(118.697)	(814.844)	7.933.780	(889.029)	7.044.751
16.5 Profit Reserves		44.901.038	3.793.271	48.694.309	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		33.696.783	51.597	33.748.380	26.811.567	137.899	26.949.466
16.5.4 Other Profit Reserves		6.804.218	3.105.660	9.909.878	47.181	1.470.087	1.517.268
16.6 Income or (Loss)		21.020.763	1.442.304	22.463.067	20.574.244	481.381	21.055.625
16.6.1 Prior Periods' Income or (Loss)		5.428.762	203.550	5.632.312	2.589.528	109.793	2.699.321
16.6.2 Current Period Income or (Loss)		15.592.001	1.238.754	16.830.755	17.984.716	371.588	18.356.304
16.7 Minority Shares	(14)	2.039.110	31.839	2.070.949	1.161.475	17.490	1.178.965
TOTAL LIABILITIES		1.393.675.968	903.334.583	2.297.010.551	859.886.719	578.464.768	1.438.351.487

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF
31 DECEMBER 2023

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

II. CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS

		Audited			Audited			
		Current Period			Prior Period			
		31 December 2023			31 December 2022			
CONSOLIDATED OFF-BALANCE SHEET		Note	TRY	FC	TOTAL	TRY	FC	TOTAL
A.	COMMITMENTS AND CONTINGENCIES (I+II+III)		734.623.732	557.072.522	1.291.696.254	415.520.121	376.510.898	792.031.019
I.	GUARANTEES AND WARRANTIES	(1)	408.138.817	206.664.572	614.803.389	203.851.482	118.712.438	322.563.920
1.1	Letters of guarantee		344.610.100	189.979.648	534.589.748	168.531.766	107.098.618	275.630.384
1.1.1	Guarantees subject to public procurement law		15.881.827	22.619.624	38.501.451	6.914.095	13.846.314	20.760.409
1.1.2	Guarantees given for foreign trade operations		428.706	49.272.722	49.701.428	260.008	27.084.154	27.344.162
1.1.3	Other letters of guarantee		328.299.567	118.087.302	446.386.869	161.357.663	66.168.150	227.525.813
1.2	Bank loans		36.564.672	1.384.697	37.949.369	18.466.650	5.161.611	23.628.261
1.2.1	Import acceptances		-	449.252	449.252	-	486.033	486.033
1.2.2	Other bank acceptances		36.564.672	935.445	37.500.117	18.466.650	4.675.578	23.142.228
1.3	Letters of credit		36.988	15.258.877	15.295.865	53.360	6.262.789	6.316.149
1.3.1	Documentary letters of credit		36.988	15.258.877	15.295.865	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		26.927.057	41.350	26.968.407	16.799.706	189.420	16.989.126
1.9	Other sureties		-	-	-	-	-	-
II.	COMMITMENTS		161.279.458	38.094.809	199.374.267	85.805.725	33.058.744	118.864.469
2.1	Irrevocable commitments	(1)	155.005.650	7.927.205	162.932.855	82.028.145	19.145.158	101.173.303
2.1.1	Forward asset purchase commitments		88.630	5.173.784	5.262.414	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		19.873.658	716.849	20.590.507	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	(4)	18.516.662	-	18.516.662	9.705.677	-	9.705.677
2.1.8	Tax and fund liabilities from export commitments		569.005	-	569.005	163.349	-	163.349
2.1.9	Commitments for credit card expenditure limits		102.599.070	668.714	103.267.784	34.608.889	333.556	34.942.445
2.1.10	Commitments for credit cards and banking services promotions		17.102	-	17.102	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		13.341.523	1.367.858	14.709.381	7.394.063	822.828	8.216.891
2.2	Revocable commitments		6.273.808	30.167.604	36.441.412	3.777.580	13.913.586	17.691.166
2.2.1	Revocable loan granting commitments		-	12.708.731	12.708.731	-	6.223.756	6.223.756
2.2.2	Other revocable commitments		6.273.808	17.458.873	23.732.681	3.777.580	7.689.830	11.467.410
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)(3)	165.205.457	312.313.141	477.518.598	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		165.205.457	312.313.141	477.518.598	125.862.914	224.739.716	350.602.630
3.2.1	Forward foreign currency buy/sell transactions		9.230.910	27.525.996	36.756.906	540.243	10.794.739	11.334.982
3.2.1.1	Forward foreign currency transactions-buy		4.682.299	11.551.529	16.233.828	481.250	7.270.497	7.751.747
3.2.1.2	Forward foreign currency transactions-sell		4.548.611	15.974.467	20.523.078	58.993	3.524.242	3.583.235
3.2.2	Currency and interest rate swaps		155.926.024	249.861.654	405.787.678	113.069.406	169.958.347	283.027.753
3.2.2.1	Currency swap-buy		-	143.581.351	143.581.351	-	101.080.438	101.080.438
3.2.2.2	Currency swap-sell		155.926.024	13.995.031	169.741.055	112.749.406	10.570.021	123.319.427
3.2.2.3	Interest rate swap-buy		90.000	46.142.636	46.232.636	160.000	29.153.944	29.313.944
3.2.2.4	Interest rate swap-sell		90.000	46.142.636	46.232.636	160.000	29.153.944	29.313.944
3.2.3	Currency, interest rate and marketable securities options		-	1.025.859	1.025.859	11.743.835	13.195.106	24.938.941
3.2.3.1	Currency call options		-	512.929	512.929	6.189.963	6.289.150	12.479.113
3.2.3.2	Currency put options		-	512.930	512.930	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		48.523	43.430	91.953	509.430	408.321	917.751
3.2.4.1	Currency futures-buy		-	43.430	43.430	37.954	372.896	410.850
3.2.4.2	Currency futures-sell		48.523	-	48.523	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		-	33.856.202	33.856.202	-	30.383.203	30.383.203
B.	CUSTODY AND PLEDGED ASSETS (IV+V+VI)		6.741.124.812	1.858.146.995	8.599.271.807	3.561.952.682	1.174.087.485	4.736.040.167
IV.	CUSTODIES		2.912.258.340	273.473.246	3.185.731.586	1.380.747.760	148.086.507	1.528.834.267
4.1	Assets under management		-	-	-	-	-	-
4.2	Custody marketable securities		219.008.282	25.418.120	244.426.402	179.024.164	12.803.462	191.827.626
4.3	Cheques in collection process		150.336.614	161.724.393	312.061.007	82.494.038	88.907.910	171.401.948
4.4	Commercial notes in collection process		2.432.854.819	39.021.781	2.471.876.600	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		1.695.003	84.769	1.779.772	709.192	53.957	763.149
4.8	Custodians		108.363.622	47.224.183	155.587.805	50.125.529	21.768.457	71.893.986
V.	PLEDGED ASSETS		3.828.866.472	1.584.673.749	5.413.540.221	2.181.204.922	1.026.000.978	3.207.205.900
5.1	Marketable securities		18.546.613	3.351.873	21.898.486	11.601.810	2.337.804	13.939.614
5.2	Collateral notes		59.620.831	3.181.663	62.802.494	40.176.584	2.295.855	42.472.439
5.3	Commodity		25.813	-	25.813	25.812	-	25.812
5.4	Warranty		-	-	-	-	-	-
5.5	Land and buildings		3.202.313.539	1.156.746.582	4.359.060.121	1.733.386.899	749.471.139	2.482.858.038
5.6	Other pledged assets		385.301.665	291.886.966	677.188.631	269.193.018	182.899.274	452.092.292
5.7	Pledges		163.058.011	129.506.665	292.564.676	126.820.799	88.996.906	215.817.705
VI.	ACCEPTED BILL GUARANTEES AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)			7.475.748.544	2.415.219.517	9.890.968.061	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
31 DECEMBER 2023

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

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSES	Note	Audited	Audited
		Current Period	Prior Period
		1 January -31 December 2023	1 January -31 December 2022
I. INTEREST INCOME	(1)	311.779.348	156.577.081
1.1 Interest on Loans		190.800.467	86.319.049
1.2 Interest on Reserve Requirements		35.332	8.882
1.3 Interest on Banks		2.079.028	537.116
1.4 Interest on Money Market Transactions		441.826	123.807
1.5 Interest on Marketable Securities Portfolio		113.889.827	67.672.095
1.5.1 Fair Value Through Profit or Loss		75.098	33.779
1.5.2 Fair Value Through Other Comprehensive Income		19.918.742	14.318.902
1.5.3 Measured at Amortized Cost		93.895.987	53.319.414
1.6 Financial Lease Interest Income		1.954.745	794.237
1.7 Other Interest Income		2.578.123	1.121.895
II. INTEREST EXPENSE (-)	(2)	265.792.024	86.456.900
2.1 Interest on Deposits		238.397.679	64.524.025
2.2 Interest on Funds Borrowed		1.406.349	622.010
2.3 Interest Expense on Money Market Transactions		16.153.908	16.123.838
2.4 Interest on Securities Issued		7.762.687	3.768.626
2.5 Interest on Leases		239.784	139.731
2.6 Other Interest Expenses		1.831.617	1.278.670
III. NET INTEREST INCOME (I - II)		45.987.324	70.120.181
IV. NET FEES AND COMMISSIONS INCOME		21.067.911	9.372.362
4.1 Fees and Commissions Received		31.195.328	12.910.244
4.1.1 Non – cash Loans		6.105.059	2.720.334
4.1.2 Other	(13)	25.090.269	10.189.910
4.2 Fees and Commissions Paid (-)		10.127.417	3.537.882
4.2.1 Non – cash Loans		53.905	18.508
4.2.2 Other	(13)	10.073.512	3.519.374
V. DIVIDEND INCOME	(3)	20.280	54.260
VI. TRADING INCOME / LOSS (Net)	(4)	(15.970.397)	(5.752.036)
6.1 Trading Gains / (Losses) on Securities		3.243.701	261.258
6.2 Gains / (Losses) on Derivate Financial Transactions		29.470.174	7.890.502
6.3 Foreign Exchange Gains / (Losses)		(48.684.272)	(13.903.796)
VII. OTHER OPERATING INCOME	(5)	19.344.012	7.422.420
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		70.449.130	81.217.187
IX. EXPECTED LOSS PROVISIONS (-)	(6)	3.791.234	37.160.610
X. OTHER PROVISION EXPENSES (-)	(6)	48.206	189.318
XI. PERSONNEL EXPENSE (-)		20.249.319	8.844.484
XII. OTHER OPERATING EXPENSES (-)	(7)	31.243.635	10.467.109
XIII. NET OPERATING INCOME /LOSS (IX-X-XI)		15.116.736	24.555.666
XIV. INCOME AFTER MERGER		-	-
XV. INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		210.124	109.530
XVI. INCOME / (LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(8)	15.326.860	24.665.196
XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)	(9)	2.426.379	(5.684.523)
18.1 Current Tax Provision		1.363.448	17.046.469
18.2 Deferred Tax Income Effect (+)		11.374.410	5.627.401
18.3 Deferred Tax Expense Effect (-)		15.164.237	16.989.347
CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)		17.753.239	18.980.673
XIX. INCOME FROM DISCONTINUED OPERATIONS	(10)	-	-
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. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV. NET PROFIT/(LOSS) (XIX+XXIV)	(11)	17.753.239	18.980.673
25.1 Profit / (Loss) of Group		16.830.755	18.356.304
25.2 Profit / (Loss) of Minority Shares (-)	(12)	922.484	624.369
Profit / (Loss) Per Share (full TRY)		2,53302724	4,10023697

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

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

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

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

		Audited	Audited
		Current Period	Prior Period
INCOME EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		1 January -31 December 2023	1 January -31 December 2022
I.	CURRENT PERIOD INCOME/LOSS	17.753.239	18.980.673
II.	OTHER COMPREHENSIVE INCOME	1.665.774	14.152.776
2.1	Not Reclassified Through Profit or Loss	9.525.369	5.011.858
2.1.1	Property and Equipment Revaluation Increase/Decrease	10.115.511	6.142.295
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(796.199)	(1.295.502)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	497.764	183.507
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(291.707)	(18.442)
2.2	Reclassified Through Profit or Loss	(7.859.595)	9.140.918
2.2.1	Foreign Currency Translation Differences	(434.780)	141.173
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(9.915.957)	12.056.508
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6	Tax on Other Comprehensive Income Items Reclassified Through Profit or Loss	2.491.142	(3.056.763)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	19.419.013	33.133.449

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2023
(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited (1 January -31 December 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	-	-	-	-	-	-	-	-	-	-	814.150	-	-	814.150	134.535	948.685
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	814.150	-	-	814.150	134.535	948.685
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	2.722.942	1.835.971	44.543.837	416.219	44.960.056
IV. Total Comprehensive Income	-	-	-	-	5.771.695	(943.344)	183.507	141.173	8.999.745	-	-	-	18.356.304	32.509.080	624.369	33.133.449
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	-	-	-	(122.142)	-	-	-	-	-	-	412.076	1.801.433	(1.835.971)	255.396	130.576	385.972
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	-	1.057.000	9.439.969	(1.416.790)	233.152	4.719	7.040.032	-	31.597.166	2.699.321	18.356.304	90.700.850	1.178.965	91.879.815
(1 January -31 December 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	2.699.321	18.356.304	90.700.850	1.178.965	91.879.815
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	2.699.321	18.356.304	90.700.850	1.178.965	91.879.815
IV. Total Comprehensive Income	-	-	-	-	9.488.164	(460.559)	497.764	(434.780)	(7.424.815)	-	-	-	16.830.755	18.496.529	922.484	19.419.013
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	-	-	-	(27.215)	-	-	-	-	-	-	1.635.665	18.396.020	(18.356.304)	1.648.166	(32.051)	1.616.115
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	-	1.029.785	18.928.133	(1.877.349)	730.916	(430.061)	(384.783)	-	48.694.309	5.632.312	16.830.755	140.843.994	2.070.949	142.914.943

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
31 DECEMBER 2023

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

VI. CONSOLIDATED STATEMENT OF CASH FLOW

		Audited	Audited
		Current Period	Prior Period
		1 January -31 December 2023	1 January -31 December 2022
		Note	
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities	(155.724.812)	(34.807.126)
1.1.1	Interest received	60.171.586	109.435.897
1.1.2	Interest paid	(54.053.603)	(79.814.392)
1.1.3	Dividend received	54.260	54.260
1.1.4	Fees and commissions received	13.650.914	14.018.036
1.1.5	Other income	3.504.678	2.407.313
1.1.6	Collections from previously written off loans	5.309.280	4.548.898
1.1.7	Cash payments to personnel and service suppliers	(9.326.937)	(8.929.208)
1.1.8	Taxes paid	(11.143.680)	(9.355.867)
1.1.9	Other	(163.891.310)	(67.172.063)
		(1)	
1.2	Changes in Assets and Liabilities Subject to Banking Operations	261.937.038	83.898.206
1.2.1	Net Increase / decrease in financial assets at fair value through profit or loss	(5.045.734)	(9.269.840)
1.2.2	Net increase / decrease in due from banks	(557.488)	(6.694)
1.2.3	Net (increase) / decrease in loans	(306.851.661)	(265.690.548)
1.2.4	Net (increase) / decrease in other assets	(92.330.660)	(33.082.414)
1.2.5	Net increase / (decrease) in bank deposits	(5.923.388)	58.256.933
1.2.6	Net increase / (decrease) in other deposits	733.131.447	345.960.768
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	2.816.863	(2.031.020)
1.2.9	Net increase / (decrease) in matured payables	-	-
1.2.10	Net increase / (decrease) in other liabilities	(63.302.341)	(10.238.979)
		(1)	
I.	Net cash provided from banking operations	106.212.226	49.091.080
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES		
II.	Net cash provided from/ (used in) investing activities	(102.923.201)	(65.743.172)
2.1	Cash paid for purchase of joint ventures, associates and subsidiaries	(126.285)	(174.289)
2.2	Cash obtained from sale of entities joint ventures, associates and subsidiaries	-	-
2.3	Fixed assets purchases	(9.116.348)	(3.293.844)
2.4	Fixed assets sales	4.963.958	3.059.903
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income	(40.144.974)	(27.380.598)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income	18.764.335	11.665.965
2.7	Cash paid for purchase of investment securities	(87.882.445)	(60.663.931)
2.8	Cash obtained from sale of investment securities	12.473.074	11.460.146
2.9	Other	(1.854.516)	(416.524)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash flow from financing activities	28.601.424	23.067.771
3.1	Cash obtained from loans borrowed and securities issued	4.956.788	25.860.880
3.2	Cash used for repayment of loans borrowed and securities issued	(5.455.984)	(15.864.825)
3.3	Bonds issued	30.000.000	13.400.338
3.4	Dividends paid	(1.551)	(826)
3.5	Payments for leases	(897.829)	(327.796)
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	34.122.283	15.559.295
		(1)	
V.	Net increase / (decrease) in cash and cash equivalents	66.012.732	21.974.974
VI.	Cash and cash equivalents at beginning of the period	85.509.211	63.534.237
		(4)	
VII.	Cash and cash equivalents at end of the period	151.521.943	85.509.211
		(5)	

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

TÜRKİYE HALK BANKASI AŞ
STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED
31 DECEMBER 2023

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

VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited Current Period *	Audited Prior Period ***
	31 December 2023	31 December 2022
I. DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1. Current Period Profit	6.652.737	20.144.254
1.2. Taxes and Legal Duties Payables (-)	3.459.228	(5.390.358)
1.2.1. Corporate Tax (Income Tax)	(288.426)	(16.734.654)
1.2.2. Withholding Tax	-	-
1.2.3. Other Taxes and Duties	3.747.654	11.344.296
A. Net Profit For The Period (1.1-1.2)	10.111.965	14.753.896
1.3. Accumulated Losses (-)	-	-
1.4. First Legal Reserves (-)	-	737.695
1.5. Other Statutory Reserves (-)	-	-
B. Net Profit Available for Distribution [(A-(1.3+1.4+1.5))]	-	14.016.201
1.6. First Dividend to shareholders (-)	-	-
1.6.1. To Owners of Ordinary Shares	-	-
1.6.2. To Owners of Privileged Shares	-	-
1.6.3. To Owners of Redeemed Shares	-	-
1.6.4. To Profit Sharing Bonds	-	-
1.6.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.7. Dividends to personnel (-)	-	-
1.8. Dividends to Board of Directors (-)	-	-
1.9. Second Dividend to Shareholders (-)	-	-
1.9.1. To Owners of Ordinary Shares	-	-
1.9.2. To Owners of Privileged Shares	-	-
1.9.3. To Owners of Redeemed Shares	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders Of Profit And Loss Sharing Certificates	-	-
1.10. Second Legal Reserves (-)	-	-
1.11. Status Reserves (-)	-	14.016.201
1.12. Extraordinary Reserves(2)	-	-
1.13. Other Reserves **	-	132.355
II. Distribution of Reserves		
2.1. Appropriated Reserves	-	-
2.2. Second Legal Reserves (-)	-	-
2.2.1. Dividends to Shareholders (-)	-	-
2.2.2. To Owners of Ordinary Shares	-	-
2.2.3. To Owners of Privileged Shares	-	-
2.2.4. To Profit Sharing Bonds	-	-
2.2.5. To Holders of Profit and Loss Sharing Certificates	-	-
2.3. Dividends to Personnel (-)	-	-
2.4. Dividends to the Boards of Directors (-)	-	-
III. Earnings per Share		
3.1. To Owners of Ordinary Shares	1,41	2,97
3.2. To Owners of Ordinary Shares (%)	140,74%	296,91%
3.3. To Owners of Privileged Shares	-	-
3.4. To Owners of Privileged Shares (%)	-	-
IV. Dividend per Share		
4.1. To Owners of Ordinary Shares	-	-
4.2. To Owners of Ordinary Shares (%)	-	-
4.3. To Owners of Privileged Shares	-	-
4.4. To Owners of Privileged Shares (%)	-	-

(*) As of 31 December 2023 financial reporting date, General Assembly has not been held yet.

(**) Gain on sale of real estate realized in the previous period amounting to TRY 132.355, which is the 50% exemption amount in Article 5/1-e of the Corporate Tax Law No. 5520, will continue to be monitored in the special funds account.

(***) The profit distribution table approved by the general assembly of 2022 includes the balances pertaining to the distributed period profits.

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

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

Public Oversight Accounting and Auditing Standards Authority ("POA"), with its announcement dated 23 November 2023, applied that the financial statements of businesses applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be prepared in accordance with the Financial Reporting in Hyperinflationary Economies ("TAS 29"), however, institutions or organizations authorized to regulate and supervise in their own fields may determine different transition dates for the applying of TAS 29. Based on this announcement of POA, BRSA, with its decision dated 12 December 2023 and numbered 10744, decided that the financial statements dated 31 December 2023 of banks and financial leasing, factoring, financing, savings financing and asset management companies should not be subject to the inflation adjustment required within the scope of TAS 29. Accordingly, the Parent Bank has not applied the inflation accounting required by TAS 29 in its financial statements for the year ended 31 December 2023.

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

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

a) The Group's strategy on financial instruments:

Due to its historical mission, the Parent Bank focuses on granting loans to Small and Medium Size Enterprises and craftsmen besides corporate, commercial and individual segmented 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.

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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.

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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.

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

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.

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)

Assessment of Business Model

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.

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)

Assessment of Business Model (continued)

3. Other Business Models: (continued)

Measurement Categories of Financial Assets and Liabilities

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. As of December 31, 2023, the valuation of the related assets was made according to the actual annual inflation of 64,77%.

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 Losses

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.

While these properties were accounted for at acquisition cost less accumulated depreciation and permanent impairment losses, the Parent Bank changed its accounting policy as of November 2023 and adopted the revaluation method in the valuation of investment properties within the scope of TAS 40 Investment Property Standard. The appraisal values calculated by independent appraisal companies are reflected in the financial statements at year-end. Revaluation differences are recognized in the Statement of 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 December 31, 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.

In accordance with the Temporary Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of 31 December 2023 in accordance with Tax Procedure Law are included in the deferred tax calculation as of 31 December 2023.

Within the scope of the paragraph added to Article 33 of the Law No. 213 with Article 17 of the Law No. 7491 on the Amendment of Certain Laws and Decree Laws, it is regulated that the profits or losses that will arise as a result of the inflation adjustment to be made by the banks in the 2024 and 2025 accounting periods, including the temporary tax periods, will not be taken into account in the determination of earnings. In addition, the President of the Republic of Turkey is authorized to make a regulation to disregard the profits or losses that will arise as a result of inflation adjustment in the 2026 accounting period, including the temporary tax periods, in the determination of 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 December 31, 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.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XVIII. EXPLANATIONS ON TAXATION (continued)

Tax practices in the countries that foreign branches operate:

Turkish Republic of Northern Cyprus (TRNC)

According to the tax regulations in the Turkish Republic of Northern Cyprus, corporate gains are subject to 10% of corporate tax and this taxed amount is subject to 15% of income tax. 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 was paid on 31 October 2023.

The first period temporary corporate tax return for the period 1 January 2023 – 31 March 2023 was declared in May 2023, the second period temporary corporate tax return for the period 1 April 2023 – 30 June 2023 was declared in August 2023, the third period temporary corporate tax return for the period 1 July 2023 – 30 September 2023 was declared to the Revenue and Tax Office in November 2023 and payment transactions were realized. The fourth period provisional corporate tax return for the period 1 October 2023 – 31 December 2023 will be declared to the Revenue and Tax Office in February 2024 and payment transactions will be realized following the accrual.

Bahrain

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

Tax practices of the consolidated subsidiaries:

Halk Gayrimenkul Yatırım Ortaklığı AŞ

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

Halk Banka 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.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

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

XX. EXPLANATIONS ON SHARES ISSUED

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

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

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.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XXI. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the 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 VIII.

XXIV. EXPLANATIONS ON OTHER MATTERS

While the Parent Bank accounts for its investment properties by allocating accumulated depreciation and permanent impairment provision, if any, from their purchase cost values, it has changed its accounting policy as of November 2023 and adopted the revaluation method within the scope of TAS 40 Investment Properties Standard in the valuation of investment properties. The appraisal values calculated by independent appraisal companies are reflected in the financial statements at year-end. Revaluation differences are recognized in the Statement of Profit or Loss.

The effect of the change in accounting policy on the prior year financial statements of the Group is as follows:

	31.12.2022		
ASSETS	Before Correction	Correction Effect	After Correction
Investment Properties	2.110.015	4.452.737	6.562.752
TOTAL ASSETS	1.433.898.750	4.452.737	1.438.351.487
LIABILITIES			
Shareholders' Equity	87.427.078	4.452.737	91.879.815
<i>Income or Loss</i>	17.354.904	3.700.721	21.055.625
<i>Prior Period Income or Loss</i>	1.889.392	809.929	2.699.321
<i>Current Period Income or Loss</i>	15.465.512	2.890.792	18.356.304
<i>Minority Shares</i>	426.949	752.016	1.178.965
TOTAL LIABILITIES	1.433.898.750	4.452.737	1.438.351.487
STATEMENT OF PROFIT OR LOSS			
Other Operating Income	3.913.050	3.509.370	7.422.420
Gross Operating Income	77.707.817	3.509.370	81.217.187
Net Operating Income/Loss	21.046.296	3.509.370	24.555.666
Profit/Loss Before Tax From Continued Operations	21.155.826	3.509.370	24.665.196
Current Period Profit/Loss From Continued Operations	15.471.303	3.509.370	18.980.673
NET PROFIT/LOSS	15.471.303	3.509.370	18.980.673
<i>Profit / (Loss) of Group</i>	15.465.512	2.890.792	18.356.304
<i>Profit / (Loss) of Minority Shares (-)</i>	5.791	618.578	624.369
Profit/Loss Per Share (full TRY)	3,45452244	0,6457145	4,1002370

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XXIV. EXPLANATIONS ON OTHER MATTERS (continued)

ASSETS	31.12.2021		
	Before Correction	Correction Effect	After Correction
Investment Properties	1.373.817	948.685	2.322.502
TOTAL ASSETS	931.686.218	948.685	932.634.903
LIABILITIES			
Shareholders' Equity	44.011.371	948.685	44.960.056
<i>Income or Loss</i>	3.744.763	814.150	4.558.913
<i>Prior Period Income or Loss</i>	1.908.792	490.629	2.399.421
<i>Current Period Income or Loss</i>	1.835.971	323.521	2.159.492
<i>Minority Shares</i>	281.684	134.535	416.219
TOTAL LIABILITIES	931.686.218	948.685	932.634.903
STATEMENT OF PROFIT OR LOSS			
Other Operating Income	6.626.116	352.290	6.978.406
Gross Operating Income	24.593.132	352.290	24.945.422
Net Operating Income/Loss	1.846.712	352.290	2.199.002
Profit/Loss Before Tax From Continued Operations	1.882.949	352.290	2.235.239
Current Period Profit/Loss From Continued Operations	1.844.458	352.290	2.196.748
NET PROFIT/LOSS	1.844.458	352.290	2.196.748
<i>Profit / (Loss) of Group</i>	1.835.971	323.521	2.159.492
<i>Profit / (Loss) of Minority Shares (-)</i>	8.487	28.769	37.256
Profit/Loss Per Share (full TRY)	0,7421735	0,1307802	0,8729537

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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 31 December 2023, the capital adequacy ratio and the capital amount of the Group were realized as 14,68% (31 December 2022: 14,25%) and TRY 185.024.549 (31 December 2022: TRY 123.155.545) 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	48.694.309	31.597.166
Other Comprehensive Income according to TAS	22.995.628	17.379.457
Profit	22.463.067	21.055.625
<i>Current Period Profit</i>	16.830.755	18.356.304
<i>Prior Period Profit</i>	5.632.312	2.699.321
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	524.685	225.515
Minority Interest	7.750	4.863
Common Equity Tier 1 Capital Before Deductions	147.595.867	93.173.054
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 (-)	4.961.512	1.882.715
Leasehold Improvements on Operational Leases (-)	1.720.471	421.201
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	2.101.641	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 (-)	673.721	-
<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	9.928.586	3.566.700
Total Common Equity Tier 1 Capital	137.667.281	89.606.354

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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	29.178.000	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	29.178.000	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	29.178.000	17.921.340
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	166.845.281	107.527.694
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4.543.836	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)	13.881.669	10.029.416
Tier II Capital Before Deductions	18.425.505	15.759.211
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	18.425.505	15.759.211
Total Equity (Total Tier I and Tier II Capital)	185.270.786	123.286.905
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	246.237	131.360

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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)

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)	185.024.549	123.155.545
Total Risk Weighted Assets	1.260.539.621	864.308.628
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	10,92	10,37
Tier I Capital Ratio (%)	13,24	12,44
Capital Adequacy Ratio (%)	14,68	14,25
BUFFERS		
Bank-specific total CET1 Capital Ratio (a+b+c)	3,560	3,550
a) Capital Conservation Buffer Ratio (%)	2,500	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,060	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 (%)	6,678	6,249
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	1.108.227	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	13.833.325	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)	37.205.507	41.261.488
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	13.881.669	10.029.416
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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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (continued)

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)	600	1.560	2.384	29.178
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 CREDIT RISK

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

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

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

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

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

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

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

The Group's largest 100 and 200 cash loan customers compose 25,30% and 30,15% of the total cash loan, respectively.

The Group's largest 100 and 200 non-cash loan customers compose 34,40% and 44,62% of the total non-cash loan, respectively.

The Group's largest 100 ve 200 cash and non-cash loan customers represent 15,36% and 19,69% of the total "on and off balance sheet" assets, respectively.

Stage I and Stage II expected losses for credit risks of the Group is TRY 33.595.979 (31 December 2022: TRY 38.275.587).

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

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

Exposure Categories:	Credit Risk Amount ⁽¹⁾	Current Period Average Risk Amount	Credit Risk Amount ⁽¹⁾	Prior Period Average Risk Amount
Conditional and unconditional exposures to central governments or central banks	682.036.235	630.594.069	434.769.422	333.418.044
Conditional and unconditional exposures to regional governments or local authorities	4.613.187	3.296.296	2.083.413	1.901.863
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	6.450.976	5.392.974	3.668.228	3.084.192
Conditional and unconditional exposures to multilateral development banks	-	19	63	215
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	25.865.227	19.899.591	12.574.963	10.712.493
Conditional and unconditional exposures to corporates	572.173.960	506.974.741	428.336.952	351.991.283
Conditional and unconditional retail exposures	428.116.471	398.809.580	245.813.074	198.796.456
Conditional and unconditional exposures secured by real estate property	328.261.451	293.839.600	218.375.156	166.379.820
Past due items	4.583.701	4.455.639	4.136.973	4.615.323
Items in regulatory high-risk categories	90.037.132	73.252.216	45.616.005	23.963.610
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Stock Investments	2.871.669	2.304.935	1.637.071	1.549.821
Other Receivables	106.294.625	92.991.621	77.820.127	48.678.798

⁽¹⁾ Includes the risk amounts after credit conversions.

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

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

Profile of significant exposures in major regions:

	Risk Classifications ⁽¹⁾											Stock Investments	Other	Total	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories					
Current Period															
1. Domestic	675.389.853	4.577.030	6.189.856	-	14.067.083	560.772.553	415.613.923	315.158.842	4.324.482	90.031.397	-	94.003.154	2.180.128.173		
2. European Union (EU) Countries	-	-	-	-	3.018.779	277.083	30.923	47.714	202	4.097	-	547.767	3.926.565		
3. OECD Countries ⁽²⁾	1	-	-	-	2.005.030	197.007	44	3.378	7	274	-	11.033	2.216.774		
4. Off-Shore Banking Regions	-	-	-	-	81.097	390.051	1	8.603	-	212	-	2	479.966		
5. USA, Canada	2	-	-	-	634.366	-	6.762	2.179	1	363	-	78	643.751		
6. Other Countries	6.646.379	36.157	261.120	-	6.058.872	10.537.266	12.464.818	13.040.735	259.009	789	-	11.732.591	61.037.736		
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	2.871.669	-	2.871.669		
8. Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total	682.036.235	4.613.187	6.450.976	-	25.865.227	572.173.960	428.116.471	328.261.451	4.583.701	90.037.132	2.871.669	106.294.625	2.251.304.634		
Prior Period															
1. Domestic	429.759.429	2.081.598	3.475.623	63	6.103.784	421.641.444	237.513.333	208.480.241	3.957.396	45.614.841	-	74.847.664	1.433.475.416		
2. European Union (EU) Countries	2	-	-	-	2.036.715	396.629	31.377	23.845	1.310	750	-	172.672	2.663.300		
3. OECD Countries ⁽²⁾	2	-	-	-	847.912	210.538	136	3.587	7	25	-	3.932	1.066.139		
4. Off-Shore Banking Regions	-	-	-	-	18.193	319.911	48	9.472	-	-	-	801	348.425		
5. USA, Canada	5	-	-	-	282.187	-	2.642	762	-	5	-	50	285.651		
6. Other Countries	5.009.984	1.815	192.605	-	3.286.172	5.768.430	8.265.538	9.857.249	178.260	384	-	2.795.008	35.355.445		
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	1.637.071	-	1.637.071		
8. Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total	434.769.422	2.083.413	3.668.228	63	12.574.963	428.336.952	245.813.074	218.375.156	4.136.973	45.616.005	1.637.071	77.820.127	1.474.831.447		

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

⁽²⁾ OECD Countries other than the EU Countries, USA and Canada.

⁽³⁾ Assets and liabilities that are not consistently allocated.

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

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

Profile of significant exposures by sectors:

Current Period	Risk Sınıfları ⁽¹⁾											TRY	FC	Total	
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments				Other
Agriculture	328.742	-	4.868	-	-	1.351.859	3.768.178	1.719.100	29.263	19.894	-	58	6.763.820	458.142	7.221.962
<i>Farming and Stockbreeding</i>	210.597	-	4.863	-	-	658.999	1.917.225	951.053	16.708	15.494	-	18	3.549.215	225.742	3.774.957
<i>Forestry</i>	93.498	-	5	-	-	265.683	1.680.655	658.012	10.869	-	-	36	2.525.478	183.280	2.708.758
<i>Fishery</i>	24.647	-	-	-	-	427.177	170.298	110.035	1.686	4.400	-	4	689.127	49.120	738.247
Manufacturing	24.635.621	-	237.478	-	-	232.426.118	56.210.237	75.936.351	538.971	15.000.657	-	533	317.873.161	87.112.805	404.985.966
<i>Mining and Quarrying</i>	362.486	-	-	-	-	9.678.394	721.236	1.521.577	6.003	184.108	-	22	7.711.175	4.762.651	12.473.826
<i>Production</i>	23.354.471	-	237.478	-	-	187.800.149	54.978.164	71.710.153	530.209	13.686.219	-	511	292.358.937	59.938.417	352.297.354
<i>Electricity, Gas and Water</i>	918.664	-	-	-	-	34.947.575	510.837	2.704.621	2.759	1.130.330	-	-	17.803.049	22.411.737	40.214.786
Construction	5.918.789	-	30	-	-	99.286.470	14.800.692	36.140.772	1.097.995	12.199.845	-	10	146.412.334	23.032.269	169.444.603
Services	417.841.882	4.480.066	5.907.427	-	11.092.951	177.409.414	244.440.799	117.453.581	1.864.335	16.522.849	-	12.166	835.090.545	161.934.925	997.025.470
<i>Wholesale and Retail Trade</i>	13.521.659	-	55.638	-	-	94.284.525	147.350.409	67.936.832	1.231.747	10.384.973	-	1.080	318.729.302	16.037.561	334.766.863
<i>Accommodation and Dining</i>	2.604.054	10	-	-	-	22.225.582	13.439.703	28.599.693	167.098	1.009.330	-	30	38.476.691	29.568.809	68.045.500
<i>Transportation and Telecom.</i>	856.580	-	95	-	-	8.601.448	67.165.804	5.275.100	214.204	1.309.906	-	63	78.009.246	5.413.954	83.423.200
<i>Financial Institutions</i>	26.007	-	162	-	11.092.951	25.134.070	410.989	1.121.378	3.342	-	-	7.842	33.953.003	3.843.738	37.796.741
<i>Real Estate and Rental Services</i>	531.532	-	27	-	-	15.746.929	5.857.291	6.415.881	158.322	1.204.620	-	10	24.589.195	5.325.417	29.914.612
<i>Professional Services</i>	57.572	-	-	-	-	597	5.324.111	847.364	24.761	-	-	186	6.254.264	327	6.254.591
<i>Educational Services</i>	516.516	-	3.102.074	-	-	602.439	1.493.453	2.527.556	19.057	556.206	-	12	8.077.111	740.202	8.817.313
<i>Health and Social Services</i>	399.727.962	4.480.056	2.749.431	-	-	10.813.824	3.399.039	4.729.777	45.804	2.057.814	-	2.943	327.001.733	101.004.917	428.006.650
Other	233.311.201	133.121	301.173	-	-	14.772.276	61.700.099	108.896.565	97.011.647	1.053.137	46.293.887	2.871.669	106.281.858	413.055.101	259.571.532
Total	682.036.235	4.613.187	6.450.976	-	25.865.227	572.173.960	428.116.471	328.261.451	4.583.701	90.037.132	2.871.669	106.294.625	1.719.194.961	532.109.673	2.251.304.634

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

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II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

Profile of significant exposures by sectors (continued):

Prior Period	Risk Classifications ⁽¹⁾													TRY	FC	Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments	Other				
Agriculture	95.787	-	4.031	-	-	1.652.157	2.006.910	937.144	35.860	70.959	-	67	4.342.182	460.733	4.802.915	
<i>Farming and Stockbreeding</i>	42.673	-	4.025	-	-	1.218.249	1.010.740	527.936	11.258	47.250	-	26	2.641.807	220.350	2.862.157	
<i>Forestry</i>	36.442	-	6	-	-	190.583	911.273	334.681	22.524	-	-	37	1.319.355	176.191	1.495.546	
<i>Fishery</i>	16.672	-	-	-	-	243.325	84.897	74.527	2.078	23.709	-	4	381.020	64.192	445.212	
Manufacturing	9.909.602	-	110.577	-	-	176.011.307	30.741.591	46.031.928	498.306	9.025.780	-	533	207.307.457	65.022.167	272.329.624	
<i>Mining and Quarrying</i>	244.559	-	-	-	-	8.264.529	420.111	659.405	4.637	140.872	-	22	5.025.572	4.708.563	9.734.135	
<i>Production</i>	9.501.366	-	110.577	-	-	132.076.476	30.069.001	43.740.930	491.689	8.365.596	-	511	183.580.083	40.776.063	224.356.146	
<i>Electricity, Gas and Water</i>	163.677	-	-	-	-	35.670.302	252.479	1.631.593	1.980	519.312	-	-	18.701.802	19.537.541	38.239.343	
Construction	2.324.022	-	-	-	-	52.965.389	7.757.889	20.894.150	332.079	7.504.793	-	10	74.905.461	16.872.871	91.778.332	
Services	296.461.718	1.960.033	3.331.615	63	5.682.332	120.683.998	133.605.584	72.178.041	2.121.992	11.709.130	-	10.221	515.369.938	132.374.789	647.744.727	
<i>Wholesale and Retail Trade</i>	5.250.936	-	31.676	63	-	67.923.535	81.875.542	40.882.205	1.376.921	6.828.914	-	1.107	193.596.264	10.574.635	204.170.899	
<i>Accommodation and Dining</i>	1.988.150	10	-	-	-	17.835.235	6.643.238	16.483.602	312.562	585.176	-	30	19.437.053	24.410.950	43.848.003	
<i>Transportation and Telecom.</i>	296.901	-	-	-	-	9.578.708	34.875.414	3.349.144	284.250	297.440	-	70	41.142.593	7.539.334	48.681.927	
<i>Financial Institutions</i>	18.828	-	87	-	5.682.332	7.168.206	291.278	1.089.755	1.410	1.644.144	-	6.149	13.924.412	1.977.777	15.902.189	
<i>Real Estate and Rental Services</i>	167.722	-	-	-	-	10.923.422	3.128.451	5.552.028	68.523	728.615	-	10	16.278.587	4.290.184	20.568.771	
<i>Professional Services</i>	62.219	-	-	-	-	17.025	3.658.372	673.911	44.294	-	-	190	4.455.637	374	4.456.011	
<i>Educational Services</i>	159.979	-	1.372.722	-	-	571.409	841.286	1.073.115	21.303	391.936	-	12	4.330.859	100.903	4.431.762	
<i>Health and Social Services</i>	288.516.983	1.960.023	1.927.130	-	-	6.666.458	2.292.003	3.074.281	12.729	1.232.905	-	2.653	222.204.533	83.480.632	305.685.165	
Other	125.978.293	123.380	222.005	-	6.892.631	77.024.101	71.701.100	78.333.893	1.148.736	17.305.343	1.637.071	77.809.296	273.262.404	184.913.445	458.175.849	
Total	434.769.422	2.083.413	3.668.228	63	12.574.963	428.336.952	245.813.074	218.375.156	4.136.973	45.616.005	1.637.071	77.820.127	1.075.187.442	399.644.005	1.474.831.447	

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

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

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

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

Current Period Exposure Categories	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
1. Conditional and unconditional exposures to central governments or central banks	202.794.922	10.212.171	39.278.528	9.269.667	420.480.947
2. Conditional and unconditional exposures to regional governments or local authorities	88.222	3.878	62.263	196.983	4.261.841
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	1.101.917	232.631	195.332	628.777	4.292.319
4. Conditional and unconditional exposures to Multilateral Development Banks	-	-	-	-	-
5. Conditional and unconditional exposures to banks and brokerage houses	24.105.729	458.560	21.082	382.998	896.858
6. Conditional and unconditional exposures to corporates	146.130.146	27.847.494	32.112.924	92.264.051	273.819.345
7. Conditional and unconditional retail exposures	56.612.612	12.326.779	19.885.717	39.538.897	299.752.466
8. Conditional and unconditional exposures secured by real estate property	53.239.433	16.596.882	21.545.745	53.610.191	183.269.200
9. Past due items	4.507.179	688	2.579	13.646	59.609
10. Items in Regulatory High-Risk Categories	25.424.293	5.795.792	8.342.308	16.111.261	34.363.478
11. Stock Investments	2.871.669	-	-	-	-
12. Other Items	106.275.474	11.576	4.374	881	2.320
Total	623.151.596	73.486.451	121.450.852	212.017.352	1.221.198.383

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

Prior Period Exposure Categories	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
1. Conditional and unconditional exposures to central governments or central banks	127.731.327	3.638.171	11.904.506	29.475.654	262.019.764
2. Conditional and unconditional exposures to regional governments or local authorities	59.612	9.914	47.109	74.036	1.892.742
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	579.261	168.782	117.595	475.622	2.326.968
4. Conditional and unconditional exposures to Multilateral Development Banks	-	-	-	-	63
5. Conditional and unconditional exposures to banks and brokerage houses	11.474.947	26.928	66.528	215.142	791.418
6. Conditional and unconditional exposures to corporates	69.280.575	32.595.986	41.740.701	81.401.781	203.317.909
7. Conditional and unconditional retail exposures	34.911.694	6.821.835	15.808.477	32.590.432	155.680.636
8. Conditional and unconditional exposures secured by real estate property	24.390.395	8.364.405	14.177.892	39.663.373	131.779.091
9. Past due items	4.037.925	475	2.484	6.431	89.658
10. Items in Regulatory High-Risk Categories	1.359.397	878.888	7.007.547	12.609.660	23.760.513
11. Stock Investments	1.637.071	-	-	-	-
12. Other Items	77.789.062	3.206	10.746	13.055	4.058
Total	353.251.266	52.508.590	90.883.585	196.525.186	781.662.820

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

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

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

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

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

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

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

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

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

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

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

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

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

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II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

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

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

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

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

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

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Türkiye	866.506.754	-	866.506.754
North Macedonia	10.155.945	-	10.155.945
Serbia	6.929.414	-	6.929.414
Cyprus	2.237.764	-	2.237.764
Suriname	1.251.211	-	1.251.211
Other*	1.712.210	-	1.712.210

(*) Risk-Weighted Assets below TRY 1 million are grouped under other headings.

Exposures by Consolidated risk weights:

Current Period													
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	500%	Deductions from Equity
1 Exposures before Credit Risk Mitigation	634.181.921	-	262.749.812	-	155.374.309	655.926.853	814.577.169	48.543.700	50.604.525	1.826.556	-	293.992	246.237
2. Exposures after Credit Risk Mitigation	720.051.744	-	244.581.128	184.280.378	258.849.489	233.283.723	511.553.164	45.979.933	50.604.525	1.826.556	-	293.992	246.237
Prior Period													
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	500%	Deductions from Equity
1 Exposures before Credit Risk Mitigation	445.888.981	-	72.675.926	-	55.225.969	479.820.326	572.354.947	17.376.776	31.695.401	1.243.540	-	7.935	131.360
2. Exposures after Credit Risk Mitigation	467.555.494	-	61.138.044	127.359.420	125.548.243	241.241.479	402.657.035	16.384.856	31.695.401	1.243.540	-	7.935	131.360

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

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

Information by major sectors and type of counterparties:

Current Period	Credits		
	Significant Increase in Credit Risk (Stage II)(1)	Credit – Impaired Losses (Stage III)(2)	Expected Credit Loss (IFRS 9)(3)
Major Sectors /Counterparties			
Agriculture	822.028	114.541	130.180
<i>Farming and Stockbreeding</i>	787.787	95.764	112.333
<i>Forestry</i>	4.591	2.728	2.004
<i>Fishery</i>	29.650	16.049	15.843
Manufacturing	24.661.225	3.803.473	9.715.179
<i>Mining and Quarrying</i>	211.361	153.643	172.844
<i>Production</i>	13.416.658	3.083.470	5.064.761
<i>Electricity, Gas and Water</i>	11.033.206	566.360	4.477.574
Construction	7.761.471	3.578.071	4.545.421
Services	38.594.777	7.205.002	15.798.159
<i>Wholesale and Retail Trade</i>	8.713.740	3.338.753	3.704.811
<i>Accommodation and Dining</i>	18.193.906	1.436.721	5.568.546
<i>Transportation and Telecommunication</i>	2.033.659	447.034	520.189
<i>Financial Institutions</i>	5.894	363.915	362.457
<i>Real Estate and Rental Services</i>	8.978.829	1.055.016	4.993.499
<i>Professional Services</i>	231.794	43.046	48.679
<i>Educational Services</i>	231.416	424.442	504.265
<i>Health and Social Services</i>	205.539	96.075	95.713
Other	9.996.160	3.336.256	5.236.426
Total	81.835.661	18.037.343	35.425.365

(1) Income accruals amounting to TRY 3.098.235 are not included in the table.

(2) Income accruals amounting to TRY 1.658.608 are not included in the table.

(3) The accruals of amounting to TRY 2.827.127 are not included in the table.

Prior Period	Credits		
	Significant Increase in Credit Risk (Stage II)(1)	Credit – Impaired Losses (Stage III)(2)	Expected Credit Loss (IFRS 9)(3)
Major Sectors /Counterparties			
Agriculture	471.902	122.681	234.065
<i>Farming and Stockbreeding</i>	466.967	101.457	215.650
<i>Forestry</i>	2.605	1.653	1.003
<i>Fishery</i>	2.330	19.571	17.412
Manufacturing	18.657.322	3.640.175	11.306.315
<i>Mining and Quarrying</i>	216.077	191.633	243.161
<i>Production</i>	10.170.698	2.908.448	5.571.093
<i>Electricity, Gas and Water</i>	8.270.547	540.094	5.492.061
Construction	4.604.634	2.802.355	4.763.871
Services	26.548.627	7.390.804	17.457.575
<i>Wholesale and Retail Trade</i>	5.133.428	3.363.904	3.545.307
<i>Accommodation and Dining</i>	12.490.154	1.570.193	6.818.065
<i>Transportation and Telecommunication</i>	1.070.107	462.968	373.956
<i>Financial Institutions</i>	4.518	336.522	335.250
<i>Real Estate and Rental Services</i>	7.392.611	1.078.738	5.751.871
<i>Professional Services</i>	112.069	53.401	37.128
<i>Educational Services</i>	200.345	430.959	503.068
<i>Health and Social Services</i>	145.395	94.119	92.930
Other	6.595.565	3.326.279	4.566.498
Total	56.878.050	17.282.294	38.328.324

(1) Income accruals amounting to TRY 2.937.867 are not included in the table.

(2) Income accruals amounting to TRY 1.770.617 are not included in the table.

(3) The accruals of amounting to TRY 3.103.890 are not included in the table.

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

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

Movements in value adjustments and provisions:

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage III expected credit loss	15.385.654	3.207.905	(2.748.429)	-	15.845.130
2. Stage I and Stage II expected credit loss	38.275.587	375.133	(5.054.741)	-	33.595.979
Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage III expected credit loss	12.112.779	5.621.309	(2.348.434)	-	15.385.654
2. Stage I and Stage II expected credit loss	10.573.124	29.072.098	(1.369.635)	-	38.275.587

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

Collateral Types	Net Value of Collateral Current Period ⁽¹⁾
Real estate mortgage	17.465.091
Salary pledge, vehicle pledge and pledge of commercial undertaking	3.115.735
Financial collaterals (cash, securities pledge, etc.)	140.822
Cheque / bills	380.394
Sureties	44.491.546
CGF	1.948.737
Other ⁽²⁾	14.293.336
Total	81.835.661

⁽¹⁾ Income accruals amounting TRY 3.098.235 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

Collateral Types	Net Value of Collateral Prior Period ⁽¹⁾
Real estate mortgage	10.897.730
Salary pledge, vehicle pledge and pledge of commercial undertaking	2.103.579
Financial collaterals (cash, securities pledge, etc.)	115.064
Cheque / bills	163.729
Sureties	30.405.793
CGF	2.408.340
Other ⁽²⁾	10.783.815
Total	56.878.050

⁽¹⁾ Income accruals amounting TRY 2.937.867 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

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II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

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

Collateral Types	Net Value of Collateral Current Period ⁽¹⁾
Cash	4.929
Mortgage	3.771.053
Pledge	267.949
Cheque / bills	155.420
Sureties	7.992.335
Other ⁽²⁾	5.845.657
Total	18.037.343

⁽¹⁾ Income accruals amounting to TRY 1.658.608 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

Collateral Types	Net Value of Collateral Prior Period ⁽¹⁾
Cash	9.061
Mortgage	3.139.262
Pledge	198.232
Cheque / bills	63.003
Sureties	7.276.273
Other ⁽²⁾	6.596.463
Total	17.282.294

⁽¹⁾ Income accruals amounting to TRY 1.770.617 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

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

In accordance with “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”, the foreign currency position risk of the Group is measured by “standard method” and is calculated daily and is reported monthly. Also VAR based values and limits are reported to the Executives on a daily basis by using internal model methods. In addition, the value at risk limit determined by the Board of Directors of the Parent Bank for the value at risk including foreign currency risk is monitored 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:	29,3248000	32,4200000	34,8643000	37,2174000	0,2063363
Before the balance sheet date;					
Current foreign exchange buying rate on the 1st business day	29,3248000	32,4200000	34,8643000	37,2174000	0,2063363
Current foreign exchange buying rate on the 2nd business day	29,3723000	32,5680000	34,9562000	37,3876000	0,2076966
Current foreign exchange buying rate on the 3rd business day	29,3120000	32,4689000	34,3723000	37,3050000	0,2050020
Current foreign exchange buying rate on the 4th business day	29,2485000	32,2465000	34,1435000	37,1395000	0,2047877
Current foreign exchange buying rate on the 5th business day	29,0800000	32,0316000	33,9052000	36,8704000	0,2036437
Last 30 days arithmetic average:	29,0024571	31,6519238	33,4720000	36,6429333	0,2008569

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

III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (continued)

Information related to currency risk:

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	108.542.435	88.750.861	26.187.821	223.481.117
Banks	5.475.241	3.158.112	7.687.281	16.320.634
Financial assets at fair value through profit and loss	-	1.349	35.996	37.345
Money market placements	-	-	2.182.907	2.182.907
Financial assets at fair value through other comp. income	14.554.504	31.615.419	8.140.099	54.310.022
Loans	174.224.971	100.383.230	33.423.761	308.031.962
Subsidiaries, associates and entities under common control	2.436.869	-	-	2.436.869
Financial assets measured at amortised cost	36.066.235	73.075.249	27.812.492	136.953.976
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	2.026.019	2.026.019
Intangible assets	-	-	584.130	584.130
Other assets ⁽²⁾	3.925.020	2.703.301	1.535.506	8.163.827
Total assets	345.225.275	299.687.521	109.616.012	754.528.808
Liabilities				
Bank deposits	164.611.529	9.510.406	4.054.692	178.176.627
Foreign currency deposits	248.189.051	261.372.317	122.750.440	632.311.808
Money market balances	2.601.967	15.954.365	159.739	18.716.071
Funds provided from other financial institutions	11.646.606	8.847.218	95.002	20.588.826
Bonds issued	-	-	-	-
Miscellaneous Payables	1.848.794	3.372.811	1.431.445	6.653.050
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities ⁽²⁾	40.511.812	1.812.298	2.249.764	44.573.874
Total liabilities	469.409.759	300.869.415	130.741.082	901.020.256
Net balance sheet position	(124.184.484)	(1.181.894)	(21.125.070)	(146.491.448)
Net off-balance sheet position	114.085.231	5.978.870	34.502.577	154.566.678
Financial derivative assets ⁽³⁾⁽⁴⁾	120.815.872	27.224.719	41.331.839	189.372.430
Financial derivative liabilities ⁽³⁾⁽⁴⁾	6.730.641	21.245.849	6.829.262	34.805.752
Non-cash loans ⁽¹⁾	98.483.312	88.000.186	20.181.074	206.664.572
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	75.224.814	5.027.814	23.328.235	103.580.863
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 6.586.176 and swap precious metal purchase transactions amounted to TRY 25.064.563. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 2.205.463 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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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (continued)

IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK

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

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

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

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	816.606	255.210	1.280.245	218.916	28.983	279.264.616	281.864.576
Banks and financial institutions	9.774.091	722.243	132.378	185.713	31.153	12.236.430	23.082.008
Financial assets at fair value through profit and loss	15	52.537	151.289	995	20	39.370.877	39.575.733
Money market placements	2.888.124	-	-	-	-	-	2.888.124
Financial assets at fair value through other comprehensive income	37.113.273	9.962.583	35.785.506	29.979.538	10.059.232	1.130.802	124.030.934
Loans	473.734.382	192.320.505	195.778.675	302.749.215	99.792.198	49.916.625	1.314.291.600
Financial assets measured at amortised cost	119.412.943	36.074.232	72.519.782	75.343.285	127.407.207	-	430.757.449
Other assets ⁽¹⁾⁽⁴⁾	9.806.230	6.376.366	5.051.968	5.886.798	511.944	52.886.821	80.520.127
Total assets	653.545.664	245.763.676	310.699.843	414.364.460	237.830.737	434.806.171	2.297.010.551
Liabilities							
Bank deposits	32.024.797	12.671.090	111.696	-	-	158.273.957	203.081.540
Other deposits	862.552.325	279.658.787	157.558.662	7.551.589	214.017	420.264.696	1.727.800.076
Money market balances	25.040.299	3.301.433	-	-	-	83.029	28.424.761
Miscellaneous Payables	7.829.532	-	-	-	-	34.002.521	41.832.053
Bonds issued	4.550.346	10.675.422	1.925.421	-	-	-	17.151.189
Funds provided from other financial institutions ⁽³⁾	1.481.213	11.158.682	5.884.000	4.328.946	442.587	361.691	23.657.119
Other liabilities ⁽¹⁾⁽²⁾	1.000.000	-	64.543.680	4.929.795	-	184.590.338	255.063.813
Total liabilities	934.478.512	317.465.414	230.023.459	16.810.330	656.604	797.576.232	2.297.010.551
Balance sheet long position	-	-	80.676.384	397.554.130	237.174.133	-	715.404.647
Balance sheet short position	(280.932.848)	(71.701.738)	-	-	-	(362.770.061)	(715.404.647)
Off-balance sheet long position	130.078.565	55.915.932	29.148.487	9.829.886	13.282.045	-	238.254.915
Off-balance sheet short position	(129.982.468)	(56.979.216)	(29.200.251)	(9.819.703)	(13.282.045)	-	(239.263.683)
Total position	(280.836.751)	(72.765.022)	80.624.620	397.564.313	237.174.133	(362.770.061)	(1.008.768)

⁽¹⁾ TRY 14.507.046 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)

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

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

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
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	4.619.080	20.397.665
Total assets	374.417.449	246.151.068	229.453.518	200.080.386	143.113.567	245.135.4991	438.351.487
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	127.306.732	186.001.071
Total liabilities	632.376.292	215.555.843	84.195.462	26.994.340	6.045.867	473.183.6831	438.351.487
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)

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

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

Current Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks ⁽¹⁾	3,47	5,21	-	41,85
Financial assets at fair value through profit and loss ⁽⁵⁾	-	6,15	-	21,22
Money market placements	-	-	-	40,94
Financial assets at fair value through other comprehensive income	2,98	7,10	-	32,44
Loans ⁽²⁾	5,80	9,02	-	31,47
Financial assets measured at amortised cost	4,55	5,71	-	31,93
Liabilities				
Bank deposits ⁽⁴⁾	0,25	6,67	-	42,28
Other deposits ⁽⁴⁾	1,53	2,83	-	35,70
Money market borrowings	4,60	7,04	-	41,52
Miscellaneous Payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	29,87
Funds provided from other financial institutions	2,56	1,99	-	42,05

⁽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 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 INTEREST RATE RISK (continued)

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

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

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

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

Current Period				
	Currency	Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity –Losses/Shareholders' Equities
1	TRY	500	(19.752.660)	(11,45%)
		(400)	19.180.455	11,12%
2	EUR*	200	8.578.364	4,97%
		(200)	(13.230.099)	(7,67%)
3	USD	200	(11.246.116)	(6,52%)
		(200)	15.681.918	9,09%
Total (For negative shocks)			21.632.274	12,54%
Total (For positive shocks)			(22.420.412)	(13,00%)
Prior Period				
	Currency	Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity –Losses/Shareholders' Equities
1	TRY	500	(8.071.845)	(6,52%)
		(400)	7.906.393	6,39%
2	EUR*	200	1.063.399	0,86%
		(200)	(2.103.244)	(1,70%)
3	USD	200	(3.240.574)	(2,62%)
		(200)	4.325.730	3,50%
Total (For negative shocks)			10.128.879	8,19%
Total (For positive shocks)			(10.249.020)	(8,28%)

(*) Other currencies are shown under EUR.

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

V. EXPLANATIONS ON THE CONSOLIDATED POSITION RISK OF SHARES

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

Equities	Comparison			Capital Requirements
	Carrying Value ⁽¹⁾	Fair Value Change ⁽²⁾	Market Value	
Stock investment excluding A,B,C,D group	3.431.387	3.313.413	-	620.166

⁽¹⁾ Includes TRY 152.312 of unconsolidated associates, TRY 598.108 of unconsolidated subsidiary and TRY 2.680.967 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	-	512.804	512.804	-	-	-
Total	-	512.804	512.804	-	-	-

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

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

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

The liquidity risks of the Parent Bank are managed within the framework of risk and transaction limits approved by the Board of Directors, and the written duties and responsibilities of the units related to liquidity risk management is established. 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.

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.

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

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

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 fourth quarter of 2023, the Parent Bank's deposit gain in TRY reduced its TRY denominated secured borrowings obtained from money markets, and accordingly increased the total of free securities not given as collateral. As a result of the TCMB regulations supporting the conversion to TRY-denominated deposits, there has been a decrease in foreign currency deposits, excluding the exchange rate effect, compared to the end of the third quarter. The total amount of loans decreased compared to the end of the third quarter due to the increase in loan interest rates and Banking Regulation and Supervision Agency (BDDK) regulations related to bank loan disbursements. The decrease in collateralized borrowings and the increase in tradable securities during the period contributed to an increase in the Parent Bank's stock of high-quality liquid assets. Net cash outflows increased mainly due to the increase in TRY denominated deposits with maturities less than 30 days and other TRY denominated liabilities with maturities less than 30 days. The increase in TRY and FC denominated net cash outflows was larger than the increase in high quality liquid assets stock, which decreased the total liquidity coverage ratio during the period. In addition, the increase in FC deposits with maturities less than 30 days and the decrease in FX cash inflows with maturities less than 30 days decreased the FC liquidity coverage ratio in the fourth quarter. During the period, FC and TRY+FC ratios remained above the legal lower limit.

High quality liquid assets are composed of 53,82% accounts held by the CBRT and the Central Banks of the foreign branches, 44,30% securities considered as high quality liquid assets and 1,88% 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 2.839.986.

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

PERIOD	FC (%)	TRY+FC (%)
October 2023	631.05	164.09
November 2023	606.07	167.03
December 2023	596.11	166.69

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

Liquidity Coverage Ratio:

Current Period	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			716.992.699	299.995.369
Cash Outflows				
Retail and Small Business Customers, of which;	829.268.720	303.210.360	78.451.924	30.313.318
Stable Deposits	114.278.210	77.180	6.952.873	-
Less Stable Deposits	714.990.510	303.133.180	71.499.051	30.313.318
Unsecured wholesale funding , of which;	843.451.475	389.819.684	375.331.008	144.198.494
Operational Deposits	201.541.144	154.217.160	50.385.289	38.554.290
Non-operational Deposits	604.406.125	229.705.494	297.702.313	99.967.531
Other Unsecured Funding	37.504.206	5.897.030	27.243.406	5.676.673
Secured Funding				
Other cash outflows, of which;	32.734.504	3.711.678	29.783.502	3.708.337
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	4.516.620	3.706.110	4.516.620	3.706.110
Obligations related to structured financial products	222.621	-	222.621	-
Commitments related to debts to financial markets and other off-balance sheet obligations	27.995.263	5.568	25.044.261	2.227
Other revocable off-balance sheet commitments and Contractual Obligations				
Other irrevocable or conditionally revocable off-balance sheet Obligations	676.090.357	194.771.367	49.597.036	14.663.510
Total Cash Outflows			533.163.470	192.883.659
Cash Inflows				
Secured Lending				
Unsecured Lending	159.402.777	22.672.772	99.228.078	18.770.820
Other Cash Inflows	1.232.973	138.701.301	1.232.973	138.701.300
Total Cash Inflows	160.635.750	161.374.073	100.461.051	157.472.120
Total Adjusted Value				
Total HQLA Stock			716.992.699	299.995.369
Total Net Cash Outflows			432.702.419	49.249.207
Liquidity Coverage Ratio (%)			165,92%	611,13%

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

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

VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (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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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (continued)

VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (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	54.876.488	221.986.039	439.782	4.276.230	229.799	56.238	-	281.864.576
Banks	10.969.185	10.679.845	722.213	132.152	185.672	126.261	266.680	23.082.008
Financial assets at fair value through profit and loss	759.879	-	28	35.516.970	53.518	20	3.245.318	39.575.733
Money market placements	-	2.888.124	-	-	-	-	-	2.888.124
Financial assets at fair value through other comprehensive income	-	16.056.202	2.442.715	30.916.559	56.915.712	16.568.944	1.130.802	124.030.934
Loans ⁽⁴⁾	6.389.712	103.735.648	252.076.389	219.450.506	551.393.233	161.550.161	19.695.951	1.314.291.600
Financial assets measured at amortised cost	-	42.653.201	22.078.582	66.215.025	115.971.607	183.839.034	-	430.757.449
Other assets ⁽²⁾	2.578.292	7.206.983	8.142.419	5.670.113	5.966.325	644.241	50.311.754	80.520.127
Total assets	75.573.556	405.206.042	285.902.128	362.177.555	730.715.866	362.784.899	74.650.505	2.297.010.551
Liabilities								
Bank deposits	157.700.174	32.519.122	12.750.230	112.014	-	-	-	203.081.540
Other deposits	390.848.201	873.888.958	289.472.602	164.013.153	8.014.740	1.562.422	-	1.727.800.076
Funds provided from other financial institutions ⁽³⁾	30.855	510.306	1.910.465	4.974.512	9.565.791	6.665.190	-	23.657.119
Money market balances	-	25.085.982	406.299	-	2.932.480	-	-	28.424.761
Bonds issued	-	4.550.346	10.545.422	2.055.421	-	-	-	17.151.189
Miscellaneous Payables	53.600	23.539.496	509.649	2.428.533	10.037.665	234.449	5.028.661	41.832.053
Other liabilities ⁽¹⁾	431	13.597.528	365.672	72.215.076	6.894.715	1.150.044	160.840.347	255.063.813
Total liabilities	548.633.261	973.691.738	315.960.339	245.798.709	37.445.391	9.612.105	165.869.008	2.297.010.551
Liquidity Gap	(473.059.705)	(568.485.696)	(30.058.211)	116.378.846	693.270.475	353.172.794	(91.218.503)	-
Net off-Balance Sheet Position	-	101.097	(1.068.284)	(41.767)	186	-	-	(1.008.768)
Derivative Financial Assets	-	130.073.565	54.805.689	7.162.412	19.649.159	26.564.090	-	238.254.915
Derivative Financial Liabilities	-	(129.972.468)	(55.873.973)	(7.204.179)	(19.648.973)	(26.564.090)	-	(239.263.683)
Non-Cash Loans	198.462.066	19.990.768	42.760.458	191.943.366	130.772.147	30.874.584	-	614.803.389
Prior Period								
Total Assets	23.144.235	269.977.627	79.038.338	370.456.293	445.646.155	227.011.819	23.077.020	1.438.351.487
Total Liabilities	316.177.567	655.401.093	207.882.110	86.320.174	38.838.615	17.267.231	116.464.697	1.438.351.487
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 LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)

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

Current Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments ⁽¹⁾	Total
Liabilities							
Deposits	1.463.464.043	316.571.984	184.190.211	8.083.536	1.562.755	(42.990.913)	1.930.881.616
Funds provided from other financial intuitions	539.645	1.974.400	5.390.313	11.022.284	7.900.648	(3.170.171)	23.657.119
Money market borrowings	25.151.628	438.660	205.811	4.029.887	-	(1.401.225)	28.424.761
Securities issued	4.949.568	11.221.196	2.298.244	-	-	(1.317.819)	17.151.189
Funds	11.564	39.945	179.523	296.871	43.715	-	571.618
Total	1.494.116.448	330.246.185	192.264.102	23.432.578	9.507.118	(48.880.128)	2.000.686.303

Prior Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments ⁽¹⁾	Total
Liabilities							
Deposits	841.247.760	201.613.567	48.029.089	5.435.369	305.217	(6.975.585)	1.089.655.417
Funds provided from other financial intuitions	378.886	1.035.568	2.334.102	5.806.383	10.536.711	(2.996.394)	17.095.256
Money market borrowings	103.332.690	130.408	131.786	702.357	2.040.085	(1.097.311)	105.240.015
Securities issued	2.938.153	8.838.302	1.754.852	155.120	-	(355.986)	13.330.441
Funds	6.866	22.309	72.203	126.174	9.990	-	237.542
Total	947.904.355	211.640.154	52.322.032	12.225.403	12.892.003	(11.425.276)	1.225.558.671

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

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

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

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

Current Period:⁽¹⁾	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forwards Contracts- Buy	6.415.052	9.319.606	3.131.372	613	-	18.866.643
Forward Contracts – Sell	7.505.051	12.530.629	3.116.567	430	-	23.152.677
Swaps – Buy	105.062.378	34.526.701	3.992.272	-	-	143.581.351
Swaps – Sell	122.348.305	43.348.491	4.044.259	-	-	169.741.055
Credit Default Swap – Buy	-	-	-	-	-	-
Credit Default Swap – Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	3.353.512	3.232.664	-	-	-	6.586.176
Forward Precious Metal - Sell	2.205.463	-	-	-	-	2.205.463
Money Buy Options	492.365	20.564	-	-	-	512.929
Money Sell Options	492.460	20.470	-	-	-	512.930
Swaps Interest – Buy	-	10.000	10.000	19.648.547	26.564.089	46.232.636
Swaps Interest – Sell	-	10.000	10.000	19.648.547	26.564.089	46.232.636
Currency Futures-Buy	-	14.662	28.768	-	-	43.430
Currency Futures-Sell	-	15.170	33.353	-	-	48.523
Swaps Precious Metal - Buy	17.332.763	7.731.800	-	-	-	25.064.563
Swaps Precious Metal - Sell	-	-	-	-	-	-
Total	265.207.349	110.780.757	14.366.591	39.298.137	53.128.178	482.781.012

Prior Period: ⁽²⁾	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forwards Contracts- Buy	7.262.313	2.334.291	1.145.948	40.590	-	10.783.142
Forward Contracts – Sell	4.360.896	1.069.525	1.145.600	40.578	-	6.616.599
Swaps – Buy	100.647.842	8.464.760	2.902.716	932.240	-	112.947.558
Swaps – Sell	122.840.013	9.641.926	2.464.964	260.460	-	135.207.363
Credit Default Swap – Buy	-	-	-	-	-	-
Credit Default Swap – Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	848.727	152.771	-	-	-	1.001.498
Forward Precious Metal - Sell	3.793.810	1.332.501	-	-	-	5.126.311
Money Buy Options	5.394.200	7.084.913	-	-	-	12.479.113
Money Sell Options	5.395.779	7.064.049	-	-	-	12.459.828
Swaps Interest – Buy	10.000	60.000	-	10.291.226	18.952.718	29.313.944
Swaps Interest – Sell	10.000	60.000	-	10.291.226	18.952.718	29.313.944
Currency Futures-Buy	-	410.850	-	-	-	410.850
Currency Futures-Sell	-	506.901	-	-	-	506.901
Swaps Precious Metal - Buy	22.626.349	1.629.045	-	-	-	24.255.394
Swaps Precious Metal - Sell	-	-	-	-	-	-
Total	273.189.929	39.811.532	7.659.228	21.856.320	37.905.436	380.422.445

⁽¹⁾ Foreign exchange purchase and sale commitments of TRY 5.262.414 are included in the table

⁽²⁾ Foreign exchange purchase and sale commitments of TRY 29.819.815 are included in the table

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

VII. 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	1.437.836.113
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)	235.258.956	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)	57.763.300	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)	31.962.390	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	3.066.839.291	1.802.471.874

(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.

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)	2.318.931.081	1.402.914.230
2.Assets That Are Deducted from Core Capital	(3.555.151)	(1.107.374)
3.Total on Balance Sheet Exposures	2.315.375.930	1.401.806.856
Derivative Exposures And Credit Derivatives		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	4.379.017	3.067.627
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	4.298.438	2.757.617
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives	8.677.455	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)	8.894.016	6.132.299
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions	8.894.016	6.132.299
Off -Balance Sheet Items		
10.Gross Notional Amount of Off-Balance Sheet Items	765.854.280	404.466.015
11.Adjustments for Conversion to Credit Equivalent Amounts	(31.962.390)	(15.758.540)
12.The Total Risk of Off-Balance Sheet Items	733.891.890	388.707.475
Capital And Total Exposures		
13.Tier 1 Capital	154.223.647	98.313.005
14.Total Exposures	3.066.839.291	1.802.471.874
Leverage Ratio		
15.Leverage Ratio	5,03%	5,45%

(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)

VIII. EXPLANATIONS RELATED TO THE CONSOLIDATED BUSINESS SEGMENTATION

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

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)

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

Details of the segment information prepared in accordance with the Act on “Disclosure of Financial Statements of Banks and The Related Presentations and Notes” as of 31 December 2023 are presented in the table below.

Current Period	Commercial/ Corporate	Integrated	Treasury/ Investment⁽¹⁾	Other⁽¹⁾	Total
1 January -31 December 2023					
OPERATING INCOME / EXPENSES					
Interest Income	55.505.271	131.840.799	120.888.521	3.544.757	311.779.348
<i>Interest on Loans</i>	<i>55.248.451</i>	<i>130.389.957</i>	<i>5.162.059</i>	-	<i>190.800.467</i>
<i>Interest Income on Marketable Securities</i>	-	<i>1.355.296</i>	<i>112.534.531</i>	-	<i>113.889.827</i>
<i>Interest Received from Banks</i>	-	-	<i>2.053.771</i>	<i>25.257</i>	<i>2.079.028</i>
<i>Other Interest Income</i>	<i>256.820</i>	<i>95.546</i>	<i>1.138.160</i>	<i>3.519.500</i>	<i>5.010.026</i>
Interest Expense	98.645.795	136.299.948	29.643.188	1.203.093	265.792.024
<i>Interest on Deposits</i>	<i>98.471.432</i>	<i>134.546.108</i>	<i>5.380.139</i>	-	<i>238.397.679</i>
<i>Interest on Borrowings</i>	<i>34.183</i>	<i>83.572</i>	<i>875.399</i>	<i>413.195</i>	<i>1.406.349</i>
<i>Interest on Money Market Borrowings</i>	-	<i>798.367</i>	<i>14.686.606</i>	<i>668.935</i>	<i>16.153.908</i>
<i>Interest on Marketable Bonds Issued</i>	-	-	<i>7.642.842</i>	<i>119.845</i>	<i>7.762.687</i>
<i>Other Interest Expense</i>	<i>140.180</i>	<i>871.901</i>	<i>1.058.202</i>	<i>1.118</i>	<i>2.071.401</i>
Net Interest Income	(43.140.524)	(4.459.149)	91.245.333	2.341.664	45.987.324
Net Fees and Commissions Income	5.710.388	10.422.248	4.654.780	280.495	21.067.911
Net Trading Profit / (Loss)	592.996	15.936.941	(32.511.910)	11.576	(15.970.397)
Dividend Income	-	-	19.801	479	20.280
Other Income	539.950	2.050.479	16.680.158	283.549	19.554.136
Expected Loss Provisions	502.274	1.779.214	1.356.681	153.065	3.791.234
Other Expenses	751.758	15.458.776	34.868.319	462.307	51.541.160
Income Before Taxes	(37.551.222)	6.712.529	43.863.162	2.302.391	15.326.860
Income Tax Provision	-	-	2.818.855	(392.476)	2.426.379
Net Profit For The Period	(37.551.222)	6.712.529	46.682.017	1.909.915	17.753.239

SEGMENT ASSETS

31 December 2023

Marketable Securities ⁽²⁾	-	28.088.605	566.216.977	1.107	594.306.689
Derivative Financial Assets Held for Trading	-	210.860	3.577.519	-	3.788.379
Banks and Money Market Receivables ⁽²⁾	-	5.893.869	19.649.812	416.165	25.959.846
Associates and Subsidiaries (Net)	-	-	3.431.387	-	3.431.387
Loans ⁽²⁾	410.323.838	800.166.237	54.360.416	-	1.264.850.491
Other Assets ⁽²⁾	3.315.461	18.606.383	357.925.850	24.826.065	404.673.759
TOTAL ASSETS	413.639.299	852.965.954	1.005.161.961	25.243.337	2.297.010.551

SEGMENT LIABILITIES

31 December 2023

Deposits	623.625.955	1.078.753.727	228.501.934	-	1.930.881.616
Derivative Financial Liabilities	-	355.768	539.489	-	895.257
Money Market Balances	-	13.608.772	9.900.109	4.915.880	28.424.761
Borrowing Funding Loans	326.900	836.089	19.686.220	2.807.910	23.657.119
Bonds Issued	-	-	10.207.685	6.943.504	17.151.189
Other Liabilities	8.375.014	28.674.887	96.730.189	856.788	134.636.878
Provisions and Tax Payable	939.984	1.702.661	15.655.039	151.104	18.448.788
Shareholders' Equity	(37.551.222)	6.712.529	171.601.622	2.152.014	142.914.943
TOTAL LIABILITIES	595.716.631	1.130.644.433	552.822.287	17.827.200	2.297.010.551

OFF-BALANCE SHEET ITEMS

31 December 2023

Guarantees and Sureties	302.220.877	224.465.364	88.117.148	-	614.803.389
Commitments	2.349.185	49.970.528	147.054.529	25	199.374.267
Derivative Financial Instruments	-	59.844.491	417.674.107	-	477.518.598
TOTAL OFF-BALANCE SHEET ITEMS	304.570.062	334.280.383	652.845.784	25	1.291.696.254

⁽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 RELATED TO THE CONSOLIDATED BUSINESS SEGMENTATION (continued)

Prior Period	Commercial/ Corporate	Integrated	Treasury/ Investment ⁽¹⁾	Other ⁽¹⁾	Total
1 January -31 December 2022					
OPERATING INCOME / EXPENSES					
Interest Income	26.231.967	59.003.530	69.837.838	1.503.746	156.577.081
<i>Interest on Loans</i>	26.000.171	58.096.815	2.222.063	-	86.319.049
<i>Interest Income on Marketable Securities</i>	-	866.067	66.806.028	-	67.672.095
<i>Interest Received from Banks</i>	-	-	528.733	8.383	537.116
<i>Other Interest Income</i>	231.796	40.648	281.014	1.495.363	2.048.821
Interest Expense	26.747.756	36.218.862	23.030.751	459.531	86.456.900
<i>Interest on Deposits</i>	26.422.390	35.471.004	2.630.631	-	64.524.025
<i>Interest on Borrowings</i>	24.009	70.374	304.633	222.994	622.010
<i>Interest on Money Market Borrowings</i>	-	269.111	15.672.137	182.590	16.123.838
<i>Interest on Marketable Bonds Issued</i>	-	-	3.715.519	53.107	3.768.626
<i>Other Interest Expense</i>	301.357	408.373	707.831	840	1.418.401
Net Interest Income	(515.789)	22.784.668	46.807.087	1.044.215	70.120.181
Net Fees and Commissions Income	2.685.153	4.933.816	1.729.770	23.623	9.372.362
Net Trading Profit / (Loss)	37.893	6.063.174	(11.865.486)	12.383	(5.752.036)
Dividend Income	-	-	54.260	-	54.260
Other Income	822.708	1.203.463	5.367.049	138.730	7.531.950
Expected Loss Provisions	1.688.139	2.998.944	32.379.032	94.495	37.160.610
Other Expenses	1.462.794	8.517.751	9.332.205	188.161	19.500.911
Income Before Taxes	(120.968)	23.468.426	381.443	936.295	24.665.196
Income Tax Provision	-	-	(5.554.380)	(130.143)	(5.684.523)
Net Profit For The Period	(120.968)	23.468.426	(5.172.937)	806.152	18.980.673

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	204.234.508	12.780.019	233.395.952
TOTAL ASSETS	288.645.736	528.502.433	608.316.968	12.886.350	1.438.351.487

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	61.103.560	1.323.733	91.879.815
TOTAL LIABILITIES	374.188.985	636.799.753	419.548.405	7.814.344	1.438.351.487

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)

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

	Current Period		Prior Period	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets	2.171.899.240	2.066.227.588	1.371.123.616	1.384.331.244
Cash and Balances with the Central Bank of Türkiye	281.864.576	281.864.576	164.219.881	164.219.881
Financial assets at fair value through P&L ^{(3) (4)}	4.027.263	4.027.263	214.435	214.435
Banks	23.082.008	23.069.446	8.702.504	8.653.187
Money Market Placements	2.888.124	2.888.124	25.005	25.005
Financial Assets at Fair Value Through Other Comprehensive Income ⁽¹⁾	118.272.616	118.272.616	100.232.132	100.232.132
Other Financial Assets Measured at Amortised Cost	430.757.449	377.158.359	241.455.259	263.082.145
Loans ⁽²⁾	1.294.595.649	1.242.535.649	847.119.613	838.749.672
Lease Receivables	10.207.714	10.207.714	5.547.035	5.547.035
Factoring Receivables	6.203.841	6.203.841	3.607.752	3.607.752
Financial Liabilities	2.045.135.676	2.043.784.748	1.254.691.930	1.249.461.208
Banks Deposits	203.081.540	203.015.597	135.387.250	135.270.655
Other Deposits	1.727.800.076	1.726.878.985	954.268.167	949.101.524
Derivative financial liabilities held for trading	895.257	895.257	822.352	822.352
Funds provided from other financial institutions	23.657.119	23.543.554	17.095.256	17.508.277
Money market borrowings	28.424.761	28.182.388	105.240.015	105.236.717
Securities issued	17.151.189	17.143.233	13.330.441	12.973.234
Miscellaneous payables	41.832.053	41.832.053	27.029.287	27.029.287
Leasing payables	2.293.681	2.293.681	1.519.162	1.519.162

⁽¹⁾ As of 31 December 2023, TRY 5.758.318 (31 December 2022: TRY 2.630.062) of "equity investments not quoted on stock exchange" followed in financial assets at fair value through other comprehensive income are not included.

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

⁽³⁾ As of 31 December 2023, marketable securities amounting to TRY 182.791 (31 December 2022: TRY 354.023) that are not valued with market price, are not included in financial assets at fair value through Profit and Loss..

⁽⁴⁾ Securities lending transactions amounting to TRY 35.365.679 (31 December 2021: TRY 33.947.997) is not included in the financial assets at fair value through P&L.

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

The fair value of the held to maturity assets is determined at other financial assets measured at amortised cost, when the market prices are not available, quoted market prices of other marketable securities which are amortised with the same terms of interest maturity and other similar conditions are used.

The prevailing interest rates as of balance sheet date are used in the calculation of fair value of money market placements, banks, loans, deposits, funds provided from other financial intuitions and miscellaneous payables.

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

Classification of Fair Value Measurement

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

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

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

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

Classification requires using observable market data if possible.

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

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value:				
Financial Assets Measured at Fair Value through Profit/Loss ^{(2) (4)}	4.027.263	-	-	4.027.263
Derivative financial assets	-	3.788.379	-	3.788.379
Financial Assets at Fair Value through Other Comprehensive Income ⁽¹⁾	118.272.616	-	-	118.272.616
Subsidiaries	-	-	598.108	598.108
Associates ⁽³⁾	-	-	2.436.869	2.436.869
Total Financial Assets	122.299.879	3.788.379	3.034.977	129.123.235
Financial Liabilities Measured at Fair Value:				
Derivative financial liabilities	-	895.257	-	895.257
Total Financial Liabilities	-	895.257	-	895.257

⁽¹⁾ As of 31 December 2023, share certificates amounting to TRY 5.758.318 of “securities not quoted on the stock exchange” in financial assets at fair value through other comprehensive income are not included in the above table.

⁽²⁾ As of 31 December 2023, marketable securities amounting to TRY 182.791 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

⁽³⁾ Parent Bank’s associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ (TRY 103.017), Bileşim Finansal Teknolojiler ve Ödeme Sis. AŞ (TRY 127.982), Kredi Kayıt Bürosu AŞ (TRY 2.516), Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ (TRY 18.851), Birleşim Varlık Yönetim AŞ (TRY 122.230), Bankalararası Kart Merkezi AŞ (TRY 17.628) and JCR Avrasya Derecelendirme AŞ (TRY 4.186) are not included in the table.

⁽⁴⁾ As of 31 December 2023, the securities lending transactions amounting to TRY 35.365.679 followed in financial assets at fair value through profit or loss are not included in the table.

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

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

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value:				
Financial Assets Measured at Fair Value through Profit/Loss ^{(2) (4)}	214.435	-	-	214.435
Derivative financial assets	-	3.234.670	-	3.234.670
Financial Assets at Fair Value through Other Comprehensive Income ⁽¹⁾	100.232.132	-	-	100.232.132
Subsidiaries	-	-	100.345	100.345
Associates ⁽³⁾	-	-	1.373.880	1.373.880
Total Financial Assets	100.446.567	3.234.670	1.474.225	105.155.462
Financial Liabilities Measured at Fair Value:				
Derivative financial liabilities	-	822.352	-	822.352
Total Financial Liabilities	-	822.352	-	822.352

⁽¹⁾ As of 31 December 2022, share certificates amounting to TRY 2.630.062 of “securities not quoted on the stock exchange” in financial assets at fair value through other comprehensive income are not included in the above table.

⁽²⁾ As of 31 December 2022, marketable securities amounting to TRY 354.023 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

⁽³⁾ Parent Bank’s associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ (TRY 71.349), Bileşim Finansal Teknolojiler ve Ödeme Sis. AŞ (TRY 127.982), Kredi Kayıt Bürosu AŞ (TRY 2.516) and Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ (TRY 11.132) are not included in the table.

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

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

	Current Period
Balance at the beginning of the period	1.474.225
Purchases during the year	-
Non-paid up shares	-
Valuation Difference	1.560.752
Transfers	-
Redemption or Sales	-
Period End Balance	3.034.977
	Prior Period
Balance at the beginning of the period	1.108.396
Purchases during the year	99.295
Non-paid up shares	-
Valuation Difference	265.484
Transfers	1.050
Redemption or Sales	-
Period End Balance	1.474.225

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

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

The Group does not engage in fiduciary transactions.

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

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

Explanations Related To Risk Management

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

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

Overview of Risk Weighted Amounts (*):

		Risk Weighted Amounts		Minimum Capital Requirements	
		Current Period	Prior Period	Current Period	Prior Period
1	Credit risk (excluding counterparty credit risk) (CCR) (**)	1.101.003.969	791.173.431	88.080.318	63.293.874
2	Standardized approach (SA)	1.101.003.969	791.173.431	88.080.318	63.293.874
3	Internal rating-based (IRB) approach	-	-	-	-
4	Counterparty credit risk (**)	4.963.190	8.071.010	397.055	645.681
5	Standardized approach for counterparty credit risk (SA-CCR)	4.963.190	8.071.010	397.055	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	80.959.663	32.488.100	6.476.773	2.599.048
17	Standardized approach (SA)	80.959.663	32.488.100	6.476.773	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)	4.566.390	3.108.851	365.311	248.708
24	Floor adjustment	-	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	1.260.539.621	864.308.628	100.843.170	69.144.690

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

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

Differences and Matching Between Accounting and Regulatory Scopes of Consolidation^(*):

Assets	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				Not subject to capital requirements or subject to deduction from capital
		Credit Risk	Counterparty credit risk	Securitization positions	Market Risk	
Cash and Balances with the Central Bank	281.828.278	281.828.278	-	-	-	-
Derivative Financial Assets	3.788.379	-	3.788.379	-	1.369.914	-
Financial assets at fair value through profit and loss	39.575.733	182.791	-	-	4.027.263	35.365.679
Banks	23.071.722	23.071.722	-	-	-	-
Receivables from Money markets	2.888.124	-	2.888.124	-	-	-
Financial assets at fair value through OCI (net)	124.030.934	13.119.495	-	-	110.911.439	-
Loans	1.264.850.491	1.264.604.254	-	-	-	246.237
Receivables from factoring	6.203.841	6.203.841	-	-	-	-
Financial assets measured at amortised cost (net)	430.700.022	430.700.022	-	-	-	-
Subsidiaries (net)	2.833.279	2.833.279	-	-	-	-
Associates (net)	598.108	598.108	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-
Finance lease receivables	10.207.714	10.207.714	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Tangible Assets (net)	31.184.968	29.533.488	-	-	-	1.651.480
Intangible Assets (net)	2.101.641	603.290	-	-	-	1.498.351
Real estate for investment purpose (net)	15.087.803	15.087.803	-	-	-	-
Tax asset	-	-	-	-	-	-
Deferred Tax Assets	14.507.046	-	-	-	-	14.507.046
Assets Held For Sale and Discontinued Operations (net)	3.522	3.522	-	-	-	-
Other assets	43.548.946	43.544.385	-	-	4.561	-
Total Assets	2.297.010.551	2.122.121.992	6.676.503	-	116.313.177	53.268.793
Liabilities						
Deposits	1.930.881.616	-	-	-	-	1.930.881.616
Derivative financial liabilities	895.257	-	-	-	138.408	756.849
Loans	23.657.119	-	-	-	-	23.657.119
Money market borrowings	28.424.761	-	28.424.761	-	-	-
Securities issued	17.151.189	-	-	-	-	17.151.189
Funds	571.618	-	-	-	-	571.618
Other liabilities	89.624.317	-	-	-	1.798	89.622.519
Factoring payables	16.982	-	-	-	-	16.982
Finance lease payables	2.293.681	-	-	-	-	2.293.681
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Provisions	13.262.861	-	-	-	-	13.262.861
Tax Liability	5.183.775	-	-	-	-	5.183.775
Deferred Tax Liability	2.152	-	-	-	-	2.152
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated Loans	42.130.280	-	-	-	-	42.130.280
Shareholders' equity	142.914.943	-	-	-	-	142.914.943
Total liabilities	2.297.010.551	-	28.424.761	-	140.206	2.268.445.584

* Expected Loss Provisions presented in related lines.

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

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

	Total	Credit risk	Securitization positions	Counterparty credit risk	Market Risk
1 Asset carrying value amount under scope of regulatory consolidation	2.297.010.551	2.122.121.992	-	6.676.503	116.313.177
2 Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	28.424.761	140.206
3 Total net amount under regulatory scope of consolidation	2.297.010.551	2.122.121.992	-	(21.748.258)	116.172.971
4 Off-balance Sheet Amounts(*)	1.291.696.254	364.207.866	-	9.574.281	142.928.781
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences due to prudential filters	-	-	-	-	-
9 Differences due to risk reduction	-	2.486.329.858	-	(12.173.977)	259.101.752

Explanations of differences between accounting and regulatory exposure amounts:

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

Explanations Related to Counterparty Credit Risk

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

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

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

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

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

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

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

Counterparty Credit Risk (CCR) Approach Analysis:

	Replacement cost	Potential Future exposure	EEPE(*)	Alpha used for computing regulatory EAD	EAD post-CRM	Risk Weighted Assets
Standardised Approach - CCR (for derivatives)	2.142.438	3.764.296		1,4	8.269.427	2.227.758
Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					4.190.822	945.337
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
Total					12.460.249	3.173.095

* Expected effective positive risk amount.

Capital requirement for credit valuation adjustment (CVA):

	EAD post-CRM	Risk weighted amount
Total portfolios subject to the Advanced CVA capital obligation	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the Standardised CVA capital obligation	8.269.427	812.270
Total subject to the CVA capital obligation	8.269.427	812.270

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

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

Risk weight / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	2%	4%	Total Credit Risk
Claims on sovereigns and Central Banks	4.990.804	-	-	-	-	-	-	-	-	4.990.804
Claims on regional governments or local authorities	-	-	-	208	-	-	-	-	-	208
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	14	-	-	-	14
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	4.599.350	1.114.879	-	1.266.878	-	-	-	6.981.107
Claims on corporates	-	-	66.619	7.621	-	404.996	-	-	-	479.236
Claims included in the regulatory retail portfolios	-	-	-	-	8.880	-	-	-	-	8.880
Claims secured by residential property	-	-	-	-	-	-	-	-	-	-
Overdue loans	-	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other Assets*	-	-	-	-	-	812.270	-	-	-	812.270
Total	4.990.804	-	4.665.969	1.122.708	8.880	2.484.158	-	-	-	13.272.519

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

Collaterals for Counterparty Credit Risk:

	Collateral for derivative transactions				Collateral for other transactions	
	Received Collaterals		Given Collaterals		Received Collaterals	Given Collaterals
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	47.530	-	-
Cash-foreign currency	-	1.920.951	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	1.920.951	-	47.530	-	-

Counterparty Credit Risk-Credit Derivatives:

None.

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

Exposures to Central Counterparty (CCP):

	Exposure post-CRM	RWA
Total Exposure to Qualified Central Counterparties (QCCPs)	-	977.825
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	1.304.854	977.231
(i) Over the counter derivative financial instruments	1.931	39
(ii) Other derivative financial instruments	1.302.923	977.192
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	29.331	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	29.691	594
Unfunded guarantee fund contributions	-	-
Total Exposures to Non-QCCPs	-	-
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	-	-
(i) Over the counter derivative financial instruments	-	-
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	-	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	-	-
Unfunded guarantee fund contributions	-	-

Securitisations:

None.

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

Qualitative Disclosure on Credit Risk:

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

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

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

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

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

Credit Quality of Assets

		Gross carrying value as per TAS		Allowances/ amortisation and impairments	Net values
		Defaulted	Non-Defaulted		
1	Loans	19.695.951	1.294.595.649	49.441.109	1.264.850.491
2	Debt Securities(*) Off-balance sheet	-	560.560.346	1.619.336	558.941.010
3	exposures	-	814.177.656	3.797.940	810.379.716
4	Total	19.695.951	2.669.333.651	54.858.385	2.634.171.217

(*) As of 31 December 2023, TRY 35.365.679 of borrowed securities is not included in Financial Assets at Fair Value through profit or loss.

Changes in Stock of Defaulted Loans and Debt Securities

1	Defaulted loans and debt securities at end of the previous reporting period	19.052.911
2	Loans and debt securities defaulted since the last reporting period	6.828.553
3	Receivables back to performing status	146.871
4	Amounts written off	122.457
5	Other changes	(5.916.185)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	19.695.951

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

Additional Disclosure Related To The Credit Quality Of Assets:

Breakdown According to Maturity:

31 December 2023	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Over	Total
Loans	26.085.663	103.735.648	252.076.389	219.450.506	551.393.233	161.550.161	1.314.291.600

Exposures Provisioned Against By Major Regions:

31 December 2023	Non-Performing Loans	ECL (Stage 3)
Domestic	18.517.034	15.118.299
European Union (EU) Countries	2.736	2.421
OECD Countries	33	32
Off-Shore Banking Regions	-	-
USA, Canada	13	8
Other Countries	1.176.135	724.370
Total	19.695.951	15.845.130

Exposures Provisioned Against By Sectors:

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

Aging analysis of overdue but not impaired financial assets:

31 December 2023	
30-60 days overdue	4.062.381
60-90 days overdue	2.169.000
Total	6.231.381

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

31 December 2023	
Loans Structured from Standard Loans	428.678
Loans Composed of Follow-up Loans	38.775.882
Loans Restructured from Non-Performing Loans	1.486.340

* Rediscounts are not included in the amount.

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

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

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

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

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

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

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

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

Concentration checks are conducted on guarantors and collateral providers.

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

Credit Risk Mitigation Techniques- Overview

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans ⁽²⁾	839.632.363	437.720.960	375.534.588	98.048.080	85.712.702	-	-
2 Debt Instruments ⁽¹⁾	558.941.010	-	-	-	-	-	-
3 Total	1.398.573.373	437.720.960	375.534.588	98.048.080	85.712.702	-	-
4 Of which defaulted	1.528.324	2.380.399	1.400.948	530.434	351.737	-	-

^(*) As of 31 December 2023, TRY 35.365.679 of borrowed securities is not included in Financial Assets at Fair Value through profit or loss.

⁽²⁾ Carrying amount as per TAS includes Lease Receivables and Factoring Receivables.

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

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

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

Standardised Approach- Credit Risk Exposure and Credit Risk Mitigation Techniques

Risk Classification	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on sovereigns and Central Banks	594.744.478	1.401.684	680.808.995	1.227.240	1.241.374	0,18%
Claims on regional governments or local authorities	4.474.954	364.740	4.460.158	153.028	2.306.593	50,00%
Claims on administrative bodies and other non-commercial undertakings	5.328.113	2.707.206	5.226.352	1.224.625	6.450.214	99,99%
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	19.100.552	9.254.202	19.100.334	6.764.892	14.847.189	57,40%
Claims on corporates	380.554.422	401.117.224	313.189.949	258.984.007	483.082.574	84,43%
Claims included in the regulatory retail portfolios	419.932.085	200.460.050	388.992.784	39.123.688	226.574.963	52,92%
Claims secured by residential property	166.056.759	36.316.756	166.056.759	18.223.619	64.498.132	35,00%
Claims secured by commercial property	111.058.835	51.507.767	111.058.835	32.922.240	76.224.421	52,94%
Overdue loans	4.536.521	1.561.295	4.134.330	449.370	3.804.571	83,00%
Higher risk categories decided by the Board	90.053.801	-	90.037.132	-	161.386.932	179,24%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	1.045.113	-	1.045.113	-	1.045.113	100,00%
Equity share investments	106.281.964	14.393.759	106.278.972	15.654	59.541.893	56,02%
Total	1.903.167.597	719.084.683	1.890.389.713	359.088.363	1.101.003.969	48,94%

Standardised Approach- Claims By Risk Classification And Risk Weights

Risk Classification	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	500%	Total risk amount (pt-CCF and CRM)
Claims on sovereigns and Central Banks	680.794.861	-	-	-	-	-	1.241.374	-	-	-	-	-	682.036.235
Claims on regional governments or local authorities	-	-	-	-	4.613.186	-	-	-	-	-	-	-	4.613.186
Claims on administrative bodies and other non-commercial undertakings	-	-	954	-	-	-	6.450.023	-	-	-	-	-	6.450.977
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	10.177.350	-	5.752.316	-	9.935.560	-	-	-	-	-	25.865.226
Claims on corporates	-	-	66.913.556	-	77.660.029	-	421.061.419	6.538.952	-	-	-	-	572.173.956
Claims included in the regulatory retail portfolios	-	-	158.774.202	-	33.450.026	231.188.536	4.703.708	-	-	-	-	-	428.116.472
Claims secured by residential property	-	-	-	184.280.378	-	-	-	-	-	-	-	-	184.280.378
Claims secured by commercial property	-	-	-	-	135.513.308	-	8.467.767	-	-	-	-	-	143.981.075
Overdue loans	-	-	-	-	1.860.624	-	2.420.710	302.366	-	-	-	-	4.583.700
Higher risk categories decided by the Board	-	-	-	-	-	-	-	39.138.615	50.604.525	-	-	293.992	90.037.132
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	1.045.113	-	-	-	-	-	1.045.113
Other receivables	39.256.883	-	8.715.066	-	-	2.095.187	56.227.490	-	-	-	-	-	106.294.626
Total	720.051.744	-	244.581.128	184.280.378	258.849.489	233.283.723	511.553.164	45.979.933	50.604.525	-	-	293.992	2.249.478.076

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

Publicly Announced Qualitative Disclosure on Market Risk

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

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

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

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

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

Market Risk: Standardised approach

	RWA
Outright products	
Interest rate risk (general and specific)	58.634.050
Equity risk (general and specific)	8.630.800
Foreign exchange risk	13.689.288
Commodity risk	-
Options	
Simplified approach	-
Delta-plus method	5.525
Scenario approach	-
Securitization	-
Total	80.959.663

Information related to Operational Risk

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

	2 PP Amount	1 PP Amount	CP Amount	Total/ No. Of Years of Positive Gross	Rate (%)	Total
Gross Income	17.550.992	18.295.342	74.627.921	36.824.752	15	5.523.713
Amount at Operational Risk (Total * 12,5)						69.046.409

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

XII. EXPLANATIONS ON REMUNERATION POLICIES

Explanations on Remuneration Committee

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

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

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

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

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

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

As of the end of 2023, the number of critical key personnel is 25.

Information on the design and structure of remuneration process

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

Remuneration Committee at its meeting in December 2023 reviewed the remuneration policy and practices.

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XII. EXPLANATIONS ON REMUNERATION POLICIES (continued)

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

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

Evaluation about how the Parent Bank associates variable remunerations with performance

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

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

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

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

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

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

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS

(1) Cash and Central Bank of the Republic of 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	4.289.339	10.468.117	2.918.483	6.562.822
CBRT	53.596.694	205.682.361	28.712.954	120.985.281
Other ⁽¹⁾	497.426	7.330.639	204.607	4.835.734
Total	58.383.459	223.481.117	31.836.044	132.383.837

⁽¹⁾ It includes the reserve requirement held by the Central Bank of Macedonia, 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⁾	33.994.689	77.575.337	28.666.697	38.540.462
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Other ⁽²⁾	19.602.005	128.107.024	46.257	82.444.819
Total	53.596.694	205.682.361	28.712.954	120.985.281

⁽¹⁾ Reserve deposits kept in CBRT.

⁽²⁾ Blocked reserve deposits amounts held in the CBRT is included in the Other.

As per the Communiqué no. 2013/15 “Reserve Deposits” of the Central Bank of the Republic of Türkiye (CBRT), banks operating in Türkiye keep reserve deposits for their TRY liabilities with reserve deposit rates between 0%-30% varied according to their maturity compositions, for their FC liabilities and precious metal liabilities at US Dollar, Euro and/or standard gold with reserve deposit rates between 5%-30% varied according to their maturity compositions.

As of 27 October, 2023, it has been decided to apply an additional reserve requirement of 4% to foreign currency deposits (excluding deposits with banks abroad and precious metal deposit accounts) held in Turkish lira at all maturities.

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 decisions of the Central Bank of Macedonia, reserve requirement ratio is 5% for MKD currency liabilities, 21% for foreign currency liabilities and 100% 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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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	35.365.679	-	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	-	-	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	-	217.434	-	121.833
Swap transactions	111.974	3.457.164	319.674	2.745.078
Futures transactions	-	-	-	-
Options	-	1.807	-	48.085
Other	-	-	-	-
Total	111.974	3.676.405	319.674	2.914.996

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	4.098.608	454.931	1.012.531	780.750
Foreign banks	2.662.766	15.865.703	892.789	6.016.434
Branches and offices abroad	-	-	-	-
Total	6.761.374	16.320.634	1.905.320	6.797.184

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

(3) Information on banks and other financial institutions: (continued)

b) Information on foreign banks:

	Unrestricted Balance		Restricted Balance	
	Current Period		Current Period	
EU Countries	4.133.495		70.286	
USA and Canada	995.355		-	
OECD Countries ⁽¹⁾	3.303.271		24.823	
Offshore Banking Regions	35.934		-	
Other	9.965.305		-	
Total	18.433.360		95.109	

⁽¹⁾ OECD Countries other than EU countries, USA and Canada

	Unrestricted Balance		Restricted Balance	
	Prior Period		Prior Period	
EU Countries	697.618		360.299	
USA and Canada	393.539		-	
OECD Countries (1)	1.076.186		727.158	
Offshore Banking Regions	23.048		-	
Other	1.821.057		1.810.318	
Total	4.011.448		2.897.775	

⁽¹⁾ OECD Countries other than EU countries, USA and Canada

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	20.256.072	23.212.908	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	-	4.944.135	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	124.444.757		102.360.287	
<i>Quoted on a stock exchange</i>	118.790.703		99.831.814	
<i>Not quoted</i>	5.654.054		2.528.473	
Equity Securities	1.148.083		559.360	
<i>Quoted on a stock exchange</i>	1.026.538		440.490	
<i>Not quoted</i>	121.545		118.870	
Impairment provision (-)	1.561.906		57.453	
Total	124.030.934		102.862.194	

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

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

(5) Information on loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
<i>Corporate shareholders</i>	-	-	-	-
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	3.215.182	-	1.487.680	-
Total	3.215.182	-	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	Standard Loans	Loans Under Close Monitoring		
			Loans Not Subject to Restructuring	Restructured Loans	
				Loans with Revised Contract Terms	Refinance
Non-specialized loans	957.930.952	37.057.746	205.485	38.570.397	
<i>Corporation loans</i>	553.039.942	26.411.923	182.242	38.564.080	
<i>Export loans</i>	46.143.647	912.177	-	-	
<i>Import loans</i>	-	-	-	-	
<i>Loans given to financial sector</i>	16.836.202	-	-	-	
<i>Consumer loan</i>	152.723.927	1.944.433	21.451	4.102	
<i>Credit cards</i>	64.987.936	3.626.843	1.792	-	
<i>Other</i>	124.199.298	4.162.370	-	2.215	
Specialized lending	227.773.254	6.002.033	-	-	
Other receivables	-	-	-	-	
Accruals	23.957.547	1.291.942	8.866	1.797.427	
Total	1.209.661.753	44.351.721	214.351	40.367.824	

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	11.188.617	12.229.027	-	-
Significant Increase in Credit Risk	-	-	22.407.362	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.

c) Distribution of cash loans by maturity structure:

Current Period	Standard Loans	Loans under close monitoring	
		Loans Not Subject To Restructuring	Restructured
Short Term Loans	319.062.706	10.878.157	654.608
Medium and Long Term Loans	890.599.047	33.473.564	39.927.567
Prior Period			
Short Term Loans	253.340.565	4.620.365	691.736
Medium and Long Term Loans	533.963.131	27.350.491	27.153.325

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

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

(5) Information on loans (continued) :

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	2.010.516	127.880.421	129.890.937
<i>Real estate loans</i>	12.963	98.096.528	98.109.491
<i>Automobile loans</i>	281.228	8.726.361	9.007.589
<i>Consumer loans</i>	1.716.325	21.057.532	22.773.857
<i>Other</i>	-	-	-
Consumer loans- Indexed to FC	2.844	2.500.483	2.503.327
<i>Real estate loans</i>	-	2.358.509	2.358.509
<i>Automobile loans</i>	-	26.649	26.649
<i>Consumer loans</i>	2.844	115.325	118.169
<i>Other</i>	-	-	-
Consumer loans- FC	51.878	15.144.299	15.196.177
<i>Real estate loans</i>	2.098	4.833.846	4.835.944
<i>Automobile loans</i>	-	17.879	17.879
<i>Consumer loans</i>	42.717	10.275.241	10.317.958
<i>Other</i>	7.063	17.333	24.396
Individual credit cards-TRY	26.125.697	1.732	26.127.429
<i>Installment</i>	8.125.143	1.732	8.126.875
<i>Non-installment</i>	18.000.554	-	18.000.554
Individual credit cards-FC	5.617	681.464	687.081
<i>Installment</i>	-	640.945	640.945
<i>Non-installment</i>	5.617	40.519	46.136
Personnel loans-TRY	728.632	1.063.120	1.791.752
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	728.632	1.063.120	1.791.752
<i>Other</i>	-	-	-
Personnel loans-Indexed to FC	201	133.440	133.641
<i>Real estate loans</i>	-	130.704	130.704
<i>Automobile loans</i>	-	167	167
<i>Consumer loans</i>	201	2.569	2.770
<i>Other</i>	-	-	-
Personnel loans-FC	2.473	308.217	310.690
<i>Real estate loans</i>	573	166.689	167.262
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	1.875	141.337	143.212
<i>Other</i>	25	191	216
Personnel credit cards-TRY	784.037	-	784.037
<i>Installment</i>	238.332	-	238.332
<i>Non-installment</i>	545.705	-	545.705
Personnel credit cards-FC	345	16.152	16.497
<i>Installment</i>	-	-	-
<i>Non-installment</i>	345	16.152	16.497
Overdraft accounts-TRY (Retail customers) ^(**)	4.388.114	-	4.388.114
Overdraft accounts-FC (Retail customers) ^(***)	429.492	49.783	479.275
Total	34.529.846	147.779.111	182.308.957

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

^(**) TRY 174.027 of the overdraft account consists of loans given to personnel.

^(***) TRY 4.538 of the overdraft account consists of loans given to personnel.

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

(5) Information on loans: (continued)

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

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

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	3.175.418	111.713.786	114.889.204
<i>Business premises loans</i>	-	1.901.337	1.901.337
<i>Automobile loans</i>	58.723	3.396.028	3.454.751
<i>Consumer loans</i>	3.116.695	106.416.421	109.533.116
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	1.235.677	6.473.822	7.709.499
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	1.235.677	6.473.822	7.709.499
Commercial installment loans - FC	5.644.627	124.013.531	129.658.158
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	829.626	102.714.709	103.544.335
<i>Other</i>	4.815.001	21.298.822	26.113.823
Corporate credit cards-TRY	40.953.118	-	40.953.118
<i>Installment</i>	9.884.615	-	9.884.615
<i>Non-installment</i>	31.068.503	-	31.068.503
Corporate credit cards-FC	3.003	45.406	48.409
<i>Installment</i>	-	19.869	19.869
<i>Non-installment</i>	3.003	25.537	28.540
Overdraft accounts-TRY (Commercial customers)	30.098.995	-	30.098.995
Overdraft accounts-FC (Commercial customers)	178.566	-	178.566
Total	81.289.404	242.246.545	323.535.949

^(*)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)

f) Loans by customers

	Current Period	Prior Period
Public	38.873.984	34.412.916
Private	1.255.721.665	812.706.697
Total	1.294.595.649	847.119.613

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

g) Domestic and foreign loans(*):

	Current Period	Prior Period
Domestic loans	1.236.577.241	815.375.195
Foreign loans	58.018.408	31.744.418
Total	1.294.595.649	847.119.613

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

h) Loans granted to subsidiaries and associates:

None. (31 December 2022: None.)

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

	Current Period	Prior Period
Loans with Limited Collectability	726.343	1.832.288
Loans with Doubtful Collectability	1.041.753	2.220.847
Uncollectible Loans	14.077.034	11.332.519
Total	15.845.130	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.

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

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current period			
Gross amounts before the specific provisions	426.539	211.066	848.735
<i>Restructured loans</i>	<i>426.539</i>	<i>211.066</i>	<i>848.735</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>

(*) Rediscunts are not included.

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

(5) Information on loans: (continued)

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

j.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 (+)	5.843.150	254.504	730.899
Transfers from other categories of loans under non-performing (+)	-	4.373.828	5.977.294
Transfers to other categories of loans under non-performing (-)	5.848.266	4.502.856	-
Collections (-)(*)	1.702.864	1.089.006	3.271.186
Write-offs (-)	215	697	117.914
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	1.876.192	2.410.598	15.409.161
Provision (-)	726.343	1.041.753	14.077.034
Net balance on balance sheet	1.149.849	1.368.845	1.332.127
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".

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period			
Balance at the end of the period	318.674	1.431.821	4.886.487
Provisions(-)	152.459	618.442	4.586.619
Net balance in the balance sheet	166.215	813.379	299.868
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)

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period (Net)	1.149.849	1.368.845	1.332.127
Loans to granted real persons and legal entities (Gross)	1.876.192	2.410.598	15.409.161
Provisions (-)	726.343	1.041.753	14.077.034
Loans to granted real persons and legal entities (Net)	1.149.849	1.368.845	1.332.127
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)	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	1.428	687	1.788
Interest Accruals and Valuation Differences	10.934	10.909	1.636.765
Provision (-)	9.506	10.222	1.634.977
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)

l) 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.

m) Explanations on write-off policy:

In the current period, the Group derecognised the non-performing loan amounting to TRY 118.826 on the grounds that there was no reasonable expectation, and the Group's non-performing loan ratio decreased from 1,51% to 1,50% 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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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	95.046.847	108.040.493	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	98.930	27.149.917	46.157.728	17.310.081

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	422.621.902		234.845.851	
Treasury bills	194.008		1.982.106	
Other public sector debt securities	5.549.406		2.167.490	
Total	428.365.316		238.995.447	

c) Information on financial assets measured at amortised cost:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities	430.757.449		241.455.259	
<i>Quoted on a stock exchange</i>	400.572.218		223.107.074	
<i>Not quoted</i>	30.185.231		18.348.185	
Impairment provision (-)	-		-	
Total	430.757.449		241.455.259	

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Beginning balance	241.455.259		133.178.664	
Foreign currency differences on monetary assets	44.592.284		23.584.831	
Purchases during the year ⁽¹⁾	157.182.980		96.151.910	
Disposals through sales and redemptions	(12.473.074)		(11.460.146)	
Impairment provision (-)	-		-	
Balance at the end of the period	430.757.449		241.455.259	

⁽¹⁾ The difference between the discount amount of TRY 136.706.869 as of 31 December 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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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):

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.	1.466.425	172.751	505.679	167.738	-	138.310	(18.412)	-
2.	504.017	331.883	168.797	48.445	-	(7.737)	(35.010)	-
3.	3.713.601	2.909.429	431.113	837.899	-	2.223.570	314.832	-
4.	384.120	345.604	17.721	66.626	-	210.342	100.751	-

⁽¹⁾The financial data is obtained from audited 31 December 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.	59.049.561	8.122.928	76.544	2.316.406	19.838	613.058	196.944	2.715.304
2.	330.367	327.350	3.254	86.954	-	101.015	156.706	-
3.	53.020	52.669	612	5.337	-	1.771	3.398	-
4.	929.956	763.942	27.481	308.503	-	109.296	257.480	-

⁽¹⁾The financial data is obtained from 31 December 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 31 December 2023.

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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	1.246.420	391.001
<i>Purchases ⁽¹⁾⁽²⁾</i>	<i>126.285</i>	<i>79.539</i>
<i>Bonus shares obtained profit from current year's share</i>	<i>9.697</i>	-
<i>Dividends from current year income</i>	-	-
<i>Sales</i>	-	-
<i>Transfers</i>	<i>21.242</i>	<i>(5.595)</i>
<i>Revaluation decrease (-) / increase</i>	<i>1.089.196</i>	<i>317.057</i>
<i>Impairment provisions (-) / reversals</i>	-	-
Balance at the end of the period	2.833.279	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	2.436.869	1.373.880
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	244.098	82.481
Other non- financial investments	152.312	130.498

h) Associates quoted to a stock exchange:

None.

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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	285.130
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-	-
Share premium	-	50.372	-	11.633	-	773.455	-	-
Reserves	124.628	57.682	242.855	5.758.159	304.898	4.887.571	4.799	607.258
Other Comprehensive Income according to TAS	9.578	8.508.589	2.071	-	10	-	-	-
Profit / Loss	1.423.322	4.432.484	396.890	668.028	428.581	431.048	2.810	(168.331)
<i>Net Profit</i>	<i>1.423.322</i>	<i>4.516.209</i>	<i>396.890</i>	<i>668.028</i>	<i>428.581</i>	<i>431.048</i>	<i>2.810</i>	<i>(28.970)</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 (-)	-	-	-	61.135	-	159.933	-	-
Leasehold Improvements (-)	-	-	-	28.016	-	40.976	-	-
Intangible Assets (-)	8.575	2.220	2.098	127.303	6.267	441.646	-	36.948
Total Core Capital	1.798.953	14.691.907	1.162.718	8.447.836	973.222	6.203.718	7.709	687.109
SUPPLEMENTARY CAPITAL	-	-	58.169	173.604	87.370	78.227	-	-
CAPITAL	1.798.953	14.691.907	1.220.887	8.621.440	1.060.592	6.281.945	7.709	687.109
NET AVAILABLE CAPITAL	1.798.953	14.691.907	1.220.887	8.621.440	1.060.592	6.281.945	7.709	687.109

⁽¹⁾ The information is presented from companies' financial statements as of 31 December 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 hion 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.

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

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

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

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.	114.691	102.796	20.539	25.503	-	1.242	737	598.108

⁽¹⁾ The financial data is obtained from 31 December 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.	7.784.159	1.807.528	77.252	2.344.910	52.055	1.423.322	419.256	2.725.098
2.	26.968.203	14.649.199	11.443.527	101.379	-	4.516.209	3.001.178	4.356.308
3.	13.535.855	1.164.816	13.393	1.961.564	-	396.890	234.525	1.782.216
4.	51.646.586	8.603.155	1.562.129	1.790.968	167.624	668.028	200.623	7.681.693
5.	6.579.643	979.489	13.529	1.584.866	-	428.581	177.856	1.625.102
6.	34.893.904	6.686.340	1.025.639	1.377.705	112.924	431.048	205.391	6.472.140
7.	6.481.298	7.709	-	12	-	2.810	1.711	7.446
8.	815.626	724.057	150.413	11.157	9.870	(28.970)	(58.178)	-

⁽¹⁾ The financial data is obtained from 31 December 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	7.480.782	10.276.156
Purchase ⁽¹⁾⁽²⁾	1.062.263	2.266.422
Bonus shares obtained profit from current year's share	153.972	28.785
Dividends from current year income	-	-
Sales	-	-
Transfer	-	5.595
Revaluation increase/decrease	6.264.547	7.975.354
Impairment Provisions (-)/ Reversals	-	-
Share capital elimination of subsidiaries	(24.892.110)	(17.909.091)
Balance at the end of the period	598.108	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 174.491 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	14.153.833	7.601.174
Insurance companies	242.107	67.616
Factoring companies	1.625.102	931.982
Leasing companies	1.782.216	811.319
Financing companies	-	-
Other financial subsidiaries	7.088.852	8.497.000
Other non-financial subsidiaries	598.108	100.345

i) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock ⁽¹⁾	4.356.308	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.

(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	802.673	704.991	3.126.042	424.461
1 - 4 years	11.733.237	7.276.636	3.286.853	3.376.404
More than 4 years	3.747.919	2.256.105	1.459.005	1.811.085
Total	16.283.829	10.237.732	7.871.900	5.611.950

b) Information on net investments of financial lease:

	Current Period	Prior Period
Gross financial lease investment	16.283.829	7.871.900
Unearned revenues from financial lease	(6.046.097)	(2.259.950)
Total	10.237.732	5.611.950

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

	Current Period	Prior Period
Financial lease receivables with limited collectability	25.176	2.276
Financial lease receivables with doubtful collectability	14.202	7.289
Uncollectible financial lease receivables	280.161	293.797
Provisions	(291.388)	(274.956)
Total	28.151	28.406

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

None (31 December 2022: 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)

(12) Information on tangible assets:

Current Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
Cost:						
Immovable	13.665.775	1.427.154	10.777.880	81.328	(2.355.102)	23.434.379
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	2.185.256	2.353.790	-	1.102.492	-	3.436.554
Office machines	2.101.083	1.350.741	-	72.822	-	3.379.002
Fixed assets obtained due to non-performing loans	4.721.284	821.842	-	2.121.026	-	3.422.100
Lease hold improvements costs	796.032	1.621.118	-	2.387	-	2.414.763
Other	603.282	771.130	-	98.150	-	1.276.262
Total Cost	24.072.712	8.345.775	10.777.880	3.478.205	(2.355.102)	37.363.060
Accumulated depreciation (-)						
Immovable	1.051.862	194.574	557.766	11.053	(8.214)	1.784.935
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	782.261	767.554	-	187.096	-	1.362.719
Office machines	1.155.192	633.985	-	32.741	-	1.756.436
Fixed assets obtained due to non-performing loans	32.237	9.814	-	26.628	-	15.423
Lease hold improvements costs	367.607	324.517	-	2.387	-	689.737
Other	390.156	140.819	-	11.971	-	519.004
Total Accumulated Depreciation	3.779.315	2.071.263	557.766	271.876	(8.214)	6.128.254
Provision for impairment (-)						
Immovable	23.983	-	25.577	-	-	49.560
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	-	-	-	-	-	-
Fixed assets obtained due to non-performing loans	4.355	-	-	4.077	-	278
Total provision for impairment (-)	28.338	-	25.577	4.077	-	49.838
Net Book Value	20.265.059	6.274.512	10.194.537	3.202.252	(2.346.888)	31.184.968

Prior Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
Cost:						
Immovable	5.827.783	1.424.225	6.701.614	166.060	(121.787)	13.665.775
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	1.576.346	898.930	-	290.020	-	2.185.256
Office machines	1.389.773	774.003	-	62.693	-	2.101.083
Fixed assets obtained due to non-performing loans	4.571.769	2.065.395	-	1.915.880	-	4.721.284
Lease hold improvements costs	493.736	303.097	-	801	-	796.032
Other	487.618	144.487	-	28.823	-	603.282
Total Cost	14.347.025	5.610.137	6.701.614	2.464.277	(121.787)	24.072.712
Accumulated depreciation (-)						
Immovable	547.049	66.271	514.846	75.517	(787)	1.051.862
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	602.188	356.335	-	176.262	-	782.261
Office machines	890.893	316.984	-	52.685	-	1.155.192
Fixed assets obtained due to non-performing loans	22.074	21.264	-	11.101	-	32.237
Lease hold improvements costs	263.985	104.423	-	801	-	367.607
Other	328.292	68.820	-	6.956	-	390.156
Total Accumulated Depreciation	2.654.481	934.097	514.846	323.322	(787)	3.779.315
Provision for impairment (-)						
Immovable	15.325	-	8.658	-	-	23.983
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	-	-	-	-	-	-
Fixed assets obtained due to non-performing loans	4.355	-	-	-	-	4.355
Total provision for impairment (-)	19.680	-	8.658	-	-	28.338
Net Book Value	11.672.864	4.676.040	6.178.110	2.140.955	(121.000)	20.265.059

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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)

(13) Information on intangible assets:

Current Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
Cost:					
Other intangible assets	1.665.097	1.854.515	18.357	-	3.501.255
Total Cost	1.665.097	1.854.515	18.357	-	3.501.255
Accumulated Depreciation (-)					
Other intangible assets	826.542	591.129	18.057	-	1.399.614
Total Accumulated Depreciation	826.542	591.129	18.057	-	1.399.614
Net Book Value	838.555	1.263.386	300	-	2.101.641
Prior Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
Cost:					
Other intangible assets	1.248.573	416.524	-	-	1.665.097
Total Cost	1.248.573	416.524	-	-	1.665.097
Accumulated Depreciation (-)					
Other intangible assets	568.457	258.085	-	-	826.542
Total Accumulated Depreciation	568.457	258.085	-	-	826.542
Net Book Value	680.116	158.439	-	-	838.555

(14) Information on investment property:

	Current Period	Prior Period
Balance at the beginning of the period	6.562.752	2.322.502
Movements during the period	8.525.051	4.240.250
Purchase	731.598	639.188
Sales	(332.542)	(23.990)
Transfer	2.355.102	121.000
Revaluation increase/decrease	5.770.893	3.504.052
Balance at the end of the period	15.087.803	6.562.752

While the Parent Bank accounts for its investment properties by allocating accumulated depreciation and permanent impairment provision, if any, from their purchase cost values, it has changed its accounting policy as of November 2023 and adopted the revaluation method within the scope of TAS 40 Investment Properties Standard in the valuation of investment properties. The Parent Bank has engaged an independent appraisal firm for valuation of its investment properties and recognized the changes in the fair value in the profit or loss accounts in the period in which they occur.

(15) Information on deferred tax assets:

	Current Period	Prior Period
Deferred Tax Asset /(Liability)		
Provisions ⁽¹⁾	14.136.391	12.105.270
Revaluation of Financial Assets	(10.989.933)	(2.220.087)
Other	11.358.436	(1.369.551)
Deferred Tax Asset /(Liability):	14.504.894	8.515.632
Deferred tax accounted under shareholders' equity	(516.129)	(2.715.564)
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	(107.365)	(2.598.507)
Actuarial gains/losses	805.733	470.093
Valuation of subsidiaries	(1.214.497)	(587.150)

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

⁽²⁾ Net deferred tax assets amounting to TRY 14.504.894 consists of deferred tax assets which amounting to TRY 14.507.046 and deferred tax liabilities amounting to TRY 2.152.

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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)

(16) 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

(17) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 43.617.026 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	30.329.239	-	9.944.277	204.020.330	202.608.222	53.891.123	7.635.219	127.300	508.555.710
Foreign currency deposits	198.149.638	-	69.281.805	213.028.296	25.320.980	20.522.187	27.535.646	32.254	553.870.806
<i>Residents in Türkiye</i>	<i>154.315.413</i>	-	<i>59.336.380</i>	<i>198.969.802</i>	<i>16.340.597</i>	<i>9.906.696</i>	<i>13.419.585</i>	<i>31.632</i>	<i>452.320.105</i>
<i>Residents abroad</i>	<i>43.834.225</i>	-	<i>9.945.425</i>	<i>14.058.494</i>	<i>8.980.383</i>	<i>10.615.491</i>	<i>14.116.061</i>	<i>622</i>	<i>101.550.701</i>
Public sector deposits	11.533.116	-	55.660.153	21.797.782	1.890.714	89.592	386.326	-	91.357.683
Commercial inst. deposits	78.278.354	-	84.074.210	106.869.325	78.317.130	56.761.909	13.919.066	-	418.219.994
Other inst. deposits	6.559.061	-	2.781.169	34.432.998	23.283.049	10.207.301	91.303	-	77.354.881
Precious metals	65.998.793	-	108.798	10.803.422	872.734	272.734	384.521	-	78.441.002
Interbank deposits	157.700.174	-	9.663.220	35.606.132	111.696	318	-	-	203.081.540
<i>CBRT</i>	<i>3.279</i>	-	-	-	-	-	-	-	<i>3.279</i>
<i>Domestic banks</i>	<i>479.107</i>	-	<i>8.955.889</i>	<i>18.649.083</i>	<i>111.696</i>	-	-	-	<i>28.195.775</i>
<i>Foreign banks</i>	<i>157.217.788</i>	-	<i>707.331</i>	<i>16.957.049</i>	-	<i>318</i>	-	-	<i>174.882.486</i>
<i>Participation banks</i>	-	-	-	-	-	-	-	-	-
Total	548.548.375	-	231.513.632	626.558.285	332.404.525	141.745.164	49.952.081	159.554	1.930.881.616

(*) As of 31 December 2023, the Parent Bank has a total of TRY 334.717.002 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>	<i>76.567.976</i>	-	<i>42.417.062</i>	<i>150.678.266</i>	<i>27.557.992</i>	<i>6.105.336</i>	<i>10.209.124</i>	<i>22.365</i>	<i>313.558.121</i>
<i>Residents abroad</i>	<i>23.200.640</i>	-	<i>7.449.643</i>	<i>8.343.897</i>	<i>4.276.523</i>	<i>4.842.540</i>	<i>9.404.488</i>	<i>824</i>	<i>57.518.555</i>
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>	<i>1.779</i>	-	-	-	-	-	-	-	<i>1.779</i>
<i>Domestic banks</i>	<i>381.409</i>	-	<i>14.886.939</i>	<i>16.215.175</i>	<i>108</i>	<i>82.503</i>	-	-	<i>31.566.134</i>
<i>Foreign banks</i>	<i>86.792.579</i>	-	<i>692.756</i>	<i>10.639.100</i>	-	<i>193</i>	-	-	<i>98.124.628</i>
<i>Participation banks</i>	<i>4.894.260</i>	-	<i>800.449</i>	-	-	-	-	-	<i>5.694.709</i>
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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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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	121.187.544	65.044.411	386.913.960	147.363.380
Foreign currency saving deposits	69.337.461	36.299.334	172.811.908	132.468.862
Other deposits in the form of saving deposits	40.225.760	20.263.798	27.788.628	18.882.193
Foreign branches' deposits under foreign authorities' insurance	2.850.381	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 44.152.518. 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	851.863	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	37.324	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	-	96.631	-	130.902
Swap transactions	186.308	610.572	-	644.566
Future transactions	-	-	-	-
Options	-	1.746	-	46.884
Other	-	-	-	-
Total	186.308	708.949	-	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	3.063.826	1.966.962	960.890	1.690.542
Foreign banks, institutions and funds	4.467	18.621.864	2.551	14.441.273
Total	3.068.293	20.588.826	963.441	16.131.815

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	2.879.300	565.194	722.863	319.001
Medium and long-term	188.993	20.023.632	240.578	15.812.814
Total	3.068.293	20.588.826	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 26,34% of saving deposits and 28,68% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Group borrows loans from interbank money markets.

The Group's 87,74% of bank deposits and 36,60% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (Net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	10.546.742	-	8.292.627	-
Bonds	132.492	-	857.411	-
Assets Backed Securities	6.471.955	-	4.180.403	-
Total	17.151.189	-	13.330.441	-

(5) Explanations to the funds:

Funds are granted as loans in conformity with the protocols between the Parent Bank and fund owner ministry or institutions. These funds include funds from the Ministry of Industry and Technology, Ministry of Treasury and Finance, and other funds.

Maturity structure of funds:

	Current Period	Prior Period
Short Term	1.444	1.411
Long Term	570.174	236.131
Total	571.618	237.542

(6) Information on other liabilities:

Other liabilities balance in the balance sheet amounts to TRY 89.624.317 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)

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

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

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the 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	69.694	62.098	89.013	79.589
1 - 4 years	780.404	588.795	519.305	419.253
More than 4 years	3.202.475	1.642.788	1.689.033	1.020.320
Total	4.052.573	2.293.681	2.297.351	1.519.162

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

None (31 December 2022: None).

(9) Explanations on provisions:

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

As of 31 December 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 31 December 2023, the Group's stage 3 expected credit losses for unindemnified and unfunded non-cash loans balance is TRY 506.042 (31 December 2022: TRY 389.456).

c) Information on other provisions:

Total other provision balance amounting to TRY 4.520.833 (31 December 2022: TRY 3.468.144) consists of TRY 506.042 (31 December 2022: TRY 389.456) for stage 3 expected credit losses of unindemnified and unfunded non-cash loans, TRY 3.291.898 (31 December 2022: 2.773.127) for stage 1 and stage 2 expected credit loss amount of non-cash loans, TRY 138.861 (31 December 2022: TRY 107.145) for legal cases filed against the Group, and TRY 584.032 (31 December 2022: TRY 198.416) of other provisions.

d) Movement of employee termination benefits:

Severance indemnity provision of the Parent Bank as of 31 December 2022 is calculated by an independent company by using the actuarial conjectures.

The amount calculated for the employee termination benefits of the Parent Bank as a result of the actuarial valuation according to TAS 19, is as follows;

	Current Period	Prior Period
Inflation Rate	19,79%	9,90%
Discount Rate	24,58%	13,09%
Estimated Real Wage Growth Rate	46,76% / 19,99% ^(*)	53,50% ^(**)

^(*) For the first half of the 2024, a utilization rate of 46,76% is applied, while a rate of 19,99% is used for subsequent periods/years.

^(**) A utilization rate of 53,50% is applied for 2023, while a rate of 10,10% is utilized for the following years.

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

(9) Explanations on provisions: (continued)

d) Movement of employee termination benefits: (continued)

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

	Current Period	Prior Period
As of January 1	3.269.728	1.538.791
Charge for the year	468.870	205.223
Interest Expense	417.509	289.635
Actuarial gain/loss	796.199	1.293.936
Prior period service cost composed current period	68.525	16.166
Payment/The limitation of benefits/ Loss (Gain) therefore discharge	2.681	2.490
Benefits paid within the period (-)	(525.657)	(76.513)
Total	4.497.855	3.269.728

e) Liabilities for employee benefits:

As of 31 December 2023, unused vacation accruals are TRY 678.115, personnel dividend provision is TRY 3.025.037, severance indemnity provision for Group personnel is TRY 4.164.063, severance indemnity provision for outsourcing firms is TRY 333.792 and other personnel provision is TRY 96.337.

(31 December 2022: TRY 429.828 for unused vacation accruals; TRY 3.102.569 for severance indemnity provision for Group personnel; TRY 167.159 for severance indemnity provision for outsources; TRY 1.689.611 for personnel dividend provision).

The Group's accounts for actuarial gains / losses under equity commencing from 1 January 2013.

f) Liabilities arising from retirement benefits:

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

None.

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

Based on the results of the actuarial reports prepared as of 31 December 2023, it was determined that there is no technical deficit for Türkiye Halk Bankası AŞ Emekli Sandığı and T.C. Ziraat Bankası ve Türkiye Halk Bankası Çalışanları Emekli Sandığı Vakfı.

The above mentioned actuarial review, which was made in accordance with the principles of the related law, measures the present value of the liability as of 31 December 2023, in other words; it measures the amount to be paid to the Social Security Institution by the Parent Bank. Actuarial assumptions used in the calculation are given below.

Assumptions	Current Period	Prior Period
Discount Rate	9,80%	9,80%
Mortality Rate	CSO 1980 women/men	CSO 1980 women/men

Halk Bankası Çalışanları Emekli Sandığı Vakfı, ("Fund") which was established by 20th provisional article of Social Security Law numbered 506. As of 31 December 2023, the number of personnel who benefit from the Fund is 42.320 (31 December 2022: 39.857).

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

(9) Explanations on provisions: (continued)

f) Liabilities arising from retirement benefits: (continued)

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

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

Transferable Pension and Medical Benefits:	Current Period	Prior Period
Net Present Value of Total Liabilities Other Than Health	(21.355.713)	(9.641.633)
Net Present Value of Long Term Insurance Line Premiums	27.083.104	9.611.819
Net Present Value of Total Liabilities Other Than Health	5.727.391	(29.814)
Net Present Value of Health Liabilities	(3.596.862)	(1.687.560)
Net Present Value of Health Premiums	16.920.547	6.004.830
Net Present Value of Health Liabilities	13.323.685	4.317.270
Pension Fund Assets	13.865.164	8.089.148
General Administration Expenses (1%)	(249.526)	(113.292)
Amount of Actuarial and Technical Deficit	32.666.714	12.263.312

Total Assets	Current Period	Prior Period
Banks	10.939.310	6.720.925
Marketable Securities	526.418	515.350
Property and Equipment	936.988	404.510
Other	1.462.448	448.363
Total	13.865.164	8.089.148

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

Change in Assumptions (%)

Assumptions	Death Benefits	Medical Benefits	Total
Discount rate +1	(16,80%)	(18,50%)	(18,50%)
Discount rate -1	22,10%	24,70%	24,70%
Inflation rate +1	22,40%	30,30%	30,30%
Inflation rate -1	(17,10%)	(21,80%)	(21,80%)

g) Insurance Technical Provisions (Net):

	Current Period	Prior period
Life-Mathematical Provisions	-	-
Provisions for unearned premium claims	179.129	103.898
Provision for outstanding claims	265.555	165.638
Provisions for unexpired risk reserves	-	-
Other	-	-
Total	444.684	269.536

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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)

(10) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 31 December 2023, the Group's calculated current tax liability is amounting to TRY 405.769 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	405.769	8.180.085
Income on securities tax	2.142.207	641.431
Property income tax	7.545	4.713
Banking and insurance transactions tax (BITT)	1.595.899	505.394
Foreign exchange transactions tax	22.526	16.351
Value added tax payable	17.810	28.348
Other	516.006	173.657
Total	4.707.762	9.549.979

a.3. Information on premiums:

	Current Period	Prior Period
Social insurance premiums-employee	5.712	746
Social insurance premiums-employer	7.649	2.974
Bank social aid pension fund premium-employee	168.614	43.988
Bank social aid pension fund premium-employer	249.429	68.535
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	12.290	3.455
Unemployment insurance-employer	24.939	6.636
Other	7.380	2.057
Total	476.013	128.391

b) Explanations related to deferred tax liability:

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

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

None (31 December 2022: None).

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

Information on Subordinated Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital borrowings instruments	-	36.066.237	-	21.173.452
<i>Subordinated loans</i>	-	36.066.237	-	21.173.452
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.064.043	-	6.041.809	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.064.043	-	6.041.809	-
Total	6.064.043	36.066.237	6.041.809	21.173.452

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

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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)

(13) 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.

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 – 31 December 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.

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

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

i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	512.804	-	15.040	-
<i>Valuation differences</i>	512.804	-	15.040	-
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	(696.147)	(118.697)	7.933.780	(889.029)
<i>Valuation differences</i>	(696.147)	311.364	7.933.780	(893.748)
<i>Exchange rate difference</i>	-	(430.061)	-	4.719
Total	(183.343)	(118.697)	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 previous 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.

k) Information on Legal Reserves:

	Current Period	Prior Period
I. Legal Reserve	2.722.566	1.808.379
II. Legal Reserve	704.598	665.655
Special Reserves	438.956	232.169
Share Buyback Reserve Fund	1.169.931	424.229
Total	5.036.051	3.130.432

l) Information on Extraordinary Reserves:

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	33.357.702	26.949.466
Retained Earnings	390.678	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital (-)	-	-
Total	33.748.380	26.949.466

(14) Information on minority interest shares:

	Current Period	Prior Period
Paid-in Capital	347.694	329.869
Export Premium	10.438	10.446
Share Cancellation Profits	(44.928)	(43.134)
Marketable Securities Revaluation Fund	-224	-348
Legal Reserves	9.031	7.351
Extraordinary Reserves	4.044	3.613
Retained Earnings	796.091	226.142
Other Profit Reserves	20.138	11.109
Other Capital Reserves	6.181	9.548
Net Period Profit / Loss	922.484	624.369
Closing Balance	2.070.949	1.178.965

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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	103.267.784	34.942.445
Payment commitments for cheques	18.516.662	9.705.677
Loan granting commitments	20.590.507	18.300.735
Forward asset purchase and sale commitments	5.262.414	29.819.815
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	17.102	24.391
Tax and fund liabilities from export commitments	569.005	163.349
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	14.709.381	8.216.891
Total	162.932.855	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	15.295.865	6.316.149
Bank acceptances	37.949.369	23.628.261
Other guarantees	26.968.407	16.989.126
Total	80.213.641	46.933.536

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

	Current Period	Prior Period
Letters of certain guarantees	80.993.386	43.254.431
Letters of advance guarantees	20.824.172	11.528.112
Letters of tentative guarantees	8.718.878	3.266.565
Letters of guarantee given to customs offices	13.969.783	6.605.339
Other letters of guarantee	410.083.529	210.975.937
Total	534.589.748	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	104.774.509	44.389.420
<i>Within one year or less original maturity</i>	6.553.442	4.771.970
<i>Within more than one year maturity</i>	98.221.067	39.617.450
Other non-cash loans	510.028.880	278.174.500
Total	614.803.389	322.563.920

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

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

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	1.266.759	0,31	82.482	0,04	569.671	0,28	130.204	0,11
<i>Farming and Stockbreeding</i>	675.218	0,16	34.991	0,02	418.276	0,21	40.703	0,03
<i>Forestry</i>	161.829	0,04	28	-	25.924	0,01	18	-
<i>Fishery</i>	429.712	0,11	47.463	0,02	125.471	0,06	89.483	0,08
Manufacturing	114.053.013	27,94	92.058.403	44,54	65.835.859	32,30	52.530.677	44,25
<i>Mining and Quarrying</i>	4.642.936	1,14	2.760.531	1,34	2.949.309	1,45	1.749.802	1,47
<i>Production</i>	105.344.250	25,80	83.047.647	40,18	59.871.713	29,37	46.580.887	39,24
<i>Electricity, Gas and Water</i>	4.065.827	1,00	6.250.225	3,02	3.014.837	1,48	4.199.988	3,54
Construction	117.382.398	28,76	66.682.032	32,26	51.405.050	25,22	36.898.205	31,07
Services	171.848.910	42,11	46.985.713	22,75	83.553.425	40,99	28.501.070	24,03
<i>Wholesale and Retail Trade</i>	100.555.369	24,64	26.095.758	12,63	51.620.210	25,32	11.914.486	10,04
<i>Accommodation and Dining</i>	13.263.153	3,25	6.741.698	3,26	4.332.324	2,13	4.481.727	3,78
<i>Transportation and Telecom.</i>	4.631.755	1,13	3.876.666	1,88	2.662.042	1,31	6.470.238	5,45
<i>Financial Institutions</i>	30.223.219	7,41	1.831.744	0,89	10.181.169	4,99	936.061	0,79
<i>Real Estate and Rental Services</i>	20.325.433	4,98	7.845.876	3,80	12.614.788	6,19	4.342.674	3,66
<i>Professional Services</i>	94.349	0,02	295.695	0,14	67.142	0,03	92.937	0,08
<i>Educational Services</i>	552.937	0,14	135.031	0,07	167.347	0,08	89.467	0,08
<i>Health and Social Services</i>	2.202.695	0,54	163.245	0,08	1.908.403	0,94	173.480	0,15
Other	3.587.737	0,88	855.942	0,41	2.487.477	1,21	652.282	0,54
Total	408.138.817	100,00	206.664.572	100,00	203.851.482	100,00	118.712.438	100,00

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

Current Period	Group I		Group II	
	TRY	FC	TRY	FC
Non-Cash Loans	403.868.949	190.733.344	4.269.868	15.931.228
Letters of Guarantee	340.388.632	175.396.997	4.221.468	14.582.651
Bills of Exchange and Bank Acceptances	36.516.272	1.384.697	48.400	-
Letters of Credit	36.988	13.910.300	-	1.348.577
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	26.927.057	41.350	-	-

Prior Period	Group I		Group II	
	TRY	FC	TRY	FC
Non-Cash Loans	202.149.800	113.880.875	1.701.682	4.831.563
Letters of Guarantee	166.830.084	102.718.421	1.701.682	4.380.197
Bills of Exchange and Bank Acceptances	18.466.650	5.124.321	-	37.290
Letters of Credit	53.360	5.848.713	-	414.076
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	16.799.706	189.420	-	-

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

2) Information on derivative financial instruments:

Types of trading transactions	Derivative transactions according to purposes			
	Trading Derivatives		Derivative Financial Instruments held for Risk Management	
	Current Period	Prior Period	Current Period	Prior Period
Foreign Currency related Derivative Transactions (I):	351.197.124	261.591.539	-	-
Currency Forwards-Purchases/Sales	36.756.906	11.334.982	-	-
Currency Swaps-Purchases/Sales	313.322.406	224.399.865	-	-
Currency Futures-Purchases/Sales	91.953	917.751	-	-
Currency Options-Purchases/Sales	1.025.859	24.938.941	-	-
Interest Rate related Derivative Transactions (II)	92.465.272	58.627.888	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Swaps-Purchases/Sales	92.465.272	58.627.888	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-
Other Trading Derivatives (III)⁽¹⁾	33.856.202	30.383.203	-	-
A. Total Trading Derivatives (I+II+III)	477.518.598	350.602.630	-	-
Derivative Financial Instruments held for Risk Management	-	-	-	-
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
FC investment in associates risk hedge	-	-	-	-
B. Total Derivative Financial Instruments held for Risk Management	-	-	-	-
Total Derivative Transactions (A+B)	477.518.598	350.602.630	-	-

⁽¹⁾ Other trading derivative transactions include forward precious metal purchase and sale transactions of TRY 6.586.176 and TRY 2.205.463; respectively, and swap precious metal purchase transactions of TRY 25.064.563.

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

The Parent Bank has credit termly derivative transactions as part of its trading transactions. These transactions include credit default swaps which based on treasury of Turkish Republic's credit risk. As of 31 December 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 1,2 months). In this transactions the Parent Bank sells protection.

4) Explanations on contingent liabilities and assets:

Group's commitments for the cheques given to customers are TRY 18.516.662 (31 December 2022: TRY 9.705.677).

5) 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	71.467.899	1.399.075	25.334.668	699.365
Medium and long term loans	97.166.607	18.433.667	48.363.628	10.798.552
Interest on non-performing loans	2.323.624	9.595	1.100.281	22.555
Premiums from resource utilization support fund	-	-	-	-
Total	170.958.130	19.842.337	74.798.577	11.520.472

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

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	-	698.142	319.750	12.331
Domestic banks	912.190	1.215	119.519	4.608
Foreign banks	343.618	123.851	58.285	22.623
Foreign headquarters and branches	-	-	-	-
Total	1.255.808	823.208	497.554	39.562

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	70.408	4.690	31.936	1.843
Financial Assets at Fair Value through Other				
Comprehensive Income	17.347.305	2.571.437	12.969.640	1.349.262
Financial Assets Measured at Amortized Cost	86.623.505	7.272.482	49.636.655	3.682.759
Total	104.041.218	9.848.609	62.638.231	5.033.864

d) Interest income from subsidiaries and associates

None (31 December 2022: None).

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

(2) Information on interest expenses:

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	588.330	761.842	230.875	349.586
<i>CBRT</i>	-	-	-	-
<i>Domestic banks</i>	588.330	58.186	230.875	63.644
<i>Overseas banks</i>	-	703.656	-	285.942
<i>Overseas head office and branches</i>	-	-	-	-
Other institutions	-	56.177	14	41.535
Total	588.330	818.019	230.889	391.121

⁽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	625.164	64.969

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	4.126.562	3.636.125	2.301.327	1.467.299

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

(2) Information on interest expenses: (continued)

d) Maturity structure of interest expenses on deposits:

Current Period	Time deposits							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									
<i>Bank deposits</i>	564	7.591.748	5.123.559	113.100	-	-	-	12.828.971	
<i>Saving deposits</i>	6	2.817.633	35.937.887	49.705.062	4.289.586	1.051.261	15.109	93.816.544	
<i>Public deposits</i>	19	11.909.902	2.623.224	273.370	7.601	4.626	-	14.818.742	
<i>Commercial deposits</i>	48	24.165.000	27.836.314	17.052.342	5.648.077	1.267.772	-	75.969.553	
<i>Other deposits</i>	1	2.243.357	10.619.649	2.635.359	1.780.219	29.802	-	17.308.387	
<i>7 days call accounts</i>	-	-	-	-	-	-	-	-	
Total	638	48.727.640	82.140.633	69.779.233	11.725.483	2.353.461	15.109	214.742.197	
Foreign currency									
<i>Deposits</i>	32.606	1.382.264	5.682.471	11.355.428	3.191.491	900.283	235	22.544.778	
<i>Bank deposits</i>	-	52.919	937.093	1	-	-	-	990.013	
<i>7 days call accounts</i>	-	-	-	-	-	-	-	-	
<i>Precious metal</i>	-	749	41.945	64.575	6.992	6.430	-	120.691	
Total	32.606	1.435.932	6.661.509	11.420.004	3.198.483	906.713	235	23.655.482	
Grand total	33.244	50.163.572	88.802.142	81.199.237	14.923.966	3.260.174	15.344	238.397.679	

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									
<i>Bank deposits</i>	292	2.860.892	1.162.647	3	-	-	-	4.023.834	
<i>Saving deposits</i>	7	1.217.137	7.061.463	12.616.036	804.521	823.845	13.853	22.536.862	
<i>Public deposits</i>	10	4.524.567	825.161	119.603	26.819	2.376	-	5.498.536	
<i>Commercial deposits</i>	15	6.694.095	6.384.038	2.096.791	3.028.237	2.032.000	-	20.235.176	
<i>Other deposits</i>	1	1.184.771	3.039.744	583.531	684.785	93.690	-	5.586.522	
<i>7 days call accounts</i>	-	-	-	-	-	-	-	-	
Total	325	16.481.462	18.473.053	15.415.964	4.544.362	2.951.911	13.853	57.880.930	
Foreign currency									
<i>Deposits</i>	8.203	675.994	3.946.975	1.000.267	201.655	220.090	130	6.053.314	
<i>Bank deposits</i>	53	61.392	498.451	8	-	-	-	559.904	
<i>7 days call accounts</i>	-	-	-	-	-	-	-	-	
<i>Precious metal</i>	-	1.017	25.522	1.408	783	1.147	-	29.877	
Total	8.256	738.403	4.470.948	1.001.683	202.438	221.237	130	6.643.095	
Grand total	8.581	17.219.865	22.944.001	16.417.647	4.746.800	3.173.148	13.983	64.524.025	

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

(3) Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	320	1.267
Financial Assets at Fair Value Through other Comprehensive Income	19.246	9.286
Other	714	43.707
Total	20.280	54.260

(4) Explanations on trading profit/loss:

	Current Period	Prior Period
Profit	255.004.060	163.030.606
<i>Profit from the capital market transactions</i>	<i>3.786.139</i>	<i>336.662</i>
<i>Profit on derivative financial transactions</i>	<i>70.322.811</i>	<i>36.881.015</i>
<i>Foreign exchange gains</i>	<i>180.895.110</i>	<i>125.812.929</i>
Loss (-)	270.974.457	168.782.642
<i>Loss from the capital market transactions</i>	<i>542.438</i>	<i>75.404</i>
<i>Loss from derivative financial transactions</i>	<i>40.852.637</i>	<i>28.990.513</i>
<i>Foreign exchange losses</i>	<i>229.579.382</i>	<i>139.716.725</i>

Explanations on derivative financial instruments:

	Current Period	Prior Period
Profit on derivative financial instruments	70.322.811	36.881.015
Effect of the change in foreign exchange on profit	69.139.300	36.071.229
Effect of the change in interest rate on profit	1.183.511	809.786
Loss on derivative financial instruments (-)	40.852.637	28.990.513
Effect of the change in foreign exchange on loss	39.745.380	28.218.449
Effect of the change in interest rate on loss	1.107.257	772.064
Profit/loss on derivative financial instruments	29.470.174	7.890.502

(5) Information on other operating income:

	Current Period	Prior Period
Adjustments for prior period expenses	8.638.451	1.929.828
Insurance technical income	252.698	159.916
Income from the asset sale	1.429.164	894.958
Rent income	167.157	136.479
Other income	8.856.542	4.301.239
Total	19.344.012	7.422.420

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

	Current Period	Prior Period
Expected Credit Losses	3.791.234	37.160.610
<i>12 Month Expected Credit Loss (Stage 1)</i>	<i>295.341</i>	<i>11.947.469</i>
<i>Significant Increase in Credit Risk (Stage 2)</i>	<i>267.953</i>	<i>19.362.526</i>
<i>Non – Performing Loans (Stage 3)</i>	<i>3.227.940</i>	<i>5.850.615</i>
Marketable Securities Impairment Expense	-	165.683
<i>Financial Assets at Fair Value through Profit or Loss</i>	<i>-</i>	<i>165.683</i>
<i>Financial Assets at Fair Value through Other Comprehensive Income</i>	<i>-</i>	<i>-</i>
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
<i>Associates</i>	<i>-</i>	<i>-</i>
<i>Subsidiaries</i>	<i>-</i>	<i>-</i>
<i>Joint Ventures</i>	<i>-</i>	<i>-</i>
Other	48.206	23.635
Total	3.839.440	37.349.928

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

(7) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	387.323	401.629
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	25.577	8.658
Depreciation expenses of fixed assets	1.447.052	671.702
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	591.129	207.056
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	9.814	21.264
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	12.937.910	6.146.639
<i>Leasing Expenses on TFRS 16 Exceptions</i>	547.958	231.995
<i>Maintenance expenses</i>	381.993	183.692
<i>Advertisement expenses</i>	1.866.271	1.244.319
<i>Other expenses(**)</i>	10.141.688	4.486.633
Loss on sales of assets	14	4.565
Other(*)	15.844.816	3.005.596
Total	31.243.635	10.467.109

(*) It includes the cash donation payment of TRY 7.122.394 paid to the Disaster and Emergency Management Directorate of the Ministry of Interior – Republic of Türkiye due to the earthquake that occurred on February 6, 2023 centered by Kahramanmaraş.

(**) Other expenses mainly comprise fees related to credit card and other banking transactions.

(8) 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 45.987.324 (31 December 2022: TRY 70.120.181), net fees and commissions income is TRY 21.067.911 (31 December 2022: TRY 9.372.362) and the profit from operations before tax is TRY 15.326.860 (31 December 2022: TRY 24.665.196).

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

For the period then ended 31 December 2023, the Group's tax provision income amounting to TRY 2.426.379 (31 December 2022: TRY 5.684.523 tax provision expense) consists of TRY 1.363.448 (31 December 2022: TRY 17.046.469) of current tax charge and TRY 11.374.410 (31 December 2022: TRY 5.627.401) of deferred tax expense, TRY 15.164.237 (31 December 2022: TRY 16.989.347) of deferred tax income.

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

As of 31 December 2023, the Group's net operating income after tax is amounting to TRY 17.753.239. (31 December 2023: TRY 18.980.673)

(11) Information on net profit/loss:

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

There is no issue to be disclosed.

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

There is no issue to be disclosed.

(12) Minority interest profit/losses:

	Current Period	Prior Period
Minority interest profit/losses	922.484	624.369

(13) Other items in the Income Statement:

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

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

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

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

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

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

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

The “net increase/(decrease) in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, debts from money market, payables from miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TRY 67.706.669 decrease (31 December 2022: TRY 10.238.979 decrease) for the year 2023. The “others” item under operating income composes of fees and commissions paid, foreign exchange gains, other operating income and other operating expenses excluding employee costs, and amounts to TRY 163.891.310 decrease for the year 2023 (31 December 2022: TRY 67.172.063 decrease).

For the year ended 31 December 2023, the effect of change in foreign exchange rate on cash and cash equivalents is TRY 34.122.283 increase (31 December 2022: TRY 15.559.295 increase). The average exchange rates of last five weekdays were taken into consideration as of the balance sheet date when calculating the effect of change in the exchange rates.

- (2) Items used in determination of cash and cash equivalents, accounting policies used in the determination of those items:

Cash in TRY and cash in foreign currency, Central Bank and bank deposits having maturity less than three months are defined as cash and cash equivalents.

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

None.

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

	Current Period	Prior Period
Cash	83.352.615	62.885.883
<i>Cash in TRY, foreign currency and others⁽¹⁾</i>	9.785.238	7.413.148
<i>Demand CBRT and Banks</i>	73.567.377	55.472.735
Cash equivalents	2.156.596	648.354
<i>Time Deposits Up to 3 Months</i>	2.131.596	647.353
<i>Money Market Placements</i>	25.000	1.001
Total Cash and Cash Equivalents	85.509.211	63.534.237

⁽¹⁾ Other items include cheques received and required reserves that are held at The Central Bank of Macedonia and the Central Bank of Serbia.

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

	Current Period	Prior Period
Cash	137.260.549	83.352.615
<i>Cash in TRY, foreign currency and others⁽¹⁾</i>	16.166.723	9.785.238
<i>Demand CBRT and Banks</i>	121.093.826	73.567.377
Cash equivalents	14.261.394	2.156.596
<i>Time Deposits Up to 3 Months</i>	11.373.270	2.131.596
<i>Money Market Placements</i>	2.888.124	25.000
Total Cash and Cash Equivalents	151.521.943	85.509.211

⁽¹⁾ Other items include cheques received and required reserves that are held at The Central Bank of Macedonia and the Central Bank of Serbia.

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

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

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

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	-	4.176	-	-	-	-	
Interest and commissions	-	354	-	-	-	-	
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	-	38	-	-	-	-	

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	2.007.811	522.749	-	-	-	-
Interest expense on deposits	625.164	64.969	-	-	-	-

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

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

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

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

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

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

Current Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	-	-
Non-Cash Loans	4.176	<0,01
Deposits	2.007.811	0,10
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 130.305 as of 31 December 2023.

(31 December 2022: TRY 60.577).

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

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

Current Period	Quantity	Number of Employees	Countries		
Domestic Branch	1.073	22.091			
Abroad Agencies	1	1	IRAN		
	1	1	ENGLAND		
				Total Assets	Statutory Capital
Overseas Branch	5	122	T.R.N.C.	15.009.205	-
	1	4	BAHRAIN	100.077.178	-
Off-shore Branches	-	-		-	-
Prior Period	Quantity	Number of Employees	Countries		
Domestic Branch	1.032	20.688			
Abroad Agencies	1	1	IRAN		
	1	1	ENGLAND		
	-	-	SINGAPORE(*)	Total Assets	Statutory Capital
Overseas Branch	5	88	T.R.N.C.	6.114.197	-
	1	3	BAHRAIN	65.777.681	-
Off-shore Branches	-	-		-	-

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

During the year 2023, the Parent Bank opened 41 branches.

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

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

	Current Period	Prior Period
a. Independent audit fees	18.344	11.754
b. Fees for other services	621	647
<i>Fees for other assurance services</i>	621	373
<i>Fees for tax advisory</i>	-	-
<i>Fees for other services except independent audit</i>	-	274
Total	18.965	12.401

X. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

In the announcement made by the BRSA on 11 January 2024, it is stated that banks, financial leasing, factoring, financing, savings financing and asset management companies will start applying inflation accounting within the scope of TAS 29 as of 1 January 2025.

International rating agency Moody's changed the Parent Bank's rating outlook from "Stable" to "Positive" as a result of the assessment made on 17 January 2024.

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SECTION VI: OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE PARENT BANKS' ACTIVITY

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.

The briefing with the Second Circuit started with the Parent Bank's opening brief filed on July 31, 2023. The Government filed its reply brief on November 20, 2023. The briefing with the Second Circuit was completed with the Parent Bank's counter-reply brief filed on January 12, 2024. According to the Court's schedule, the oral argument will be held on February 28, 2024. The ruling will be announced at a date following the oral argument.

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SECTION VI: OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE PARENT BANKS' ACTIVITY(continued)

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 (the *Owens* 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 applied to the US Supreme Court on August 30, 2023 for a writ of certiorari in order to appeal the Second Circuit decision. The Supreme Court reviewed the application on January 5, 2024 and announced its decision to reject the plaintiff's appeal on January 8, 2024. Accordingly, the *Owens* case brought against the Parent Bank on March 27, 2020 was conclusively dismissed.

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 (the *Hughes* 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 Parent Bank filed its motion to dismiss with the District Court on December 22, 2023. As per the briefing schedule, the plaintiffs responded to Halkbank's motion on February 9, 2024. 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 VII: AUDITORS' REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

The Parent Bank's publicly available consolidated financial statements and footnotes as of 31 December 2023 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 14 February 2024 is presented in front of the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.