

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

**TÜRKİYE HALK BANKASI  
ANONİM ŞİRKETİ**

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

**1) Qualified Opinion**

We have audited the financial statements of Türkiye Halk Bankası A.Ş. (“the Bank”), which comprise the unconsolidated balance sheet as at 31 December 2023, and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity and unconsolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

**2) Basis for Qualified Opinion**

The Bank reclassified the government bonds amounting to TRY 18.965.006 thousand, which were previously classified under financial assets at fair value through other comprehensive income according to the business model prepared in accordance with Turkish Financial Reporting Standard (“TFRS”) 9, into financial assets measured at amortised cost and reversed the marketable securities revaluation fund accumulated under other comprehensive income or loss to be reclassified through profit or loss amounting to TRY 2.229.977 thousand on 23 May 2018. The reclassification constitutes a departure from TFRS 9. The government bonds reclassified into financial assets measured at amortised cost as at 31 December 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 Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics for Independent Auditors (“Code of Ethics”) published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **3) Emphasis of Matter**

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

On October 15, 2019, the US Department of Justice, United States Attorney Southern District of New York indicted the Bank in the Southern District of New York Court (“District Court”) for the violations of Iranian sanctions. This criminal case is pending at the District Court. The proceedings are stayed as the Bank requests an appeal under the “Foreign Sovereign Immunity Act” (“FSIA”). The US Supreme Court has rejected the 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 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 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 Bank, which was filed on October 15, 2019. The Bank filed its motion to dismiss the case with the District Court on December 22, 2023. The process is ongoing.

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

### **4) Key Audit Matters**

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

<b>Key Audit Matter</b>	<b>How the matter was addressed in the audit</b>
<p data-bbox="199 230 767 293"><b><i>Impairment of loans in accordance with TFRS 9 “Financial Instruments Standard”</i></b></p> <p data-bbox="199 331 767 595">Impairment of loans is a key area of judgement for the management. The Bank has the total loans amounting to TRY 1.270.544.675 thousand, which comprise 58% of the Bank’s total assets in its unconsolidated financial statements and the total provision for expected credit loss amounting to TRY 48.509.527 as at 31 December 2023.</p> <p data-bbox="199 633 767 1066">The Bank recognizes provisions for impairment in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. Applied accounting policies are explained in detail in the Section 3 Note VIII. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p data-bbox="199 1104 767 1335">The Bank exercises significant decisions using judgement, interpretation and assumptions over calculating loan impairments. These judgements, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans.</p> <p data-bbox="199 1373 767 1637">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="199 1675 767 1738">Related explanations relating to the impairment of loans are presented in Section 5 Note I.5.</p>	<p data-bbox="790 331 1412 394">As part of our audit work, the following procedures were performed:</p> <p data-bbox="790 432 1412 629">We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank 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="790 667 1412 763">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="790 801 1412 1032">We have performed audit procedures on selected samples of loans and receivables with the objective of identifying whether the loss event had occurred and whether the provision for expected credit loss has been recognized in a timely manner within the framework of the provisions of the relevant regulation.</p> <p data-bbox="790 1070 1412 1469">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="790 1507 1412 1671">We have tested historical loss data to validate the completeness and accuracy of key parameters. We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p data-bbox="790 1709 1412 1839">Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements underlying the estimations of impairments were reasonable.</p> <p data-bbox="790 1877 1412 1939">Our specialists are involved in all procedures related to models and assumptions.</p> <p data-bbox="790 1977 1412 2040">We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the</p>

	Bank with respect to loans and related impairment provisions.
<b>Key Audit Matter</b>	<b>How the matter was addressed in the audit</b>
<p><b><i>Valuation of Pension Fund Obligations</i></b></p> <p>Defined benefit pension plan that the Bank provides to its employees is managed by Türkiye Halk Bankası AŞ Emekli Sandığı 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 (the “Law”).</p> <p>As disclosed in the Section III Note XVII to the unconsolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation (“SSF”) as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds’ members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation deed.</p> <p>As of 31 December 2023, the Bank’s transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.</p> <p>As described in Section Five Note II.9.f considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical</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 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>interest rate is prescribed under the Law, we considered this as a key audit matter.</p>	
<p><b>Key Audit Matter</b></p>	<p><b>How the matter was addressed in the audit</b></p>
<p><i>Information Technologies Audit</i></p> <p>The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> <li>• We identified and tested the Banks' controls over information systems as part of our audit procedures.</li> <li>• Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> <li>• Security management</li> <li>• Change management</li> <li>• Operations management</li> </ul> </li> <li>• We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner.</li> <li>• We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation.</li> <li>• Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation.</li> <li>• We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.</li> <li>• Finally, we understood and tested the controls over database, network, application and operating system layers of applications.</li> </ul>

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

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

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

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

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

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

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

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

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

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is 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 financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified and reflected in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the 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 UNCONSOLIDATED 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 unconsolidated year end financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures consists of the sections listed below:

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

The unconsolidated financial statements for the year ended 31 December 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 : Sercan PAT / Specialist  
Tel : 0216 503 52 13  
Fax No : 0212 340 09 90

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

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

**SECTION I: GENERAL INFORMATION ABOUT THE BANK**

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

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

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

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

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

<b>Shareholders</b>	<b>31 December 2023</b>	<b>%</b>	<b>31 December 2022</b>	<b>%</b>
Türkiye Varlık Fonu <sup>(1)</sup>	6.573.604	91,49	4.357.946	87,70
Public shares <sup>(1)</sup>	611.093	8,51	611.094	12,30
Other shareholders <sup>(2)</sup>	81	0,00	81	0,00
<b>Total</b>	<b>7.184.778</b>	<b>100,00</b>	<b>4.969.121</b>	<b>100,00</b>

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

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

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

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

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

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

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

<b>Name</b>	<b>Title</b>
Recep Süleyman ÖZDİL	Chairman of the Board of Directors, Independent Member of the Board of Directors
Mevlüt UYSAL	Vice Chairman of the Board of Directors, Independent Member of the Board of Directors
Osman ARSLAN	Member of the Board of Directors, Chief Executive Officer
Şeref AKSAÇ	Member of the Board of Directors
Meltem TAYLAN AYDIN	Member of the Board of Directors
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 TUNCA Y	Executive Vice President, SME Banking

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

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

<b>Title</b>	<b>Name and Surname</b>	<b>Beginning Date</b>
Member of the Board of Directors	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 Bank’s top management members who have left their position in 2023 are listed with titles and dates of leaving.

<b>Title</b>	<b>Name and Surname</b>	<b>Leaving Date</b>
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**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED 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 BANK (continued)**

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

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

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

1) General information about the Bank:

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

2) Bank's restructuring process:

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

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

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

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

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

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

2) Bank’s restructuring process: (continued)

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

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

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

As of 31 December 2023, the 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 Bank has also 2 representative offices in England and Iran.

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

Platform Ödeme Hizmetleri ve Elektronik Para AŞ, subsidiary, and Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, 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 is included in the scope of full consolidation.

The 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 Bank participates to equity with significant influence but without controlling interest.

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

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

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

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

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



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

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

**SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS**

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



**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2023**

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

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

LIABILITIES	Note	Audited			Audited		
		Current Period			Prior Period		
		31 December 2023	31 December 2022				
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. DEPOSITS</b>	(1)	1.121.857.569	750.990.436	1.872.848.005	567.603.075	493.319.456	1.060.922.531
<b>II. FUNDS BORROWED</b>	(3)	560.752	16.430.458	16.991.210	180.267	13.241.796	13.422.063
<b>III. MONEY MARKETS</b>		1.625.466	18.556.332	20.181.798	94.101.600	8.057.568	102.159.168
<b>IV. SECURITIES ISSUED (Net)</b>	(4)	9.252.499	-	9.252.499	8.976.077	-	8.976.077
4.1 Bills		9.120.007	-	9.120.007	7.107.044	-	7.107.044
4.2 Assets Backed Securities		-	-	-	1.011.622	-	1.011.622
4.3 Bonds		132.492	-	132.492	857.411	-	857.411
<b>V. FUNDS</b>	(5)	571.618	-	571.618	237.542	-	237.542
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		571.618	-	571.618	237.542	-	237.542
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)(8)	186.308	708.113	894.421	-	823.543	823.543
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		186.308	708.113	894.421	-	823.543	823.543
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES</b>	(7)	2.958.953	69.638	3.028.591	1.275.326	3.163	1.278.489
<b>X. PROVISIONS</b>	(9)	12.429.302	-	12.429.302	8.717.353	-	8.717.353
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		7.987.832	-	7.987.832	5.285.506	-	5.285.506
10.3 Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4 Other Provisions		4.441.470	-	4.441.470	3.431.847	-	3.431.847
<b>XI. CURRENT TAX LIABILITY</b>	(10)	4.791.678	1.572	4.793.250	9.468.573	527	9.469.100
<b>XII. DEFERRED TAX LIABILITIES</b>	(10)	-	-	-	-	-	-
<b>XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(12)	6.064.043	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
<b>XV. OTHER LIABILITIES</b>	(6)	75.857.702	7.902.191	83.759.893	64.721.368	4.354.061	69.075.429
<b>XVI. SHAREHOLDERS' EQUITY</b>	(13)	123.659.404	4.746.615	128.406.019	88.881.953	1.770.137	90.652.090
16.1 Paid-in Capital		7.184.778	-	7.184.778	4.969.121	-	4.969.121
16.2 Capital Reserves		45.330.525	793.058	46.123.583	17.683.890	395.076	18.078.966
16.2.1 Share Premium		44.465.222	-	44.465.222	16.680.879	-	16.680.879
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		865.303	793.058	1.658.361	1.003.011	395.076	1.398.087
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		16.330.204	3.835.280	20.165.484	12.580.026	1.833.570	14.413.596
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(390.143)	118.277	(271.866)	8.556.841	(458.509)	8.098.332
<b>16.5 Profit Reserves</b>		44.283.603	-	44.283.603	29.529.707	-	29.529.707
16.5.1 Legal Reserves		4.180.008	-	4.180.008	2.696.611	-	2.696.611
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		33.299.377	-	33.299.377	26.785.915	-	26.785.915
16.5.4 Other Profit Reserves		6.804.218	-	6.804.218	47.181	-	47.181
<b>16.6 Income or (Loss)</b>		10.920.437	-	10.920.437	15.562.368	-	15.562.368
16.6.1 Prior Periods' Income or (Loss)		808.472	-	808.472	296.729	-	296.729
16.6.2 Current Period Income or (Loss)		10.111.965	-	10.111.965	15.265.639	-	15.265.639
16.7 Minority Shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>1.359.815.294</b>	<b>835.471.592</b>	<b>2.195.286.886</b>	<b>850.204.943</b>	<b>542.743.703</b>	<b>1.392.948.646</b>

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

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

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

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

OFF-BALANCE SHEET	Note	Audited Current Period			Audited Prior Period		
		31 December 2023			31 December 2022		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>A. COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>734.755.257</b>	<b>520.480.944</b>	<b>1.255.236.201</b>	<b>415.654.379</b>	<b>358.192.812</b>	<b>773.847.191</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(1)	<b>408.270.342</b>	<b>192.445.788</b>	<b>600.716.130</b>	<b>203.985.740</b>	<b>111.200.707</b>	<b>315.186.447</b>
1.1 Letters of guarantee		344.741.625	176.537.882	521.279.507	168.666.024	100.393.232	269.059.256
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	48.544.359	48.973.065	260.008	26.715.104	26.975.112
1.1.3 Other letters of guarantee		328.431.092	105.373.899	433.804.991	161.491.921	59.831.814	221.323.735
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	14.523.209	14.560.197	53.360	5.625.245	5.678.605
1.3.1 Documentary letters of credit		36.988	14.523.209	14.560.197	53.360	5.625.245	5.678.605
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	-	26.927.057	16.799.706	20.619	16.820.325
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>161.279.458</b>	<b>17.849.365</b>	<b>179.128.823</b>	<b>85.805.725</b>	<b>23.652.091</b>	<b>109.457.816</b>
2.1 Irrevocable commitments	(1)	155.005.650	5.173.784	160.179.434	82.028.145	17.738.854	99.766.999
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	-	19.873.658	16.557.370	1.493.445	18.050.815
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	-	102.599.070	34.608.889	-	34.608.889
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	-	13.341.523	7.394.063	-	7.394.063
2.2 Revocable commitments		6.273.808	12.675.581	18.949.389	3.777.580	5.913.237	9.690.817
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		6.273.808	12.675.581	18.949.389	3.777.580	5.913.237	9.690.817
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)(3)	<b>165.205.457</b>	<b>310.185.791</b>	<b>475.391.248</b>	<b>125.862.914</b>	<b>223.340.014</b>	<b>349.202.928</b>
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value risk hedging transactions		-	-	-	-	-	-
3.1.2 Cash flow risk hedging transactions		-	-	-	-	-	-
3.1.3 Net foreign investment risk hedging transactions		-	-	-	-	-	-
3.2 Transactions for trading		165.205.457	310.185.791	475.391.248	125.862.914	223.340.014	349.202.928
3.2.1 Forward foreign currency buy/sell transactions		9.230.910	27.507.219	36.738.129	540.243	10.809.669	11.349.912
3.2.1.1 Forward foreign currency transactions-buy		4.682.299	11.542.147	16.224.446	481.250	7.277.955	7.759.205
3.2.1.2 Forward foreign currency transactions-sell		4.548.611	15.965.072	20.513.683	58.993	3.531.714	3.590.707
3.2.2 Currency and interest rate swaps		155.926.024	247.753.081	403.679.105	113.069.406	168.543.715	281.613.121
3.2.2.1 Currency swap-buy		-	142.525.535	142.525.535	-	100.374.575	100.374.575
3.2.2.2 Currency swap-sell		155.746.024	12.942.274	168.688.298	112.749.406	9.861.252	122.610.658
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>B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)</b>		<b>6.720.349.353</b>	<b>1.829.500.394</b>	<b>8.549.849.747</b>	<b>3.548.608.488</b>	<b>1.157.275.339</b>	<b>4.705.883.827</b>
<b>IV. CUSTODIES</b>		<b>2.893.208.310</b>	<b>273.232.576</b>	<b>3.166.440.886</b>	<b>1.368.688.542</b>	<b>147.968.761</b>	<b>1.516.657.303</b>
4.1 Assets under management		-	-	-	-	-	-
4.2 Custody marketable securities		202.469.441	25.418.120	227.887.561	169.310.140	12.803.462	182.113.602
4.3 Cheques in collection process		148.159.996	161.570.802	309.730.798	80.276.997	88.845.314	169.122.311
4.4 Commercial notes in collection process		2.432.520.258	38.996.266	2.471.516.524	1.068.266.795	24.536.791	1.092.803.586
4.5 Other assets in collection process		-	-	-	-	-	-
4.6 Underwritten securities		-	-	-	-	-	-
4.7 Other custodies		1.694.993	23.205	1.718.198	709.081	14.737	723.818
4.8 Custodians		108.363.622	47.224.183	155.587.805	50.125.529	21.768.457	71.893.986
<b>V. PLEDGED ASSETS</b>		<b>3.827.141.043</b>	<b>1.556.267.818</b>	<b>5.383.408.861</b>	<b>2.179.919.946</b>	<b>1.009.306.578</b>	<b>3.189.226.524</b>
5.1 Marketable securities		16.821.184	3.131.321	19.952.505	10.316.834	2.202.425	12.519.259
5.2 Collateral notes		59.620.831	2.610.698	62.231.529	40.176.584	1.945.380	42.121.964
5.3 Commodity		25.813	-	25.813	25.812	-	25.812
5.4 Warranty		-	-	-	-	-	-
5.5 Land and buildings		3.202.313.539	1.130.581.759	4.332.895.298	1.733.386.899	734.152.394	2.467.539.293
5.6 Other pledged assets		385.301.665	291.886.882	677.188.547	269.193.018	182.899.222	452.092.240
5.7 Pledges		163.058.011	128.057.158	291.115.169	126.820.799	88.107.157	214.927.956
<b>VI. ACCEPTED BILL GUARANTEES AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)</b>		<b>7.455.104.610</b>	<b>2.349.981.338</b>	<b>9.805.085.948</b>	<b>3.964.262.867</b>	<b>1.515.468.151</b>	<b>5.479.731.018</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED**  
**31 DECEMBER 2023**

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

**III. 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
<b>I. INTEREST INCOME</b>	<b>(1)</b>	<b>304.991.202</b>	<b>153.973.729</b>
1.1 Interest on Loans		189.559.171	85.604.042
1.2 Interest on Reserve Requirements		26.022	5.154
1.3 Interest on Banks		1.447.178	535.284
1.4 Interest on Money Market Transactions		5.347	-
1.5 Interest on Marketable Securities Portfolio		113.557.224	67.542.320
1.5.1 Fair Value Through Profit or Loss		23.043	12.589
1.5.2 Fair Value Through Other Comprehensive Income		19.649.243	14.217.543
1.5.3 Measured at Amortized Cost		93.884.938	53.312.188
1.6 Financial Lease Interest Income		-	-
1.7 Other Interest Income		396.260	286.929
<b>II. INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>263.607.128</b>	<b>85.728.561</b>
2.1 Interest on Deposits		238.671.738	64.459.527
2.2 Interest on Funds Borrowed		758.783	358.199
2.3 Interest Expense on Money Market Transactions		14.470.336	15.784.597
2.4 Interest on Securities Issued		7.387.083	3.700.719
2.5 Interest on Leases		487.571	148.958
2.6 Other Interest Expenses		1.831.617	1.276.561
<b>III. NET INTEREST INCOME (I - II)</b>		<b>41.384.074</b>	<b>68.245.168</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>18.947.469</b>	<b>8.461.949</b>
4.1 Fees and Commissions Received		28.503.223	11.691.782
4.1.1 Non – cash Loans		5.982.936	2.653.564
4.1.2 Other	<b>(12)</b>	22.520.287	9.038.218
4.2 Fees and Commissions Paid (-)		9.555.754	3.229.833
4.2.1 Non – cash Loans		243	169
4.2.2 Other	<b>(12)</b>	9.555.511	3.229.664
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>401.464</b>	<b>426.209</b>
<b>VI. TRADING INCOME / LOSS (Net)</b>	<b>(4)</b>	<b>(16.209.929)</b>	<b>(5.876.000)</b>
6.1 Trading Gains / (Losses) on Securities		3.162.536	205.160
6.2 Gains / (Losses) on Derivate Financial Transactions		29.367.516	7.832.809
6.3 Foreign Exchange Gains / (Losses)		(48.739.981)	(13.913.969)
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>13.173.298</b>	<b>4.084.867</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>57.696.376</b>	<b>75.342.193</b>
<b>IX. EXPECTED LOSS PROVISIONS (-)</b>	<b>(6)</b>	<b>2.894.525</b>	<b>36.785.104</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>(6)</b>	<b>29.213</b>	<b>185.113</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>19.017.844</b>	<b>8.220.695</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>29.102.057</b>	<b>9.495.284</b>
<b>XIII. NET OPERATING INCOME /LOSS (IX-X-XI)</b>		<b>6.652.737</b>	<b>20.655.997</b>
<b>XIV. INCOME AFTER MERGER</b>		-	-
<b>XV. INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-
<b>XVI. INCOME / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVII. PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	<b>(8)</b>	<b>6.652.737</b>	<b>20.655.997</b>
<b>XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>3.459.228</b>	<b>(5.390.358)</b>
18.1 Current Tax Provision		288.426	16.734.654
18.2 Deferred Tax Income Effect (+)		11.320.107	5.594.165
18.3 Deferred Tax Expense Effect (-)		15.067.761	16.938.461
<b>XIX. CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(10)</b>	<b>10.111.965</b>	<b>15.265.639</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
20.1 Income from Non-Current Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
<b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses for Other Discontinued Operations		-	-
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)</b>		-	-
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
<b>XXIV. CURRENT PERIOD PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV. NET PROFIT/(LOSS) (XIX+XXIV)</b>	<b>(11)</b>	<b>10.111.965</b>	<b>15.265.639</b>
25.1 Profit / (Loss) of Group		10.111.965	15.265.639
25.2 Profit / (Loss) of Minority Shares (-)		-	-
Profit / (Loss) Per Share (full TRY)		1,52184990	3,40987693

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

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

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

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

		Audited	Audited
		Current Period	Prior Period
INCOME EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		1 January -31 December 2023	1 January -31 December 2022
<b>I.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>10.111.965</b>	<b>15.265.639</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(2.618.310)</b>	<b>18.272.799</b>
<b>2.1</b>	<b>Not Reclassified Through Profit or Loss</b>	<b>5.751.888</b>	<b>8.252.474</b>
2.1.1	Property and Equipment Revaluation Increase/Decrease	4.247.629	2.531.694
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(805.404)	(1.290.692)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	2.601.370	7.029.914
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(291.707)	(18.442)
<b>2.2</b>	<b>Reclassified Through Profit or Loss</b>	<b>(8.370.198)</b>	<b>10.020.325</b>
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	(10.402.900)	12.924.681
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	2.467.482	(3.045.529)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>7.493.655</b>	<b>33.538.438</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2023**  
**(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)**  
**V. 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						Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Expect Minority Shares	Minority Shares	Total Equity
	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other(Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)								
I. Prior Period End Balance	2.473.776	5.776.224	-	1.481.519	1.948.954	(471.746)	4.683.914	(136.454)	(1.785.539)	-	28.021.978	-	1.507.729	43.500.355	-	43.500.355		
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	296.729	-	296.729	-	296.729		
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	296.729	-	296.729	-	296.729		
III. Adjusted Beginning Balance (I+II)	2.473.776	5.776.224	-	1.481.519	1.948.954	(471.746)	4.683.914	(136.454)	(1.785.539)	-	28.021.978	296.729	1.507.729	43.797.084	-	43.797.084		
IV. Total Comprehensive Income	-	-	-	-	2.161.094	(938.534)	7.029.914	141.173	9.879.152	-	-	-	15.265.639	33.538.438	-	33.538.438		
V. Capital Increase by Cash	2.495.345	10.904.655	-	-	-	-	-	-	-	-	-	-	-	13.400.000	-	13.400.000		
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VII. Paid in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VIII. Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
X. Increase / Decrease by Other Changes	-	-	-	(83.432)	-	-	-	-	-	-	-	1.507.729	(1.507.729)	(83.432)	-	(83.432)		
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	1.507.729	(1.507.729)	-	-	-	-		
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1.507.729	(1.507.729)	-	-	-	-		
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Period End Balance (III+IV+.....+X+XI)</b>	<b>4.969.121</b>	<b>16.680.879</b>	<b>-</b>	<b>1.398.087</b>	<b>4.110.048</b>	<b>(1.410.280)</b>	<b>11.713.828</b>	<b>4.719</b>	<b>8.093.613</b>	<b>-</b>	<b>29.529.707</b>	<b>296.729</b>	<b>15.265.639</b>	<b>90.652.090</b>	<b>-</b>	<b>90.652.090</b>		
<b>(1 January -31 December 2023)</b>																		
I. Prior Period End Balance	4.969.121	16.680.879	-	1.398.087	4.110.048	(1.410.280)	11.713.828	4.719	8.093.613	-	29.529.707	296.729	15.265.639	90.652.090	-	90.652.090		
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	16.680.879	-	1.398.087	4.110.048	(1.410.280)	11.713.828	4.719	8.093.613	-	29.529.707	296.729	15.265.639	90.652.090	-	90.652.090		
IV. Total Comprehensive Income	-	-	-	-	3.620.282	(469.764)	2.601.370	(434.780)	(7.935.418)	-	-	-	10.111.965	7.493.655	-	7.493.655		
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	-	-	-	260.274	-	-	-	-	-	-	-	15.265.639	(15.265.639)	260.274	-	260.274		
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	14.753.896	(14.753.896)	-	-	-	-		
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	14.753.896	(14.753.896)	-	-	-	-		
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Period End Balance (III+IV+.....+X+XI)</b>	<b>7.184.778</b>	<b>44.465.222</b>	<b>-</b>	<b>1.658.361</b>	<b>7.730.330</b>	<b>(1.880.044)</b>	<b>14.315.198</b>	<b>(430.061)</b>	<b>158.195</b>	<b>-</b>	<b>44.283.603</b>	<b>808.472</b>	<b>10.111.965</b>	<b>128.406.019</b>	<b>-</b>	<b>128.406.019</b>		

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED**  
**31 DECEMBER 2023**

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

**VI. STATEMENT OF CASH FLOWS**

	Note	Audited	Audited
		Current Period	Prior Period
		1 January -31	1 January -31
		December 2023	December 2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>(162.843.376)</b>	<b>(37.972.647)</b>
1.1.1 Interest received		207.020.446	109.527.157
1.1.2 Interest paid		(230.886.774)	(78.968.857)
1.1.3 Dividend received		401.464	426.209
1.1.4 Fees and commissions received		29.243.893	12.799.574
1.1.5 Other income		9.255.556	2.067.387
1.1.6 Collections from previously written off loans		5.125.151	4.328.083
1.1.7 Cash payments to personnel and service suppliers		(19.500.297)	(8.305.419)
1.1.8 Taxes paid		(11.143.680)	(9.355.867)
1.1.9 Other	(1)	(152.359.135)	(70.490.914)
<b>1.2 Changes in Assets and Liabilities Subject to Banking Operations</b>		<b>247.214.684</b>	<b>86.393.712</b>
1.2.1 Net Increase / decrease in financial assets at fair value through profit or loss		(4.618.274)	(8.993.533)
1.2.2 Net (increase) / decrease in due from banks		-	-
1.2.3 Net (increase) / decrease in loans		(301.047.729)	(287.558.163)
1.2.4 Net (increase) / decrease in other assets		(74.805.854)	(30.158.803)
1.2.5 Net increase / (decrease) in bank deposits		(5.633.613)	87.050.668
1.2.6 Net increase / (decrease) in other deposits		704.835.722	311.485.604
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		(175.853)	(1.650.988)
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities	(1)	(71.339.715)	16.218.927
<b>I. Net cash provided from banking operations</b>		<b>84.371.308</b>	<b>48.421.065</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II. Net cash provided from/ (used in) investing activities</b>		<b>(92.549.838)</b>	<b>(63.088.355)</b>
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		(1.014.057)	(2.345.961)
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(3.492.347)	(1.077.087)
2.4 Fixed assets sales		3.933.508	3.468.992
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(33.198.091)	(25.233.285)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		18.432.788	11.482.714
2.7 Cash paid for purchase of investment securities		(87.750.127)	(56.287.775)
2.8 Cash obtained from sale of investment securities		11.772.713	7.125.727
2.9 Other		(1.234.225)	(221.680)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>33.431.047</b>	<b>20.849.918</b>
3.1 Cash obtained from loans borrowed and securities issued		9.528.650	21.118.730
3.2 Cash used for repayment of loans borrowed and securities issued		(5.179.562)	(13.302.050)
3.3 Bonds issued		30.000.000	13.400.000
3.4 Dividends paid		-	-
3.5 Payments for leases		(918.041)	(366.762)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>(1)</b>	<b>32.319.332</b>	<b>14.962.468</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>57.571.849</b>	<b>21.145.096</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	<b>(4)</b>	<b>83.264.547</b>	<b>62.119.451</b>
<b>VII. Cash and cash equivalents at end of the period</b>	<b>(5)</b>	<b>140.836.396</b>	<b>83.264.547</b>

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



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

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

**VII. STATEMENT OF PROFIT DISTRIBUTION**

	Audited	Audited
	Current Period <sup>(*)</sup>	Prior Period <sup>(**)</sup>
	31 December 2023	31 December 2022
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT</b>		
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
<b>A. Net Profit For The Period (1.1-1.2)</b>	<b>10.111.965</b>	<b>14.753.896</b>
1.3. Accumulated Losses (-)	-	-
1.4. First Legal Reserves (-)	-	737.695
1.5. Other Statutory Reserves (-)	-	-
<b>B. Net Profit Available for Distribution [(A)-(1.3+1.4+1.5)]</b>	<b>-</b>	<b>14.016.201</b>
1.6. First Dividend to shareholders (-)	-	-
1.6.1. To Owners of Ordinary Shares	-	-
1.6.2. To Owners of Privileged Shares	-	-
1.6.3. To Owners of Redeemed Shares	-	-
1.6.4. To Profit Sharing Bonds	-	-
1.6.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.7. Dividends to personnel (-)	-	-
1.8. Dividends to Board of Directors (-)	-	-
1.9. Second Dividend to Shareholders (-)	-	-
1.9.1. To Owners of Ordinary Shares	-	-
1.9.2. To Owners of Privileged Shares	-	-
1.9.3. To Owners of Redeemed Shares	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders Of Profit And Loss Sharing Certificates	-	-
1.10. Second Legal Reserves (-)	-	-
1.11. Status Reserves (-)	-	14.016.201
1.12. Extraordinary Reserves	-	-
1.13. Other Reserves <sup>(**)</sup>	-	132.355
<b>II. Distribution of Reserves</b>		
2.1. Appropriated Reserves	-	-
2.2. Second Legal Reserves (-)	-	-
2.2.1. Dividends to Shareholders (-)	-	-
2.2.2. To Owners of Ordinary Shares	-	-
2.3.3. To Owners of Privileged Shares	-	-
2.3.4. To Profit Sharing Bonds	-	-
2.3.5. To Holders of Profit and Loss Sharing Certificates	-	-
2.3. Dividends to Personnel (-)	-	-
2.4. Dividends to the Boards of Directors (-)	-	-
<b>III. Earnings per Share</b>		
3.1. To Owners of Ordinary Shares	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 (%)	-	-
<b>IV. Dividend per Share</b>		
4.1. To Owners of Ordinary Shares	-	-
4.2. To Owners of Ordinary Shares (%)	-	-
4.3. To Owners of Privileged Shares	-	-
4.4. To Owners of Privileged Shares (%)	-	-

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

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

<sup>(\*\*\*)</sup> 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 unconsolidated financial statements.

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**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS ON BASIS OF PRESENTATION**

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

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

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

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 Bank has not applied the inflation accounting required by TAS 29 in its financial statements for the year ended 31 December 2023.

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

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

a) The Bank's strategy on financial instruments:

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

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

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

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

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

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

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

**III. EXPLANATIONS ON ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES**

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

**IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE PRODUCTS**

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

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

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

**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES**

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

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES**

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

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

**VII. EXPLANATIONS ON FINANCIAL ASSETS**

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

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

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

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

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

***Assessment of Business Model***

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

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

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

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

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

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

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

*Assessment of Business Model (continued)*

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

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

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

**3. Other Business Models:**

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

**Measurement Categories of Financial Assets and Liabilities**

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

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

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

In addition, the Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Bank's expectations is updated during the year when deemed necessary. As of December 31, 2023, the valuation of the related assets was made according to the actual annual inflation of 64,77%.

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

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

*Assessment of Business Model (continued)*

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

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

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

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

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

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

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

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

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

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

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

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

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

***Cash Equivalents and Banks***

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

***Loans and Receivables***

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

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

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

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

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

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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 (continued)**

***Associates and subsidiaries***

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

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

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

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

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

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

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

**Calculation of Expected Credit Losses**

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

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

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

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (continued)**

**Probability of Default (PD)**

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

**Loss given Default (LGD)**

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

**Exposure at Default (EAD)**

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

**12 Month Expected Credit Losses**

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

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

**Lifetime Expected Credit Losses**

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

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

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



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

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (continued)**

**Lifetime Expected Credit Losses (continued)**

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

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

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

**Low Credit Risk**

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

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

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

**Significant Increase in Credit Risk**

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

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

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

**IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS**

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

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

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

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

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

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

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

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

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

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

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

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

**XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT**

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

Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset.

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

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

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

Ordinary maintenance and repair expenses of property, plant and equipment items are recognized as expenses.

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

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

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

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

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

***Classification of Investment Properties:***

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

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

**XIV. EXPLANATIONS ON INVESTMENT PROPERTIES**

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

While these properties were accounted for at acquisition cost less accumulated depreciation and permanent impairment losses if any, the 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, plant and equipment (movable properties) account and are depreciated by using the straight line method.

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

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

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**XV. EXPLANATIONS ON LEASING TRANSACTIONS (continued)**

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

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

***Existence of right-of-use:***

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

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

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

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

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

***The Lease Obligations:***

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

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

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

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

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

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

**XVI. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES**

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

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

**XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES**

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

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

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

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

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

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,

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

**XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES (continued)**

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 2023 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 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 in the calculation of deferred tax assets and liabilities.

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

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

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

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

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

Pursuant to the Repetitive Article 298 of the Tax Procedure Law No. 213, the inflation adjustment requirement for the financial statements has occurred depending on the fact that the increase in the price index in the 2021 accounting period is more than 100% in the last three accounting periods, including the current period, and more than 10% in the current accounting period. However, with the Provisional Article 33 added to the Tax Procedure Law with the Law No. 7352, the financial statements should be prepared regardless of whether the conditions for the inflation adjustment within the scope of the repetitive article 298 are met in the 2021 and 2022 accounting periods and the 2023 accounting period temporary tax periods, including the temporary tax periods. Accordingly, it is stated that, the financial statements for the 2021 and 2022 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.

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

**XVIII. EXPLANATIONS ON TAXATION (continued)**

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 Türkiye 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 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 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 Bank made the first installment payment of the Additional Earthquake Tax together with the Corporate Tax Return for the 2022 accounting period and completed the second installment payment in August.

**Tax practices in the countries that foreign branches operate:**

***Turkish Republic of Northern Cyprus (TRNC)***

According to the tax regulations in the Turkish Republic of Northern Cyprus, corporate gains are subject to 10% of corporate tax and this taxed amount is subject to 15% of income tax. Advance corporate tax is calculated as 15% of taxable income. Temporary taxes paid are deducted from the corporate tax and income tax calculated at the end of the year.

The tax bases for corporate are determined by adding the expenses that cannot be deducted according to TRNC regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. On the other hand, withholding tax is paid over interest income in TRNC. The relevant withholding tax payments are deducted from the corporate taxes paid.

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

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

**XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS**

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

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

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

**XX. EXPLANATIONS ON SHARES ISSUED**

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

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

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

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

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

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 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 Bank's main shareholder Türkiye Varlık Fonu.

Share capital increased from TRY 4.969.121 to TRY 7.184.778.



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

**XXI. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES**

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

**XXII. EXPLANATIONS ON GOVERNMENT INCENTIVES**

There are no government incentives utilized by the Bank.

**XXIII. EXPLANATIONS ON SEGMENT REPORTING**

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

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

**XXIV. EXPLANATIONS ON OTHER MATTERS**

While the 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 Bank is as follows:

	<b>31.12.2022</b>		
<b>ASSETS</b>	<b>Before Correction</b>	<b>Correction Effect</b>	<b>After Correction</b>
<b>Investment Properties</b>	360.056	808.472	1.168.528
<b>TOTAL ASSETS</b>	<b>1.392.140.174</b>	<b>808.472</b>	<b>1.392.948.646</b>
<b>LIABILITIES</b>			
Shareholders' Equity	89.843.618	808.472	90.652.090
<i>Income or Loss</i>	14.753.896	808.472	15.562.368
<i>Prior Period Income or Loss</i>	-	296.729	296.729
<i>Current Period Income or Loss</i>	14.753.896	511.743	15.265.639
<b>TOTAL LIABILITIES</b>	<b>1.392.140.174</b>	<b>808.472</b>	<b>1.392.948.646</b>
<b>STATEMENT OF PROFIT OR LOSS</b>			
Other Operating Income	3.573.124	511.743	4.084.867
Gross Operating Income	74.830.450	511.743	75.342.193
Net Operating Income/Loss	20.144.254	511.743	20.655.997
Profit/Loss Before Tax From Continued Operations	20.144.254	511.743	20.655.997
Current Period Profit/Loss From Continued Operations	14.753.896	511.743	15.265.639
<b>NET PROFIT/LOSS</b>	<b>14.753.896</b>	<b>511.743</b>	<b>15.265.639</b>
Profit/Loss Per Share (full TRY)	3,29556919	0,11430774	3,40987693

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

**XXIV. EXPLANATIONS ON OTHER MATTERS(continued)**

<b>ASSETS</b>	<b>31.12.2021</b>		
	<b>Before Correction</b>	<b>Correction Effect</b>	<b>After Correction</b>
Investment Properties	359.752	296.729	656.481
<b>TOTAL ASSETS</b>	<b>901.216.593</b>	<b>296.729</b>	<b>901.513.322</b>
<b>LIABILITIES</b>			
Shareholders' Equity	43.500.355	296.729	43.797.084
<i>Income or Loss</i>	1.507.729	296.729	1.804.458
<i>Prior Period Income or Loss</i>	-	83.855	83.855
<i>Current Period Income or Loss</i>	1.507.729	212.874	1.720.603
<b>TOTAL LIABILITIES</b>	<b>901.216.593</b>	<b>296.729</b>	<b>901.513.322</b>
<b>STATEMENT OF PROFIT OR LOSS</b>			
Other Operating Income	6.266.854	212.874	6.479.728
Gross Operating Income	22.988.878	212.874	23.201.752
Net Operating Income/Loss	1.406.093	212.874	1.618.967
Profit/Loss Before Tax From Continued Operations	1.406.093	212.874	1.618.967
Current Period Profit/Loss From Continued Operations	1.507.729	212.874	1.720.603
<b>NET PROFIT/LOSS</b>	<b>1.507.729</b>	<b>212.874</b>	<b>1.720.603</b>
Profit/Loss Per Share (full TRY)	0,60948485	0,08605226	0,69553711

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

**I. EXPLANATIONS ON CAPITAL**

Equity amount and capital adequacy standard ratio calculation is made within the framework of “Regulation on Equities of the Banks” and “Regulation on Measurement and Evaluation of Banks’ Capital Adequacy” and in accordance with the amendments announced by the BRSA in the resolution dated 21 December 2021, 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 Bank were realized as 14,26% (31 December 2022: 14,78%) and TRY 171.674.539 (31 December 2022: TRY 123.080.045) which were calculated within the scope of the above-mentioned regulation amendments.

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

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

(1) Information on Equity Items:

	Current Period	Prior Period
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	8.405.229	6.189.572
Share Premium	44.465.222	16.680.879
Reserves	44.283.603	29.529.707
Other Comprehensive Income according to TAS	25.678.857	24.151.869
Profit	10.920.437	15.562.368
<i>Current Period Profit</i>	10.111.965	15.265.639
<i>Prior Period Profit</i>	808.472	296.729
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1.175.726	604.530
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>134.929.074</b>	<b>92.718.925</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	4.740.444	1.482.209
Leasehold Improvements on Operational Leases	1.651.479	385.937
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1.498.351	574.468
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	1.704.392	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	-
<i>The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital</i>	-	-
<i>Mortgage Servicing Rights not deducted</i>	-	-
<i>Excess Amount arising from Deferred Tax Assets from Temporary Differences</i>	-	-
Other items to be Defined by the BRSA	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>10.065.907</b>	<b>2.866.843</b>
<b>Total Common Equity Tier I Capital</b>	<b>124.863.167</b>	<b>89.852.082</b>

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

(1) Information on Equity Items: (continued)

<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	29.178.000	17.921.340
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>29.178.000</b>	<b>17.921.340</b>
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>29.178.000</b>	<b>17.921.340</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>154.041.167</b>	<b>107.773.422</b>
<b>TIER II CAPITAL</b>		
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)	13.335.773	9.708.188
<b>Tier II Capital Before Deductions</b>	<b>17.879.609</b>	<b>15.437.983</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>17.879.609</b>	<b>15.437.983</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>171.920.776</b>	<b>123.211.405</b>
<b>Total Tier I and Tier II Capital (Total Equity)</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	246.237	131.360

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

(1) Information on Equity Items: (continued)

<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
<b>TOTAL CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	171.674.539	123.080.045
Total Risk Weighted Assets	1.203.850.144	832.771.190
<b>Capital Adequacy Ratios</b>		
CET1 Capital Ratio (%)	10,37	10,79
Tier I Capital Ratio (%)	12,80	12,94
Capital Adequacy Ratio (%)	14,26	14,78
<b>BUFFERS</b>		
Bank-specific total CET1 Capital Ratio (a+b+c)	2,509	2,508
a) Capital Conservation Buffer Ratio (%)	2,500	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,009	0,008
c) Systemic significant bank buffer ratio %	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	6,26	6,780
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	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	12.656.756	8.437.719
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	36.808.137	41.007.350
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	13.335.773	9.708.188
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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

- (2) Within the scope of the "Regulation on Banks' Equity" (Regulation), the equity that is the basis for the capital adequacy standard ratio calculation is calculated after deducting the values to be deducted from the equity from the total capital and supplementary capital. The main difference between the "Equity" in the balance sheet and the equity calculated within the scope of the Regulation arises from the stage1 and stage2 expected credit loss allowances in the Tier II capital, and the subordinated debt instruments included in the su Tier II capital. 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 BANK (continued)**

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

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

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



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

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

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

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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**II. EXPLANATIONS ON CREDIT RISK**

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

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

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

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

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

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

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

The Bank's largest 100 and 200 cash loan customers compose 26,73% and 31,89% of the total cash loan, respectively.

The Bank's largest 100 and 200 non-cash loan customers compose 35,21% and 45,67% of the total non-cash loan portfolio, respectively.

The Bank's largest 100 ve 200 cash and non-cash loan customers represent 16,16% and 20,76% of the total "on and off balance sheet" assets, respectively.

Stage I and Stage II expected losses for credit risks of the Bank is TRY 33.380.766 (31 December 2022: TRY 38.146.895).

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

<b>Exposure Categories:</b>	<b>Credit Risk Amount <sup>(1)</sup></b>	<b>Current Period Average Risk Amount</b>	<b>Credit Risk Amount <sup>(1)</sup></b>	<b>Prior Period Average Risk Amount</b>
Conditional and unconditional exposures to central governments or central banks	675.258.934	624.536.378	429.663.619	329.843.401
Conditional and unconditional exposures to regional governments or local authorities	4.577.029	3.274.533	2.081.598	1.894.949
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	6.164.517	5.100.652	3.451.052	2.915.295
Conditional and unconditional exposures to multilateral development banks	-	19	62	215
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	17.789.663	14.190.913	9.788.234	8.907.023
Conditional and unconditional exposures to corporates	560.437.200	499.181.559	422.549.356	346.580.113
Conditional and unconditional retail exposures	413.715.086	384.678.962	236.160.106	190.000.604
Conditional and unconditional exposures secured by real estate property	315.229.522	281.292.847	208.630.129	158.196.430
Past due items	4.256.177	4.100.748	3.866.851	4.322.765
Items in regulatory high-risk categories	87.811.571	71.867.179	44.248.814	23.254.805
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	27.486.966	19.141.724	19.451.485	11.529.114
Other Receivables	83.704.508	76.086.380	61.365.707	39.448.789

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

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

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

Profile of significant exposures in major regions:

	Risk Classifications <sup>(1)</sup>											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				
<b>Current Period</b>														
1. Domestic	675.258.931	4.577.029	6.164.517	-	11.348.310	559.814.502	413.656.430	315.053.009	4.256.152	87.805.836	-	83.697.404	2.161.632.120	
2. European Union (EU) Countries	-	-	-	-	1.086.528	232.647	30.365	34.879	12	4.097	-	-	1.388.528	
3. OECD Countries <sup>(2)</sup>	1	-	-	-	1.696.626	-	43	1.411	7	274	-	-	1.698.362	
4. Off-Shore Banking Regions	-	-	-	-	33.935	390.051	-	8.603	-	212	-	-	432.801	
5. USA, Canada	2	-	-	-	618.604	-	5.378	2.179	1	363	-	-	626.527	
6. Other Countries	-	-	-	-	3.005.660	-	22.870	129.441	5	789	-	7.104	3.165.869	
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	27.486.966	-	27.486.966	
8. Unallocated Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>675.258.934</b>	<b>4.577.029</b>	<b>6.164.517</b>	<b>-</b>	<b>17.789.663</b>	<b>560.437.200</b>	<b>413.715.086</b>	<b>315.229.522</b>	<b>4.256.177</b>	<b>87.811.571</b>	<b>27.486.966</b>	<b>83.704.508</b>	<b>2.196.431.173</b>	
<b>Prior Period</b>														
1. Domestic	429.663.608	2.081.598	3.451.052	62	5.738.406	421.914.488	236.118.008	208.432.852	3.866.806	44.247.650	-	61.340.032	1.416.854.562	
2. European Union (EU) Countries	2	-	-	-	1.571.129	314.957	31.375	14.803	34	750	-	-	1.933.050	
3. OECD Countries <sup>(2)</sup>	2	-	-	-	610.638	-	136	1.670	7	25	-	-	612.478	
4. Off-Shore Banking Regions	-	-	-	-	18.193	319.911	47	9.472	-	-	-	-	347.623	
5. USA, Canada	5	-	-	-	270.434	-	1.485	762	-	5	-	-	272.691	
6. Other Countries	2	-	-	-	1.579.434	-	9.055	170.570	4	384	-	25.675	1.785.124	
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	19.451.485	-	19.451.485	
8. Unallocated Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>429.663.619</b>	<b>2.081.598</b>	<b>3.451.052</b>	<b>62</b>	<b>9.788.234</b>	<b>422.549.356</b>	<b>236.160.106</b>	<b>208.630.129</b>	<b>3.866.851</b>	<b>44.248.814</b>	<b>19.451.485</b>	<b>61.365.707</b>	<b>1.441.257.013</b>	

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

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

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

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

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

Profile of significant exposures by sectors:

Current Period	Risk Sınıfları <sup>(1)</sup>											Other	TRY	FC	Total
	Conditional and unconditional exposures to governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments				
<b>Agriculture</b>	<b>328.742</b>	-	<b>4.868</b>	-	-	<b>1.351.860</b>	<b>3.768.178</b>	<b>1.719.100</b>	<b>29.263</b>	<b>19.894</b>	-	<b>58</b>	<b>6.763.821</b>	<b>458.142</b>	<b>7.221.963</b>
<i>Farming and Stockbreeding</i>	<i>210.597</i>	-	<i>4.863</i>	-	-	<i>659.000</i>	<i>1.917.225</i>	<i>951.053</i>	<i>16.708</i>	<i>15.494</i>	-	<i>18</i>	<i>3.549.216</i>	<i>225.742</i>	<i>3.774.958</i>
<i>Forestry</i>	<i>93.498</i>	-	<i>5</i>	-	-	<i>265.684</i>	<i>1.680.655</i>	<i>658.012</i>	<i>10.869</i>	-	-	<i>36</i>	<i>2.525.479</i>	<i>183.280</i>	<i>2.708.759</i>
<i>Fishery</i>	<i>24.647</i>	-	-	-	-	<i>427.176</i>	<i>170.298</i>	<i>110.035</i>	<i>1.686</i>	<i>4.400</i>	-	<i>4</i>	<i>689.126</i>	<i>49.120</i>	<i>738.246</i>
<b>Manufacturing</b>	<b>24.635.622</b>	-	<b>237.479</b>	-	-	<b>232.426.114</b>	<b>56.210.238</b>	<b>75.936.353</b>	<b>538.970</b>	<b>15.000.656</b>	-	<b>533</b>	<b>317.873.160</b>	<b>87.112.805</b>	<b>404.985.965</b>
<i>Mining and Quarrying</i>	<i>362.486</i>	-	-	-	-	<i>9.678.396</i>	<i>721.236</i>	<i>1.521.577</i>	<i>6.003</i>	<i>184.108</i>	-	<i>22</i>	<i>7.711.177</i>	<i>4.762.651</i>	<i>12.473.828</i>
<i>Production</i>	<i>23.354.472</i>	-	<i>237.479</i>	-	-	<i>187.800.143</i>	<i>54.978.165</i>	<i>71.710.155</i>	<i>530.208</i>	<i>13.686.218</i>	-	<i>511</i>	<i>292.358.934</i>	<i>59.938.417</i>	<i>352.297.351</i>
<i>Electricity, Gas and Water</i>	<i>918.664</i>	-	-	-	-	<i>34.947.575</i>	<i>510.837</i>	<i>2.704.621</i>	<i>2.759</i>	<i>1.130.330</i>	-	-	<i>17.803.049</i>	<i>22.411.737</i>	<i>40.214.786</i>
<b>Construction</b>	<b>5.918.789</b>	-	<b>30</b>	-	-	<b>99.286.470</b>	<b>14.800.692</b>	<b>36.140.772</b>	<b>1.097.995</b>	<b>12.199.845</b>	-	<b>10</b>	<b>146.412.334</b>	<b>23.032.269</b>	<b>169.444.603</b>
<b>Services</b>	<b>417.841.882</b>	<b>4.480.066</b>	<b>5.907.427</b>	-	<b>13.678.611</b>	<b>186.486.885</b>	<b>244.440.799</b>	<b>117.453.581</b>	<b>1.864.335</b>	<b>16.522.849</b>	-	<b>12.166</b>	<b>842.342.332</b>	<b>166.346.269</b>	<b>1.008.688.601</b>
<i>Wholesale and Retail Trade</i>	<i>13.521.659</i>	-	<i>55.638</i>	-	-	<i>94.284.523</i>	<i>147.350.409</i>	<i>67.936.832</i>	<i>1.231.747</i>	<i>10.384.973</i>	-	<i>1.080</i>	<i>318.729.300</i>	<i>16.037.561</i>	<i>334.766.861</i>
<i>Accommodation and Dining</i>	<i>2.604.054</i>	<i>10</i>	-	-	-	<i>22.225.584</i>	<i>13.439.703</i>	<i>28.599.693</i>	<i>167.098</i>	<i>1.009.330</i>	-	<i>30</i>	<i>38.476.693</i>	<i>29.568.809</i>	<i>68.045.502</i>
<i>Transportation and Telecom.</i>	<i>856.580</i>	-	<i>95</i>	-	-	<i>8.601.447</i>	<i>67.165.804</i>	<i>5.275.100</i>	<i>214.204</i>	<i>1.309.906</i>	-	<i>63</i>	<i>78.009.245</i>	<i>5.413.954</i>	<i>83.423.199</i>
<i>Financial Institutions</i>	<i>26.007</i>	-	<i>162</i>	-	<i>13.678.611</i>	<i>34.211.540</i>	<i>410.989</i>	<i>1.121.378</i>	<i>3.342</i>	-	-	<i>7.842</i>	<i>41.204.789</i>	<i>8.255.082</i>	<i>49.459.871</i>
<i>Real Estate and Rental Services</i>	<i>531.532</i>	-	<i>27</i>	-	-	<i>15.746.930</i>	<i>5.857.291</i>	<i>6.415.881</i>	<i>158.322</i>	<i>1.204.620</i>	-	<i>10</i>	<i>24.589.196</i>	<i>5.325.417</i>	<i>29.914.613</i>
<i>Professional Services</i>	<i>57.572</i>	-	-	-	-	<i>598</i>	<i>5.324.111</i>	<i>847.364</i>	<i>24.761</i>	-	-	<i>186</i>	<i>6.254.265</i>	<i>327</i>	<i>6.254.592</i>
<i>Educational Services</i>	<i>516.516</i>	-	<i>3.102.074</i>	-	-	<i>602.438</i>	<i>1.493.453</i>	<i>2.527.556</i>	<i>19.057</i>	<i>556.206</i>	-	<i>12</i>	<i>8.077.110</i>	<i>740.202</i>	<i>8.817.312</i>
<i>Health and Social Services</i>	<i>399.727.962</i>	<i>4.480.056</i>	<i>2.749.431</i>	-	-	<i>10.813.825</i>	<i>3.399.039</i>	<i>4.729.777</i>	<i>45.804</i>	<i>2.057.814</i>	-	<i>2.943</i>	<i>327.001.734</i>	<i>101.004.917</i>	<i>428.006.651</i>
<b>Other</b>	<b>226.533.899</b>	<b>96.963</b>	<b>14.713</b>	-	<b>4.111.052</b>	<b>40.885.871</b>	<b>94.495.179</b>	<b>83.979.716</b>	<b>725.614</b>	<b>44.068.327</b>	<b>27.486.966</b>	<b>83.691.741</b>	<b>389.876.858</b>	<b>216.213.183</b>	<b>606.090.041</b>
<b>Total</b>	<b>675.258.934</b>	<b>4.577.029</b>	<b>6.164.517</b>	-	<b>17.789.663</b>	<b>560.437.200</b>	<b>413.715.086</b>	<b>315.229.522</b>	<b>4.256.177</b>	<b>87.811.571</b>	<b>27.486.966</b>	<b>83.704.508</b>	<b>1.703.268.505</b>	<b>493.162.668</b>	<b>2.196.431.173</b>

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

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

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

Profile of significant exposures by sectors (continued):

Prior Period	Risk Classifications <sup>(1)</sup>														TRY	FC	Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments	Other					
<b>Agriculture</b>	<b>95.783</b>	-	<b>4.031</b>	-	-	<b>1.652.155</b>	<b>2.006.909</b>	<b>937.142</b>	<b>35.862</b>	<b>70.960</b>	-	<b>65</b>	<b>4.342.174</b>	<b>460.733</b>	<b>4.802.907</b>		
<i>Farming and Stockbreeding</i>	42.669	-	4.025	-	-	1.218.247	1.010.739	527.934	11.260	47.251	-	24	2.641.799	220.350	2.862.149		
<i>Forestry</i>	36.442	-	6	-	-	190.583	911.273	334.681	22.524	-	-	37	1.319.355	176.191	1.495.546		
<i>Fishery</i>	16.672	-	-	-	-	243.325	84.897	74.527	2.078	23.709	-	4	381.020	64.192	445.212		
<b>Manufacturing</b>	<b>9.909.602</b>	-	<b>110.577</b>	-	-	<b>176.011.307</b>	<b>30.741.591</b>	<b>46.031.928</b>	<b>498.306</b>	<b>9.025.780</b>	-	<b>533</b>	<b>207.307.457</b>	<b>65.022.167</b>	<b>272.329.624</b>		
<i>Mining and Quarrying</i>	244.559	-	-	-	-	8.264.529	420.111	659.405	4.637	140.872	-	22	5.025.572	4.708.563	9.734.135		
<i>Production</i>	9.501.366	-	110.577	-	-	132.076.476	30.069.001	43.740.930	491.689	8.365.596	-	511	183.580.083	40.776.063	224.356.146		
<i>Electricity, Gas and Water</i>	163.677	-	-	-	-	35.670.302	252.479	1.631.593	1.980	519.312	-	-	18.701.802	19.537.541	38.239.343		
<b>Construction</b>	<b>2.324.022</b>	-	-	-	-	<b>52.965.389</b>	<b>7.757.889</b>	<b>20.894.150</b>	<b>332.079</b>	<b>7.504.793</b>	-	<b>10</b>	<b>74.905.461</b>	<b>16.872.871</b>	<b>91.778.332</b>		
<b>Services</b>	<b>296.461.718</b>	<b>1.960.032</b>	<b>3.331.615</b>	<b>62</b>	<b>7.186.646</b>	<b>126.704.286</b>	<b>133.605.584</b>	<b>72.178.041</b>	<b>2.121.992</b>	<b>11.709.130</b>	-	<b>10.221</b>	<b>519.660.066</b>	<b>135.609.261</b>	<b>655.269.327</b>		
<i>Wholesale and Retail Trade</i>	5.250.936	-	31.676	62	-	67.923.535	81.875.542	40.882.205	1.376.921	6.828.914	-	1.107	193.596.263	10.574.635	204.170.898		
<i>Accommodation and Dining</i>	1.988.150	10	-	-	-	17.835.235	6.643.238	16.483.602	312.562	585.176	-	30	19.437.053	24.410.950	43.848.003		
<i>Transportation and Telecom.</i>	296.901	-	-	-	-	9.578.708	34.875.414	3.349.144	284.250	297.440	-	70	41.142.593	7.539.334	48.681.927		
<i>Financial Institutions</i>	18.828	-	87	-	7.186.646	13.188.494	291.278	1.089.755	1.410	1.644.144	-	6.149	18.214.542	5.212.249	23.426.791		
<i>Real Estate and Rental Services</i>	167.722	-	-	-	-	10.923.422	3.128.451	5.552.028	68.523	728.615	-	10	16.278.587	4.290.184	20.568.771		
<i>Professional Services</i>	62.219	-	-	-	-	17.025	3.658.372	673.911	44.294	-	-	190	4.455.637	374	4.456.011		
<i>Educational Services</i>	159.979	-	1.372.722	-	-	571.409	841.286	1.073.115	21.303	391.936	-	12	4.330.859	100.903	4.431.762		
<i>Health and Social Services</i>	288.516.983	1.960.022	1.927.130	-	-	6.666.458	2.292.003	3.074.281	12.729	1.232.905	-	2.653	222.204.532	83.480.632	305.685.164		
<b>Other</b>	<b>120.872.494</b>	<b>121.566</b>	<b>4.829</b>	-	<b>2.601.588</b>	<b>65.216.219</b>	<b>62.048.133</b>	<b>68.588.868</b>	<b>878.612</b>	<b>15.938.151</b>	<b>19.451.485</b>	<b>61.354.878</b>	<b>263.221.627</b>	<b>153.855.196</b>	<b>417.076.823</b>		
<b>Total</b>	<b>429.663.619</b>	<b>2.081.598</b>	<b>3.451.052</b>	<b>62</b>	<b>9.788.234</b>	<b>422.549.356</b>	<b>236.160.106</b>	<b>208.630.129</b>	<b>3.866.851</b>	<b>44.248.814</b>	<b>19.451.485</b>	<b>61.365.707</b>	<b>1.069.436.785</b>	<b>371.820.228</b>	<b>1.441.257.013</b>		

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

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

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

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

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	198.355.272	10.212.171	39.278.528	9.269.308	418.143.655
2. Conditional and unconditional exposures to regional governments or local authorities	82.927	3.878	62.263	196.648	4.231.313
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	1.100.240	141.973	165.032	598.699	4.158.573
4. Conditional and unconditional exposures to Multilateral Development Banks	-	-	-	-	-
5. Conditional and unconditional exposures to banks and brokerage houses	16.518.365	101.486	22.770	376.727	770.315
6. Conditional and unconditional exposures to corporates	145.393.581	26.487.295	31.765.164	91.022.554	265.768.606
7. Conditional and unconditional retail exposures	55.890.566	11.793.610	19.239.222	37.934.697	288.856.991
8. Conditional and unconditional exposures secured by real estate property	52.992.246	16.433.483	21.261.219	52.716.836	171.825.738
9. Past due items	4.179.655	688	2.579	13.646	59.609
10. Items in Regulatory High-Risk Categories	23.777.893	5.529.926	8.202.591	15.970.757	34.330.404
11. Stock Investments	27.486.966	-	-	-	-
12. Other Items	83.698.867	4.885	756	-	-
<b>Total</b>	<b>609.476.578</b>	<b>70.709.395</b>	<b>120.000.124</b>	<b>208.099.872</b>	<b>1.188.145.204</b>

(\*) 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	124.089.553	3.638.171	11.904.052	29.405.084	260.626.759
2. Conditional and unconditional exposures to regional governments or local authorities	59.290	9.914	47.109	74.036	1.891.249
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	573.632	152.365	107.299	473.658	2.144.098
4. Conditional and unconditional exposures to Multilateral Development Banks	-	-	-	-	62
5. Conditional and unconditional exposures to banks and brokerage houses	8.723.247	26.501	62.726	211.947	763.813
6. Conditional and unconditional exposures to corporates	68.297.355	31.845.894	41.797.125	81.195.463	199.413.519
7. Conditional and unconditional retail exposures	34.449.868	6.379.948	15.294.773	31.667.134	148.368.383
8. Conditional and unconditional exposures secured by real estate property	24.264.268	8.261.528	13.955.727	39.064.040	123.084.566
9. Past due items	3.767.804	475	2.484	6.431	89.657
10. Items in Regulatory High-Risk Categories	1.007.387	599.480	6.677.024	12.216.004	23.748.919
11. Stock Investments	19.451.485	-	-	-	-
12. Other Items	61.346.258	43	6.943	10.367	2.096
<b>Total</b>	<b>346.030.147</b>	<b>50.914.319</b>	<b>89.855.262</b>	<b>194.324.164</b>	<b>760.133.121</b>

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

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

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

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

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

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

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

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

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

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

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

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

The national long-term local currency ratings assigned by JCR-Eurasia are used to determine the risk weights of the Bank's Turkish Lira receivables classified as corporate receivables.

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 is not 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 is not lower than the risk weight of receivables from sovereigns which they are settled in.



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

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

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

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

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

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

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Türkiye	841.107.160	-	841.107.160
Cyprus	2.237.764	-	2.237.764
Marshall Islands	390.051	-	390.051
Malta	232.627	-	232.627
Kyrgyzstan	61.658	-	61.658
Other <sup>(*)</sup>	7.067	-	7.067

(\*) Risk-Weighted Assets below TRY 5.000 are grouped under otherheadings.

Exposures by risk weights:

**Current Period**

Risk Weights	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%2	%4	%500 from Equity	Deductions
1 Exposures before Credit Risk														
Mitigation	632.020.924	-	263.063.681	-	151.660.556	626.352.218	777.767.984	48.374.770	48.378.965	1.826.556	-	-	293.992	246.237
2. Exposures after Credit Risk														
Mitigation	717.859.444	-	244.888.830	179.210.259	247.568.770	218.882.336	491.682.979	45.839.043	48.378.965	1.826.556	-	-	293.992	246.237

**Prior Period**

Risk Weights	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%2	%4	%500 from Equity	Deductions
1 Exposures before Credit Risk														
Mitigation	444.530.568	-	72.585.022	-	54.356.152	460.608.791	549.978.790	17.336.172	30.328.210	1.243.540	-	-	7.935	131.360
2. Exposures after Credit Risk														
Mitigation	466.167.328	-	61.044.111	123.495.177	119.066.474	231.588.512	391.944.924	16.370.802	30.328.210	1.243.540	-	-	7.935	131.360

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

Information by major sectors and type of counterparties:

Current Period	Credits		
	Major Sectors /Counterparties	Significant Increase in Credit Risk (Stage II) <sup>(1)</sup>	Credit – Impaired Losses (Stage III) <sup>(2)</sup>
<b>Agriculture</b>	<b>556.640</b>	<b>104.532</b>	<b>120.890</b>
<i>Farming and Stockbreeding</i>	522.399	86.280	103.367
<i>Forestry</i>	4.591	2.203	1.680
<i>Fishery</i>	29.650	16.049	15.843
<b>Manufacturing</b>	<b>24.016.812</b>	<b>3.505.328</b>	<b>9.558.066</b>
<i>Mining and Quarrying</i>	189.592	150.290	170.610
<i>Production</i>	12.894.151	2.801.669	4.917.432
<i>Electricity, Gas and Water</i>	10.933.069	553.369	4.470.024
<b>Construction</b>	<b>6.492.456</b>	<b>3.380.482</b>	<b>4.381.696</b>
<b>Services</b>	<b>36.699.816</b>	<b>6.963.876</b>	<b>15.627.354</b>
<i>Wholesale and Retail Trade</i>	8.274.871	3.223.472	3.620.511
<i>Accommodation and Dining</i>	17.995.708	1.417.143	5.560.172
<i>Transportation and Telecommunication</i>	1.682.507	347.272	458.238
<i>Financial Institutions</i>	5.894	363.915	362.457
<i>Real Estate and Rental Services</i>	8.250.895	1.055.016	4.986.204
<i>Professional Services</i>	131.565	41.591	46.662
<i>Educational Services</i>	202.716	424.442	502.768
<i>Health and Social Services</i>	155.660	91.025	90.342
<b>Other</b>	<b>9.057.887</b>	<b>2.974.995</b>	<b>4.948.838</b>
<b>Total</b>	<b>76.823.611</b>	<b>16.929.213</b>	<b>34.636.844</b>

<sup>(1)</sup> Income accruals amounting to TRY 3.037.781 are not included in the table.

<sup>(2)</sup> Income accruals amounting to TRY 1.610.480 are not included in the table.

<sup>(3)</sup> The provision for accruals of stage three loans amounting to TRY 1.610.480 and the provision for accruals of stage two loans amounting to TRY 1.171.697 are not included in the table.

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

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

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

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

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

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

Movements in value adjustments and provisions:

<b>Current Period</b>	<b>Opening Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Other Adjustments</b>	<b>Closing Balance</b>
1. Stage III expected credit loss	15.162.311	2.485.057	(2.518.607)	-	15.128.761
2. Stage I and Stage II expected credit loss	38.146.895	164.245	(4.930.374)	-	33.380.766

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

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

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

<b>Collateral Types</b>	<b>Net Value of Collateral Current Period <sup>(1)</sup></b>
Real estate mortgage	14.707.353
Salary pledge, vehicle pledge and pledge of commercial undertaking	2.626.963
CGF	1.948.737
Cheque / bills	250.767
Sureties	44.178.992
Other <sup>(2)</sup>	13.110.799
<b>Total</b>	<b>76.823.611</b>

<sup>(1)</sup> Income accruals amounting TRY 3.037.781 are not included in the table.

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

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

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

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

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

<b>Collateral Types</b>	<b>Net Value of Collateral Current Period <sup>(2)</sup></b>
Cash	4.472
Mortgage	3.344.803
Pledge	168.410
Cheque / bills	12.962
Sureties	7.976.078
Other <sup>(1)</sup>	5.422.488
<b>Total</b>	<b>16.929.213</b>

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

<sup>(2)</sup> Income accruals amounting to TRY 1.610.480 are not included in the table.

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

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

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

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

**III. EXPLANATIONS ON CURRENCY RISK**

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

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

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

	<b>USD</b>	<b>EUR</b>	<b>CHF</b>	<b>GBP</b>	<b>JPY</b>
<b>Balance sheet valuation rate:</b>	29,3248000	32,4200000	34,8643000	37,2174000	0,2063363
<b>Before the balance sheet date:</b>					
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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**III. EXPLANATIONS ON CURRENCY RISK (continued)**

Information related to currency risk:

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>OTHER FC</b>	<b>TOTAL</b>
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	104.195.939	88.718.723	22.435.824	215.350.486
Banks	5.920.877	1.672.277	4.094.053	11.687.207
Financial assets at fair value through profit and loss	-	1.349	-	1.349
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	13.287.617	31.615.419	-	44.903.036
Loans	150.195.235	101.214.710	5.025.754	256.435.699
Subsidiaries, associates and entities under common control	2.715.304	-	14.153.833	16.869.137
Financial assets measured at amortised cost	36.066.235	73.075.249	27.618.484	136.759.968
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	858	858
Intangible assets	-	-	-	-
Other assets <sup>(2)</sup>	1.010.072	1.345.807	1.203.258	3.559.137
<b>Total assets</b>	<b>313.391.279</b>	<b>297.643.534</b>	<b>74.532.064</b>	<b>685.566.877</b>
<b>Liabilities</b>				
Bank deposits	164.415.189	9.545.877	4.036.270	177.997.336
Foreign currency deposits	224.898.324	260.184.911	87.909.865	572.993.100
Money market balances	2.601.967	15.954.365	-	18.556.332
Funds provided from other financial institutions	7.980.717	8.449.741	-	16.430.458
Bonds issued	-	-	-	-
Miscellaneous Payables	1.536.675	3.309.597	1.244.320	6.090.592
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities <sup>(2)</sup>	39.945.240	1.622.823	397.982	41.966.045
<b>Total liabilities</b>	<b>441.378.112</b>	<b>299.067.314</b>	<b>93.588.437</b>	<b>834.033.863</b>
<b>Net balance sheet position</b>	<b>(127.986.833)</b>	<b>(1.423.780)</b>	<b>(19.056.373)</b>	<b>(148.466.986)</b>
<b>Net off-balance sheet position</b>				
<b>Net off-balance sheet position</b>	<b>115.132.280</b>	<b>5.912.124</b>	<b>33.519.228</b>	<b>154.563.632</b>
Financial derivative assets <sup>(3)(4)</sup>	120.808.327	27.152.483	40.346.422	188.307.232
Financial derivative liabilities <sup>(3)(4)</sup>	5.676.047	21.240.359	6.827.194	33.743.600
Non-cash loans <sup>(1)</sup>	91.454.469	87.704.303	13.287.016	192.445.788
<b>Prior period</b>				
Total assets	193.663.525	201.565.914	36.848.119	432.077.558
Total liabilities	274.452.397	213.644.981	52.676.362	540.773.740
<b>Net balance sheet position</b>	<b>(80.788.872)</b>	<b>(12.079.067)</b>	<b>(15.828.243)</b>	<b>(108.696.182)</b>
<b>Net off-balance sheet position</b>				
<b>Net off-balance sheet position</b>	<b>75.059.575</b>	<b>4.773.006</b>	<b>23.751.174</b>	<b>103.583.755</b>
Financial derivative assets	89.295.579	21.310.272	31.824.794	142.430.645
Financial derivative liabilities	14.236.004	16.537.266	8.073.620	38.846.890
Non-cash loans <sup>(1)</sup>	59.276.701	46.041.320	5.882.686	111.200.707

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

<sup>(2)</sup> In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Foreign currency derivative financial instruments foreign currency income discounts, equity and derivative financial instruments foreign currency expense discounts in liabilities are not taken into consideration in the currency risk measurement.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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 delta equivalents.

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

**IV. EXPLANATIONS ON INTEREST RATE RISK**

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

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	487.625	-	-	-	-	273.242.000	273.729.625
Banks and financial institutions	6.493.387	-	-	-	-	9.330.750	15.824.137
Financial assets at fair value through profit and loss	15	28	151.289	995	20	38.610.201	38.762.548
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	31.959.704	9.502.376	34.339.156	28.066.880	9.643.050	1.555.917	115.067.083
Loans	448.606.102	190.389.299	188.425.859	299.350.290	95.187.396	48.585.729	1.270.544.675
Financial assets measured at amortised cost	119.412.943	36.074.232	72.469.710	75.343.285	127.263.271	-	430.563.441
Other assets <sup>(1)(4)</sup>	3.867.550	113.097	518.096	548.858	71.116	45.676.660	50.795.377
<b>Total assets</b>	<b>610.827.326</b>	<b>236.079.032</b>	<b>295.904.110</b>	<b>403.310.308</b>	<b>232.164.853</b>	<b>417.001.257</b>	<b>2.195.286.886</b>
<b>Liabilities</b>							
Bank deposits	31.776.523	12.671.090	111.696	-	-	158.344.826	202.904.135
Other deposits	846.729.610	275.687.058	143.157.796	502.953	-	403.866.453	1.669.943.870
Money market balances	17.166.289	2.932.480	-	-	-	83.029	20.181.798
Miscellaneous Payables	6.236.454	-	-	-	-	33.047.012	39.283.466
Bonds issued	3.896.327	4.388.972	967.200	-	-	-	9.252.499
Funds provided from other financial institutions <sup>(3)</sup>	105.377	9.687.942	2.967.732	3.795.212	189.467	245.480	16.991.210
Other liabilities <sup>(2)</sup>	1.000.000	-	64.543.680	4.929.795	-	166.256.433	236.729.908
<b>Total liabilities</b>	<b>906.910.580</b>	<b>305.367.542</b>	<b>211.748.104</b>	<b>9.227.960</b>	<b>189.467</b>	<b>761.843.233</b>	<b>2.195.286.886</b>
Balance sheet long position	-	-	84.156.006	394.082.348	231.975.386	-	710.213.740
Balance sheet short position	(296.083.254)	(69.288.510)	-	-	-	(344.841.976)	(710.213.740)
Off-balance sheet long position	129.653.828	55.275.471	29.148.487	9.829.886	13.282.045	-	237.189.717
Off-balance sheet short position	(129.559.273)	(56.340.259)	(29.200.251)	(9.819.703)	(13.282.045)	-	(238.201.531)
<b>Total position</b>	<b>(295.988.699)</b>	<b>(70.353.298)</b>	<b>84.104.242</b>	<b>394.092.531</b>	<b>231.975.386</b>	<b>(344.841.976)</b>	<b>(1.011.814)</b>

<sup>(1)</sup> TRY 14.361.148 of net deferred tax assets is disclosed under the non-bearing interest column in other liabilities.

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

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

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



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

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

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

<b>Prior Period</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and over</b>	<b>Non-bearing interest</b>	<b>Total</b>
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	199.713	-	-	-	-	158.794.562	158.994.275
Banks and financial institutions	3.019.769	-	-	-	-	4.157.361	7.177.130
Financial assets at fair value through profit and loss	37.656	39.656	104.845	41	535	33.947.997	34.130.730
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	14.042.873	13.396.240	45.095.823	21.175.553	4.063.800	1.286.136	99.060.425
Loans	282.962.827	206.607.587	146.996.495	108.955.465	65.433.640	31.661.514	842.617.528
Financial assets measured at amortised cost	54.247.868	20.906.711	31.558.985	64.389.194	69.887.238	-	240.989.996
Other assets <sup>(1)(4)</sup>	3.266.641	54.732	240.722	527.829	46.713	5.841.925	9.978.562
<b>Total assets</b>	<b>357.777.347</b>	<b>241.004.926</b>	<b>223.996.870</b>	<b>195.048.082</b>	<b>139.431.926</b>	<b>235.689.495</b>	<b>1.392.948.646</b>
<b>Liabilities</b>							
Bank deposits	28.430.590	14.054.920	82.503	-	-	92.540.351	135.108.364
Other deposits	486.712.849	180.200.427	39.550.660	546.977	-	218.803.254	925.814.167
Money market balances	100.191.170	1.864.497	-	-	-	103.501	102.159.168
Miscellaneous Payables	6.047.698	-	-	-	-	19.696.793	25.744.491
Bonds issued	2.260.550	5.481.100	1.000.000	-	-	234.427	8.976.077
Funds provided from other financial institutions <sup>(3)</sup>	120.805	7.514.883	2.161.228	3.009.574	478.968	136.605	13.422.063
Other liabilities <sup>(2)</sup>	1.000.000	-	33.947.997	17.921.340	4.929.795	123.925.184	181.724.316
<b>Total liabilities</b>	<b>624.763.662</b>	<b>209.115.827</b>	<b>76.742.388</b>	<b>21.477.891</b>	<b>5.408.763</b>	<b>455.440.115</b>	<b>1.392.948.646</b>
Balance sheet long position	-	31.889.099	147.254.482	173.570.191	134.023.163	-	486.736.935
Balance sheet short position	(266.986.315)	-	-	-	-	(219.750.620)	(486.736.935)
Off-balance sheet long position	128.803.384	15.412.142	17.382.650	5.186.201	9.476.359	-	176.260.736
Off-balance sheet short position	(128.142.633)	(12.372.656)	(17.503.892)	(5.446.650)	(9.476.361)	-	(172.942.192)
<b>Total position</b>	<b>(266.325.564)</b>	<b>34.928.585</b>	<b>147.133.240</b>	<b>173.309.742</b>	<b>134.023.161</b>	<b>(219.750.620)</b>	<b>3.318.544</b>

<sup>(1)</sup> TRY 8.437.719 of net deferred tax assets is disclosed under the non-bearing interest column in other liabilities.

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

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

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

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

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

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

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TRY</b>
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks <sup>(1)</sup>	4,85	-	-	39,63
Financial assets at fair value through profit and loss <sup>(5)</sup>	-	6,15	-	18,77
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,02	7,10	-	32,44
Loans <sup>(2)</sup>	5,89	9,00	-	31,51
Financial assets measured at amortised cost	4,55	5,71	-	31,93
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,24	6,67	-	42,28
Other deposits <sup>(4)</sup>	1,48	2,83	-	35,70
Money market borrowings	4,60	7,04	-	40,10
Miscellaneous Payables <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	-	-	28,90
Funds provided from other financial institutions	2,81	1,73	-	35,73

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

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

<sup>(3)</sup> Declared maximum TRY deposits interest rate with a maturity of twelve months as of 31 December 2023.

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

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

<b>Prior Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TRY</b>
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks <sup>(1)</sup>	3,25	3,91	-	21,42
Financial assets at fair value through profit and loss <sup>(5)</sup>	3,50	4,53	-	9,01
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,01	4,41	-	22,38
Loans <sup>(2)</sup>	5,27	7,96	-	14,76
Financial assets measured at amortised cost	4,66	5,61	-	35,66
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,21	3,23	-	18,45
Other deposits <sup>(4)</sup>	1,56	2,56	-	14,37
Money market borrowings	-	2,56	-	9,82
Miscellaneous Payables <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	-	-	17,88
Funds provided from other financial institutions	1,69	4,50	-	17,73

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

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

<sup>(3)</sup> Declared maximum TRY deposits interest rate with a maturity of twelve months as of 31 December 2022.

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

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

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

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

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

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

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

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

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

<b>Current Period</b>				
	<b>Currency</b>	<b>Applied Shock (+/- x basis point)</b>	<b>Gains/(Losses)</b>	<b>Gains/Shareholders' Equity -Losses/ Shareholders' Equities</b>
1	TRY	500	(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
<b>Total (For negative shocks)</b>			<b>21.632.274</b>	<b>%12,54</b>
<b>Total (For positive shocks)</b>			<b>(22.420.412)</b>	<b>(%13,00)</b>
<b>Prior Period</b>				
	<b>Currency</b>	<b>Applied Shock (+/- x basis point)</b>	<b>Gains/(Losses)</b>	<b>Gains/Shareholders' Equity -Losses/ Shareholders' Equities</b>
1	TRY	500	(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
<b>Total (For negative shocks)</b>			<b>10.128.879</b>	<b>%8,19</b>
<b>Total (For positive shocks)</b>			<b>(10.249.020)</b>	<b>(%8,28)</b>

(\*) Other currencies are shown under EUR.

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

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

Information about position risk of shares:

Equities	Comparison				Capital Requirements
	Carrying Value	Fair Value	Change <sup>(2)</sup>	Market Value	
Investment in Shares-Grade A	4.356.308	4.356.308	4.356.308	4.356.308	348.505
Quoted Securities <sup>(1)</sup>	4.356.308	4.356.308	4.356.308	4.356.308	348.505
Investment in Shares-Grade B	-	-	-	-	-
Quoted Securities	-	-	-	-	-
Investment in Shares-Grade C	-	-	-	-	-
Quoted Securities	-	-	-	-	-
Investment in Shares-Grade D	-	-	-	-	-
Other	24.000.033	23.607.107	-	-	2.250.356

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

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

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

Portfolio	Realized gains/ losses in the current period	Realized gains/ losses in the current period		Unrealized gains and losses		
		Total	Included To Total Core Capital	Total	Included To Total Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted on a stock exchange <sup>(1)</sup>	-	3.172.444	3.172.444	-	-	-
3. Other share certificates	-	9.396.109	9.396.109	-	-	-
<b>Total</b>	-	<b>12.568.553</b>	<b>12.568.553</b>	-	-	-

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

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

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

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

The liquidity risks of the Bank are managed within the framework of risk and transaction limits approved by the Board of Directors, and the written duties and responsibilities of the units related to liquidity risk management is established. 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 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 Bank's top management and related departments. Periodical stress tests are performed in line with the Bank's liquidity management policies.

The 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 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 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 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 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 Bank and the limit structures defined by the 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 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 Bank's liquidity such as pandemics and natural disasters, potential losses in the 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 Bank's Top Management and relevant business units, and necessary actions are taken.

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**VI. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT 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 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 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 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 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 54,37% accounts held by the CBRT and the Central Banks of the foreign branches, 44,04% securities considered as high quality liquid assets and 1,59% cash and cash equivalents. The primary funding source for the Bank is deposit. Other important funding sources are money market borrowings and securities issued.

Derivative transactions did not cause a net cash outflow that would negatively affect the liquidity position. 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 Bank’s minimum and maximum FC and TRY+FC liquidity coverage ratios calculated based on last three months averages, and the realized weeks of these ratios in the current period are disclosed in the table below;

Liquidity Minimum-Maximum

Liquidity Coverage Ratio	FC		TRY+FC	
	Related Week	(%)	Related Week	(%)
Maximum	02.10.2023 - 08.10.2023	631,02	13.11.2023 - 19.11.2023	167,75
Minimum	25.12.2023 - 31.12.2023	466,35	30.10.2023 - 05.11.2023	152,47

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

Liquidity Coverage Ratio:

	Total Unweighted Value (average) <sup>(1)</sup>		Total Weighted Value (average) <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>Current Period</b>				
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			700.887.608	283.907.775
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	854.047.989	303.133.173	78.451.926	30.313.317
Stable Deposits	139.057.462	-	6.952.873	-
Less Stable Deposits	714.990.527	303.133.173	71.499.053	30.313.317
Unsecured wholesale funding , of which;	848.504.949	389.803.933	374.894.060	144.174.025
Operational Deposits	201.541.183	154.217.160	50.385.288	38.554.290
Non-operational Deposits	610.676.134	229.720.026	298.481.941	99.973.344
Other Unsecured Funding	36.287.632	5.866.747	26.026.831	5.646.391
Secured Funding			-	-
Other cash outflows, of which;	31.848.167	3.047.965	28.897.167	3.044.625
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	3.852.907	3.042.398	3.852.907	3.042.398
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	27.995.260	5.567	25.044.260	2.227
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	676.090.350	194.771.359	49.597.036	14.663.509
<b>Total Cash Outflows</b>			<b>531.840.189</b>	<b>192.195.476</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	151.453.946	17.006.399	91.962.742	13.787.437
Other Cash Inflows	569.100	138.037.427	569.100	138.037.427
<b>Total Cash Inflows</b>	<b>152.023.046</b>	<b>155.043.826</b>	<b>92.531.842</b>	<b>151.824.864</b>
<b>Total Adjusted Value</b>				
<b>Total HQLA Stock</b>			<b>700.887.608</b>	<b>283.907.775</b>
<b>Total Net Cash Outflows</b>			<b>439.308.347</b>	<b>50.337.476</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>159,75%</b>	<b>569,74%</b>

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

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

Liquidity Coverage Ratio: (continued)

Prior Period	Total Unweighted Value (average) <sup>(1)</sup>		Total Weighted Value (average) <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			361.962.008	161.976.715
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	454.061.279	214.588.563	42.384.914	21.458.856
Stable Deposits	60.424.277	-	3.021.214	-
Less Stable Deposits	393.637.002	214.588.563	39.363.700	21.458.856
Unsecured wholesale funding , of which;	470.497.677	214.953.791	204.134.108	80.070.514
Operational Deposits	101.363.427	81.222.850	25.340.857	20.305.712
Non-operational Deposits	345.056.052	128.395.134	162.199.268	54.552.308
Other Unsecured Funding	24.078.198	5.335.807	16.593.983	5.212.494
Secured Funding			-	-
Other cash outflows, of which;	10.977.828	1.861.618	8.476.254	1.859.245
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.099.510	1.857.663	2.099.510	1.857.663
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.878.318	3.955	6.376.744	1.582
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	301.551.150	114.560.264	24.903.147	9.961.479
<b>Total Cash Outflows</b>			<b>279.898.423</b>	<b>113.350.094</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	87.976.024	15.053.950	53.558.688	11.658.370
Other Cash Inflows	634.979	83.384.924	634.979	83.384.924
<b>Total Cash Inflows</b>	<b>88.611.003</b>	<b>98.438.874</b>	<b>54.193.667</b>	<b>95.043.294</b>
<b>Total Adjusted Value</b>				
<b>Total HQLA Stock</b>			<b>361.962.008</b>	<b>161.976.715</b>
<b>Total Net Cash Outflows</b>			<b>225.704.756</b>	<b>29.528.881</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>160,38%</b>	<b>552,83%</b>

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



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

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

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

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
<b>Assets</b>								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	51.961.886	221.767.739	-	-	-	-	-	273.729.625
Banks	9.307.464	6.516.673	-	-	-	-	-	15.824.137
Financial assets at fair value through profit and loss	-	-	28	35.516.970	1.009	20	3.244.521	38.762.548
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	14.688.683	1.976.790	29.464.875	52.837.062	14.543.756	1.555.917	115.067.083
Loans <sup>(4)</sup>	5.670.727	102.854.874	250.108.514	209.190.515	535.967.598	148.212.754	18.539.693	1.270.544.675
Financial assets measured at amortised cost	-	42.653.201	22.078.582	66.164.953	115.971.607	183.695.098	-	430.563.441
Other assets <sup>(2)</sup>	3.225	1.268.303	1.879.150	1.136.241	628.385	203.413	45.676.660	50.795.377
<b>Total assets</b>	<b>66.943.302</b>	<b>389.749.473</b>	<b>276.043.064</b>	<b>341.473.554</b>	<b>705.405.661</b>	<b>346.655.041</b>	<b>69.016.791</b>	<b>2.195.286.886</b>
<b>Liabilities</b>								
Bank deposits	157.783.364	32.258.845	12.750.230	111.696	-	-	-	202.904.135
Other deposits	368.438.021	866.133.193	285.424.440	149.324.475	620.749	2.992	-	1.669.943.870
Funds provided from other financial institutions <sup>(3)</sup>	-	91.961	994.120	2.530.780	7.345.569	6.028.780	-	16.991.210
Money market balances	-	17.211.972	37.346	-	2.932.480	-	-	20.181.798
Bonds issued	-	3.896.327	4.258.972	1.097.200	-	-	-	9.252.499
Miscellaneous Payables	38.760	21.812.868	505.966	2.318.946	9.873.268	54.369	4.679.289	39.283.466
Other liabilities <sup>(1)</sup>	-	13.597.528	365.672	72.215.076	6.809.715	2.465.980	141.275.937	236.729.908
<b>Total liabilities</b>	<b>526.260.145</b>	<b>955.002.694</b>	<b>304.336.746</b>	<b>227.598.173</b>	<b>27.581.781</b>	<b>8.552.121</b>	<b>145.955.226</b>	<b>2.195.286.886</b>
<b>Liquidity Gap</b>	<b>(459.316.843)</b>	<b>(565.253.221)</b>	<b>(28.293.682)</b>	<b>113.875.381</b>	<b>677.823.880</b>	<b>338.102.920</b>	<b>(76.938.435)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>99.555</b>	<b>(1.069.788)</b>	<b>(41.767)</b>	<b>186</b>	<b>-</b>	<b>-</b>	<b>(1.011.814)</b>
Derivative Financial Assets	-	129.648.828	54.165.228	7.162.412	19.649.159	26.564.090	-	237.189.717
Derivative Financial Liabilities	-	(129.549.273)	(55.235.016)	(7.204.179)	(19.648.973)	(26.564.090)	-	(238.201.531)
<b>Non-Cash Loans</b>	<b>198.430.824</b>	<b>19.402.061</b>	<b>41.202.612</b>	<b>187.116.148</b>	<b>124.411.948</b>	<b>30.152.537</b>	<b>-</b>	<b>600.716.130</b>
<b>Prior Period</b>								
Total Assets	16.747.683	266.076.653	74.217.031	362.858.864	430.970.027	216.356.290	25.722.098	1.392.948.646
Total Liabilities	304.297.957	645.438.875	202.641.657	79.198.876	32.567.428	16.385.176	112.418.677	1.392.948.646
<b>Liquidity Gap</b>	<b>(287.550.274)</b>	<b>(379.362.222)</b>	<b>(128.424.626)</b>	<b>283.659.988</b>	<b>398.402.599</b>	<b>199.971.114</b>	<b>(86.696.579)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>665.751</b>	<b>1.542.902</b>	<b>438.100</b>	<b>671.791</b>	<b>-</b>	<b>-</b>	<b>3.318.544</b>
Derivative Financial Assets	-	128.798.384	13.196.916	4.048.663	11.264.053	18.952.720	-	176.260.736
Derivative Financial Liabilities	-	(128.132.633)	(11.654.014)	(3.610.563)	(10.592.262)	(18.952.720)	-	(172.942.192)
<b>Non-Cash Loans</b>	<b>101.180.816</b>	<b>8.090.448</b>	<b>31.622.105</b>	<b>106.356.777</b>	<b>53.530.771</b>	<b>14.405.530</b>	<b>-</b>	<b>315.186.447</b>

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

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

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

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

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

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

<b>Current Period</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Adjustments <sup>(1)</sup></b>	<b>Total</b>
<b>Liabilities</b>							
Deposits	1.433.121.011	312.523.822	169.501.215	689.545	3.325	(42.990.913)	1.872.848.005
Funds provided from other financial intuitions	101.947	1.058.055	2.946.581	8.802.062	7.264.238	(3.181.673)	16.991.210
Money market borrowings	17.277.618	69.707	205.811	4.029.887	-	(1.401.225)	20.181.798
Securities issued	4.295.549	4.934.746	1.340.023	-	-	(1.317.819)	9.252.499
Funds	11.564	39.945	179.523	296.871	43.715	-	571.618
<b>Total</b>	<b>1.454.807.689</b>	<b>318.626.275</b>	<b>174.173.153</b>	<b>13.818.365</b>	<b>7.311.278</b>	<b>(48.891.630)</b>	<b>1.919.845.130</b>

<b>Prior Period</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Adjustments <sup>(1)</sup></b>	<b>Total</b>
<b>Liabilities</b>							
Deposits	824.704.529	200.736.551	41.713.195	741.306	2.535	(6.975.585)	1.060.922.531
Funds provided from other financial intuitions	52.821	548.510	1.531.379	4.304.846	9.980.901	(2.996.394)	13.422.063
Money market borrowings	100.341.020	41.231	131.786	702.357	2.040.085	(1.097.311)	102.159.168
Securities issued	2.370.991	5.051.100	1.754.852	155.120	-	(355.986)	8.976.077
Funds	6.866	22.309	72.203	126.174	9.990	-	237.542
<b>Total</b>	<b>927.476.227</b>	<b>206.399.701</b>	<b>45.203.415</b>	<b>6.029.803</b>	<b>12.033.511</b>	<b>(11.425.276)</b>	<b>1.185.717.381</b>

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

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

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

<b>Current Period<sup>(1)</sup></b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Forwards Contracts- Buy	6.405.670	9.319.606	3.131.372	613	-	18.857.261
Forward Contracts – Sell	7.495.656	12.530.629	3.116.567	430	-	23.143.282
Swaps – Buy	104.647.023	33.886.240	3.992.272	-	-	142.525.535
Swaps – Sell	121.934.505	42.709.534	4.044.259	-	-	168.688.298
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
Futures – Buy	-	14.662	28.768	-	-	43.430
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	-	-	-	-	-	-
<b>Total</b>	<b>264.359.417</b>	<b>109.501.339</b>	<b>14.366.591</b>	<b>39.298.137</b>	<b>53.128.178</b>	<b>480.653.662</b>

<b>Prior Period<sup>(2)</sup></b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Forwards Contracts- Buy	7.269.771	2.334.291	1.145.948	40.590	-	10.790.600
Forward Contracts – Sell	4.368.368	1.069.525	1.145.600	40.578	-	6.624.071
Swaps – Buy	99.941.979	8.464.760	2.902.716	932.240	-	112.241.695
Swaps – Sell	122.131.244	9.641.926	2.464.964	260.460	-	134.498.594
Credit Default Swap – Buy	-	-	-	-	-	-
Credit Default Swap – Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	848.727	152.771	-	-	-	1.001.498
Forward Precious Metal - Sell	3.793.810	1.332.501	-	-	-	5.126.311
Money Buy Options	5.394.200	7.084.913	-	-	-	12.479.113
Money Sell Options	5.395.779	7.064.049	-	-	-	12.459.828
Swaps Interest – Buy	10.000	60.000	-	10.291.226	18.952.718	29.313.944
Swaps Interest – Sell	10.000	60.000	-	10.291.226	18.952.718	29.313.944
Futures – Buy	-	410.850	-	-	-	410.850
Futures – Sell	-	506.901	-	-	-	506.901
Swaps Precious Metal - Buy	22.626.349	1.629.045	-	-	-	24.255.394
Swaps Precious Metal - Sell	-	-	-	-	-	-
<b>Total</b>	<b>271.790.227</b>	<b>39.811.532</b>	<b>7.659.228</b>	<b>21.856.320</b>	<b>37.905.436</b>	<b>379.022.743</b>

<sup>(1)</sup> Foreign exchange purchase and sale commitments of TRY 5.262.414 are included in the table.

<sup>(2)</sup> Foreign exchange purchase and sale commitments of TRY 29.819.815 are included in the table.

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**VII. EXPLANATIONS ON LEVERAGE RATIO**

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

	Current Period <sup>(1)</sup>	Prior Period <sup>(1)</sup>
<b>On-Balance Sheet Assets</b>		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	2.235.018.495	1.348.972.304
2.Assets That Are Deducted from Core Capital	(8.529.460)	(763.978)
3.Total on Balance Sheet Exposures(Sum of rows 1 and 2)	2.226.489.035	1.348.208.326
<b>Derivative Exposures And Credit Derivatives</b>		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	3.466.404	2.725.285
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	3.856.093	2.657.237
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives(Sum of rows 4 and 5)	7.322.497	5.382.522
<b>Investment Securities Or Commodity Collateral Financing Transactions</b>		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	9.308.985	5.901.580
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions(Sum of rows 7 and 8)	9.308.985	5.901.580
<b>Off -Balance Sheet Items</b>		
10.Gross Notional Amount of Off-Balance Sheet Items	733.270.901	371.490.714
11.(Adjustments for Conversion to Credit Equivalent Amounts)	(16.424.239)	(8.321.769)
12.The Total Risk of Off-Balance Sheet Items(Sum of rows 10 and 11)	716.846.662	363.168.945
<b>Capital And Total Exposures</b>		
13.Tier 1 Capital	148.375.351	100.378.840
14.Total Exposures(Sum of rows 3,6,9 and 12)	2.959.967.179	1.722.661.373
<b>Leverage Ratio</b>		
15.Leverage Ratio	%5,01	%5,83

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

**VIII. EXPLANATIONS ON BUSINESS SEGMENTATION**

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

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

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

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

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

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

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

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

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

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

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

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

<b>Current Period</b>	<b>Commercial/ Corporate</b>	<b>Integrated</b>	<b>Treasury/ Investment</b>	<b>Total</b>
<b>1 January -31 December 2023</b>				
<b>OPERATING INCOME / EXPENSES</b>				
Interest Income	57.017.003	131.840.799	116.133.400	304.991.202
<i>Interest on Loans</i>	56.760.183	130.389.957	2.409.031	189.559.171
<i>Interest Income on Marketable Securities</i>	-	1.355.296	112.201.928	113.557.224
<i>Interest Received from Banks</i>	-	-	1.447.178	1.447.178
<i>Other Interest Income</i>	256.820	95.546	75.263	427.629
Interest Expense	99.507.727	136.560.023	27.539.378	263.607.128
<i>Interest on Deposits</i>	99.333.364	134.546.108	4.792.266	238.671.738
<i>Interest on Borrowings</i>	34.183	83.572	641.028	758.783
<i>Interest on Money Market Borrowings</i>	-	798.367	13.671.969	14.470.336
<i>Interest on Marketable Bonds Issued</i>	-	-	7.387.083	7.387.083
<i>Other Interest Expense</i>	140.180	1.131.976	1.047.032	2.319.188
Net Interest Income	(42.490.724)	(4.719.224)	88.594.022	41.384.074
Net Fees and Commissions Income	5.710.388	10.422.248	2.814.833	18.947.469
Net Trading Profit / (Loss)	592.996	15.936.941	(32.739.866)	(16.209.929)
Dividend Income	-	-	401.464	401.464
Other Income	539.950	2.050.479	10.582.869	13.173.298
Expected Loss Provisions	502.274	1.779.214	613.037	2.894.525
Other Expenses	751.758	15.458.776	31.938.580	48.149.114
<b>Income Before Taxes</b>	<b>(36.901.422)</b>	<b>6.452.454</b>	<b>37.101.705</b>	<b>6.652.737</b>
Income Tax Provision	-	-	3.459.228	3.459.228
<b>Net Profit For The Period</b>	<b>(36.901.422)</b>	<b>6.452.454</b>	<b>40.560.933</b>	<b>10.111.965</b>

**SEGMENT ASSETS**

**31 December 2023**

Marketable Securities <sup>(1)</sup>	-	28.088.605	556.247.040	584.335.645
Derivative Financial Assets Held for Trading	-	210.860	3.573.917	3.784.777
Banks and Money Market Receivables	-	5.893.869	9.922.862	15.816.731
Associates and Subsidiaries (Net)	-	-	28.272.656	28.272.656
Loans <sup>(1)</sup>	421.471.871	800.166.237	397.040	1.222.035.148
Other Assets	3.315.461	18.606.383	319.120.085	341.041.929
<b>TOTAL ASSETS</b>	<b>424.787.332</b>	<b>852.965.954</b>	<b>917.533.600</b>	<b>2.195.286.886</b>

**SEGMENT LIABILITIES**

**31 December 2023**

Deposits	630.134.764	1.078.753.727	163.959.514	1.872.848.005
Derivative Financial Liabilities	-	355.768	538.653	894.421
Money Market Balances	-	13.608.772	6.573.026	20.181.798
Borrowing Funding Loans	326.900	836.089	15.828.221	16.991.210
Bonds Issued	-	-	9.252.499	9.252.499
Other Liabilities	8.375.014	28.674.887	92.440.481	129.490.382
Provisions and Tax Payable	939.984	1.702.661	14.579.907	17.222.552
Shareholders' Equity	(36.901.422)	6.452.454	158.854.987	128.406.019
<b>TOTAL LIABILITIES</b>	<b>602.875.240</b>	<b>1.130.384.358</b>	<b>462.027.288</b>	<b>2.195.286.886</b>

**OFF-BALANCE SHEET ITEMS**

**31 December 2023**

Guarantees and Sureties	302.437.991	224.465.364	73.812.775	600.716.130
Commitments	2.349.185	49.970.528	126.809.110	179.128.823
Derivative Financial Instruments	-	59.844.491	415.546.757	475.391.248
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>	<b>304.787.176</b>	<b>334.280.383</b>	<b>616.168.642</b>	<b>1.255.236.201</b>

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

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

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

<b>Prior Period</b>	<b>Commercial/ Corporate</b>	<b>Integrated</b>	<b>Treasury/ Investment</b>	<b>Total</b>
<b>1 January -31 December 2022</b>				
<b>OPERATING INCOME / EXPENSES</b>				
Interest Income	26.685.722	59.003.530	68.284.477	153.973.729
<i>Interest on Loans</i>	26.453.926	58.096.815	1.053.301	85.604.042
<i>Interest Income on Marketable Securities</i>	-	866.067	66.676.253	67.542.320
<i>Interest Received from Banks</i>	-	-	535.284	535.284
<i>Other Interest Income</i>	231.796	40.648	19.639	292.083
Interest Expense	26.916.362	36.270.286	22.541.913	85.728.561
<i>Interest on Deposits</i>	26.590.996	35.471.004	2.397.527	64.459.527
<i>Interest on Borrowings</i>	24.009	70.374	263.816	358.199
<i>Interest on Money Market Borrowings</i>	-	269.111	15.515.486	15.784.597
<i>Interest on Marketable Bonds Issued</i>	-	-	3.700.719	3.700.719
<i>Other Interest Expense</i>	301.357	459.797	664.365	1.425.519
Net Interest Income	(230.640)	22.733.244	45.742.564	68.245.168
Net Fees and Commissions Income	2.685.153	4.933.816	842.980	8.461.949
Net Trading Profit / (Loss)	37.893	6.063.174	(11.977.067)	(5.876.000)
Dividend Income	-	-	426.209	426.209
Other Income	822.708	1.203.463	2.058.696	4.084.867
Expected Loss Provisions	1.688.139	2.998.944	32.098.021	36.785.104
Other Expenses	1.462.794	8.517.751	7.920.547	17.901.092
<b>Income Before Taxes</b>	<b>164.181</b>	<b>23.417.002</b>	<b>(2.925.186)</b>	<b>20.655.997</b>
Income Tax Provision	-	-	(5.390.358)	(5.390.358)
<b>Net Profit For The Period</b>	<b>164.181</b>	<b>23.417.002</b>	<b>(8.315.544)</b>	<b>15.265.639</b>

**SEGMENT ASSETS**

**31 December 2022**

Marketable Securities <sup>(1)</sup>	-	17.824.827	356.323.549	374.148.376
Derivative Financial Assets Held for Trading	-	250.665	2.984.525	3.235.190
Banks and Money Market Receivables	-	427.159	6.744.178	7.171.337
Associates and Subsidiaries (Net)	-	-	19.706.757	19.706.757
Loans <sup>(1)</sup>	291.752.915	497.341.919	213.488	789.308.322
Other Assets	3.723.562	12.657.863	182.997.239	199.378.664
<b>TOTAL ASSETS</b>	<b>295.476.477</b>	<b>528.502.433</b>	<b>568.969.736</b>	<b>1.392.948.646</b>

**SEGMENT LIABILITIES**

**31 December 2022**

Deposits	366.969.314	585.394.896	108.558.321	1.060.922.531
Derivative Financial Liabilities	-	301.279	522.264	823.543
Money Market Balances	-	7.585.020	94.574.148	102.159.168
Borrowing Funding Loans	395.181	589.094	12.437.788	13.422.063
Bonds Issued	-	-	8.976.077	8.976.077
Other Liabilities	8.287.920	16.366.361	73.152.440	97.806.721
Provisions and Tax Payable	342.318	535.444	17.308.691	18.186.453
Shareholders' Equity	3.424.863	26.027.659	61.199.568	90.652.090
<b>TOTAL LIABILITIES</b>	<b>379.419.596</b>	<b>636.799.753</b>	<b>376.729.297</b>	<b>1.392.948.646</b>

**OFF-BALANCE SHEET ITEMS**

**31 December 2022**

Guarantees and Sureties	158.614.820	117.125.931	39.445.696	315.186.447
Commitments	1.420.003	32.386.264	75.651.549	109.457.816
Derivative Financial Instruments	-	35.087.036	314.115.892	349.202.928
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>	<b>160.034.823</b>	<b>184.599.231</b>	<b>429.213.137</b>	<b>773.847.191</b>

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

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

	Current Period		Prior Period	
	Book Value	Fair Value	Book Value	Fair Value
<b>Financial Assets</b>	<b>2.090.351.638</b>	<b>1.984.679.986</b>	<b>1.330.158.647</b>	<b>1.343.366.275</b>
Cash and Balances with the Central Bank of Türkiye	273.729.625	273.729.625	158.994.275	158.994.275
Financial assets at fair value through P&L <sup>(3) (4)</sup>	3.246.056	3.246.056	1.733	1.733
Banks	15.824.137	15.811.575	7.177.130	7.127.813
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income <sup>(1)</sup>	114.983.397	114.983.397	98.972.022	98.972.022
Other Financial Assets Measured at Amortised Cost	430.563.441	376.964.351	240.989.996	262.616.882
Loans <sup>(2)</sup>	1.252.004.982	1.199.944.982	824.023.491	815.653.550
<b>Financial Liabilities</b>	<b>1.962.479.996</b>	<b>1.961.288.807</b>	<b>1.213.326.362</b>	<b>1.208.095.640</b>
Bank deposits	202.904.135	202.838.192	135.108.364	134.991.769
Other Deposits	1.669.943.870	1.669.022.779	925.814.167	920.647.524
Derivative financial liabilities held for trading	894.421	894.421	823.543	823.543
Funds provided from other financial institutions	16.991.210	16.877.645	13.422.063	13.835.084
Money market borrowings	20.181.798	20.099.164	102.159.168	102.155.870
Securities issued	9.252.499	9.244.543	8.976.077	8.618.870
Miscellaneous payables	39.283.472	39.283.472	25.744.491	25.744.491
Leasing payables	3.028.591	3.028.591	1.278.489	1.278.489

<sup>(1)</sup> As of 31 December 2023, TRY 83.686 (31 December 2022: TRY 88.403) of "equity investments not quoted on stock exchange" followed in financial assets at fair value through other comprehensive income are not included.

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

<sup>(3)</sup> As of 31 December 2023, marketable securities amounting to TRY 150.813 (31 December 2022: TRY 181.000) that are not valued with market price, are not included in financial assets at fair value through Profit and Loss..

<sup>(4)</sup> As of 31 December 2023, securities lending transactions amounting to TRY 35.365.679 (31 December 2022: TRY 33.947.997) is not included in the financial assets at fair value through P&L.

As of 31 December 2023, fair values of Associates and Subsidiaries are shown at section 5 footnote 7 and 8. The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

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



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

*Classification of Fair Value Measurement*

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

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

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

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

Classification requires using observable market data if possible.

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

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets Measured at Fair Value:</b>				
Financial Assets Measured at Fair Value through Profit/Loss <sup>(2)</sup> (4)	3.246.056	-	-	3.246.056
Derivative financial assets	-	3.784.777	-	3.784.777
Financial Assets at Fair Value through Other Comprehensive Income <sup>(1)</sup>	114.118.089	-	-	114.118.089
Subsidiaries	4.356.308	-	20.891.803	25.248.111
Associates <sup>(3)</sup>	-	-	2.715.304	2.715.304
<b>Total Financial Assets</b>	<b>121.720.453</b>	<b>3.784.777</b>	<b>23.607.107</b>	<b>149.112.337</b>

**Financial Liabilities Measured at Fair Value:**

Derivative financial liabilities	-	894.421	-	894.421
<b>Total Financial Liabilities</b>	<b>-</b>	<b>894.421</b>	<b>-</b>	<b>894.421</b>

<sup>(1)</sup> As of 31 December 2023, share certificates amounting to TRY 83.686 of “securities not quoted on the stock exchange” in financial assets at fair value through other comprehensive income are not included in the above table.

<sup>(2)</sup> As of 31 December 2023, marketable securities amounting to TRY 150.813 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

<sup>(3)</sup> Bank’s associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş (TRY 20.644), Bileşim Finansal Teknolojiler ve Ödeme Sis. A.Ş (TRY 127.982), Kredi Kayıt Bürosu A.Ş. (TRY 2.516), Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ (TRY 17.000), Bankalararası Kart Merkezi AŞ (TRY 17.628), JCR Avrasya Derecelendirme AŞ (TRY 4.186) and Birleşim Varlık Yönetim AŞ (TRY 119.285) are not included in the table.

<sup>(4)</sup> 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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**IX. EXPLANATIONS ON PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (continued)**

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

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

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

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

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

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

	<b>Current Period</b>
Balance at the beginning of the period	12.154.501
Purchases during the year	887.772
Non-paid up shares	100.000
Valuation Difference	10.464.834
Transfers	-
Redemption or Sales	-
<b>Period End Balance</b>	<b>23.607.107</b>
	<b>Prior Period</b>
Balance at the beginning of the period	7.174.333
Purchases during the year	1.903.957
Non-paid up shares	-
Valuation Difference	3.075.161
Transfers	1.050
Redemption or Sales	-
<b>Period End Balance</b>	<b>12.154.501</b>

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

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

The Bank does not engage in fiduciary transactions.

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

**Explanations Related To Risk Management**

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

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

The 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 Bank is exposed in relation to its duties.

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

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

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

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

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

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

**Overview of Risk Weighted Amounts<sup>(\*)</sup>:**

	Risk Weighted Amounts		Minimum Capital Requirements	
	Current Period	Prior Period	Current Period	Prior Period
1 Credit risk (excluding counterparty credit risk) (CCR) (**)	1.058.316.927	765.853.977	84.665.354	61.268.318
2 Standardized approach (SA)	1.058.316.927	765.853.977	84.665.354	61.268.318
3 Internal rating-based (IRB) approach	-	-	-	-
4 Counterparty credit risk (**)	3.978.515	7.692.181	318.281	615.374
5 Standardized approach for counterparty credit risk (SA-CCR)	3.978.515	7.692.181	318.281	615.374
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	70.960.450	28.424.938	5.676.836	2.273.995
17 Standardized approach (SA)	70.960.450	28.424.938	5.676.836	2.273.995
18 Internal model approaches (IMM)	-	-	-	-
19 Operational Risk	66.027.862	27.691.243	5.282.229	2.215.299
20 Basic Indicator Approach	66.027.862	27.691.243	5.282.229	2.215.299
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	-	-	-	-
<b>25 Total ( 1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>1.203.850.144</b>	<b>832.771.190</b>	<b>96.308.011</b>	<b>66.621.694</b>

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

<sup>(\*\*)</sup> Based on the Board Decision dated 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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**XI. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

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

Assets	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				Not subject to capital requirements or subject to deduction from capital
		Credit Risk	Counterparty credit risk	Securitization positions	Market Risk	
Cash and Balances with the Central Bank	273.694.089	273.694.089	-	-	-	-
Derivative Financial Assets	3.784.777	-	3.784.777	-	1.366.312	-
Financial assets at fair value through profit and loss	38.762.548	150.813	-	-	3.246.056	35.365.679
Banks	15.816.731	15.816.731	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-
Financial assets at fair value through OCI (net)	115.067.083	13.118.780	-	-	101.948.303	-
Loans	1.222.035.148	1.221.788.911	-	-	-	246.237
Receivables from factoring	-	-	-	-	-	-
Financial assets measured at amortised cost (net)	430.506.014	430.506.014	-	-	-	-
Subsidiaries (net)	3.024.545	3.024.545	-	-	-	-
Associates (net)	25.248.111	25.248.111	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Tangible Assets (net)	20.048.592	18.397.112	-	-	-	1.651.480
Intangible Assets (net)	1.498.351	-	-	-	-	1.498.351
Real estate for investment purpose (net)	2.675.524	2.675.524	-	-	-	-
Tax asset	-	-	-	-	-	-
Deferred Tax Assets	14.361.148	-	-	-	-	14.361.148
Assets Held For Sale and Discontinued Operations (net)	-	-	-	-	-	-
Other assets	28.764.225	28.759.664	-	-	4.561	-
<b>Total Assets</b>	<b>2.195.286.886</b>	<b>2.033.180.294</b>	<b>3.784.777</b>	<b>-</b>	<b>106.565.232</b>	<b>53.122.895</b>
<b>Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deposits	1.872.848.005	-	-	-	-	1.872.848.005
Derivative financial liabilities	894.421	-	-	-	137.572	756.849
Loans	16.991.210	-	-	-	-	16.991.210
Money market borrowings	20.181.798	-	20.181.798	-	-	-
Securities issued	9.252.499	-	-	-	-	9.252.499
Funds	571.618	-	-	-	-	571.618
Other liabilities	83.759.893	-	-	-	1.784	83.758.109
Factoring payables	-	-	-	-	-	-
Finance lease payables	3.028.591	-	-	-	-	3.028.591
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Provisions	12.429.302	-	-	-	-	12.429.302
Tax Liability	4.793.250	-	-	-	-	4.793.250
Deferred Tax Liability	-	-	-	-	-	-
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated Loans	42.130.280	-	-	-	-	42.130.280
Shareholders' equity	128.406.019	-	-	-	-	128.406.019
<b>Total liabilities</b>	<b>2.195.286.886</b>	<b>-</b>	<b>20.181.798</b>	<b>-</b>	<b>139.356</b>	<b>2.174.965.732</b>

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**XI. EXPLANATIONS ON 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	2.195.286.886	2.033.180.294	-	3.784.777	106.565.232
2 Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	20.181.798	139.356
3 Total net amount under regulatory scope of consolidation	2.195.286.886	2.033.180.294	-	(16.397.021)	106.425.876
4 Off-balance Sheet Amounts	1.255.236.201	361.673.989	-	8.256.820	140.820.202
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	-	2.394.854.283	-	(8.140.201)	247.246.078

**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.

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

**Explanations Related to Counterparty Credit Risk**

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

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

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

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

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

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

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

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

	Replacement cost	Potential Future exposure	EEPE <sup>(*)</sup>	Alpha used for computing regulatory EAD	EAD post-CRM	Risk Weighted Assets
Standardised Approach - CCR (for derivatives)	2.140.186	3.756.163		1,4	8.254.889	2.223.936
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)					4.180.692	942.359
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
<b>Total</b>					<b>12.435.581</b>	<b>3.166.295</b>

<sup>(\*)</sup> Expected effective positive risk amount.

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

	EAD post-CRM	Risk weighted amount
Total portfolios subject to the Advanced CVA capital obligation	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the Standardised CVA capital obligation	8.254.889	812.171
<b>Total subject to the CVA capital obligation</b>	<b>8.254.889</b>	<b>812.171</b>



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

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

Risk weight / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	2%	4%	Total Credit
										Risk
Claims on sovereigns and Central Banks	4.978.645	-	-	-	-	-	-	-	-	4.978.645
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	-	-	1.263.055	-	-	-	6.977.284
Claims on corporates	-	-	59.482	7.621	-	403.446	-	-	-	470.549
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*	-	-	-	-	-	812.171	-	-	-	812.171
<b>Total</b>	<b>4.978.645</b>	<b>-</b>	<b>4.658.832</b>	<b>1.122.708</b>	<b>8.880</b>	<b>2.478.686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.247.751</b>

**Collaterals for Counterparty Credit Risk:**

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

**Counterparty Credit Risk-Credit Derivatives:**

None.

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

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

	Exposure post-CRM	RWA
Total Exposure to Qualified Central Counterparties (QCCPs)	-	49
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	1.931	39
(i) Over the counter derivative financial instruments	1.931	39
(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	140	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	500	10
Unfunded guarantee fund contributions	-	-
Total Exposures to Non-QCCPs	-	-
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	-	-
(i) Over the counter derivative financial instruments	-	-
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	-	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	-	-
Unfunded guarantee fund contributions	-	-

**Explanations on securization:**

None.

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

**Qualitative Disclosure on Credit Risk:**

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

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

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

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

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

**Credit Quality of Assets**

		Gross carrying value as per TAS		Allowances/ amortisation and impairments	Net values
		Defaulted	Non-Defaulted		
1	Loans	18.539.693	1.252.004.982	48.509.527	1.222.035.148
2	Debt Securities <sup>(*)</sup>	-	550.589.302	1.619.336	548.969.966
3	Off-balance sheet exposures	-	779.844.953	3.764.964	776.079.989
<b>4</b>	<b>Total</b>	<b>18.539.693</b>	<b>2.582.439.237</b>	<b>53.893.827</b>	<b>2.547.085.103</b>

<sup>(\*)</sup> 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	18.594.037
2	Loans and debt securities defaulted since the last reporting period	5.849.867
3	Receivables back to performing status	146.871
4	Amounts written off	17.680
5	Other changes	(5.739.660)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>18.539.693</b>

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

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

**Breakdown According to Maturity:**

<b>31 December 2023</b>	<b>Demand Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 years and Over</b>	<b>Total</b>	
Loans <sup>(*)</sup>	5.670.727	102.854.874	250.108.514	209.190.515	535.967.598	148.212.754	1.252.004.982

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

**Exposures Provisioned Against By Major Regions:**

<b>31 December 2023</b>	<b>Non-Performing Loans</b>	<b>ECL (Stage 3)</b>
Domestic	18.474.310	15.098.563
European Union (EU) Countries	89	79
OECD Countries	33	32
Off-Shore Banking Regions	-	-
USA, Canada	13	8
Other Countries	65.248	30.079
<b>Total</b>	<b>18.539.693</b>	<b>15.128.761</b>

**Exposures Provisioned Against By Sectors:**

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

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

<b>31 December 2023</b>	
30-60 days overdue	3.318.737
60-90 days overdue	1.969.461
<b>Total</b>	<b>5.288.198</b>

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

<b>31 December 2023<sup>(*)</sup></b>	
Loans Structured from Standard Loans	428.678
Loans Composed of Follow-up Loans	38.587.897
Loans Restructured from Non-Performing Loans	1.086.323

<sup>(\*)</sup> Rediscounts are not included in the amount.

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

**Qualitative Disclosure on Credit Risk Mitigation Techniques**

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

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

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

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

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

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

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

Concentration checks are conducted on guarantors and collateral providers.

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

**Credit Risk Mitigation Techniques- Overview**

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans <sup>(2)</sup>	754.233.250	464.390.966	398.333.057	121.446.144	108.621.240	-	-
2 Debt Instruments <sup>(1)</sup>	548.969.966	-	-	-	-	-	-
3 Total	1.303.203.216	464.390.966	398.333.057	121.446.144	108.621.240	-	-
4 Of which defaulted	1.141.237	2.269.695	1.303.658	530.245	351.548	-	-

<sup>(1)</sup> 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.

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

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

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

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**XI. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**  
**Standardised Approach- Credit Risk Exposure and Credit Risk Mitigation Techniques**

Risk Classification	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on sovereigns and Central Banks	587.971.141	1.401.684	674.031.694	1.227.240	1.241.374	%0,18
Claims on regional governments or local authorities	4.439.038	361.978	4.424.241	152.788	2.288.515	%50,00
Claims on administrative bodies and other non-commercial undertakings	5.065.139	2.448.252	4.963.462	1.201.055	6.163.753	%99,99
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	11.086.129	8.393.747	11.086.068	6.703.595	9.209.522	%51,77
Claims on corporates	369.822.572	391.478.428	302.652.502	257.784.698	463.591.763	%82,72
Claims included in the regulatory retail portfolios	405.690.105	193.055.475	375.090.983	38.624.103	215.773.923	%52,16
Claims secured by residential property	161.079.181	35.814.982	161.079.182	18.131.077	62.723.590	%35,00
Claims secured by commercial property	103.722.394	48.743.207	103.722.394	32.296.869	72.182.274	%53,07
Overdue loans	4.207.077	1.561.295	3.806.807	449.370	3.565.784	%83,78
Higher risk categories decided by the Board	87.828.241	-	87.811.572	-	156.935.811	%178,72
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	25.660.410	-	25.660.410	-	25.660.410	%100,00
Equity share investments	83.688.854	14.393.759	83.688.854	15.654	38.980.208	%46,57
<b>Total</b>	<b>1.850.260.281</b>	<b>697.652.807</b>	<b>1.838.018.169</b>	<b>356.586.449</b>	<b>1.058.316.927</b>	<b>%48,22</b>

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

Risk Classification	Risk Weights													Total risk amount (pt-CCF and CRM)
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	4%	500%	
Claims on sovereigns and Central Banks	674.017.560	-	-	-	-	-	1.241.374	-	-	-	-	-	-	675.258.934
Claims on regional governments or local authorities	-	-	-	-	4.577.029	-	-	-	-	-	-	-	-	4.577.029
Claims on administrative bodies and other non-commercial undertakings	-	-	954	-	-	-	6.163.563	-	-	-	-	-	-	6.164.517
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	19.618	-	8.812.958	-	3.020.313	-	5.936.774	-	-	-	-	-	-	17.789.663
Claims on corporates	6.593.814	-	68.585.651	-	77.189.198	-	401.645.549	6.422.988	-	-	-	-	-	560.437.200
Claims included in the regulatory retail portfolios	-	-	158.774.203	-	33.450.026	216.787.149	4.703.708	-	-	-	-	-	-	413.715.086
Claims secured by residential property	-	-	-	179.210.259	-	-	-	-	-	-	-	-	-	179.210.259
Claims secured by commercial property	-	-	-	-	127.673.978	-	8.345.285	-	-	-	-	-	-	136.019.263
Overdue loans	-	-	-	-	1.658.226	-	2.320.511	277.440	-	-	-	-	-	4.256.177
Higher risk categories decided by the Board	-	-	-	-	-	-	-	39.138.615	48.378.965	-	-	-	293.992	87.811.572
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	-	-	-	-	-	-	25.660.410	-	-	-	-	-	-	25.660.410
Other receivables	37.228.452	-	8.715.064	-	-	2.095.187	35.665.805	-	-	-	-	-	-	83.704.508
<b>Total</b>	<b>717.859.444</b>	<b>-</b>	<b>244.888.830</b>	<b>179.210.259</b>	<b>247.568.770</b>	<b>218.882.336</b>	<b>491.682.979</b>	<b>45.839.043</b>	<b>48.378.965</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>293.992</b>	<b>2.194.604.618</b>

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

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

**Publicly Announced Qualitative Disclosure on Market Risk**

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

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

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

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

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

**Market Risk: Standardised approach**

	<b>RWA</b>
<b>Outright products</b>	
Interest rate risk (general and specific)	47.048.813
Equity risk (general and specific)	9.512.800
Foreign exchange risk	14.393.312
Commodity risk	-
<b>Options</b>	
Simplified approach	-
Delta-plus method	5.525
Scenario approach	-
Securitization	-
<b>Total</b>	<b>70.960.450</b>

**Information related to Operational Risk**

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

	<b>2 PP Amount</b>	<b>1 PP Amount</b>	<b>CP Amount</b>	<b>Total/ No. Of Years of Positive Gross</b>	<b>Rate (%)</b>	<b>Total</b>
Gross Income	16.723.023	16.901.683	72.019.873	35.214.860	15	5.282.229
<b>Amount at Operational Risk (Total * 12,5)</b>						<b>66.027.862</b>

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

**XII. EXPLANATIONS ON REMUNERATION POLICIES**

**Disclosures related with Remuneration Committee**

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

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

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

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

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

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

As of the end of 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 Bank's ethical values, internal balances and strategic objectives and cannot be associated only with the short term performance of the Bank. Regardless of the performance of the units that are audited by internal audit, the benefits of are determined on the basis of the general wage increase rate set by the Bank. Remuneration policy and practices are one of the important factors in ensuring employee engagement and improving performance. While determining the remuneration policy created to protect employees with high performance, sectoral data are taken into consideration by taking the internal wage balance and budget possibilities into account. Remuneration Committee at its meeting in December 2023 reviewed the remuneration policy and practices.



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

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

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

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

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

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

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

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

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

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and foreign currency	4.285.019	8.756.284	2.917.083	5.670.704
CBRT	53.596.694	205.682.361	28.712.954	120.985.281
Other <sup>(1)</sup>	497.426	911.841	204.607	503.646
<b>Total</b>	<b>58.379.139</b>	<b>215.350.486</b>	<b>31.834.644</b>	<b>127.159.631</b>

<sup>(1)</sup> It includes the required reserve amounts held by the TRNC Central Bank.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand unrestricted amount <sup>(1)</sup>	33.994.689	77.575.337	28.666.697	38.540.462
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Other <sup>(2)</sup>	19.602.005	128.107.024	46.257	82.444.819
<b>Total</b>	<b>53.596.694</b>	<b>205.682.361</b>	<b>28.712.954</b>	<b>120.985.281</b>

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

<sup>(2)</sup> Blocked reserve deposits amounts held in the CBRT are included in the Other.

As per the Communiqué no. 2013/15 “Reserve Deposits” of the Central Bank of the Republic of Türkiye (CBRT), banks operating in Türkiye keep reserve deposits for their TRY liabilities 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.

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	35.365.679	-	33.947.997	-

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

None. (31 December 2022: None.)

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	-	121.865
Swap transactions	111.974	3.453.562	319.674	2.745.566
Futures transactions	-	-	-	-
Options	-	1.807	-	48.085
Other	-	-	-	-
<b>Total</b>	<b>111.974</b>	<b>3.672.803</b>	<b>319.674</b>	<b>2.915.516</b>

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	1.474.164	293.176	856.684	499.812
Foreign banks	2.662.766	11.394.031	892.789	4.927.845
Branches and offices abroad	-	-	-	-
<b>Total</b>	<b>4.136.930</b>	<b>11.687.207</b>	<b>1.749.473</b>	<b>5.427.657</b>

b) Information on foreign banks:

	Unrestricted Balance		Restricted Balance	
	Current Period		Current Period	
EU Countries	1.125.526	-	-	-
USA and Canada	970.132	-	-	-
OECD Countries <sup>(1)</sup>	2.809.540	-	-	-
Offshore Banking Regions	35.934	-	-	-
Other	9.115.665	-	-	-
<b>Total</b>	<b>14.056.797</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

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

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

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	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 portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities	115.055.791		97.814.460	
<i>Quoted on a stock exchange</i>	115.055.791		97.814.460	
<i>Not quoted</i>	-		-	
Equity Securities	1.573.198		1.303.418	
<i>Quoted on a stock exchange</i>	1.472.232		1.197.734	
<i>Not quoted</i>	100.966		105.684	
Impairment provision (-)	1.561.906		57.453	
<b>Total</b>	<b>115.067.083</b>		<b>99.060.425</b>	

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

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

(5) Information on loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
<i>Corporate shareholders</i>	-	-	-	-
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	2.750.161	-	1.246.669	-
<b>Total</b>	<b>2.750.161</b>	<b>-</b>	<b>1.246.669</b>	<b>-</b>

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

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

	Cash Loans	Standard Loans	Loans Under Close Monitoring		
			Loans Not Subject to Restructuring	Restructured Loans	
				Loans with Revised Contract Terms	Refinance
Non-specialized loans	920.280.246	32.233.681	17.500	38.570.397	
<i>Corporation loans</i>	523.313.661	22.318.560	-	38.564.080	
<i>Export loans</i>	46.143.647	912.177	-	-	
<i>Import loans</i>	-	-	-	-	
<i>Loans given to financial sector</i>	27.541.464	-	-	-	
<i>Consumer loan</i>	134.768.078	1.282.915	15.708	4.102	
<i>Credit cards</i>	64.314.098	3.557.659	1.792	-	
<i>Other</i>	124.199.298	4.162.370	-	2.215	
Specialized lending	227.773.254	6.002.033	-	-	
Other receivables	-	-	-	-	
Accruals	24.090.090	1.237.764	2.590	1.797.427	
<b>Total</b>	<b>1.172.143.590</b>	<b>39.473.478</b>	<b>20.090</b>	<b>40.367.824</b>	

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	11.090.506	12.176.855	-	-
Significant Increase in Credit Risk	-	-	22.290.260	25.970.040

In the current period, the decrease in the Bank's Stage 1 and Stage 2 Expected Loss Provision balances is due to the decrease in the risk levels of certain 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	316.239.010	10.442.045	648.627
Medium and Long Term Loans	855.904.580	29.031.433	39.739.287
<b>Prior Period</b>			
Short Term Loans	252.040.264	4.347.065	689.707
Medium and Long Term Loans	514.749.302	25.255.076	26.942.077

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

(5) Information on loans (continued) :

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

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
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	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Consumer loans- FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Individual credit cards-TRY	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	-	5.617
<i>Installment</i>	-	-	-
<i>Non-installment</i>	5.617	-	5.617
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	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel loans-FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel credit cards-TRY	784.037	-	784.037
<i>Installment</i>	238.332	-	238.332
<i>Non-installment</i>	545.705	-	545.705
Personnel credit cards-FC	345	-	345
<i>Installment</i>	-	-	-
<i>Non-installment</i>	345	-	345
Overdraft accounts-TRY (Retail customers) <sup>(**)</sup>	4.388.114	-	4.388.114
Overdraft accounts-FC (Retail customers)	-	-	-
<b>Total</b>	<b>34.042.958</b>	<b>128.945.273</b>	<b>162.988.231</b>

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

<sup>(\*\*)</sup> TRY 174.027 of the overdraft account consists of loans given to personnel.

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

(5) Information on loans (continued) :

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

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

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

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

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

(5) Information on loans (continued) :

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

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Commercial installment loans-TRY	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	-	-	-
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Commercial installment loans - FC	829.626	102.714.709	103.544.335
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	829.626	102.714.709	103.544.335
<i>Other</i>	-	-	-
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	-	3.003
<i>Installment</i>	-	-	-
<i>Non-installment</i>	3.003	-	3.003
Overdraft accounts-TRY (Commercial customers)	30.098.995	-	30.098.995
Overdraft accounts-FC (Commercial customers)	-	-	-
<b>Total</b>	<b>75.060.160</b>	<b>214.428.495</b>	<b>289.488.655</b>

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

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

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



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

(5) Information on loans (continued) :

f) Loans by customers:

	<b>Current Period</b>	<b>Current Period</b>
Public	38.716.068	34.363.094
Private	1.213.288.914	789.660.397
<b>Total</b>	<b>1.252.004.982</b>	<b>824.023.491</b>

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

g) Domestic and foreign loans(\*):

	<b>Current Period</b>	<b>Prior Period</b>
Domestic loans	1.246.933.250	821.823.229
Foreign loans	5.071.732	2.200.262
<b>Total</b>	<b>1.252.004.982</b>	<b>824.023.491</b>

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

h) Loans granted to subsidiaries and associates:

	<b>Current Period</b>	<b>Prior Period</b>
Direct loans granted to subsidiaries and associates	10.785.628	6.710.672
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>10.785.628</b>	<b>6.710.672</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Loans with Limited Collectability	624.087	1.778.357
Loans with Doubtful Collectability	884.284	2.189.055
Uncollectible Loans	13.620.390	11.194.899
<b>Total</b>	<b>15.128.761</b>	<b>15.162.311</b>

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

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

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

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with</b>	<b>Loans with</b>	<b>Uncollectible</b>
	<b>Limited</b>	<b>Doubtful</b>	<b>Loans</b>
	<b>Collectability</b>	<b>Collectability</b>	
<b>Current period</b>			
<b>Gross amounts before the specific provisions</b>	<b>227.833</b>	<b>122.367</b>	<b>736.123</b>
<i>Restructured loans</i>	<i>227.833</i>	<i>122.367</i>	<i>736.123</i>
<b>Prior period</b>			
<b>Gross amounts before the specific provisions</b>	<b>680.019</b>	<b>332.509</b>	<b>932.583</b>
<i>Restructured loans</i>	<i>680.019</i>	<i>332.509</i>	<i>932.583</i>

(\*) Rediscounts 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
<b>Current Period</b>	<b>Loans with Limited Collectability    Loans with Doubtful Collectability    Uncollectible Loans</b>		
Current period end balance	3.442.182	3.279.970	11.871.885
Additions(+)	5.366.249	77.624	405.994
Transfers from other categories of loans under non-performing(+)	-	4.176.757	5.756.918
Transfers to other categories of loans under non-performing(-)	5.613.643	4.320.032	-
Collections(-) (*)	1.580.027	1.066.154	3.240.350
Write-offs(-)	-	-	17.680
Sold(-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
<b>Current period end balance</b>	<b>1.614.761</b>	<b>2.148.165</b>	<b>14.776.767</b>
Provision(-)	624.087	884.284	13.620.390
<b>Net balance on balance sheet</b>	<b>990.674</b>	<b>1.263.881</b>	<b>1.156.377</b>
<b>Prior Period</b>			
Prior period end balance	2.424.637	708.929	13.163.616
Additions(+)**	8.601.080	60.961	1.598.919
Transfers from other categories of loans under non-performing(+)	-	5.053.238	2.101.918
Transfers to other categories of loans under non-performing(-)	5.359.655	1.795.501	-
Collections(-) (*)	2.223.880	747.657	2.887.685
Write-offs(-)**	-	-	2.104.883
Sold(-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
<b>Current period end balance</b>	<b>3.442.182</b>	<b>3.279.970</b>	<b>11.871.885</b>
Provision(-)	1.778.357	2.189.055	11.194.899
<b>Net balance on balance sheet</b>	<b>1.663.825</b>	<b>1.090.915</b>	<b>676.986</b>

(\*) 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
	<b>Loans with Limited Collectability    Loans with Doubtful Collectability    Uncollectible Loans</b>		
<b>Current period</b>			
Balance at the end of the period	57.243	1.169.388	4.254.093
Provisions(-)	50.203	460.973	4.129.975
<b>Net balance in the balance sheet</b>	<b>7.040</b>	<b>708.415</b>	<b>124.118</b>
<b>Prior period</b>			
Balance at the end of the period	341.012	786.304	3.966.189
Provisions(-)	279.800	783.961	3.835.240
<b>Net balance in the balance sheet</b>	<b>61.212</b>	<b>2.343</b>	<b>130.949</b>

(\*) Rediscounts are included.

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

(5) Information on loans (continued):

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current period (Net)</b>	<b>990.674</b>	<b>1.263.881</b>	<b>1.156.377</b>
Loans to granted real persons and legal entities (Gross)	1.614.761	2.148.165	14.776.767
Provisions (-)	624.087	884.284	13.620.390
<b>Loans to granted real persons and legal entities (Net)</b>	<b>990.674</b>	<b>1.263.881</b>	<b>1.156.377</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior period (Net)</b>	<b>1.663.825</b>	<b>1.090.915</b>	<b>676.986</b>
Loans to granted real persons and legal entities (Gross)	3.442.182	3.279.970	11.871.885
Specific provisions (-)	1.778.357	2.189.055	11.194.899
<b>Loans to granted real persons and legal entities (Net)</b>	<b>1.663.825</b>	<b>1.090.915</b>	<b>676.986</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest Accruals and Valuation Differences	6.211	3.639	1.600.630
Provision (-)	6.211	3.639	1.600.630
<b>Prior Period (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest Accruals and Valuation Differences	7.019	6.376	1.743.778
Provision (-)	7.019	6.376	1.743.778

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

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

(5) Information on loans (continued) :

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

The 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, non-performing loans are collected in considerable amounts. Collections are firstly offset against lawsuits and expenses, interest and principle receivables from loans.

m) Explanations on write-off policy:

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

In the current period, the Bank derecognised the 5th group non-performing loan amounting to TRY 17.680 on the grounds that there was no reasonable expectations, and this derecognition has no effect on non-performing loan ratio. (In the previous period, the Bank derecognised the 5th group non-performing loan amounting to TRY 2.104.883 on the grounds that there was no reasonable expectation, and the Bank's non-performing loan ratio decreased from 2,45% to 2,21% after the loans were written off in accordance with the related the Regulation of Allowance.)

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked Securities	95.046.847	108.040.493	109.707.592	55.559.702

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	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		234.826.643
Treasury bills		-		1.536.051
Other public sector debt securities		5.549.406		2.167.490
<b>Total</b>		<b>428.171.308</b>		<b>238.530.184</b>

- c) Information on financial assets measured at amortised cost:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities		430.563.441		240.989.996
<i>Quoted on a stock exchange</i>		400.572.218		223.107.074
<i>Not quoted</i>		29.991.223		17.882.922
Impairment provision (-)		-		-
<b>Total</b>		<b>430.563.441</b>		<b>240.989.996</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Beginning balance		240.989.996		132.853.694
Foreign currency differences on monetary assets		44.299.579		23.487.246
Purchases during the year <sup>(1)</sup>		157.046.579		91.774.783
Disposals through sales and redemptions		(11.772.713)		(7.125.727)
Impairment provision (-)		-		-
<b>Balance at the end of the period</b>		<b>430.563.441</b>		<b>240.989.996</b>

<sup>(1)</sup> The difference between the discount amount of TRY 136.701.563 as of December 31, 2023 and the amount of discount amount of TRY 67.405.111 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 UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

(7) Information on associates (Net):

a) Information on associates:

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1. DHB Bank NV <sup>(1)</sup>	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ <sup>(1)</sup>	Ankara	31,47	33,12
3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ <sup>(1)</sup>	Istanbul	35,79	35,79
4. Birleşim Varlık Yönetim AŞ <sup>(1)</sup>	Istanbul	16,00	16,00
5. KKB Kredi Kayıt Bürosu AŞ <sup>(2)</sup>	Istanbul	18,18	18,18
6. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ <sup>(2)</sup>	Istanbul	33,33	33,33
7. Bankalararası Kart Merkezi AŞ <sup>(2)</sup>	Istanbul	9,28	9,28
8. JCR Avrasya Derecelendirme AŞ <sup>(2)</sup>	Istanbul	2,86	2,86

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value <sup>(3)</sup>
1.	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	-
5.	1.466.425	172.751	505.679	167.738	-	138.310	(18.412)	-
6.	504.017	331.883	168.797	48.445	-	(7.737)	(35.010)	-
7.	3.713.601	2.909.429	431.113	837.899	-	2.223.570	314.832	-
8.	384.120	345.604	17.721	66.626	-	210.342	100.751	-

<sup>(1)</sup> The financial data is obtained from 31 December 2023 financial statements used in consolidation.

<sup>(2)</sup> The financial data is obtained from audited 31 December 2023 financial statement.

<sup>(3)</sup> Financial information about the fair value of DHB Bank NV has been obtained from valuation report as of 31 December 2023.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	1.764.937	1.296.997
Movements during the period	1.259.608	467.940
Purchases <sup>(1)(2)</sup>	126.285	79.539
Bonus shares obtained profit from current year's share	9.697	-
Dividends from current year income	-	-
Sales	-	-
Transfers	21.242	(5.595)
Revaluation decrease (-) / increase	1.102.384	393.996
Impairment provisions (-)/ reversals	-	-
<b>Balance at the end of the period</b>	<b>3.024.545</b>	<b>1.764.937</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

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

d) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	2.715.304	1.612.921
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	156.929	21.518
Other non- financial investments	152.312	130.498

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

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

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

e) Associates quoted on a stock exchange:  
None.

(8) Information on subsidiaries (Net):

a) Information on subsidiaries<sup>(1)</sup>:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ
<b>COMMON EQUITY TIER I CAPITAL</b>							
Paid in Capital	250.000	1.645.000	523.000	2.226.470	246.000	754.199	100
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
Other Comprehensive Income according to TAS	9.578	8.508.589	2.071	-	10	-	-
<b>Profit / Loss</b>	<b>1.423.322</b>	<b>4.432.484</b>	<b>396.890</b>	<b>668.028</b>	<b>428.581</b>	<b>431.048</b>	<b>2.810</b>
<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>Prior Period Profit/Loss</i>	-	<i>(83.725)</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	-
<b>Total Core Capital</b>	<b>1.798.953</b>	<b>14.691.907</b>	<b>1.162.718</b>	<b>8.447.836</b>	<b>973.222</b>	<b>6.203.718</b>	<b>7.709</b>
<b>SUPPLEMENTARY CAPITAL</b>	-	-	<b>58.169</b>	<b>173.604</b>	<b>87.370</b>	<b>78.227</b>	-
<b>CAPITAL</b>	<b>1.798.953</b>	<b>14.691.907</b>	<b>1.220.887</b>	<b>8.621.440</b>	<b>1.060.592</b>	<b>6.281.945</b>	<b>7.709</b>
<b>NET AVAILABLE CAPITAL</b>	<b>1.798.953</b>	<b>14.691.907</b>	<b>1.220.887</b>	<b>8.621.440</b>	<b>1.060.592</b>	<b>6.281.945</b>	<b>7.709</b>

<sup>(1)</sup> 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 inflation adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items.

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

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

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

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

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

b) Information on subsidiaries:

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

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	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.	114.691	102.796	20.539	25.503	-	1.242	737	598.108

<sup>(1)</sup> The financial data is obtained from 31 December 2023 financial statements used in consolidation.

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

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

<sup>(4)</sup> The financial data is obtained from 31 December 2023 financial statements.

d) Movement of the subsidiaries:

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>17.941.820</b>	<b>7.665.664</b>
Movements during the period	7.306.291	10.276.156
Purchase <sup>(1)</sup>	887.772	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	-	-
<b>Balance at the end of the period</b>	<b>25.248.111</b>	<b>17.941.820</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

<sup>(1)</sup> The 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 UNCONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

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

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

	Current Period	Prior Period
Banks	14.153.833	7.601.174
Insurance companies	-	-
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

f) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock <sup>(1)</sup>	4.356.308	7.400.240
Quoted foreign stock exchange	-	-

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

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

None.

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

None.

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

None.

(12) Information on tangible assets:

Current Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
<b>Cost:</b>						
Immovable	5.836.000	571.732	4.811.586	15.244	-	11.204.074
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	1.725.344	3.760.103	-	1.087.546	-	4.397.901
Office machines	1.551.560	893.055	-	57.915	-	2.386.700
Fixed assets obtained due to non-performing loans	4.711.776	821.842	-	2.121.026	-	3.412.592
Lease hold improvements costs	655.163	1.512.762	-	-	-	2.167.925
Other	442.067	470.431	-	19.412	-	893.086
<b>Total Cost</b>	<b>14.921.910</b>	<b>8.029.925</b>	<b>4.811.586</b>	<b>3.301.143</b>	<b>-</b>	<b>24.462.278</b>
<b>Accumulated depreciation (-)</b>						
Immovable	861.306	43.251	557.766	5.483	-	1.456.840
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	566.596	539.534	-	173.077	-	933.053
Office machines	808.829	316.655	-	17.936	-	1.107.548
Fixed assets obtained due to non-performing loans	32.237	9.814	-	26.628	-	15.423
Lease hold improvements costs	269.226	247.220	-	-	-	516.446
Other	286.934	59.575	-	11.971	-	334.538
<b>Total Accumulated Depreciation</b>	<b>2.825.128</b>	<b>1.216.049</b>	<b>557.766</b>	<b>235.095</b>	<b>-</b>	<b>4.363.848</b>
<b>Provision for impairment (-)</b>						
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
<b>Total provision for impairment (-)</b>	<b>28.338</b>	<b>-</b>	<b>25.577</b>	<b>4.077</b>	<b>-</b>	<b>49.838</b>
<b>Net Book Value</b>	<b>12.068.444</b>	<b>6.813.876</b>	<b>4.228.243</b>	<b>3.061.971</b>	<b>-</b>	<b>20.048.592</b>

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

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

(12) Information on tangible assets (continued) :

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

(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
<b>Cost:</b>					
Other intangible assets	1.145.647	1.234.225	33	-	2.379.839
<b>Total Cost</b>	<b>1.145.647</b>	<b>1.234.225</b>	<b>33</b>	<b>-</b>	<b>2.379.839</b>
<b>Accumulated Depreciation (-)</b>					
Other intangible assets	571.179	310.342	33	-	881.488
<b>Total Accumulated Depreciation</b>	<b>571.179</b>	<b>310.342</b>	<b>33</b>	<b>-</b>	<b>881.488</b>
<b>Net Book Value</b>	<b>574.468</b>	<b>923.883</b>	<b>-</b>	<b>-</b>	<b>1.498.351</b>
Prior Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
<b>Cost:</b>					
Other intangible assets	923.967	221.680	-	-	1.145.647
<b>Total Cost</b>	<b>923.967</b>	<b>221.680</b>	<b>-</b>	<b>-</b>	<b>1.145.647</b>
<b>Accumulated Depreciation (-)</b>					
Other intangible assets	410.031	161.148	-	-	571.179
<b>Total Accumulated Depreciation</b>	<b>410.031</b>	<b>161.148</b>	<b>-</b>	<b>-</b>	<b>571.179</b>
<b>Net Book Value</b>	<b>513.936</b>	<b>60.532</b>	<b>-</b>	<b>-</b>	<b>574.468</b>

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

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

(14) Information on investment property:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the beginning of the period</b>	<b>1.168.528</b>	656.481
Movements during the period	1.506.996	512.047
Purchase	44.366	304
Sales	-	-
Transfer	-	-
Revaluation increase/decrease	1.462.630	511.743
<b>Balance at the end of the period</b>	<b>2.675.524</b>	<b>1.168.528</b>

While the 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 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 tax assets:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Deferred Tax Asset /(Liability)</b>		
Provisions <sup>(1)</sup>	14.080.661	12.065.255
Revaluation of Financial Assets	(10.992.010)	(2.221.419)
Other	11.272.497	(1.406.117)
<b>Deferred Tax Asset /(Liability):</b>	<b>14.361.148</b>	<b>8.437.719</b>
<b>Deferred tax accounted under shareholders' equity</b>	<b>(607.271)</b>	<b>(2.783.046)</b>
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	(198.507)	(2.665.989)
Actuarial gains/losses	805.733	470.093
Valuation of subsidiaries	(1.214.497)	(587.150)

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

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

None.

(17) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 28.832.305 and does not exceed 10% of the balance sheet total (31 December 2022: TRY 18.186.975).

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

**II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES**

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

a) Information on deposit / funds collected:

**Current Period**

	Demand 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	30.327.423	-	9.944.277	204.020.330	202.608.222	53.891.123	7.635.219	127.300	508.553.894
Foreign currency deposits	175.524.383	-	60.278.614	208.980.134	18.063.546	13.090.941	18.582.226	32.254	494.552.098
<i>Residents in Türkiye</i>	155.024.860	-	59.336.380	198.969.802	16.340.963	9.906.696	13.419.585	31.632	453.029.918
<i>Residents abroad</i>	20.499.523	-	942.234	10.010.332	1.722.583	3.184.245	5.162.641	622	41.522.180
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	78.495.245	-	85.099.965	107.090.997	78.317.130	56.761.909	13.919.066	-	419.684.312
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	157.783.364	-	9.402.943	35.606.132	111.696	-	-	-	202.904.135
<i>CBRT</i>	3.279	-	-	-	-	-	-	-	3.279
<i>Domestic banks</i>	479.107	-	8.955.889	18.649.083	111.696	-	-	-	28.195.775
<i>Foreign banks</i>	157.300.978	-	447.054	16.957.049	-	-	-	-	174.705.081
<i>Participation banks</i>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>526.221.385</b>	<b>-</b>	<b>223.275.919</b>	<b>622.731.795</b>	<b>325.147.091</b>	<b>134.313.600</b>	<b>40.998.661</b>	<b>159.554</b>	<b>1.872.848.005</b>

(\*) As of 31 December 2023, the Bank has a total deposit balance of TRY 334.717.002 without accrual regarding to FX indexed TRY deposit instruments announced 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	24.118.081	-	8.307.357	63.747.128	105.970.538	6.174.864	4.274.725	119.802	212.712.495
Foreign currency deposits	87.869.418	-	44.323.679	157.107.794	28.394.564	7.704.248	14.616.868	23.189	340.039.760
<i>Residents in Türkiye</i>	76.991.830	-	42.417.062	150.678.266	27.557.992	6.105.336	10.209.124	22.365	313.981.975
<i>Residents abroad</i>	10.877.588	-	1.906.617	6.429.528	836.572	1.598.912	4.407.744	824	26.057.785
Public sector deposits	6.713.701	-	60.362.673	6.116.194	904.955	21.801	17.221	-	74.136.545
Commercial inst. deposits	52.982.514	-	57.604.663	57.859.345	34.238.292	6.557.775	4.083.234	-	213.325.823
Other inst. deposits	3.448.365	-	5.340.727	18.482.502	6.753.311	7.144.804	570.948	-	41.740.657
Precious metals	36.848.593	-	193.786	6.095.225	338.744	169.169	213.370	-	43.858.887
Interbank deposits	92.281.429	-	15.904.749	26.839.575	108	82.503	-	-	135.108.364
<i>CBRT</i>	1.779	-	-	-	-	-	-	-	1.779
<i>Domestic banks</i>	381.409	-	14.886.939	16.215.175	108	82.503	-	-	31.566.134
<i>Foreign banks</i>	87.003.981	-	217.361	10.624.400	-	-	-	-	97.845.742
<i>Participation banks</i>	4.894.260	-	800.449	-	-	-	-	-	5.694.709
<b>Total</b>	<b>304.262.101</b>	<b>-</b>	<b>192.037.634</b>	<b>336.247.763</b>	<b>176.600.512</b>	<b>27.855.164</b>	<b>23.776.366</b>	<b>142.991</b>	<b>1.060.922.531</b>

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

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

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

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

b.1. Amounts exceeding insurance limit:

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

Saving Deposits <sup>(*)</sup>	Under the guarantee insurance		Exceeding the insurance limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	121.185.991	65.042.724	386.913.960	147.363.380
Foreign currency saving deposits	48.961.625	26.072.068	164.452.721	128.339.568
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	-	-	-	-

<sup>(\*)</sup>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. The balance of commercial deposits subject to insurance in this scope is TRY 44.152.518. This amount is not included in the above table that includes the insurance and exceeding the insurance limit information for saving deposits only.

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

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

	Current Period	Prior Period
Foreign branches' saving deposits and other accounts	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	26.390	9.454
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	-	95.795	-	130.934
Swap transactions	186.308	610.572	-	645.725
Future transactions	-	-	-	-
Options	-	1.746	-	46.884
Other	-	-	-	-
<b>Total</b>	<b>186.308</b>	<b>708.113</b>	<b>-</b>	<b>823.543</b>

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

(3) Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Funds borrowed from CBRT	-	-	-	-
Domestic banks and institutions	556.285	1.650.356	177.716	1.527.077
Foreign banks, institutions and funds	4.467	14.780.102	2.551	11.714.719
<b>Total</b>	<b>560.752</b>	<b>16.430.458</b>	<b>180.267</b>	<b>13.241.796</b>

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	560.468	137.701	144.838	130.958
Medium and long-term	284	16.292.757	35.429	13.110.838
<b>Total</b>	<b>560.752</b>	<b>16.430.458</b>	<b>180.267</b>	<b>13.241.796</b>

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

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

Main liability of the Bank is deposits, which is composed of 27,15% of saving deposits and 26,41% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets.

The Bank's 87,72% of bank deposits and 34,31% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	9.120.007	-	7.107.044	-
Bonds	132.492	-	857.411	-
Assets Backed Securities	-	-	1.011.622	-
<b>Total</b>	<b>9.252.499</b>	<b>-</b>	<b>8.976.077</b>	<b>-</b>

(5) Explanations on the funds:

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

Maturity structure of funds:

	Current Period	Prior Period
Short Term	1.444	1.411
Long Term	570.174	236.131
<b>Total</b>	<b>571.618</b>	<b>237.542</b>

(6) Information on other liabilities:

Other liabilities balance in the balance sheet amounts to TRY 83.759.893 and does not exceed 10% of the balance sheet total (31 December 2022: TRY 69.075.429).

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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 Bank:

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	25.260	23.154	70.130	63.898
1 - 4 years	633.084	463.049	429.231	342.423
More than 4 years	6.779.966	2.542.388	1.525.874	872.168
<b>Total</b>	<b>7.438.310</b>	<b>3.028.591</b>	<b>2.025.235</b>	<b>1.278.489</b>

(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 Bank 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 Bank's specific provision for unindemnified 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 4.441.470 (31 December 2022: TRY 3.431.847) 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 3.258.922 (31 December 2022: 2.770.142) for stage 1 and stage 2 expected credit losses amount of non-cash loans, TRY 95.394 (31 December 2022: TRY 92.820) for legal cases filed against the Bank, and TRY 581.112 (31 December 2022: TRY 179.429) of other provisions.

- d) Movement of employee termination benefits:

Severance indemnity provision as of 31 December 2023 is calculated by an independent company by using the actuarial conjectures. The amount calculated for the employee termination benefits as a result of the actuarial valuation according to TAS 19, is as follows;

	Current Period	Prior Period
Inflation Rate	%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:

	<b>Current Period</b>	<b>Prior Period</b>
As of January 1	3.201.880	1.524.122
Charge for the year	330.887	154.492
Interest Expense	415.629	288.552
Actuarial gain/loss	805.404	1.290.692
Prior period service cost composed current period	68.525	16.166
Payment/The limitation of benefits/ Loss (Gain) therefore discharge	2.954	2.594
Benefits paid within the period (-)	(460.673)	(74.738)
<b>Total</b>	<b>4.364.606</b>	<b>3.201.880</b>

e) Liabilities for employee benefits:

As of December 31, 2023, the Bank has unused vacations of TRY 659.233, dividends for personnel amounting to TRY 2.869.093, severance pay liability for Bank personnel amounting to TRY 4.030.814, severance pay liability for subcontractors amounting to TRY 333.792 and other provisions amounting to TRY 94.900. (December 31, 2022 unused leave provision: TRY 419.515, 31 December 2022 personnel dividend: TRY 1.664.111, 31 December 2022 severance pay for Bank personnel: TRY 3.074.256, 31 December 2022 severance pay for subcontractors: TRY 127.624).

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

f) Liabilities arising from retirement benefits:

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

None.

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

Based on the results of the actuarial reports prepared as of 31 December 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 Bank. Actuarial assumptions used in the calculation are given below.

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

T. Halk Bankası Çalışanları Emekli Sandığı Vakfı, ("Fund") which was established by 20th provisional article of Social Security Law numbered 506. As of 31 December 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 2023, by taking into account the health expenses within the Social Security Institution limits.

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

Plan assets are comprised as follows:

<b>Total Assets</b>	<b>Current Period</b>	<b>Prior Period</b>
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
<b>Total</b>	<b>13.865.164</b>	<b>8.089.148</b>

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

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

**Change in Assumptions (%)**

<b>Assumptions</b>	<b>Death Benefits</b>	<b>Medical Benefits</b>	<b>Total</b>
Discount rate +1	(%16,8)	(%18,5)	(%18,5)
Discount rate -1	%22,1	%24,7	%24,7
Inflation rate +1	%22,4	%30,3	%30,3
Inflation rate -1	(%17,1)	(%21,8)	(%21,8)

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

(10) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 31 December 2023, the Bank's calculated current tax liability is amounting to TRY 139.682 and recognized under corporate tax provision account as of the mentioned date (31 December 2022: TRY 8.044.471 corporate tax asset)

a.2. Information on taxes payable:

	<b>Current Period</b>	<b>Prior Period</b>
Corporate tax payable	139.682	8.044.471
Income on securities tax	2.142.207	641.431
Property income tax	7.545	4.713
Banking and insurance transactions tax (BITT)	1.570.195	491.879
Foreign exchange transactions tax	22.526	16.351
Value added tax payable	-	-
Other	452.665	147.060
<b>Total</b>	<b>4.334.820</b>	<b>9.345.905</b>

a.3. Information on premiums:

	<b>Current Period</b>	<b>Prior Period</b>
Social insurance premiums-employee	10	10
Social insurance premiums-employer	11	11
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	12.077	3.139
Unemployment insurance-employer	24.069	6.247
Other	4.220	1.265
<b>Total</b>	<b>458.430</b>	<b>123.195</b>

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

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

b) Information on deferred tax liability:

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

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

None. (31 December 2022: None.)

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

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

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

(13) Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	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 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 Bank's main shareholder Türkiye Varlık Fonu.

Share capital increased from TRY 4.969.121 to TRY 7.184.778.

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

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

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

None.

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

None.

f) Information on the Bank's acquired shares:

Between 1 January 2023 – 31 December 2023, the 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 Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

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

h) Information on preferred shares:

None.

i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	8.733.273	3.835.280	8.133.613	1.833.570
<i>Valuation differences</i>	8.733.273	3.835.280	8.133.613	1.833.570
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	(390.143)	118.277	8.556.841	(458.509)
<i>Valuation differences</i>	(390.143)	548.338	8.556.841	(463.228)
<i>Exchange rate difference</i>	-	(430.061)	-	4.719
<b>Total</b>	<b>8.343.130</b>	<b>3.953.557</b>	<b>16.690.454</b>	<b>1.375.061</b>

j) Information on Profit Distribution:

The Ordinary General Assembly Meeting of the 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.

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

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

k) Information on Legal Reserves

	<b>Current Period</b>	<b>Prior Period</b>
I. Legal Reserve	2.376.004	1.658.198
II. Legal Reserve	585.488	585.488
Special Reserves	48.585	28.696
Share Buyback Reserve Fund	1.169.931	424.229
<b>Total</b>	<b>4.180.008</b>	<b>2.696.611</b>

l) Information on Extraordinary Reserves:

	<b>Current Period</b>	<b>Prior Period</b>
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	33.299.377	26.785.915
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital (-)	-	-
<b>Total</b>	<b>33.299.377</b>	<b>26.785.915</b>

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

(1) Information on off-balance sheet liabilities:

a) Amount and nature of irrevocable loan commitments:

<b>Types of irrevocable commitments</b>	<b>Current Period</b>	<b>Prior Period</b>
Commitments for credit card expenditure limits	102.599.070	34.608.889
Payment commitments for cheques	18.516.662	9.705.677
Loan granting commitments	19.873.658	18.050.815
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	13.341.523	7.394.063
<b>Total</b>	<b>160.179.434</b>	<b>99.766.999</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of credit	14.560.197	5.678.605
Bank acceptances	37.949.369	23.628.261
Other guarantees	26.927.057	16.820.325
<b>Total</b>	<b>79.436.623</b>	<b>46.127.191</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of certain guarantees	78.304.225	41.826.204
Letters of advance guarantees	18.833.832	10.733.470
Letters of tentative guarantees	8.583.063	3.167.164
Letters of guarantee given to customs offices	13.238.140	6.241.811
Other letters of guarantee	402.320.247	207.090.607
<b>Total</b>	<b>521.279.507</b>	<b>269.059.256</b>

c) Information on non-cash loans:

c.1. Total non-cash loans:

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash loans for providing cash loans	90.905.483	37.360.755
<i>Within one year or less original maturity</i>	2.460.918	2.611.568
<i>Within more than one year maturity</i>	88.444.565	34.749.187
Other non-cash loans	509.810.647	277.825.692
<b>Total</b>	<b>600.716.130</b>	<b>315.186.447</b>

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

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

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	1.266.759	0,32	55.544	0,02	569.671	0,28	114.157	0,10
<i>Farming and Stockbreeding</i>	675.218	0,17	8.053	-	418.276	0,21	24.656	0,02
<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	88.983.049	46,25	65.835.859	32,28	50.950.496	45,82
<i>Mining and Quarrying</i>	4.642.936	1,14	2.754.642	1,43	2.949.309	1,45	1.740.260	1,56
<i>Production</i>	105.344.250	25,80	80.342.532	41,76	59.871.713	29,35	45.240.620	40,69
<i>Electricity, Gas and Water</i>	4.065.827	1,00	5.885.875	3,06	3.014.837	1,48	3.969.616	3,57
Construction	117.382.398	28,75	62.160.701	32,30	51.405.050	25,20	34.733.463	31,23
Services	171.980.435	42,11	40.907.716	21,25	83.687.683	41,02	25.049.436	22,53
<i>Wholesale and Retail Trade</i>	100.555.369	24,62	23.413.093	12,17	51.620.210	25,30	10.313.100	9,27
<i>Accommodation and Dining</i>	13.263.153	3,25	6.719.516	3,49	4.332.324	2,12	4.454.922	4,01
<i>Transportation and Telecom.</i>	4.631.755	1,13	2.636.333	1,37	2.662.042	1,31	5.705.581	5,13
<i>Financial Institutions</i>	30.354.744	7,43	103.159	0,05	10.315.427	5,06	61.931	0,06
<i>Real Estate and Rental Services</i>	20.325.433	4,98	7.822.332	4,06	12.614.788	6,18	4.300.166	3,87
<i>Professional Services</i>	94.349	0,02	3.185	-	67.142	0,03	2.027	-
<i>Educational Services</i>	552.937	0,14	52.615	0,03	167.347	0,08	38.229	0,03
<i>Health and Social Services</i>	2.202.695	0,54	157.483	0,08	1.908.403	0,94	173.480	0,16
Other	3.587.737	0,88	338.778	0,18	2.487.477	1,22	353.155	0,32
<b>Total</b>	<b>408.270.342</b>	<b>100,00</b>	<b>192.445.788</b>	<b>100,00</b>	<b>203.985.740</b>	<b>100,00</b>	<b>111.200.707</b>	<b>100,00</b>

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

	Current Period		Group I		Group II	
	TRY	FC	TRY	FC	TRY	FC
<b>Non-Cash Loans</b>	<b>404.000.474</b>	<b>176.544.416</b>	<b>4.269.868</b>	<b>15.901.372</b>		
Letters of Guarantee	340.520.157	161.985.087	4.221.468	14.552.795		
Bills of Exchange and Bank Acceptances	36.516.272	1.384.697	48.400	-		
Letters of Credit	36.988	13.174.632	-	1.348.577		
Endorsements	-	-	-	-		
Underwriting Commitments	-	-	-	-		
Factoring Related Guarantees	-	-	-	-		
Other Guarantees and Sureties	26.927.057	-	-	-		

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

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

2) Information on derivative financial instruments:

Types of trading transactions	Derivative transactions according to purposes			
	Trading Derivatives		Derivative Financial Instruments held for Risk Management	
	Current Period	Prior Period	Current Period	Prior Period
<b>Foreign Currency related Derivative Transactions (I):</b>	<b>349.069.774</b>	<b>260.191.837</b>	-	-
Currency Forwards-Purchases/Sales	36.738.129	11.349.912	-	-
Currency Swaps-Purchases/Sales	311.213.833	222.985.233	-	-
Currency Futures-Purchases/Sales	91.953	917.751	-	-
Currency Options-Purchases/Sales	1.025.859	24.938.941	-	-
<b>Interest Rate related Derivative Transactions (II)</b>	<b>92.465.272</b>	<b>58.627.888</b>	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Swaps-Purchases/Sales	92.465.272	58.627.888	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-
<b>Other Trading Derivatives (III) (1)</b>	<b>33.856.202</b>	<b>30.383.203</b>	-	-
<b>A. Total Trading Derivatives (I+II+III)</b>	<b>475.391.248</b>	<b>349.202.928</b>	-	-
<b>Derivative Financial Instruments held for Risk Management</b>	-	-	-	-
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
FC investment in associates risk hedge	-	-	-	-
<b>B. Total Derivative Financial Instruments held for Risk Management</b>	-	-	-	-
<b>Total Derivative Transactions (A+B)</b>	<b>475.391.248</b>	<b>349.202.928</b>	-	-

<sup>(1)</sup> 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 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 Bank has credit default conditioned cross currency swap transaction amounting to USD 50 million with 5 year maturity (remaining maturity 1,2 month). In this transactions the Bank sells protection.

4) Information on contingent liabilities and assets:

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

5) Services provided on behalf of others:

None.



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

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Interest on loans<sup>(1)</sup></b>				
Short term loans	72.274.635	607.070	25.579.560	397.307
Medium and long term loans	97.690.958	16.662.884	48.500.513	10.026.381
Interest on non-performing loans	2.323.624	-	1.100.281	-
Premiums from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>172.289.217</b>	<b>17.269.954</b>	<b>75.180.354</b>	<b>10.423.688</b>

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

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	-	698.142	319.750	12.331
Domestic banks	344.186	1.215	95.602	4.608
Foreign banks	343.618	60.017	58.285	44.708
Foreign headquarters and branches	-	-	-	-
<b>Total</b>	<b>687.804</b>	<b>759.374</b>	<b>473.637</b>	<b>61.647</b>

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	18.353	4.690	10.746	1.843
Financial Assets at Fair Value through Other				
Comprehensive Income	17.347.305	2.301.938	12.969.640	1.247.903
Financial Assets Measured at Amortized Cost	86.623.505	7.261.433	49.636.655	3.675.533
<b>Total</b>	<b>103.989.163</b>	<b>9.568.061</b>	<b>62.617.041</b>	<b>4.925.279</b>

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	1.507.783	486.366

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

(2) Information on interest expenses:

a) Information on interest expense on funds borrowed <sup>(1)</sup>:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	60.853	641.753	55.122	261.528
<i>CBRT</i>	-	-	-	-
<i>Domestic banks</i>	60.853	58.183	55.122	39.170
<i>Overseas banks</i>	-	583.570	-	222.358
<i>Overseas head office and branches</i>	-	-	-	-
Other institutions	-	56.177	14	41.535
<b>Total</b>	<b>60.853</b>	<b>697.930</b>	<b>55.136</b>	<b>303.063</b>

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

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	1.480.745	198.076

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	3.750.958	3.636.125	2.233.420	1.467.299

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

(2) Information on interest expenses (continued):

d) Maturity structure of interest expenses on deposits:

Current Period	Time deposits							Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
<b>TRY</b>									
<i>Bank deposits</i>	1.866	7.591.748	5.123.559	113.100	-	-	-	12.830.273	
<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	24.491.993	28.355.634	17.059.986	5.648.077	1.267.772	-	76.823.510	
<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>	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>1.940</b>	<b>49.054.633</b>	<b>82.659.953</b>	<b>69.786.877</b>	<b>11.725.483</b>	<b>2.353.461</b>	<b>15.109</b>	<b>215.597.456</b>	
<b>Foreign currency</b>									
<i>Deposits</i>	106	1.291.582	5.655.745	11.302.595	3.028.225	699.772	235	21.978.260	
<i>Bank deposits</i>	321	39.106	935.903	1	-	-	-	975.331	
<i>7 days call accounts</i>	-	-	-	-	-	-	-	-	
<i>Precious metal</i>	-	749	41.945	64.575	6.992	6.430	-	120.691	
<b>Total</b>	<b>427</b>	<b>1.331.437</b>	<b>6.633.593</b>	<b>11.367.171</b>	<b>3.035.217</b>	<b>706.202</b>	<b>235</b>	<b>23.074.282</b>	
<b>Grand total</b>	<b>2.367</b>	<b>50.386.070</b>	<b>89.293.546</b>	<b>81.154.048</b>	<b>14.760.700</b>	<b>3.059.663</b>	<b>15.344</b>	<b>238.671.738</b>	

Prior Period	Time deposits							Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
<b>TRY</b>									
<i>Bank deposits</i>	912	2.860.892	1.162.647	3	-	-	-	4.024.454	
<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	6.734.838	6.475.704	2.096.791	3.028.237	2.032.000	-	20.367.585	
<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>	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>945</b>	<b>16.522.205</b>	<b>18.564.719</b>	<b>15.415.964</b>	<b>4.544.362</b>	<b>2.951.911</b>	<b>13.853</b>	<b>58.013.959</b>	
<b>Foreign currency</b>									
<i>Deposits</i>	68	659.629	3.937.115	982.549	147.395	151.986	130	5.878.872	
<i>Bank deposits</i>	78	52.028	484.705	8	-	-	-	536.819	
<i>7 days call accounts</i>	-	-	-	-	-	-	-	-	
<i>Precious metal</i>	-	1.017	25.522	1.408	783	1.147	-	29.877	
<b>Total</b>	<b>146</b>	<b>712.674</b>	<b>4.447.342</b>	<b>983.965</b>	<b>148.178</b>	<b>153.133</b>	<b>130</b>	<b>6.445.568</b>	
<b>Grand total</b>	<b>1.091</b>	<b>17.234.879</b>	<b>23.012.061</b>	<b>16.399.929</b>	<b>4.692.540</b>	<b>3.105.044</b>	<b>13.983</b>	<b>64.459.527</b>	

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

(3) Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through other Comprehensive Income	23.585	11.998
Other	377.879	414.211
<b>Total</b>	<b>401.464</b>	<b>426.209</b>

(4) Information on trading profit/loss:

	Current Period	Prior Period
<b>Profit</b>	<b>251.771.746</b>	<b>160.504.497</b>
<i>Profit from the capital market transactions</i>	3.704.336	280.124
<i>Profit on derivative financial transactions</i>	70.217.618	36.811.647
<i>Foreign exchange gains</i>	177.849.792	123.412.726
<b>Loss (-)</b>	<b>267.981.675</b>	<b>166.380.497</b>
<i>Loss from the capital market transactions</i>	541.800	74.964
<i>Loss from derivative financial transactions</i>	40.850.102	28.978.838
<i>Foreign exchange losses</i>	226.589.773	137.326.695

Information on gain/loss from derivative financial instruments:

	Current Period	Prior Period
<b>Profit on derivative financial instruments</b>	<b>70.217.618</b>	<b>36.811.647</b>
Effect of the change in foreign exchange on profit	69.034.107	36.001.861
Effect of the change in interest rate on profit	1.183.511	809.786
<b>Loss on derivative financial instruments (-)</b>	<b>40.850.102</b>	<b>28.978.838</b>
Effect of the change in foreign exchange on loss	39.742.845	28.206.774
Effect of the change in interest rate on loss	1.107.257	772.064
<b>Profit/loss on derivative financial instruments</b>	<b>29.367.516</b>	<b>7.832.809</b>

(5) Information on other operating income:

	Current Period	Prior Period
Adjustments for prior period expenses	8.106.724	1.683.749
Income from the asset sale	867.474	1.140.677
Rent income	71.891	83.927
Other income	4.127.209	1.176.514
<b>Total</b>	<b>13.173.298</b>	<b>4.084.867</b>

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

	Current Period	Prior Period
Expected Credit Losses	2.894.525	36.785.104
<i>12 Month Expected Credit Loss (Stage 1)</i>	73.211	11.853.564
<i>Significant Increase in Credit Risk (Stage 2)</i>	164.867	19.330.593
<i>Non – Performing Loans (Stage 3)</i>	2.656.447	5.600.947
Marketable Securities Impairment Expense	-	165.683
<i>Financial Assets at Fair Value through Profit or Loss</i>	-	165.683
<i>Financial Assets at Fair Value through Other Comprehensive Income</i>	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
Other	29.213	19.430
<b>Total</b>	<b>2.923.738</b>	<b>36.970.217</b>

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

(7) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	357.323	387.066
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	25.577	8.658
Depreciation expenses of fixed assets	1.206.235	540.865
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	310.342	161.148
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	12.212.784	5.662.249
<i>Leasing Expenses on TFRS 16 Exceptions</i>	<i>505.018</i>	<i>211.663</i>
<i>Maintenance expenses</i>	<i>237.248</i>	<i>99.840</i>
<i>Advertisement expenses</i>	<i>1.777.050</i>	<i>1.190.042</i>
<i>Other expenses(**)</i>	<i>9.693.468</i>	<i>4.160.704</i>
Loss on sales of assets	14	4.565
Other(*)	14.979.968	2.709.469
<b>Total</b>	<b>29.102.057</b>	<b>9.495.284</b>

(\*) It includes the cash donation payment of TRY 7.000.000 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 Bank's income before tax/loss is due from continuing activities. Net interest income is TRY 41.384.074 (31 December 2022: TRY 68.245.168 net interest income), net fees and commissions income is TRY 18.947.469 (31 December 2022: TRY 8.461.949 net fees and commissions income) and the profit from operations before tax is TRY 6.652.737 (31 December 2022: TRY 20.655.997 profit from operations before tax).

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

For the period then ended 31 December 2023, the Bank's tax provision income amounting to TRY 3.459.228 (31 December 2022: TRY 5.390.358 tax provision expense) consists of TRY 288.426 (31 December 2022: TRY 16.734.654) of current tax charge and TRY 11.320.107 (31 December 2022: TRY 5.594.165) of deferred tax charge, TRY 15.067.761 (31 December 2022: TRY 16.938.461) of deferred tax income.

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

As of 31 December 2023, the Bank's net operating income after tax is amounting to TRY 10.111.965 (31 December 2022: TRY 15.265.639)

(11) Information on net profit/loss:

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

There is no issue to be disclosed.

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

There is no issue to be disclosed.

(12) Other items in the income statement:

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

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

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

Explanations on inflation adjustments for equity items:

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

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

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

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

The “net increase in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, money market borrowings, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TRY 71.339.715 decrease for the year 2023 (31 December 2022: TRY 16.218.927 increase). "Other" item in operating profit is composed of other operating expenses excluding fees and commissions expense, foreign exchange gain, other operating income and decrease by TRY 152.359.136 for the year 2023 (31 December 2022: TRY 70.490.914 decrease).

For the year ended 31 December 2023, effect of foreign currency translation differences on cash and cash equivalents is TRY 32.319.332 increase (31 December 2022: TRY 14.962.468 increase). The average exchange rates of last five weekdays were taken into consideration as of the balance sheet date when calculating the effect of change in the exchange rates.

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

Cash in TRY and cash in foreign currency, Central Bank and bank deposits in cash having maturity less than three months and banks and money market receivables 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:

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Cash	134.343.009	80.244.778
<i>Cash in TRY, foreign currency and others<sup>(1)</sup></i>	13.465.519	8.891.720
<i>Demand CBRT and Banks</i>	120.877.490	71.353.058
Cash equivalents	6.493.387	3.019.769
<i>Time Deposits Up to 3 Months</i>	6.493.387	3.019.769
<i>Money Market Placements</i>	-	-
<b>Total Cash and Cash Equivalents</b>	<b>140.836.396</b>	<b>83.264.547</b>

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

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

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

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

<b>Current Period</b>							
<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>		
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	
Loans							
Beginning Balance	6.710.672	185.644	-	-	-	-	
Closing Balance	10.785.628	221.290	-	-	-	-	
Interest and commissions	1.501.431	1.837	-	-	-	-	
<b>Prior Period</b>							
<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>		
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	
Loans							
Beginning Balance	2.916.786	244.149	-	-	-	-	
Closing Balance	6.710.672	185.644	-	-	-	-	
Interest and commissions	450.868	1.345	-	-	-	-	

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

<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Deposits</b>						
Beginning Balance	3.771.699	861.235	-	-	-	-
Closing Balance	4.319.223	3.771.699	-	-	-	-
Interest expense on deposits	1.480.745	198.076	-	-	-	-

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

<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Transactions at Fair Value Through Profit or Loss</b>						
Beginning Balance	325.860	28.466	-	-	-	-
Closing Balance	-	325.860	-	-	-	-
Total Profit/Loss	(8.094)	5.370	-	-	-	-



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

(2) Disclosures for risk group:

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

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

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

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

<b>Current Period</b>	<b>Amount</b>	<b>Compared To The Amounts In The Financial Statements (%)</b>
Cash Loans	10.785.628	0,85
Non-Cash Loans	221.290	0,04
Deposits	4.319.223	0,23
Forward and Option Contracts	-	-

<b>Prior Period</b>	<b>Amount</b>	<b>Compared To The Amounts In The Financial Statements (%)</b>
Cash Loans	6.710.672	0,80
Non-Cash Loans	185.644	0,06
Deposits	3.771.699	0,36
Forward and Option Contracts	325.860	0,09

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

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

Explained in b).

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

(3) Benefits given to the key management personnel:

Benefits given to the key management personnel are TRY 48.973 as of 31 December 2023 (31 December 2022: TRY 19.273).

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

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

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

(2) Explanations on branch and agency openings or closings or other significant operational changes of the Bank:  
The Bank opened 41 branches during the year 2023.

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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.

	<b>Current Period</b>	<b>Prior Period</b>
a. Independent audit fees	14.551	8.219
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
<b>Total</b>	<b>15.172</b>	<b>8.866</b>

**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 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 BANKS' ACTIVITY**

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

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

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

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

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

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

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

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

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

The US Supreme Court reviewed the Bank's petition for a writ of certiorari on September 28, 2022 and announced its decision to grant review on October 3, 2022. Following the grant of review, the Bank filed its appeal on the merits with the Supreme Court on November 14, 2022. Then, the Solicitor General under the U.S. Department of Justice filed its reply brief on December 14, 2022. Briefing was concluded with the Bank filing its counter reply brief with the Court on January 6, 2023. Oral argument was held before the Court on January 17, 2023.

The US Supreme Court announced its opinion regarding the 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 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 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 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 BANKS' ACTIVITY(continued)**

If the Second Circuit review results in a decision that the 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 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 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 Bank's attorneys on July 1, 2020. The Bank filed a motion at the District Court to dismiss the complaint of plaintiffs, and thereby dismiss the case on September 25, 2020. The case was fully briefed on December 16, 2020. District Court conditionally granted Bank's motion to dismiss on the grounds of forum non conveniens on February 16, 2021. The case was closed at the District Court on March 3, 2021.

The Plaintiffs filed their appeal brief with the Second Circuit as to the District Court's Decision on June 30, 2021. The case is fully briefed, and the oral arguments were heard before the Second Circuit on October 13, 2022. The Second Circuit ruled in the 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 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 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 Bank, which was filed on October 15, 2019.

The 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 Bank through U.S. law firms with relevant expertise.

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**SECTION VII: AUDITORS' REPORT**

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

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

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

None.