

*(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 March 2024
With Review Report Thereon**
(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)



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Independent Auditor's Report on Review of Unconsolidated Interim Financial Statements

To the Board of Directors of Türkiye Halk Bankası A.Ş.

Introduction

We have reviewed the accompanying unconsolidated balance sheet of Türkiye Halk Bankası A.Ş. ("the Bank") as at 31 March 2024 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, unconsolidated statement of cash flows for the three month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The Bank management is responsible for the preparation and fair presentation of these unconsolidated interim financial statements in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "*Interim Financial Reporting*" for the matters not regulated by the aforementioned legislations (together referred as "BRSA Accounting and Reporting Legislation"). Our responsibility is to express a conclusion on these unconsolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial statements are substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The Bank reclassified the government bonds' cost 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 on accumulated other comprehensive income or loss reclassified through profit or loss amounting to TRY 2.229.977 Thousand on 23 May 2018. This situation violates the relevant TFRS 9 requirements. If such classification had not been made, financial assets measured at amortized cost including rediscount as of 31 March 2024 would have decreased by TRY 55.453.189 Thousand, financial assets at fair value through other comprehensive income would have increased by TRY 48.232.675 Thousand, deferred tax assets would have increased by TRY 2.166.154 Thousand, accumulated other comprehensive income or loss reclassified through profit or loss would decrease by TRY 7.220.514 Thousand excluding tax effects, and as a result of these effects, total assets and equity would be lower by TRY 5.054.360 Thousand.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial statements does not present fairly, in all material respects, the unconsolidated financial position of Türkiye Halk Bankası A.Ş. as at 31 March 2024 and its unconsolidated financial performance and its unconsolidated cash flows for the three month period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Emphasis of Matter

As detailed in footnote number seven of section five, we draw attention to the following issues that may affect the Bank:

On 15 October 2019, the US Department of Justice, United States Attorney Southern District of New York filed a criminal case against the Bank in the Southern District of New York Court ("District Court") for the alleged violations of U.S. sanctions on Iran. The criminal procedure at the district court has been stayed due to bank's appellate process under the sovereign immunity. Currently, the judgment of US Court of Appeals for the Second Circuit regarding the Bank's appeal on sovereign immunity is expected.

In addition, a group of plaintiffs filed a civil lawsuit (the *Owens* or *first civil* case) against the Bank with a claim for damages before the District Court for the Southern District of New York on 27 March 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 8 January 2024.

Finally, on 26 July 2023, a new civil case (the *Hughes* or *second civil* 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 *Owens* civil case. In accordance with the District Court's decision dated 1 May 2024, *Hughes* case is stayed pending a final ruling on the criminal case against the Bank.



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.

Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2023 were audited and as at and for the three month period ended 31 March 2023 were reviewed by another auditor who expressed a qualified opinion and a qualified conclusion due to classification of financial assets at fair value through other comprehensive income as financial assets measured at amortized cost on 14 February 2024 and 10 May 2023, respectively.

Report on Other Legal and Regulatory Requirements

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Alper Güvenç, SMMM
Partner

10 May 2024
İstanbul, Türkiye

TÜRKİYE HALK BANKASI AŞ
THE UNCONSOLIDATED FINANCIAL REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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 financial report for three-month designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures consists of the sections listed below:

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

The unconsolidated financial statements for three-month period ended 31 March 2024 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, 10 May 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 MARCH 2024

(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 March 2024 the shareholders’ structure and their respective ownerships are summarized as follows:

Shareholders	31 March 2024	%	31 December 2023	%
Türkiye Varlık Fonu ⁽¹⁾	6.573.604	91,49	6.573.604	91,49
Public shares ⁽¹⁾	611.093	8,51	611.093	8,51
Other shareholders ⁽²⁾	81	0,00	81	0,00
Total	7.184.778	100,00	7.184.778	100,00

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

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

In accordance with the Law No: 6327 dated 13 June 2012 and 3rd sub-article added to the Article 2 of the Law No: 4603, as per the Turkish Commercial Code, the Public shares will be controlled and represented by the Minister the 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 MARCH 2024

(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

Name	Title
Recep Süleyman ÖZDİL	Chairman of the Board of Directors, Independent Member of the Board of Directors
Mevlüt UYSAL	Vice Chairman of the Board of Directors, Independent Member of the Board of Directors
Osman ARSLAN	Member of the Board of Directors, Chief Executive Officer
Şeref AKSAÇ	Member of the Board of Directors
Meltem TAYLAN AYDIN	Member of the Board of Directors
Mihrimah Belma SEKMEN	Independent Member of the Board of Directors
Maksut SERİM	Member of the Board of Directors
Ebubekir ŞAHİN	Member of the Board of Directors
Sezai UÇARMAK	Member of the Board of Directors
Mehmet AYDIN	Member of the Supervisory Board
Faruk ÖZÇELİK	Member of the Supervisory Board
Olçay ATLIOĞLU	Executive Vice President, Information Technologies
İlhan BÖLÜKBAŞ	Executive Vice President, Loan Allocation and Management
Celal CANDAN	Executive Vice President, Credit Risk Monitoring and Legal Proceedings
Tahir DEMİRKIRAN	Executive Vice President, Loan Policies, Monitoring and Specialized Loans
Ergin KAYA	Executive Vice President, Banking Operations and Digital Transformation
Yalçın MADENCİ	Executive Vice President, Corporate and Commercial Marketing
Yusuf Duran OCAK	Executive Vice President, Financial Management and Planning
Fatih ŞAHBAZ	Executive Vice President, Human Resources and Support Services
Ali ŞÖNER	Executive Vice President, Treasury Management and International Banking
Altan TAŞKIRAN	Executive Vice President, Retail and Digital Banking
Hasan TUNCAY	Executive Vice President, SME Banking

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

- a) The Bank’s top management members who have assigned to their position in 2024 are listed with titles and dates of assignment

None.

- b) The Bank’s top management members who have left their position in 2024 are listed with titles and dates of leaving.

None.

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)

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

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

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

1) General information about the Bank:

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

2) Bank's restructuring process:

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

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

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

(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 March 2024, the Bank operates with a total of 1.089 branches consisting of 1.083 domestic and 6 foreign branches that are 5 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 32 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

Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, a subsidiary of the Bank, is not consolidated in accordance with the “Communiqué on Preparation of Consolidated Financial Statements of Banks” since it is not a financial institution. In the consolidated financial statements prepared in accordance with International Financial Reporting Standards, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ is consolidated according to the equity method.

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, Halk Varlık Kiralama AŞ and Platform Ödeme Hizmetleri ve Elektronik Para 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.

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 MARCH 2024

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

SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS

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

TÜRKİYE HALK BANKASI AŞ
UNCONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2024

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Note	Reviewed			Audited		
		Current Period			Prior Period		
		31 March 2024			31 December 2023		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(1)	1.111.577.816	861.977.160	1.973.554.976	1.121.857.569	750.990.436	1.872.848.005
II. FUNDS BORROWED	(3)	838.261	20.537.312	21.375.573	560.752	16.430.458	16.991.210
III. MONEY MARKETS		102.660.300	14.305.140	116.965.440	1.625.466	18.556.332	20.181.798
IV. SECURITIES ISSUED (Net)	(4)	11.248.535	-	11.248.535	9.252.499	-	9.252.499
4.1 Bills		11.115.668	-	11.115.668	9.120.007	-	9.120.007
4.2 Assets Backed Securities		-	-	-	-	-	-
4.3 Bonds		132.867	-	132.867	132.492	-	132.492
V. FUNDS		14.295	-	14.295	571.618	-	571.618
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		14.295	-	14.295	571.618	-	571.618
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)(7)	-	2.712.672	2.712.672	186.308	708.113	894.421
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	2.712.672	2.712.672	186.308	708.113	894.421
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES	(6)	3.367.036	70.320	3.437.356	2.958.953	69.638	3.028.591
X. PROVISIONS	(8)	14.383.539	-	14.383.539	12.429.302	-	12.429.302
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		9.940.552	-	9.940.552	7.987.832	-	7.987.832
10.3 Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4 Other Provisions		4.442.987	-	4.442.987	4.441.470	-	4.441.470
XI. CURRENT TAX LIABILITY	(9)	4.535.489	1.030	4.536.519	4.791.678	1.572	4.793.250
XII. DEFERRED TAX LIABILITIES	(9)	-	-	-	-	-	-
XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(11)	6.034.731	39.088.950	45.123.681	6.064.043	36.066.237	42.130.280
14.1 Loans		-	39.088.950	39.088.950	-	36.066.237	36.066.237
14.2 Other Debt Instruments		6.034.731	-	6.034.731	6.064.043	-	6.064.043
XV. OTHER LIABILITIES	(5)	79.664.138	8.768.056	88.432.194	75.857.702	7.902.191	83.759.893
XVI. SHAREHOLDERS' EQUITY	(12)	128.036.641	5.056.618	133.093.259	123.659.404	4.746.615	128.406.019
16.1 Paid-in Capital		7.184.778	-	7.184.778	7.184.778	-	7.184.778
16.2 Capital Reserves		45.375.555	840.564	46.216.119	45.330.525	793.058	46.123.583
16.2.1 Share Premium		44.465.222	-	44.465.222	44.465.222	-	44.465.222
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		910.333	840.564	1.750.897	865.303	793.058	1.658.361
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		17.644.739	4.104.867	21.749.606	16.330.204	3.835.280	20.165.484
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(2.189.990)	111.187	(2.078.803)	(390.143)	118.277	(271.866)
16.5 Profit Reserves		44.283.603	-	44.283.603	44.283.603	-	44.283.603
16.5.1 Legal Reserves		4.180.008	-	4.180.008	4.180.008	-	4.180.008
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		33.299.377	-	33.299.377	33.299.377	-	33.299.377
16.5.4 Other Profit Reserves		6.804.218	-	6.804.218	6.804.218	-	6.804.218
16.6 Income or (Loss)		15.737.956	-	15.737.956	10.920.437	-	10.920.437
16.6.1 Prior Periods' Income or (Loss)		10.920.437	-	10.920.437	808.472	-	808.472
16.6.2 Current Period Income or (Loss)		4.817.519	-	4.817.519	10.111.965	-	10.111.965
16.7 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		1.462.360.781	952.517.258	2.414.878.039	1.359.815.294	835.471.592	2.195.286.886

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 MARCH 2024

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

III. STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSES	Note	Reviewed	Reviewed
		Current Period	Prior Period
		1 January -31 March 2024	1 January -31 March 2023
I. INTEREST INCOME	(1)	136.020.498	48.858.938
1.1 Interest on Loans		89.965.300	27.966.397
1.2 Interest on Reserve Requirements		3.937.067	3.292
1.3 Interest on Banks		941.235	133.982
1.4 Interest on Money Market Transactions		-	-
1.5 Interest on Marketable Securities Portfolio		41.019.493	20.553.819
1.5.1 Fair Value Through Profit or Loss		3.158	2.054
1.5.2 Fair Value Through Other Comprehensive Income		8.327.789	3.814.926
1.5.3 Measured at Amortized Cost		32.688.546	16.736.839
1.6 Financial Lease Interest Income		-	-
1.7 Other Interest Income		157.403	201.448
II. INTEREST EXPENSE (-)	(2)	122.774.690	32.972.246
2.1 Interest on Deposits		108.737.876	29.617.111
2.2 Interest on Funds Borrowed		336.440	125.618
2.3 Interest Expense on Money Market Transactions		10.182.264	1.267.822
2.4 Interest on Securities Issued		2.231.926	1.151.761
2.5 Interest on Leases		204.897	49.906
2.6 Other Interest Expenses		1.081.287	760.028
III. NET INTEREST INCOME (I - II)		13.245.808	15.886.692
IV. NET FEES AND COMMISSIONS INCOME		8.020.454	2.997.078
4.1 Fees and Commissions Received		12.257.775	4.108.340
4.1.1 Non – cash Loans		2.020.776	982.347
4.1.2 Other		10.236.999	3.125.993
4.2 Fees and Commissions Paid (-)	(11)	4.237.321	1.111.262
4.2.1 Non – cash Loans		221	44
4.2.2 Other	(11)	4.237.100	1.111.218
V. DIVIDEND INCOME		850.000	800
VI. TRADING INCOME / LOSS (Net)	(3)	(11.576.725)	(315.199)
6.1 Trading Gains / (Losses) on Securities		712.696	192.107
6.2 Gains / (Losses) on Derivate Financial Transactions		(676.180)	3.841.352
6.3 Foreign Exchange Gains / (Losses)		(11.613.241)	(4.348.658)
VII. OTHER OPERATING INCOME	(4)	4.535.708	2.522.444
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		15.075.245	21.091.815
IX. EXPECTED LOSS PROVISIONS (-)	(5)	5.598.884	1.012.863
X. OTHER PROVISION EXPENSES (-)	(5)	119.387	18.536
XI. PERSONNEL EXPENSE (-)		8.369.738	3.889.320
XII. OTHER OPERATING EXPENSES (-)	(6)	7.328.510	11.486.042
XIII. NET OPERATING INCOME /LOSS (IX-X-XI)		(6.341.274)	4.685.054
XIV. INCOME AFTER MERGER		-	-
XV. INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI. INCOME / (LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(7)	(6.341.274)	4.685.054
XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)	(8)	11.158.793	(429.332)
18.1 Current Tax Provision		140.813	33.359
18.2 Deferred Tax Income Effect (+)		7.597.849	3.665.375
18.3 Deferred Tax Expense Effect (-)		18.897.455	3.269.402
XIX. CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(9)	4.817.519	4.255.722
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from Non-Current Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses for Other Discontinued Operations		-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
XXIV. CURRENT PERIOD PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV. NET PROFIT/(LOSS) (XIX+XXIV)	(10)	4.817.519	4.255.722
25.1 Profit / (Loss) of Group		4.817.519	4.255.722
25.2 Profit / (Loss) of Minority Shares (-)		-	-
Profit / (Loss) Per Share (full TRY)		0,67051745	0,85221147

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 MARCH 2024

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Reviewed	Reviewed
		Current Period	Prior Period
INCOME EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		1 January -31 March 2024	1 January -31 March 2023
I.	CURRENT PERIOD INCOME/LOSS	4.817.519	4.255.722
II.	OTHER COMPREHENSIVE INCOME	(222.815)	(3.806.568)
2.1	Not Reclassified Through Profit or Loss	1.584.122	(2.701.395)
2.1.1	Property and Equipment Revaluation Increase/Decrease	(8.900)	(6.555)
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	1.510.324	(2.948.820)
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	82.698	253.980
2.2	Reclassified Through Profit or Loss	(1.806.937)	(1.105.173)
2.2.1	Foreign Currency Translation Differences	(45.032)	(9.946)
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(2.580.849)	(1.366.144)
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	818.944	270.917
III.	TOTAL COMPREHENSIVE INCOME (I+II)	4.594.704	449.154

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 MARCH 2024
(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)
V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed (1 January -31 March 2023)	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss								Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss							
	Paid in Capital	Share Premiums	Share Cancellations Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other(Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Expect Minority Shares	Minority Shares	Total Equity
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	-	-	-	-	247.425	-	(2.948.820)	(9.946)	(1.095.227)	-	-	-	4.255.722	449.154	-	449.154
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	-	-	-	(356.962)	-	-	-	-	-	-	-	15.265.639	(15.265.639)	(356.962)	-	(356.962)
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)	7.184.778	44.465.222	-	1.041.125	4.357.473	(1.410.280)	8.765.008	(5.227)	6.998.386	-	29.529.707	15.562.368	4.255.722	120.744.282	-	120.744.282
(1 January -31 March 2024)																
I. Prior Period End Balance	7.184.778	44.465.222	-	1.658.361	7.730.330	(1.880.044)	14.315.198	(430.061)	158.195	-	44.283.603	808.472	10.111.965	128.406.019	-	128.406.019
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)	7.184.778	44.465.222	-	1.658.361	7.730.330	(1.880.044)	14.315.198	(430.061)	158.195	-	44.283.603	808.472	10.111.965	128.406.019	-	128.406.019
IV. Total Comprehensive Income	-	-	-	-	73.798	-	1.510.324	(45.032)	(1.761.905)	-	-	-	4.817.519	4.594.704	-	4.594.704
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease by Other Changes	-	-	-	92.536	-	-	-	-	-	-	-	10.111.965	(10.111.965)	92.536	-	92.536
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)	7.184.778	44.465.222	-	1.750.897	7.804.128	(1.880.044)	15.825.522	(475.093)	(1.603.710)	-	44.283.603	10.920.437	4.817.519	133.093.259	-	133.093.259

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 MARCH 2024

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

VI. STATEMENT OF CASH FLOWS

	Reviewed	
	Current Period	Prior Period
Note	1 January -31 March 2024	1 January -31 March 2023
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	(29.445.534)	(15.163.407)
1.1.1 Interest received	97.200.294	30.936.500
1.1.2 Interest paid	(108.395.744)	(31.138.951)
1.1.3 Dividend received	850.000	800
1.1.4 Fees and commissions received	12.083.641	4.866.258
1.1.5 Other income	3.749.176	1.275.531
1.1.6 Collections from previously written off loans	1.224.541	1.536.650
1.1.7 Cash payments to personnel and service suppliers	(8.547.309)	(3.991.364)
1.1.8 Taxes paid	(594.629)	(385.322)
1.1.9 Other	(27.015.504)	(18.263.509)
1.2 Changes in Assets and Liabilities Subject to Banking Operations	66.165.406	12.587.734
1.2.1 Net Increase / decrease in financial assets at fair value through profit or loss	533.974	(10.150.037)
1.2.2 Net (increase) / decrease in due from banks	-	-
1.2.3 Net (increase) / decrease in loans	(32.535.648)	(150.526.197)
1.2.4 Net (increase) / decrease in other assets	(64.283.232)	(10.116.498)
1.2.5 Net increase / (decrease) in bank deposits	39.163.399	(6.809.713)
1.2.6 Net increase / (decrease) in other deposits	19.759.134	206.976.773
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	3.521.264	(1.068.114)
1.2.9 Net increase / (decrease) in matured payables	-	-
1.2.10 Net increase / (decrease) in other liabilities	100.006.515	(15.718.480)
I. Net cash provided from banking operations	36.719.872	(2.575.673)
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		
II. Net cash provided from/ (used in) investing activities	(34.820.102)	(37.068.863)
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries	(1.079.435)	(126.285)
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries	-	-
2.3 Fixed assets purchases	(681.426)	(669.813)
2.4 Fixed assets sales	875.140	1.411.052
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income	(25.379.202)	(7.155.524)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income	3.181.946	6.407.725
2.7 Cash paid for purchase of investment securities	(33.572.026)	(40.852.495)
2.8 Cash obtained from sale of investment securities	22.080.075	3.959.740
2.9 Other	(245.174)	(43.263)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	2.668.434	32.078.732
3.1 Cash obtained from loans borrowed and securities issued	10.601.100	27.077.340
3.2 Cash used for repayment of loans borrowed and securities issued	(7.673.876)	(24.880.163)
3.3 Bonds issued	-	30.000.000
3.4 Dividends paid	-	-
3.5 Payments for leases	(258.790)	(118.445)
3.6 Other	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	7.864.523	1.239.748
V. Net increase / (decrease) in cash and cash equivalents	12.432.727	(6.326.056)
VI. Cash and cash equivalents at beginning of the period	140.836.396	83.310.804
VII. Cash and cash equivalents at end of the period	153.269.123	76.984.748

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

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

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

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

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. Within this scope, BRSA decision dated 11 January 2024 and numbered 10825, determined the transition date of banks, financial leasing, factoring, financing, savings financing and asset management companies to the application of Financial Reporting Standard in Hyperinflationary Economies (“TAS 29”) as 1 January 2025. Therefore, inflation adjustment according to TAS 29 was not applied in the financial statements as of 31 March 2024.

Additional Paragraph for English Translation

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

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

a) The Bank’s strategy on financial instruments:

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

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

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

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

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

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

The Bank started to apply fair value hedge accounting as at 1 July 2015 by designating the exchange rate risk of Halkbank 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, options and forwards. The Bank uses derivative instruments for economic hedging purposes and recognises them in accordance with the provisions of TFRS 9.

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

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. In case the CPI forecast increases or decreases by 100 basis point, profit before taxes as of 31 March 2024 will increase or decrease by approximately TRY 363.357.

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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 (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.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (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:

	Estimated Useful Lives (Years)	Depreciation Rate
Buildings	50	% 2
Safes	50	% 2
Other movable properties	3-25	% 33,33-4

Leasehold improvements are depreciated over the useful lives on a straight-line basis. In any case useful life cannot exceed the lease period. If the duration of lease agreement is not determined or longer than five years, 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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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

XV. EXPLANATIONS ON LEASING TRANSACTIONS (continued)

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

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

Existence of right-of-use:

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

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

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

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

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

The Lease Obligations:

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

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

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

XVI. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

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

XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

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

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

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

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

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

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 15 April 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 31 March 2024.

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.

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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.

In accordance with the Provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of 31 March 2024 in accordance with TPL are included in the deferred tax calculation as of 31 March 2024.

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.

The first period temporary corporate tax return for the period 1 January 2024 – 31 March 2024 is due in May 2024, and the second period temporary corporate tax return for the period 1 April 2024 – 30 June 2024 is due in August 2024, the third period temporary corporate tax return for the period 1 July 2024 – 30 September 2024 is due in November 2024 and the fourth period temporary corporate tax return for the period 1 October 2024 – 31 December 2024 will be declared to the Revenue and Tax Office in February 2025 and payment transactions will be made until the last working day of the month following the accrual.

Bahrain

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

XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

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

XX. EXPLANATIONS ON SHARES ISSUED

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

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

XX. EXPLANATIONS ON SHARES ISSUED (continued)

In accordance with the decision of the Board of Directors of the 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.

XXI. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank.

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

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

XXIV. EXPLANATIONS ON OTHER MATTERS

International rating agency Fitch Ratings revised the Bank's Long Term TRY Rating upwards from "B" to "B+" on 15 March 2024. The agency affirmed the Bank's Long Term FC Rating as "B-", Short Term FC Rating as "B", Short Term TRY Rating as "B" and Financial Capacity Rating as "b-". The outlooks of the related ratings remain unchanged.

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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 amendment announced by the BRSA in the resolution dated 12 December 2023.

Within the scope of the regulations that the net valuation differences of the securities held in the “Marketable Securities at Fair Value Through Other Comprehensive Income” portfolio as of 1 January 2024 are negative, these differences will not be taken into account in the equity amount to be used for the capital adequacy ratio and the amount subject to credit risk will be calculated using the Central Bank's foreign exchange buying rates as of 26 June 2023.

As of 31 March 2024, the capital adequacy ratio and the capital amount of the Bank were realized as 13,19% (31 December 2023: 14,26%) and TRY 172.690.524 (31 December 2023: TRY 171.674.539) 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
COMMON EQUITY TIER 1 CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	8.405.229	8.405.229
Share Premium	44.465.222	44.465.222
Reserves	44.283.603	44.283.603
Other Comprehensive Income according to TAS	27.548.389	25.678.857
Profit	15.737.956	10.920.437
<i>Current Period Profit</i>	4.817.519	10.111.965
<i>Prior Period Profit</i>	10.920.437	808.472
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1.223.231	1.175.726
Common Equity Tier 1 Capital Before Deductions	141.663.630	134.929.074
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	1.880.044	4.740.444
Leasehold Improvements on Operational Leases	1.771.076	1.651.479
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1.636.178	1.498.351
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	471.241
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	12.971.887	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	-	-
Total Deductions from Common Equity Tier I Capital	18.730.426	10.065.907
Total Common Equity Tier I Capital	122.933.204	124.863.167

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I. EXPLANATIONS ON CAPITAL (continued)

(1) Information on Equity Items: (continued)

ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	31.269.150	29.178.000
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	31.269.150	29.178.000
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	31.269.150	29.178.000
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	154.202.354	154.041.167
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4.543.836	4.543.836
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	14.187.317	13.335.773
Tier II Capital Before Deductions	18.731.153	17.879.609
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	18.731.153	17.879.609
Total Equity (Total Tier I and Tier II Capital)	172.933.507	171.920.776
Total Tier I and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	242.983	246.237

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I. EXPLANATIONS ON CAPITAL (continued)

(1) Information on Equity Items: (continued)

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
TOTAL CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	172.690.524	171.674.539
Total Risk Weighted Assets	1.308.774.979	1.203.850.144
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	9,39	10,37
Tier I Capital Ratio (%)	11,78	12,8
Capital Adequacy Ratio (%)	13,19	14,26
BUFFERS		
Bank-specific total CET1 Capital Ratio (a+b+c)	2,509	2,509
a) Capital Conservation Buffer Ratio (%)	2,500	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,009	0,009
c) Systemic significant bank buffer ratio %	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	5,195	6,260
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	1.276.106	1.108.227
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	13.590.509	12.656.756
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	38.716.300	36.808.137
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	14.187.317	13.335.773
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018-1 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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I. EXPLANATIONS ON CAPITAL (continued)

- (2) Information on Differences Between Equity Items Calculated in Accordance with the Regulation on Equity of Banks and Balance Sheet Amounts:

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 Tier II capital. In addition, within the scope of the BRSA's Board Decision dated 12 December 2023, in case the net valuation differences of the securities in the portfolio of "Securities at Fair Value through Other Comprehensive Income" as of 1 January 2024 are negative, these differences may not taken into account in the calculated equity amount. In accordance with the regulation, operating lease development costs, which are presented under the Tangible Assets item in the balance sheet and Intangible Fixed Assets for the calculation of capital adequacy are taken into account as a discount item from the core capital. In addition; in accordance with the regulation, operating lease development costs, which are presented under the Tangible Assets item in the balance sheet and Intangible Fixed Assets for the calculation of capital adequacy are taken into account as a discount item from the core capital. Similarly, some accounts determined by the Board are deducted from the total Equity in the calculation of the "Equity" amount, which is the basis for the capital adequacy calculation.

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I. EXPLANATIONS ON CAPITAL (continued)

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

Details on Subordinated Liabilities:				
Issuer	T. Halk Bankası AŞ	T. Halk Bankası AŞ	T. Halk Bankası AŞ	Türkiye Varlık Fonu
Unique identifier (CUSIP, ISIN etc.)	TRSTHALE2716	TRSTHAL62811	TRSTHAL92826	-
Governing Law(s) of the instrument	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA Legislation
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated / consolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	600	1.560	2.384	31.269
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	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating Coupon	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	Government Debt Security for 5 years +350 base points	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
Convertible or non-convertible				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-

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

II. EXPLANATIONS ON CURRENCY RISK

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

In accordance with “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”, the foreign currency position risk of the Bank is measured by “standard method” and is calculated daily and is reported monthly. Also VAR based values and limits are reported to the Executives 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:

	USD	EUR	CHF	GBP	JPY
Balance sheet valuation rate:	32,1833000	34,7435000	35,6442000	40,6058000	0,2122209
<i>Before the balance sheet date:</i>					
Current foreign exchange buying rate on the 1st business day	32,1833000	34,7435000	35,6442000	40,6058000	0,2122209
Current foreign exchange buying rate on the 2nd business day	32,2262000	34,8204000	35,6660000	40,6664000	0,2123914
Current foreign exchange buying rate on the 3rd business day	32,1815000	34,8236000	35,4906000	40,5746000	0,2121249
Current foreign exchange buying rate on the 4th business day	32,1047000	34,8047000	35,5197000	40,4778000	0,2114509
Current foreign exchange buying rate on the 5th business day	32,0567000	34,7431000	35,6682000	40,4877000	0,2112045
Last 30 days arithmetic average:	31,9250476	34,6954000	35,8701667	40,5120667	0,2125121

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

II. EXPLANATIONS ON CURRENCY RISK (continued)

Information related to currency risk:

Current Period	EUR	USD	OTHER FC	TOTAL
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	101.122.854	91.431.392	26.391.190	218.945.436
Banks	4.236.215	1.853.487	3.191.065	9.280.767
Financial assets at fair value through profit and loss	-	1.482	-	1.482
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	17.801.001	39.358.902	-	57.159.903
Loans	168.229.214	119.018.056	5.084.796	292.332.066
Subsidiaries, associates and entities under common control	2.909.907	-	15.146.025	18.055.932
Financial assets measured at amortised cost	39.088.937	79.602.913	35.083.378	153.775.228
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	943	943
Intangible assets	-	-	-	-
Other assets ⁽²⁾	1.252.260	2.070.254	1.422.995	4.745.509
Total assets	334.640.388	333.336.486	86.320.392	754.297.266
Liabilities				
Bank deposits	181.886.853	21.040.549	1.744.381	204.671.783
Foreign currency deposits	244.975.786	309.517.348	102.812.243	657.305.377
Money market balances	-	14.305.140	-	14.305.140
Funds provided from other financial institutions	8.334.604	12.202.708	-	20.537.312
Bonds issued	-	-	-	-
Miscellaneous Payables	1.802.593	2.977.981	1.456.528	6.237.102
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities ⁽²⁾	43.369.995	2.165.805	380.319	45.916.119
Total liabilities	480.369.831	362.209.531	106.393.471	948.972.833
Net balance sheet position	(145.729.443)	(28.873.045)	(20.073.079)	(194.675.567)
Net off-balance sheet position				
Financial derivative assets ⁽³⁾⁽⁴⁾	141.397.288	61.464.105	42.331.406	245.192.799
Financial derivative liabilities ⁽³⁾⁽⁴⁾	8.133.004	28.315.769	6.705.539	43.154.312
Non-cash loans ⁽¹⁾	100.613.441	105.498.259	14.537.668	220.649.368
Prior period				
Total assets	313.391.279	297.643.534	74.532.064	685.566.877
Total liabilities	441.378.112	299.067.314	93.588.437	834.033.863
Net balance sheet position	(127.986.833)	(1.423.780)	(19.056.373)	(148.466.986)
Net off-balance sheet position				
Financial derivative assets	120.808.327	27.152.483	40.346.422	188.307.232
Financial derivative liabilities	5.676.047	21.240.359	6.827.194	33.743.600
Non-cash loans ⁽¹⁾	91.454.469	87.704.303	13.287.016	192.445.788

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

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

⁽³⁾ Financial derivative assets include forward precious metal purchase transactions amounted to TRY 11.549.138 and swap precious metal purchase transactions amounted to TRY 24.343.911. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 2.550.509. Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

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

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

III. EXPLANATIONS ON INTEREST RATE RISK

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

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	88.793.074	-	-	-	-	262.546.610	351.339.684
Banks and financial institutions	4.664.708	-	-	-	-	9.916.109	14.580.817
Financial assets at fair value through profit and loss	145.278	2	640	1.798	10	38.075.284	38.223.012
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	21.787.861	38.464.976	22.002.327	35.123.151	18.042.194	1.961.233	137.381.742
Loans	458.225.560	197.104.990	194.173.755	320.451.205	97.538.837	59.565.245	1.327.059.592
Financial assets measured at amortised cost	132.481.095	43.586.564	53.736.930	120.507.946	127.841.961	-	478.154.496
Other assets ⁽¹⁾⁽⁴⁾	2.579.322	152.914	471.742	555.564	67.811	64.311.343	68.138.696
Total assets	708.676.898	279.309.446	270.385.394	476.639.664	243.490.813	436.375.824	2.414.878.039
Liabilities							
Bank deposits	80.319.025	2.423.061	-	-	-	173.522.674	256.264.760
Other deposits	791.861.042	312.659.207	162.355.900	397.632	-	450.016.435	1.717.290.216
Money market balances	113.230.365	3.218.477	-	-	-	516.598	116.965.440
Miscellaneous Payables	5.826.752	-	-	-	-	35.711.337	41.538.089
Bonds issued	2.690.536	8.557.999	-	-	-	-	11.248.535
Funds provided from other financial institutions ⁽³⁾	579.002	4.928.189	11.484.732	4.103.428	103.206	177.016	21.375.573
Other liabilities ⁽²⁾	1.000.000	-	35.365.680	4.929.795	31.269.150	177.630.801	250.195.426
Total liabilities	995.506.722	331.786.933	209.206.312	9.430.855	31.372.356	837.574.861	2.414.878.039
Balance sheet long position	-	-	61.179.082	467.208.809	212.118.457	-	740.506.348
Balance sheet short position	(286.829.824)	(52.477.487)	-	-	-	(401.199.037)	(740.506.348)
Off-balance sheet long position	168.580.518	103.415.547	3.064.351	10.743.505	14.466.981	-	300.270.902
Off-balance sheet short position	(170.948.831)	(109.019.489)	(3.051.383)	(10.743.504)	(14.466.981)	-	(308.230.188)
Total position	(289.198.137)	(58.081.429)	61.192.050	467.208.810	212.118.457	(401.199.037)	(7.959.286)

⁽¹⁾ TRY 26.562.396 of net deferred tax assets is disclosed under the non-bearing interest column in other liabilities.

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

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

⁽⁴⁾ Asset accounts that make up the balance sheet such as provisions, tangible and intangible assets, subsidiaries, stock of goods, prepaid expenses, etc., which are needed to continue banking activities and do not have the possibility of turning into cash in a short time are shown in the interest-free column of the other assets line.

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

III. EXPLANATIONS ON INTEREST RATE RISK (continued)

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

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
Assets							
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 ⁽¹⁾⁽⁴⁾	3.867.550	113.097	518.096	548.858	71.116	45.676.660	50.795.377
Total assets	610.827.326	236.079.032	295.904.110	403.310.308	232.164.853	417.001.257	2.195.286.886
Liabilities							
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 ⁽³⁾	105.377	9.687.942	2.967.732	3.795.212	189.467	245.480	16.991.210
Other liabilities ⁽²⁾	1.000.000	-	64.543.680	4.929.795	-	166.256.433	236.729.908
Total liabilities	906.910.580	305.367.542	211.748.104	9.227.960	189.467	761.843.233	2.195.286.886
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)
Total position	(295.988.699)	(70.353.298)	84.104.242	394.092.531	231.975.386	(344.841.976)	(1.011.814)

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

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

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

⁽⁴⁾ Asset accounts that make up the balance sheet such as provisions, tangible and intangible assets, subsidiaries, stock of goods, prepaid expenses, etc., which are needed to continue banking activities and do not have the possibility of turning into cash in a short time are shown in the interest-free column of the other assets line.

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

III. EXPLANATIONS ON INTEREST RATE RISK (continued)

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

Current Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	16,44
Due from banks ⁽¹⁾	-	2,50	-	47,83
Financial assets at fair value through profit and loss ⁽⁵⁾	-	6,30	-	18,92
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,41	7,14	-	36,40
Loans ⁽²⁾	6,09	9,06	-	37,41
Financial assets measured at amortised cost	4,53	3,52	-	35,05
Liabilities				
Bank deposits ⁽⁴⁾	0,30	6,92	-	50,95
Other deposits ⁽⁴⁾	0,97	1,97	-	39,56
Money market borrowings	-	7,89	-	52,04
Miscellaneous Payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	33,67
Funds provided from other financial institutions	3,37	6,68	-	41,96

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

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

⁽³⁾ Declared maximum TRY deposits interest rate with a maturity of twelve months as of 31 March 2024.

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

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

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

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

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

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

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

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

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

IV. EXPLANATIONS ON POSITION RISK OF SHARES

Information about position risk of shares:

Equities	Comparison				Capital Requirements
	Carrying Value	Fair Value	Change ⁽²⁾	Market Value	
Investment in Shares-Grade A	6.676.480	6.676.480	6.676.480	6.676.480	534.118
Quoted Securities ⁽¹⁾	6.676.480	6.676.480	6.676.480	6.676.480	534.118
Investment in Shares-Grade B	-	-	-	-	-
Quoted Securities	-	-	-	-	-
Investment in Shares-Grade C	-	-	-	-	-
Quoted Securities	-	-	-	-	-
Investment in Shares-Grade D	-	-	-	-	-
Other	25.186.828	24.793.902	-	-	2.368.652

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

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

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

Portfolio	Realized gains/ losses in the current period	Revaluation Increases		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 ⁽¹⁾	-	4.413.181	4.413.181	-	-	-
3. Other share certificates	-	9.665.696	9.665.696	-	-	-
Total	-	14.078.877	14.078.877	-	-	-

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

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

V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING 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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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)

V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING 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.

As a result of the increase in the Bank's securities portfolio in the first quarter of 2024, total of free securities not given as collateral increased and more liquid assets were kept in the CBRT accounts due to the increase in the deposit balance. These changes caused an increase in the Bank's stock of high quality liquid assets. Net cash outflows increased due to the increase in the TRY deposit balance with a maturity of less than thirty days and the increase in other TRY-denominated liabilities with a maturity of less than thirty days. The fact that the increase in net cash outflows on TRY and FC basis was lower than the increase in the stock of high quality liquid assets increased the total liquidity coverage ratio during the period. However, the increase in the foreign currency deposit balance with a maturity of less than thirty days and the decrease in cash inflows in foreign currency with a maturity of less than thirty days reduced the foreign currency liquidity coverage ratio in the first quarter. During the current period, ratios on FC and TRY+FC basis remained above the legal limit.

High quality liquid assets are composed of 54,08% accounts held by the CBRT and the Central Banks of the foreign branches, 44,45% securities considered as high quality liquid assets and 1,47% 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 3.061.655.

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;

Likidite Minimum-Maksimum

Liquidity Coverage Ratio	FC		TRY+FC	
	Related Week	(%)	Related Week	(%)
Current Period				
Maximum	01.01.2024 - 07.01.2024	571,88	11.03.2024 - 17.03.2024	181,1
Minimum	12.02.2024 - 18.02.2024	266,62	25.03.2024 - 31.03.2024	159,49
Prior Period				
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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V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO (continued)

Liquidity Coverage Ratio:

	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
Current Period				
High Quality Liquid Assets				
High Quality Liquid Assets			739.429.513	317.812.738
Cash Outflows				
Retail and Small Business Customers, of which;	927.818.213	335.722.445	83.908.380	33.572.245
Stable Deposits	177.468.854	-	8.873.443	-
Less Stable Deposits	750.349.359	335.722.445	75.034.937	33.572.245
Unsecured wholesale funding , of which;	835.628.161	418.186.333	366.802.056	157.972.992
Operational Deposits	217.821.415	168.041.872	54.455.336	42.010.468
Non-operational Deposits	579.681.625	242.786.615	283.315.339	108.743.372
Other Unsecured Funding	38.125.121	7.357.846	29.031.381	7.219.152
Secured Funding			-	-
Other cash outflows, of which;	32.889.195	3.083.080	29.920.429	3.077.948
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	4.276.715	3.074.526	4.276.715	3.074.526
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	28.612.480	8.554	25.643.714	3.422
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	795.208.870	218.484.893	57.825.962	16.444.241
Total Cash Outflows			538.456.827	211.067.426
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	163.520.640	18.226.859	101.303.329	16.096.893
Other Cash Inflows	631.088	97.623.913	631.088	97.623.913
Total Cash Inflows	164.151.728	115.850.772	101.934.417	113.720.806
Total Adjusted Value				
Total HQLA Stock			739.429.513	317.812.738
Total Net Cash Outflows			436.522.410	97.622.949
Liquidity Coverage Ratio (%)			169,87%	349,23%

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

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V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO (continued)

Liquidity Coverage Ratio: (continued)

	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
Prior Period				
High Quality Liquid Assets				
High Quality Liquid Assets			700.887.608	283.907.775
Cash Outflows				
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
Total Cash Outflows			531.840.189	192.195.476
Cash Inflows				
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
Total Cash Inflows	152.023.046	155.043.826	92.531.842	151.824.864
Total Adjusted Value				
Total HQLA Stock			700.887.608	283.907.775
Total Net Cash Outflows			439.308.347	50.337.476
Liquidity Coverage Ratio (%)			159,75%	569,74%

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

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V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING 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
Assets								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	144.192.686	207.146.998	-	-	-	-	-	351.339.684
Banks	9.788.798	4.792.019	-	-	-	-	-	14.580.817
Financial assets at fair value through profit and loss	-	145.257	2	35.366.322	1.816	10	2.709.605	38.223.012
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	2.034.202	25.941.661	23.266.359	60.593.501	23.584.786	1.961.233	137.381.742
Loans ⁽⁴⁾	9.193.591	114.270.490	252.896.407	224.757.007	559.154.587	147.519.894	19.267.616	1.327.059.592
Financial assets measured at amortised cost	-	47.479.857	26.321.881	49.736.021	166.852.985	187.763.752	-	478.154.496
Other assets ⁽²⁾	3.363	986.156	1.411.588	502.483	722.080	201.683	64.311.343	68.138.696
Total assets	163.178.438	376.854.979	306.571.539	333.628.192	787.324.969	359.070.125	88.249.797	2.414.878.039
Liabilities								
Bank deposits	172.867.299	80.946.657	2.450.804	-	-	-	-	256.264.760
Other deposits	402.366.325	810.766.454	332.000.807	171.633.252	520.502	2.876	-	1.717.290.216
Funds provided from other financial institutions ⁽³⁾	-	51.644	163.056	4.257.188	6.317.814	10.585.871	-	21.375.573
Money market balances	-	113.706.907	40.203	-	3.218.330	-	-	116.965.440
Bonds issued	-	2.690.536	8.425.132	132.867	-	-	-	11.248.535
Miscellaneous Payables	45.531	24.091.909	548.051	2.541.527	10.010.881	51.825	4.248.365	41.538.089
Other liabilities ⁽¹⁾	-	16.640.952	1.652.108	35.617.855	6.615.602	41.814.873	147.854.036	250.195.426
Total liabilities	575.279.155	1.048.895.059	345.280.161	214.182.689	26.683.129	52.455.445	152.102.401	2.414.878.039
Liquidity Gap	(412.100.717)	(672.040.080)	(38.708.622)	119.445.503	760.641.840	306.614.680	(63.852.604)	-
Net off-Balance Sheet Position	-	(2.363.313)	(5.598.941)	2.968	-	-	-	(7.959.286)
Derivative Financial Assets	-	168.575.518	78.180.062	3.094.351	21.487.009	28.933.962	-	300.270.902
Derivative Financial Liabilities	-	(170.938.831)	(83.779.003)	(3.091.383)	(21.487.009)	(28.933.962)	-	(308.230.188)
Non-Cash Loans	217.403.997	13.747.267	38.140.431	253.771.375	129.118.933	33.888.650	-	686.070.653
Prior Period								
Total Assets	66.943.302	389.749.473	276.043.064	341.473.554	705.405.661	346.655.041	69.016.791	2.195.286.886
Total Liabilities	526.260.145	955.002.694	304.336.746	227.598.173	27.581.781	8.552.121	145.955.226	2.195.286.886
Liquidity Gap	(459.316.843)	(565.253.221)	(28.293.682)	113.875.381	677.823.880	338.102.920	(76.938.435)	-
Net off-Balance Sheet Position	-	99.555	(1.069.788)	(41.767)	186	-	-	(1.011.814)
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)
Non-Cash Loans	198.430.824	19.402.061	41.202.612	187.116.148	124.411.948	30.152.537	-	600.716.130

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

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

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

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

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

V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO (continued)

Explanations on Net Stable Funding Ratio:

In accordance with the “Regulation on Calculation of Net Stable Funding Ratio of Banks” published by BRSA in the Official Gazette dated 26 May 2023 and numbered 32202, foreign currency (FC) and total (TL+FC) NSFR ratios are calculated by dividing the available stable funding amount by the required stable funding amount. In this context, the Bank is required to cover the portion of equity and liabilities expected to be permanent with assets according to its liquidity capacity and to comply with the legal limits regarding the related ratios. In accordance with the related Regulation, the Net Stable Funding Ratio is calculated on a consolidated and unconsolidated basis on a monthly basis and at the end of three months by taking the simple arithmetic average.

The Bank’s Net Stable Funding Ratio (NSFR) decreased partially from 134,65% to 133,31% on a solo basis between December 2023 and March 2024. It continued above the legal limit (100%). In the relevant period, considering the rates of consideration, deposits of individuals and retail customers constitute 56,96% of the available stable fund amount, while payables to other persons constitute 31,37% of the available stable fund amount. Within the Required Stable Fund amount, performing loans, which has the largest share, constitutes 82,06%.

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V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO (continued)

Net Stable Funding Ratio:

Current Period		a	b	c	d	e
		Unweighted Amount According to Residual Maturity				Total Weighted Amount
		Non Maturity ^(*)	Residual maturity of less than 6 months	Residual maturity of six months and longer but less than one year	Residual maturity of one year or more	
Available stable funding						
1	Capital Instruments	149.839.408	-	-	19.845.318	169.684.726
2	Tier 1 Capital and Tier 2 Capital	149.839.408	-	-	19.845.318	169.684.726
3	Other Capital Instruments	-	-	-	-	-
4	Real-person and Retail Customer Deposits	242.035.043	666.864.117	17.095.975	3.797.050	845.676.272
5	Stable Deposits	58.155.950	117.536.053	1.001.478	572.632	168.402.807
6	Less Stable Deposits	183.879.093	549.328.064	16.094.497	3.224.418	677.273.465
7	Other Obligations	140.204.312	619.941.338	129.216.141	20.993.218	465.674.114
8	Operational deposits	22.912.332	48.902.978	22.543	-	35.918.927
9	Other Obligations	117.291.980	571.038.360	129.193.598	20.993.218	429.755.187
10	Liabilities equivalent to interconnected assets					
11	Other Liabilities	124.917.253	296.264.148	4.183.895	1.501.834	3.593.782
12	Derivative liabilities			1.777.498		
13	All other equity not included in the above categories	124.917.253	294.486.650	4.183.895	1.501.834	3.593.782
14	Available stable funding					1.484.628.894
Required stable funding						
15	High Quality Liquid Assets					29.339.632
16	Deposits held at financial institutions for operational purposes	-	-	-	-	-
17	Performing Loans	4.284.292	36.389.925	205.069.965	1.038.990.312	913.890.818
18	Encumbered loans to financial institutions, where the loan is secured against Level 1 assets	7.230	-	-	-	723
19	Unencumbered loans to financial institutions or encumbered loans that are not secured against Level 1 assets	3.241.472	13.102.087	1.117.403	35.339.016	38.349.251
20	Loans to corporate customers, real persons and or retail customers, central banks, other than credit agencies and/or financial institutions	-	19.751.098	163.004.424	878.250.593	770.907.696
21	Loans with a risk weight of less than or equal to %35	-	-	-	334.915.349	217.694.977
22	Residential mortgages	-	3.536.740	40.948.138	125.400.703	103.752.896
23	Residential mortgages with a risk weight of less than or equal to %35	-	3.536.740	40.948.138	125.400.703	103.752.896
24	Securities that are not in default and do not qualify as HQLA and exchange-traded equities	1.035.590	-	-	-	880.252
25	Assets equivalent to interconnected liabilities					
26	Other Assets	124.640.087	-	-	3.678.032	128.157.182
27	Physical traded commodities, including gold	-				-
28	Initial margin posted or given guarantee fund to central counterparty			1.072.917		911.980
29	Derivative Assets			2.427.365		2.427.365
30	Derivative Liabilities before the deduction of the variation margin			177.750		177.750
31	Other Assets not included above	124.640.087	-	-	-	124.640.087
32	Off-balance sheet commitments		846.048.693	-	-	42.302.435
33	Total Required stable funding					1.113.690.067
34	Net Stable Funding Ratio (%)					133,31%

(*) Items reported in the Non-maturity column do not have a specific maturity. These include, but are not limited to, equity items with no fixed maturity, demand deposits, short positions, positions with no fixed maturity, high quality illiquid equities and commodities with physical delivery.

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V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO (continued)

Net Stable Funding Ratio: (continued)

Prior Period	a	b	c	d	e	
	Unweighted Amount According to Residual Maturity				Total Weighted Amount	
	Non Maturity ^(*)	Residual maturity of less than 6 months	Residual maturity of six months and longer but less than one year	Residual maturity of one year or more		
Available stable funding						
1	Capital Instruments	147.659.721	-	-	19.147.953	166.807.674
2	Tier 1 Capital and Tier 2 Capital	147.659.721	-	-	19.147.953	166.807.674
3	Other Capital Instruments	-	-	-	-	-
4	Real-person and Retail Customer Deposits	219.323.895	612.666.960	20.885.781	4.138.682	778.763.840
5	Stable Deposits	51.888.451	95.525.514	1.067.783	519.358	141.551.050
6	Less Stable Deposits	167.435.444	517.141.446	19.817.998	3.619.324	637.212.790
7	Other Obligations	123.452.008	643.601.620	27.973.598	28.085.413	425.599.026
8	Operational deposits	19.088.443	47.942.166	-	-	33.515.305
9	Other Obligations	104.363.565	595.659.454	27.973.598	28.085.413	392.083.721
10	Liabilities equivalent to interconnected assets	-	-	-	-	-
11	Other Liabilities	86.951.647	325.106.600	592.092	3.061.020	3.357.066
12	Derivative liabilities	-	-	1.881.259	-	-
13	All other equity not included in the above categories	86.951.647	323.225.341	592.092	3.061.020	3.357.066
14	Available stable funding					1.374.527.606
Required stable funding						
15	High Quality Liquid Assets	-	-	-	-	28.455.090
16	Deposits held at financial institutions for operational purposes	-	-	-	-	-
17	Performing Loans	3.863.634	30.300.022	220.646.032	968.264.743	857.038.050
18	Encumbered loans to financial institutions, where the loan is secured against Level 1 assets	7.230	-	-	-	723
19	Unencumbered loans to financial institutions or encumbered loans that are not secured against Level 1 assets	1.682	14.542.675	792.788	8.299.201	10.877.249
20	Loans to corporate customers, real persons and or retail customers, central banks, other than credit agencies and/or financial institutions	2.990.404	13.973.659	178.154.321	833.554.396	741.516.858
21	Loans with a risk weight of less than or equal to %35	-	-	-	322.817.858	209.831.608
22	Residential mortgages	-	1.783.688	41.698.923	126.411.146	103.908.550
23	Residential mortgages with a risk weight of less than or equal to %35	-	1.783.688	41.698.923	126.411.146	103.908.550
24	Securities that are not in default and do not qualify as HQLA and exchange-traded equities	864.318	-	-	-	734.670
25	Assets equivalent to interconnected liabilities	-	-	-	-	-
26	Other Assets	95.468.261	-	-	3.775.487	99.102.056
27	Physical traded commodities, including gold	-	-	-	-	-
28	Initial margin posted or given guarantee fund to central counterparty	-	-	944.616	-	802.924
29	Derivative Assets	-	-	2.715.367	-	2.715.367
30	Derivative Liabilities before the deduction of the variation margin	-	-	115.504	-	115.504
31	Other Assets not included above	95.468.261	-	-	-	95.468.261
32	Off-balance sheet commitments	-	724.399.178	-	-	36.219.959
33	Total Required stable funding					1.020.815.155
34	Net Stable Funding Ratio (%)					134,65%

(*) Items reported in the Non-maturity column do not have a specific maturity. These include, but are not limited to, equity items with no fixed maturity, demand deposits, short positions, positions with no fixed maturity, high quality illiquid equities and commodities with physical delivery.

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

VI. EXPLANATIONS ON LEVERAGE RATIO

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

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-Balance Sheet Assets		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	2.326.206.577	2.235.018.495
2.Assets That Are Deducted from Core Capital	(20.093.684)	(8.529.460)
3.Total on Balance Sheet Exposures(Sum of rows 1 and 2)	2.306.112.893	2.226.489.035
Derivative Exposures And Credit Derivatives		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	1.484.298	3.466.404
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	4.233.407	3.856.093
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives(Sum of rows 4 and 5)	5.717.705	7.322.497
Investment Securities Or Commodity Collateral Financing Transactions		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	9.252.389	9.308.985
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions(Sum of rows 7 and 8)	9.252.389	9.308.985
Off -Balance Sheet Items		
10.Gross Notional Amount of Off-Balance Sheet Items	855.254.795	733.270.901
11.(Adjustments for Conversion to Credit Equivalent Amounts)	(18.337.280)	(16.424.239)
12.The Total Risk of Off-Balance Sheet Items(Sum of rows 10 and 11)	836.917.515	716.846.662
Capital And Total Exposures		
13.Tier 1 Capital	149.839.408	148.375.351
14.Total Exposures(Sum of rows 3,6,9 and 12)	3.158.000.502	2.959.967.179
Leverage Ratio		
15.Leverage Ratio	%4,74	%5,01

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

The change in the leverage ratio in the current period is due to the increase in the total risk amount of on-balance sheet and off-balance sheet assets.

VII. EXPLANATIONS ON BUSINESS SEGMENTATION

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

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

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

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

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

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

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

VII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)

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

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

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

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VII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)

Details of the segment information prepared in accordance with the Act on “Disclosure of Financial Statements of Banks and The Related Presentations and Notes” as of 31 March 2024 are presented in the table below.

Current Period	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
1 January -31 March 2024				
OPERATING INCOME / EXPENSES				
Interest Income	26.266.354	59.333.217	50.420.927	136.020.498
<i>Interest on Loans</i>	26.244.570	58.771.267	4.949.463	89.965.300
<i>Interest Income on Marketable Securities</i>	-	430.993	40.588.500	41.019.493
<i>Interest Received from Banks</i>	-	-	941.235	941.235
<i>Other Interest Income</i>	21.784	130.957	3.941.729	4.094.470
Interest Expense	39.911.421	66.258.327	16.604.942	122.774.690
<i>Interest on Deposits</i>	39.886.661	65.291.528	3.559.687	108.737.876
<i>Interest on Borrowings</i>	12.739	63.849	259.852	336.440
<i>Interest on Money Market Borrowings</i>	-	280.380	9.901.884	10.182.264
<i>Interest on Marketable Bonds Issued</i>	-	-	2.231.926	2.231.926
<i>Other Interest Expense</i>	12.021	622.570	651.593	1.286.184
Net Interest Income	(13.645.067)	(6.925.110)	33.815.985	13.245.808
Net Fees and Commissions Income	1.861.537	4.429.153	1.729.764	8.020.454
Net Trading Profit / (Loss)	33.128	3.697.282	(15.307.135)	(11.576.725)
Dividend Income	-	-	850.000	850.000
Other Income	127.716	868.532	3.539.460	4.535.708
Expected Loss Provisions	80.147	689.760	4.828.977	5.598.884
Other Expenses	283.165	6.010.789	9.523.681	15.817.635
Income Before Taxes	(11.985.998)	(4.630.692)	10.275.416	(6.341.274)
Income Tax Provision	-	-	11.158.793	11.158.793
Net Profit For The Period	(11.985.998)	(4.630.692)	21.434.209	4.817.519

SEGMENT ASSETS

31 March 2024

Marketable Securities ⁽¹⁾	-	30.587.366	623.107.928	653.695.294
Derivative Financial Assets Held for Trading	-	398.165	2.014.793	2.412.958
Banks and Money Market Receivables	-	80.750	14.487.980	14.568.730
Associates and Subsidiaries (Net)	-	-	31.779.623	31.779.623
Loans ⁽¹⁾	443.152.227	832.962.677	399.239	1.276.514.143
Other Assets	3.061.950	19.409.747	413.435.594	435.907.291
TOTAL ASSETS	446.214.177	883.438.705	1.085.225.157	2.414.878.039

SEGMENT LIABILITIES

31 March 2024

Deposits	602.953.540	1.164.726.006	205.875.430	1.973.554.976
Derivative Financial Liabilities	-	541.573	2.171.099	2.712.672
Money Market Balances	-	14.305.140	102.660.300	116.965.440
Borrowing Funding Loans	485.539	1.322.880	19.567.154	21.375.573
Bonds Issued	-	-	11.248.535	11.248.535
Other Liabilities	8.992.078	31.152.392	96.863.056	137.007.526
Provisions and Tax Payable	858.672	1.925.796	16.135.590	18.920.058
Shareholders' Equity	(11.985.998)	(4.630.692)	149.709.949	133.093.259
TOTAL LIABILITIES	601.303.831	1.209.343.095	604.231.113	2.414.878.039

OFF-BALANCE SHEET ITEMS

31 March 2024

Guarantees and Sureties	344.298.358	264.090.934	77.681.361	686.070.653
Commitments	3.082.693	68.516.381	147.056.809	218.655.883
Derivative Financial Instruments	-	67.471.690	541.029.400	608.501.090
TOTAL OFF-BALANCE SHEET ITEMS	347.381.051	400.079.005	765.767.570	1.513.227.626

⁽¹⁾ TFRS 9 Expected Credit Loss provisions are presented in related lines.

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

VII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)

Prior Period	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
1 January -31 March 2023				
OPERATING INCOME / EXPENSES				
Interest Income	8.397.634	19.693.212	20.768.092	48.858.938
<i>Interest on Loans</i>	8.264.027	19.406.120	296.250	27.966.397
<i>Interest Income on Marketable Securities</i>	-	251.419	20.302.400	20.553.819
<i>Interest Received from Banks</i>	-	-	133.982	133.982
<i>Other Interest Income</i>	133.607	35.673	35.460	204.740
Interest Expense	13.571.748	16.388.859	3.011.639	32.972.246
<i>Interest on Deposits</i>	13.484.314	16.018.033	114.764	29.617.111
<i>Interest on Borrowings</i>	6.256	13.022	106.340	125.618
<i>Interest on Money Market Borrowings</i>	-	138.825	1.128.997	1.267.822
<i>Interest on Marketable Bonds Issued</i>	-	-	1.151.761	1.151.761
<i>Other Interest Expense</i>	81.178	218.979	509.777	809.934
Net Interest Income	(5.174.114)	3.304.353	17.756.453	15.886.692
Net Fees and Commissions Income	1.050.257	1.764.749	182.072	2.997.078
Net Trading Profit / (Loss)	540.728	891.412	(1.747.339)	(315.199)
Dividend Income	-	-	800	800
Other Income	82.464	582.808	1.857.172	2.522.444
Expected Loss Provisions	64.257	557.577	391.029	1.012.863
Other Expenses	136.197	3.187.876	12.069.825	15.393.898
Income Before Taxes	(3.701.119)	2.797.869	5.588.304	4.685.054
Income Tax Provision	-	-	(429.332)	(429.332)
Net Profit For The Period	(3.701.119)	2.797.869	5.158.972	4.255.722

SEGMENT ASSETS

31 December 2023

Marketable Securities ⁽¹⁾	-	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 ⁽¹⁾	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
TOTAL ASSETS	424.787.332	852.965.954	917.533.600	2.195.286.886

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
TOTAL LIABILITIES	602.875.240	1.130.384.358	462.027.288	2.195.286.886

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
TOTAL OFF-BALANCE SHEET ITEMS	304.787.176	334.280.383	616.168.642	1.255.236.201

⁽¹⁾ TFRS 9 Expected Credit Loss provisions are presented in related lines.

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

VIII. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS

Explanations Related To Risk Management

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

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

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

Overview of Risk Weighted Amounts^(*):

	Risk Weighted Amounts		Minimum Capital Requirements	
	Current Period	Prior Period	Current Period	Prior Period
1 Credit risk (excluding counterparty credit risk) (CCR) ^(**)	1.120.073.216	1.058.316.927	89.605.857	84.665.354
2 Standardized approach (SA)	1.120.073.216	1.058.316.927	89.605.857	84.665.354
3 Internal rating-based (IRB) approach	-	-	-	-
4 Counterparty credit risk ^(**)	8.624.804	3.978.515	689.984	318.281
5 Standardized approach for counterparty credit risk (SA-CCR)	8.624.804	3.978.515	689.984	318.281
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	87.730.813	70.960.450	7.018.465	5.676.836
17 Standardized approach (SA)	87.730.813	70.960.450	7.018.465	5.676.836
18 Internal model approaches (IMM)	-	-	-	-
19 Operational Risk	86.058.801	66.027.862	6.884.704	5.282.229
20 Basic Indicator Approach	86.058.801	66.027.862	6.884.704	5.282.229
21 Standard Approach	-	-	-	-
22 Advanced measurement approach	-	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	6.287.345	4.566.390	502.988	365.311
24 Floor adjustment	-	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	1.308.774.979	1.203.850.144	104.701.998	96.308.011

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

^(**) Based on the Board Decision dated 12 December 2023 published by the BRSA, CBRT's foreign exchange buying rates as of 26 June 2023 was used in the calculation of the amount subject to credit risk.

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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	3.771.884	7.311.077	4.285.019	8.756.284
CBRT	128.088.541	210.690.872	53.596.694	205.682.361
Other ⁽¹⁾	533.823	943.487	497.426	911.841
Total	132.394.248	218.945.436	58.379.139	215.350.486

⁽¹⁾ 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 ⁽¹⁾	58.875.562	68.408.756	33.994.689	77.575.337
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Other ⁽²⁾	69.212.979	142.282.116	19.602.005	128.107.024
Total	128.088.541	210.690.872	53.596.694	205.682.361

⁽¹⁾ Reserve deposits kept in the CBRT.

⁽²⁾ 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%-25% (prior period between 0%-30%) varied according to their maturity compositions, for their FC liabilities and precious metal liabilities at TRY, US Dollar, Euro and/or standard gold with reserve deposit rates between 5%-30% (prior period between 5%-30%) varied according to their maturity compositions.

In addition, an additional reserve requirement of 8% (previously 4%) is established in Turkish lira for foreign currency deposits (excluding foreign bank deposits and precious metal deposit accounts).

If the growth rate of TRY cash loans is above 2% as of calculation date of 29 March 2024, to be calculated in four-week periods, the practice of blocking the Turkish Lira required reserve equal to the loan amount exceeding this rate has been initiated.

In addition to the renewal of foreign currency convertible deposit accounts and their transition to TRY, there are Required Reserve commission practices that include targets for increasing the Turkish Lira deposit shares of real persons and legal entities. If the targets regarding the rates calculated as "Renewal and Transition to TRY Rate", "Transition to TRY Rate", "Real Person TRY Share" and "Legal Entity TRY Share" are not achieved, commission rates are determined based on the ratios and the commission amount is calculated in US Dollars based on the required reserve amount that must be established for foreign currency deposit liabilities.

On the other hand, for banks with a "Renewal and Transition to TRY Rate" of 90% and above regarding foreign currency conversion deposit accounts, required reserves established for exchange rate protected accounts and current and 1-91 day maturity TRY deposit accounts will be applied by the CBRT as of 20 January 2024. Interest payment practice has been started since. Interest rates are determined based on the "Renewal and Transition to TL Rate" and the "Transition to TRY Rate".

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% (prior period between 5%-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	-	35.365.679	-

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

None (31 December 2023: 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	-	842.841	-	217.434
Swap transactions	485.689	1.083.778	111.974	3.453.562
Futures transactions	-	-	-	-
Options	-	650	-	1.807
Other	-	-	-	-
Total	485.689	1.927.269	111.974	3.672.803

(3) Information on banks and other financial institutions:

Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	2.367.811	136.125	1.474.164	293.176
Foreign banks	2.932.239	9.144.642	2.662.766	11.394.031
Branches and offices abroad	-	-	-	-
Total	5.300.050	9.280.767	4.136.930	11.687.207

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	20.134.409	19.390.845	20.256.072	23.212.908

- 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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities		137.352.697		115.055.791
<i>Quoted on a stock exchange</i>		137.352.697		115.055.791
<i>Not quoted</i>		-		-
Equity Securities		1.978.515		1.573.198
<i>Quoted on a stock exchange</i>		1.877.549		1.472.232
<i>Not quoted</i>		100.966		100.966
Impairment provision (-)		1.949.470		1.561.906
Total		137.381.742		115.067.083

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

(5) Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the 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	3.541.012	-	2.750.161	-
Total	3.541.012	-	2.750.161	-

^(*) 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	943.451.323	35.182.267	18.244	39.646.961	
<i>Corporation loans</i>	525.039.121	24.766.115	-	39.642.718	
<i>Export loans</i>	53.900.654	842.385	-	-	
<i>Import loans</i>	-	-	-	-	
<i>Loans given to financial sector</i>	25.571.742	-	-	-	
<i>Consumer loan</i>	131.185.922	1.087.970	13.329	3.706	
<i>Credit cards</i>	71.527.346	3.978.764	4.915	-	
<i>Other</i>	136.226.538	4.507.033	-	537	
Specialized lending	246.036.483	6.564.444	-	-	
Other receivables	-	-	-	-	
Accruals	32.674.880	1.759.285	2.826	2.455.263	
Total	1.222.162.686	43.505.996	21.070	42.102.224	

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	12.199.658	11.090.506	-	-
Significant Increase in Credit Risk	-	-	23.102.967	22.290.260

In the current period, increase in Bank's Stage 1 and Stage 2 Expected Loss Provision balances is due to the increase in overall risk levels.

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

(5) Information on loans (continued) :

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	3.835.294	120.618.220	124.453.514
<i>Real estate loans</i>	7.150	94.756.539	94.763.689
<i>Automobile loans</i>	217.221	7.793.076	8.010.297
<i>Consumer loans</i>	3.610.923	18.068.605	21.679.528
<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	29.439.314	2.233	29.441.547
<i>Installment</i>	8.876.801	2.233	8.879.034
<i>Non-installment</i>	20.562.513	-	20.562.513
Individual credit cards-FC	6.019	-	6.019
<i>Installment</i>	-	-	-
<i>Non-installment</i>	6.019	-	6.019
Personnel loans-TRY	1.426.813	931.187	2.358.000
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	1.426.813	931.187	2.358.000
<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	955.907	-	955.907
<i>Installment</i>	289.657	-	289.657
<i>Non-installment</i>	666.250	-	666.250
Personnel credit cards-FC	628	-	628
<i>Installment</i>	-	-	-
<i>Non-installment</i>	628	-	628
Overdraft accounts-TRY (Retail customers) ^(**)	5.479.413	-	5.479.413
Overdraft accounts-FC (Retail customers)	-	-	-
Total	41.143.388	121.551.640	162.695.028

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

^(**) TRY 226.477 of the overdraft account consists of loans given to personnel.

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

(5) Information on loans (continued) :

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

Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	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) ^(**)	4.388.114	-	4.388.114
Overdraft accounts-FC (Retail customers)	-	-	-
Total	34.042.958	128.945.273	162.988.231

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

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

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

(5) Information on loans (continued) :

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

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	5.530.207	112.117.960	117.648.167
<i>Business premises loans</i>	-	1.815.932	1.815.932
<i>Automobile loans</i>	77.084	3.122.340	3.199.424
<i>Consumer loans</i>	5.453.123	107.179.688	112.632.811
<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	835.311	109.834.746	110.670.057
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	835.311	109.834.746	110.670.057
<i>Other</i>	-	-	-
Corporate credit cards-TRY	45.101.596	2.618	45.104.214
<i>Installment</i>	10.355.081	2.618	10.357.699
<i>Non-installment</i>	34.746.515	-	34.746.515
Corporate credit cards-FC	2.710	-	2.710
<i>Installment</i>	-	-	-
<i>Non-installment</i>	2.710	-	2.710
Overdraft accounts-TRY (Commercial customers)	34.109.788	-	34.109.788
Overdraft accounts-FC (Commercial customers)	-	-	-
Total	85.579.612	221.955.324	307.534.936

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

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	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)	-	-	-
Total	75.060.160	214.428.495	289.488.655

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

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

(5) Information on loans (continued) :

e) Domestic and foreign loans^(*):

	Current Period	Prior Period
Domestic loans	1.302.661.303	1.246.933.250
Foreign loans	5.130.673	5.071.732
Total	1.307.791.976	1.252.004.982

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

f) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	9.052.066	10.785.628
Indirect loans granted to subsidiaries and associates	-	-
Total	9.052.066	10.785.628

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

	Current Period	Prior Period
Loans with Limited Collectability	776.170	624.087
Loans with Doubtful Collectability	514.735	884.284
Uncollectible Loans	13.951.919	13.620.390
Total	15.242.824	15.128.761

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

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

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

	III. Group	IV. Group	V. Group
	Loans with	Loans with	Uncollectible
	Limited	Doubtful	Loans
	Collectability	Collectability	
Current period			
Gross amounts before the specific provisions	153.590	126.256	625.553
<i>Restructured loans</i>	<i>153.590</i>	<i>126.256</i>	<i>625.553</i>
Prior period			
Gross amounts before the specific provisions	227.833	122.367	736.123
<i>Restructured loans</i>	<i>227.833</i>	<i>122.367</i>	<i>736.123</i>

^(*) Rediscounts are not included.

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

(5) Information on loans (continued) :

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

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

	III. Group	IV. Group	V. Group
Current Period	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period end balance	1.614.761	2.148.165	14.776.767
Additions(+)	1.883.168	30.591	103.683
Transfers from other categories of loans under non-performing(+)	-	824.237	1.651.166
Transfers to other categories of loans under non-performing(-)	922.175	1.553.228	-
Collections(-) (*)	324.523	170.815	625.602
Write-offs(-)	-	-	1.891
Sold(-)	-	-	166.688
<i>Corporate and Commercial Loans</i>	-	-	61.243
<i>Consumer Loans</i>	-	-	66.232
<i>Credit Cards</i>	-	-	39.213
<i>Other</i>	-	-	-
Current period end balance	2.251.231	1.278.950	15.737.435
Provision(-)	776.170	514.735	13.951.919
Net balance on balance sheet	1.475.061	764.215	1.785.516
Prior Period			
Prior 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>	-	-	-
Current period end balance	1.614.761	2.148.165	14.776.767
Provision(-)	624.087	884.284	13.620.390
Net balance on balance sheet	990.674	1.263.881	1.156.377

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period			
Balance at the end of the period	47.523	23.088	5.391.608
Provisions(-)	14.784	16.137	4.689.674
Net balance in the balance sheet	32.739	6.951	701.934
Prior period			
Balance at the end of the period	57.243	1.169.388	4.254.093
Provisions(-)	50.203	460.973	4.129.975
Net balance in the balance sheet	7.040	708.415	124.118

(*) Rediscounts are included.

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

(5) Information on loans (continued) :

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period (Net)	1.475.061	764.215	1.785.516
Loans to granted real persons and legal entities (Gross)	2.251.231	1.278.950	15.737.435
Provisions (-)	776.170	514.735	13.951.919
Loans to granted real persons and legal entities (Net)	1.475.061	764.215	1.785.516
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-
Prior period (Net)	990.674	1.263.881	1.156.377
Loans to granted real persons and legal entities (Gross)	1.614.761	2.148.165	14.776.767
Specific provisions (-)	624.087	884.284	13.620.390
Loans to granted real persons and legal entities (Net)	990.674	1.263.881	1.156.377
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	21	185	22.668
Interest Accruals and Valuation Differences	564	4.236	1.702.040
Provision (-)	543	4.051	1.679.372
Prior Period (Net)	-	-	-
Interest Accruals and Valuation Differences	6.211	3.639	1.600.630
Provision (-)	6.211	3.639	1.600.630

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

(5) Information on loans (continued):

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

The 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.

k) Explanations on write-off policy:

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

In the current period, the Bank has written off group 5 non-performing loans amounting to TRY 1.891 on the grounds due to the lack of expectation, and also sold non-performing loans amounting to TRY 166.688, resulting in a decrease in the Bank's non-performing loan ratio from 1,46% to 1,45% after the write-off and sale of non-performing loans in accordance with the amendment to the related Provisions Regulation. (In the previous period, the Bank wrote off a group 5 non-performing loan amounting to TRY 17.680 on the grounds due to lack of expectation and this issue has no effect on the non-performing loan ratio).

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked Securities	101.602.391	122.369.482	95.046.847	108.040.493

- 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	79.723.350	29.747.736	98.930	27.149.917

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds		469.879.426		422.621.902
Treasury bills		-		-
Other public sector debt securities		5.887.959		5.549.406
Total		475.767.385		428.171.308

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities		478.154.496		430.563.441
<i>Quoted on a stock exchange</i>		440.684.008		400.572.218
<i>Not quoted</i>		37.470.488		29.991.223
Impairment provision (-)		-		-
Total		478.154.496		430.563.441

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Beginning balance		430.563.441		240.989.996
Foreign currency differences on monetary assets		14.273.592		44.299.579
Purchases during the year ⁽¹⁾		55.397.538		157.046.579
Disposals through sales and redemptions		(22.080.075)		(11.772.713)
Impairment provision (-)		-		-
Balance at the end of the period		478.154.496		430.563.441

⁽¹⁾ The difference between the discount amount of TRY 158.527.075 as of March 31, 2024 and the amount of discount amount of TRY 136.701.563 as of 31 December 2023 (31 December 2022: 67.405.111) 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 ⁽¹⁾	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾	Ankara	31,47	33,12
3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾	Istanbul	35,79	35,79
4. Birleşim Varlık Yönetim AŞ ⁽¹⁾	Istanbul	16,00	16,00
5. KKB Kredi Kayıt Bürosu AŞ ⁽²⁾	Istanbul	18,18	18,18
6. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ ⁽²⁾	Istanbul	33,33	33,33
7. Bankalararası Kart Merkezi AŞ ⁽²⁾	Istanbul	9,28	9,28
8. JCR Avrasya Derecelendirme AŞ ⁽²⁾	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 ⁽³⁾
1.	61.630.765	8.877.729	79.215	895.423	12.574	292.612	79.926	2.909.907
2.	364.342	359.885	3.063	36.008	-	32.535	11.968	-
3.	52.811	52.546	136	1.262	-	(25)	815	-
4.	942.287	795.687	27.687	99.682	-	38.799	16.393	-
5.	2.773.768	1.700.261	2.029.106	28.867	-	185.655	26.943	-
6.	748.480	595.122	415.653	11.288	-	688	8.800	-
7.	3.904.569	3.545.840	877.452	210.842	-	874.326	1.195.017	-
8.	366.432	277.545	22.649	27.247	1.160	(15.192)	11.236	-

⁽¹⁾ The financial data is obtained from 31 March 2024 financial statements used in consolidation.

⁽²⁾ The financial data is obtained from reviewed 31 March 2024 financial statement.

⁽³⁾ The fair value of DHB Bank NV indicates the valuation figure determined in the year-end valuation report, calculated with the current period exchange rate.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	3.024.545	1.764.937
Movements during the period	194.603	1.259.608
Purchases ⁽¹⁾⁽²⁾	-	126.285
Bonus shares obtained profit from current year's share	-	9.697
Dividends from current year income	-	-
Sales	-	-
Transfers	-	21.242
Revaluation decrease (-) / increase	194.603	1.102.384
Impairment provisions (-)/ reversals	-	-
Balance at the end of the period	3.219.148	3.024.545
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

d) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	2.909.907	2.715.304
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	156.929	156.929
Other non- financial investments	152.312	152.312

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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⁽¹⁾:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ	Platform Ödeme Hizmetleri ve Elektronik Para AŞ
COMMON EQUITY TIER I CAPITAL								
Paid in Capital	250.000	3.145.000	523.000	2.226.470	246.000	754.199	100	100.000
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-	-
Share premium	-	50.372	-	11.633	-	773.455	-	-
Reserves	228.378	57.682	242.855	6.409.894	304.898	5.339.367	4.799	1.554
Other Comprehensive Income according to TAS	13.015	9.738.122	2.071	-	10	-	-	-
Profit / Loss	1.035.501	4.768.978	532.345	856.596	556.900	639.174	4.017	1.935
<i>Net Profit</i>	<i>565.929</i>	<i>336.494</i>	<i>135.455</i>	<i>188.568</i>	<i>128.319</i>	<i>208.126</i>	<i>1.207</i>	<i>781</i>
<i>Prior Period Profit/Loss</i>	<i>469.572</i>	<i>4.432.484</i>	<i>396.890</i>	<i>668.028</i>	<i>428.581</i>	<i>431.048</i>	<i>2.810</i>	<i>1.154</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 (-)	-	-	-	(9.621)	-	124.801	-	-
Leasehold Improvements (-)	-	-	-	19.240	-	41.184	-	-
Intangible Assets (-)	28.759	2.823	5.418	139.799	9.472	531.005	-	-
Total Core Capital	1.498.135	17.757.331	1.294.853	9.355.175	1.098.336	6.809.205	8.916	103.489
SUPPLEMENTARY CAPITAL	-	-	59.977	217.931	111.251	86.155	-	-
CAPITAL	1.498.135	17.757.331	1.354.830	9.573.106	1.209.587	6.895.360	8.916	103.489
NET AVAILABLE CAPITAL	1.498.135	17.757.331	1.354.830	9.573.106	1.209.587	6.895.360	8.916	103.489

⁽¹⁾ The information is presented from companies' financial statements as of 31 March 2024.

There is no internal capital adequacy assessment approach for the subsidiaries.

Paid in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry. Effect of inflation adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items.

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

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

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

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

b) Information on subsidiaries:

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

c) Information related to the subsidiaries as shown in (b) ⁽¹⁾:

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	6.220.909	1.526.894	95.752	844.870	34.786	565.929	206.743	2.725.098
2.	29.411.896	17.683.544	12.745.649	2.557	-	336.494	(11.679)	6.676.480
3.	15.817.315	1.300.271	15.144	1.071.974	-	135.455	92.596	1.782.216
4.	53.350.508	9.514.214	1.619.782	681.865	70.880	188.568	66.482	8.208.172
5.	6.544.583	1.107.808	22.406	696.490	-	128.319	74.131	1.625.102
6.	37.453.195	7.381.394	1.111.849	549.559	60.682	208.126	62.042	6.937.853
7.	3.959.817	8.916	-	16	-	1.207	502	7.446
8.	121.111	103.489	-	7.879	-	781	2.018	598.108

⁽¹⁾The financial data is obtained from 31 March 2024 financial statements used in consolidation.

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

⁽³⁾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.

d) Movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	25.248.111	17.941.820
Movements during the period	3.312.364	7.306.291
Purchase ⁽¹⁾	1.079.435	887.772
Bonus shares obtained profit from current year's share	-	153.972
Dividends from current year income	-	-
Sales	-	-
Transfer	-	-
Revaluation increase/decrease	2.232.929	6.264.547
Impairment Provisions (-)/ Reversals	-	-
Balance at the end of the period	28.560.475	25.248.111
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ In the current period, the Bank made a payment of TRY 1.079.435 due to the paid-in capital increase of Halk Gayrimenkul Yatırım Ortaklığı AŞ.

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

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

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

	Current Period	Prior Period
Banks	15.146.025	14.153.833
Insurance companies	-	-
Factoring companies	1.625.102	1.625.102
Leasing companies	1.782.216	1.782.216
Financing companies	-	-
Other financial subsidiaries	10.007.132	7.088.852
Other non-financial subsidiaries	-	598.108

f) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock ⁽¹⁾	6.676.480	4.356.308
Quoted foreign stock exchange	-	-

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

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

None.

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

None.

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

None.

(12) Information on investment property:

	Current Period	Prior Period
Balance at the beginning of the period	2.675.524	1.168.528
Movements during the period	14.098	1.506.996
Purchase	14.098	44.366
Sales	-	-
Transfer	-	-
Revaluation increase/decrease	-	1.462.630
Balance at the end of the period	2.689.622	2.675.524

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. Accordingly, Bank has an independent valuation firm that carries out the valuation report for its investment properties at year-end, and recognizes the changes in fair value in the profit or loss accounts in the period in which they occur.

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

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

(13) Information on deferred tax assets:

	Current Period	Prior Period
Deferred Tax Asset /(Liability)		
Provisions ⁽¹⁾	15.207.251	14.080.661
Revaluation of Financial Assets	(7.453.346)	(10.992.010)
Other	18.808.491	11.272.497
Deferred Tax Asset /(Liability):	26.562.396	14.361.148
Deferred tax accounted under shareholders' equity	294.371	(607.271)
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	620.437	(198.507)
Actuarial gains/losses	805.733	805.733
Valuation of subsidiaries	(1.131.799)	(1.214.497)

⁽¹⁾Includes reserve for employee benefits, expected credit loss provisions and other provisions.

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

None.

(15) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 33.222.617 and does not exceed 10% of the balance sheet total (31 December 2023: TRY 28.832.305).

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

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES

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

a) Information on deposit / funds collected:

Current Period

	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	32.909.362	-	10.367.755	198.145.681	152.563.216	123.610.016	7.068.524	136.986	524.801.540
Foreign currency deposits	201.241.509	-	63.317.809	241.997.203	23.922.878	13.211.398	19.752.262	34.709	563.477.768
<i>Residents in Türkiye</i>	178.586.049	-	62.838.198	226.760.308	22.047.585	9.772.618	14.265.750	34.039	514.304.547
<i>Residents abroad</i>	22.655.460	-	479.611	15.236.895	1.875.293	3.438.780	5.486.512	670	49.173.221
Public sector deposits	16.338.767	-	26.141.724	23.849.899	2.559.078	114.818	407.401	-	69.411.687
Commercial inst. deposits	65.634.651	-	66.011.496	96.060.170	66.796.900	74.833.330	13.355.419	-	382.691.966
Other inst. deposits	6.498.365	-	3.849.119	28.359.637	31.200.769	13.073.282	98.474	-	83.079.646
Precious metals	79.743.671	-	102.636	11.951.576	1.248.145	330.167	451.414	-	93.827.609
Interbank deposits	172.867.299	-	39.335.264	43.884.178	178.019	-	-	-	256.264.760
<i>CBRT</i>	1.917.285	-	-	-	-	-	-	-	1.917.285
<i>Domestic banks</i>	1.221.043	-	36.729.242	35.382.431	114.884	-	-	-	73.447.600
<i>Foreign banks</i>	169.728.968	-	95.168	8.501.747	63.135	-	-	-	178.389.018
<i>Participation banks</i>	3	-	2.510.854	-	-	-	-	-	2.510.857
Total	575.233.624	-	209.125.803	644.248.344	278.469.005	225.173.011	41.133.494	171.695	1.973.554.976

(*) As of 31 March 2024, the Bank has a total deposit balance of TRY 308.482.428 without accrual regarding to FX indexed TRY deposit instruments announced by the CBRT and Ministry of Treasury and Finance.

Prior Period

	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	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>	-	-	-	-	-	-	-	-	-
Total	526.221.385	-	223.275.919	622.731.795	325.147.091	134.313.600	40.998.661	159.554	1.872.848.005

(*) 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.

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

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

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

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

b.1. Amounts exceeding insurance limit:

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

Saving Deposits ^(*)	Under the guarantee insurance		Exceeding the insurance limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	153.242.395	121.185.991	371.542.532	386.913.960
Foreign currency saving deposits	71.632.543	48.961.625	183.259.842	164.452.721
Other deposits in the form of saving deposits	53.988.389	40.225.760	29.186.299	27.788.628
Foreign branches' deposits under foreign authorities' insurance	3.126.783	2.850.381	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

(*) Within the scope of the SDIF Fund Board Decision published in the Official Gazette dated 14 December 2023 and numbered 32399, deposit amount subject to insurance which was TRY 400 as of 2023 has been determined as TRY 650, starting from the beginning of the 2024 calendar year.

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 27 August 2022 and numbered 31936. The balance of commercial deposits subject to insurance in this scope is TRY 57.736.261. 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	886.980	851.863
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	22.302	26.390
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	-	228.030	-	95.795
Swap transactions	-	2.482.932	186.308	610.572
Future transactions	-	-	-	-
Options	-	1.710	-	1.746
Other	-	-	-	-
Total	-	2.712.672	186.308	708.113

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

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

(3) Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Funds borrowed from CBRT	-	-	-	-
Domestic banks and institutions	833.644	1.998.714	556.285	1.650.356
Foreign banks, institutions and funds	4.617	18.538.598	4.467	14.780.102
Total	838.261	20.537.312	560.752	16.430.458

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	577.826	3.366.860	560.468	137.701
Medium and long-term	260.435	17.170.452	284	16.292.757
Total	838.261	20.537.312	560.752	16.430.458

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 26,59% of saving deposits and 28,55% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets.

The Bank's 79,87% of bank deposits and 38,28% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	11.115.668	-	9.120.007	-
Bonds	132.867	-	132.492	-
Assets Backed Securities	-	-	-	-
Total	11.248.535	-	9.252.499	-

(5) Information on other liabilities:

Other liabilities balance in the balance sheet amounts to TRY 88.432.194 and does not exceed 10% of the balance sheet total (31 December 2023: TRY 83.759.893).

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

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

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

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

Installments are based on useful life, usage periods and provisions of the related accounting standards.

- b) Explanation on finance lease payables:

None (31 December 2023: None).

- c) Explanations on operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	39.166	34.518	25.260	23.154
1 - 4 years	831.217	566.431	633.084	463.049
More than 4 years	7.273.398	2.836.407	6.779.966	2.542.388
Total	8.143.781	3.437.356	7.438.310	3.028.591

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

None (31 December 2023: None).

(8) Explanations on provisions:

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

As of 31 March 2024 the Bank does not have a provision amount of the currency differences on foreign currency indexed loans and finance lease receivables (31 December 2023: None).

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

As of 31 March 2024, the Bank's specific provision for unindemnified non-cash loans balance is TRY 256.573 (31 December 2023: TRY 506.042).

- c) Information on other provisions:

Total other provision balance amounting to TRY 4.442.987 (31 December 2023: TRY 4.441.470) consists of TRY 256.573 (31 December 2023: TRY 506.042) for stage 3 expected credit losses of unindemnified and unfunded non-cash loans, TRY 3.215.546 (31 December 2023: TRY 3.258.922) for stage 1 and stage 2 expected credit losses amount of non-cash loans, TRY 122.741 (31 December 2023: TRY 95.394) for legal cases filed against the Bank, and TRY 848.127 (31 December 2023: TRY 581.112) of other provisions.

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

(9) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 31 March 2024, the Bank's calculated current tax liability is amounting to TRY 236.803 and recognized under corporate tax provision account as of the mentioned date (31 December 2023: TRY 139.682)

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate tax payable	236.803	139.682
Income on securities tax	1.671.801	2.142.207
Property income tax	9.238	7.545
Banking and insurance transactions tax (BITT)	1.698.905	1.570.195
Foreign exchange transactions tax	61.518	22.526
Value added tax payable	-	-
Other	334.715	452.665
Total	4.012.980	4.334.820

a.3. Information on premiums:

	Current Period	Prior Period
Social insurance premiums-employee	10	10
Social insurance premiums-employer	11	11
Bank social aid pension fund premium-employee	193.466	168.614
Bank social aid pension fund premium-employer	285.732	249.429
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	13.848	12.077
Unemployment insurance-employer	27.616	24.069
Other	2.856	4.220
Total	523.539	458.430

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

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

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

b) Information on deferred tax liability:

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

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

None (31 December 2023: None).

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

Information on Subordinated Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital borrowings instruments	-	39.088.950	-	36.066.237
<i>Subordinated loans</i>	-	39.088.950	-	36.066.237
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.034.731	-	6.064.043	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.034.731	-	6.064.043	-
Total	6.034.731	39.088.950	6.064.043	36.066.237

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

(12) Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	7.184.778	7.184.778
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.

None.

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

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

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

None.

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

None.

f) Information on the Bank's acquired shares:

There is no share repurchase and/or sale were made by the Bank between 1 January 2024 and March 31, 2024.

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)	9.974.010	4.104.867	8.733.273	3.835.280
<i>Valuation differences</i>	<i>9.974.010</i>	<i>4.104.867</i>	<i>8.733.273</i>	<i>3.835.280</i>
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	(2.189.990)	111.187	(390.143)	118.277
<i>Valuation differences</i>	<i>(2.189.990)</i>	<i>586.280</i>	<i>(390.143)</i>	<i>548.338</i>
<i>Exchange rate difference</i>	-	<i>(475.093)</i>	-	<i>(430.061)</i>
Total	7.784.020	4.216.054	8.343.130	3.953.557

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

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

(1) Information on off-balance sheet liabilities:

a) Amount and nature of irrevocable loan commitments:

Types of irrevocable commitments	Current Period	Prior Period
Commitments for credit card expenditure limits	113.689.329	102.599.070
Payment commitments for cheques	29.435.693	18.516.662
Loan granting commitments	20.453.106	19.873.658
Forward asset purchase and sale commitments	11.915.072	5.262.414
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	58.200	17.102
Tax and fund liabilities from export commitments	760.430	569.005
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	20.892.001	13.341.523
Total	197.203.831	160.179.434

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:

	Current Period	Prior Period
Letters of credit	16.305.013	14.560.197
Bank acceptances	42.894.521	37.949.369
Other guarantees	29.466.940	26.927.057
Total	88.666.474	79.436.623

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

	Current Period	Prior Period
Letters of certain guarantees	88.298.306	78.304.225
Letters of advance guarantees	22.323.226	18.833.832
Letters of tentative guarantees	6.523.135	8.583.063
Letters of guarantee given to customs offices	14.499.578	13.238.140
Other letters of guarantee	465.759.934	402.320.247
Total	597.404.179	521.279.507

c) Information on non-cash loans:

c.1. Total non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	107.212.558	90.905.483
<i>Within one year or less original maturity</i>	4.175.642	2.460.918
<i>Within more than one year maturity</i>	103.036.916	88.444.565
Other non-cash loans	578.858.095	509.810.647
Total	686.070.653	600.716.130

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

None.

3) Information on contingent liabilities and assets:

Bank's commitments for the cheques given to customers are TRY 29.435.693 (31 December 2023: TRY 18.516.662).

4) Services provided on behalf of others:

None.

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

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

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans⁽¹⁾				
Short term loans	35.688.908	246.214	8.586.504	114.835
Medium and long term loans	47.235.889	5.772.614	15.769.038	2.770.017
Interest on non-performing loans	1.021.675	-	726.003	-
Premiums from resource utilization support fund	-	-	-	-
Total	83.946.472	6.018.828	25.081.545	2.884.852

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

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	-	453.577	-	23.122
Domestic banks	182.078	-	63.008	590
Foreign banks	277.306	28.274	38.911	8.351
Foreign headquarters and branches	-	-	-	-
Total	459.384	481.851	101.919	32.063

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	3.129	29	1.057	997
Financial Assets at Fair Value through Other Comprehensive Income	7.561.189	766.600	3.404.515	410.411
Financial Assets Measured at Amortized Cost	30.442.908	2.245.638	15.720.389	1.016.450
Total	38.007.226	3.012.267	19.125.961	1.427.858

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	675.023	201.631

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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 ⁽¹⁾:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	58.307	260.640	7.004	107.625
<i>CBRT</i>	-	-	-	-
<i>Domestic banks</i>	58.307	18.755	7.004	12.239
<i>Overseas banks</i>	-	241.885	-	95.386
<i>Overseas head office and branches</i>	-	-	-	-
Other institutions	-	17.493	2	10.987
Total	58.307	278.133	7.006	118.612

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

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	215.575	244.708

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	1.300.363	931.563	757.769	393.992

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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							Accumulating Deposit Accounts	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TRY									
Bank deposits	594	4.532.229	1.234.036	2.862	-	-	-	5.769.721	
Saving deposits	1	1.056.264	22.499.232	17.985.958	9.850.610	388.414	5.084	51.785.563	
Public deposits	3	4.517.511	2.150.983	219.093	8.202	35.043	-	6.930.835	
Commercial deposits	14	7.818.646	9.807.257	7.568.217	7.430.558	976.669	-	33.601.361	
Other deposits	1	371.801	3.399.308	2.774.518	1.217.764	8.905	-	7.772.297	
7 days call accounts	-	-	-	-	-	-	-	-	
Total	613	18.296.451	39.090.816	28.550.648	18.507.134	1.409.031	5.084	105.859.777	
Foreign currency									
Deposits	5	375.264	1.545.189	185.180	122.976	207.171	86	2.435.871	
Bank deposits	82	12	421.621	3	-	-	-	421.718	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	172	15.119	1.460	521	3.238	-	20.510	
Total	87	375.448	1.981.929	186.643	123.497	210.409	86	2.878.099	
Grand total	700	18.671.899	41.072.745	28.737.291	18.630.631	1.619.440	5.170	108.737.876	

Prior Period	Time deposits							Accumulating Deposit Accounts	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TRY									
Bank deposits	362	486.833	747.914	13.859	-	-	-	1.248.968	
Saving deposits	2	557.233	5.419.699	3.526.958	284.562	163.583	3.465	9.955.502	
Public deposits	7	2.057.053	271.512	23.655	1.236	665	-	2.354.128	
Commercial deposits	13	3.669.649	4.723.645	1.526.649	225.992	111.275	-	10.257.223	
Other deposits	-	475.158	1.342.931	369.557	324.970	11.789	-	2.524.405	
7 days call accounts	-	-	-	-	-	-	-	-	
Total	384	7.245.926	12.505.701	5.460.678	836.760	287.312	3.465	26.340.226	
Foreign currency									
Deposits	6	233.998	980.746	1.634.284	169.453	79.371	33	3.097.891	
Bank deposits	55	6.024	151.844	-	-	-	-	157.923	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal	-	195	10.925	8.944	616	391	-	21.071	
Total	61	240.217	1.143.515	1.643.228	170.069	79.762	33	3.276.885	
Grand total	445	7.486.143	13.649.216	7.103.906	1.006.829	367.074	3.498	29.617.111	

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

(3) Information on trading profit/loss:

	Current Period	Prior Period
Profit	52.061.055	42.873.386
<i>Profit from the capital market transactions</i>	721.219	311.990
<i>Profit on derivative financial transactions</i>	10.147.294	10.281.115
<i>Foreign exchange gains</i>	41.192.542	32.280.281
Loss (-)	63.637.780	43.188.585
<i>Loss from the capital market transactions</i>	8.523	119.883
<i>Loss from derivative financial transactions</i>	10.823.474	6.439.763
<i>Foreign exchange losses</i>	52.805.783	36.628.939

(4) Impairment losses on loans and other receivables:

	Current Period	Prior Period
Adjustments for prior period expenses	3.967.762	1.969.876
Income from the asset sale	296.402	194.807
Rent income	27.677	21.117
Other income	243.867	336.644
Total	4.535.708	2.522.444

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

	Current Period	Prior Period
Expected Credit Losses	5.598.884	1.012.863
<i>12 Month Expected Credit Loss (Stage 1)</i>	1.904.568	323.449
<i>Significant Increase in Credit Risk (Stage 2)</i>	2.762.219	343
<i>Non – Performing Loans (Stage 3)</i>	932.097	689.071
Marketable Securities Impairment Expense	-	-
<i>Financial Assets at Fair Value through Profit or Loss</i>	-	-
<i>Financial Assets at Fair Value through Other Comprehensive Income</i>	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
Other	119.387	18.536
Total	5.718.271	1.031.399

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

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

(6) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	387.813	186.629
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	422.456	200.582
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	107.347	46.272
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	5.162	3.986
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	3.715.103	2.626.785
<i>Leasing Expenses on TFRS 16 Exceptions</i>	<i>202.009</i>	<i>91.516</i>
<i>Maintenance expenses</i>	<i>77.196</i>	<i>27.530</i>
<i>Advertisement expenses</i>	<i>460.358</i>	<i>181.013</i>
<i>Other expenses(**)</i>	<i>2.975.540</i>	<i>2.326.726</i>
Loss on sales of assets	18	-
Other(*)	2.690.611	8.421.788
Total	7.328.510	11.486.042

(*) Prior period balance includes the cash donation payment amounting to TRY 7.000.000 made to Türkiye Disaster and Emergency Management Authority (AFAD) due to the earthquake that occurred in Kahramanmaraş on 6 February 2023.

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

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

The Bank's income before tax/loss is due from continuing activities. Net interest income is TRY 13.245.808 (31 March 2023: TRY 15.886.692), net fees and commissions income is TRY 8.020.454 (31 March 2023: TRY 2.997.078) and the profit from operations before tax is TRY 6.341.274 (31 March 2023: TRY 4.685.054 profit from operations before tax).

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

For the period then ended 31 March 2024, the Bank's tax provision income amounting to TRY 11.158.793 (31 March 2023: TRY 429.332 tax provision expense) consists of TRY 140.813 (31 March 2023: TRY 33.359) of current tax charge and TRY 7.597.849 (31 March 2023: TRY 3.665.375) of deferred tax charge, TRY 18.897.455 (31 March 2023: TRY 3.269.402) of deferred tax income.

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

As of 31 March 2024, the Bank's net operating income after tax is amounting to TRY 4.817.519 (31 March 2023: TRY 4.255.722)

(10) Information on net profit/loss:

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

There is no issue to be disclosed.

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

There is no issue to be disclosed.

(11) Other items in the income statement:

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

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V. EXPLANATIONS RELATED TO THE RISK GROUP OF THE BANK

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

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

Current Period							
Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group		
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash	
Loans							
Beginning Balance	10.785.628	221.290	-	-	-	-	-
Closing Balance	9.052.066	689.427	-	-	-	-	-
Interest and commissions	672.861	1.194	-	-	-	-	-

Prior Period							
Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group		
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash	
Loans							
Beginning Balance	6.710.672	185.644	-	-	-	-	-
Closing Balance	10.785.628	221.290	-	-	-	-	-
Interest and commissions	197.824	478	-	-	-	-	-

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

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Deposits					
Beginning Balance	4.319.223	3.771.699	-	-	-	-
Closing Balance	3.140.779	4.319.223	-	-	-	-
Interest expense on deposits	215.575	244.708	-	-	-	-

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

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Transactions at Fair Value Through Profit or Loss					
Beginning Balance	-	325.860	-	-	-	-
Closing Balance	1.039.715	-	-	-	-	-
Total Profit/Loss	82	1.603	-	-	-	-

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

V. EXPLANATIONS RELATED TO THE RISK GROUP OF THE BANK (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:

Current Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	9.052.066	0,68
Non-Cash Loans	689.427	0,10
Deposits	3.140.779	0,16
Forward and Option Contracts	1.039.715	0,17

Prior Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	10.785.628	0,85
Non-Cash Loans	221.290	0,04
Deposits	4.319.223	0,23
Forward and Option Contracts	-	-

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 17.316 as of and for the period ended 31 March 2024 (31 March 2023: TRY 9.548).

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

VI. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

None.

VII. OTHER EXPLANATIONS ON THE BANKS' ACTIVITY

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

First, the Bank applied to the District Court on November 4, 2019 and requested a special appearance to discuss the issues of personal jurisdiction and recusal. On December 5, 2019, the District Court denied the request of special appearance. The Bank objected to the District Court's decision and appealed the decision at the Second Circuit on December 17, 2019. On February 21, 2020, the Second Circuit denied Bank's objection.

In the meeting held by the Bank's Board of Directors on March 27, 2020, it was decided to attend the District Court hearing at which the case starts to be heard on the merits on March 31, 2020, to accept the arraignment and to appoint Williams & Connolly law firm with a proxy to represent the Bank.

At the hearing on March 31, 2020, the District Court decided to postpone the hearing initially to June 9, 2020 and subsequently to June 30, 2020 due to the global scale COVID-19 outbreak.

At the hearing held in the District Court on June 30, 2020; the schedule was determined regarding the motion to recuse, discovery motions, and filings of other motions. It was decided that the jury trials would begin on March 1, 2021 for which the schedule was revised on October 26, 2020. Accordingly, the jury trials are scheduled to be held on May 3, 2021. In this regard, the Bank filed its recusal motion on July 14, 2020 and its other motions to dismiss the indictment on August 10, 2020 at the District Court.

Bank's recusal motion was denied by the District Court on August 24, 2020 and the Second Circuit on December 23, 2020.

District Court denied Bank's motion to dismiss the indictment on October 1, 2020. The Bank appealed to the Second Circuit against the dismissal of its motion to dismiss the indictment on the grounds that the Bank entitled to sovereign immunity under both the FSIA (Foreign Sovereign Immunity Act) and common law. 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 sovereign immunity 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 sovereign immunity 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 sovereign immunity 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 to the Second Circuit for reconsideration.

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

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

The briefing with the Second Circuit started with the Bank's opening brief filed on July 31, 2023 and completed on January 12, 2024. The oral argument was held on February 28, 2024 however, the Second Circuit has not yet made a decision regarding the matter.

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* or *first civil* case) was filed by a group of 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 appealed to the decision by taking the District Court's decision to the Second Circuit on June 30, 2021. After the case is fully briefed, 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* or *second civil* case) against the Bank seeking to satisfy judgments similar to the *Owens* case.

The service was processed on October 1, 2023. According to the complaint, the plaintiffs seek judgments decision 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 and the fully briefing is ended on April 22, 2024. On May 1, 2024, the district court in an appeal against the Government's request, ruled to stay all judicial proceedings in the civil case until the conclusion of the criminal proceedings against the Bank. Therefore, the *Hughes* case is stayed until the final decision is made in the criminal case against the Bank. 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 VI: LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements of the Bank as at and for the period ended 31 March 2024 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ and the review report dated 10 May 2024 is presented before the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

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SECTION VII: INTERIM ACTIVITY REPORT

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

Chairman's Review

Esteemed Stakeholders,

As is well known, predictability, stability, and trust are of vital importance for sustainable economic growth and prosperity. Consequently, governments, central banks, and other economic actors have been continually striving in recent years to restore the disrupted stability of the global economy, working diligently to create an environment of renewed trust and stability.

Despite successive shocks in the last four years-from the pandemic and global supply chain disruptions to rising energy and commodity prices and regional conflicts impacting the global economy's predictability-there have been recent signs of improvement. The primary and crucial move to enhance predictability in the global economy is to ensure price stability. For this reason, the focus, particularly for advanced economies, is on implementing tight monetary policies to combat inflation.

Given its strategic location and economic strength, our country acts as a bridge in international trade, and is naturally influenced by the global economic climate. Consequently, Türkiye is implementing structural changes to sustain its competitiveness.

The 12th Development Plan and the Medium-Term Program recently implemented in Türkiye establish concrete, actionable, and predictable goals. At this juncture, significant responsibilities fall on everyone from our economic management to public institutions and the private sector.

After demonstrating significant democratic maturity during and after the March 31 Local Elections, our country now enters a crucial period for implementing structural reforms and executing its strategy. It should be remembered that 2024, anticipated to be a year defined by global elections and leadership debates, offers our country an opportunity due to its strong leadership and commitment to democracy.

The Economic Confidence Index's rebound to 100 by the end of the first quarter, following a period of decline, also confirms our optimism for the future. Our banking sector's total assets reached 24.6 trillion Turkish lira in February 2024, a 4.7-percent increase from the end of 2023, signaling a positive outlook for the future.

While our country needs higher rates of production, employment, investment, and exports to achieve price stability, our sector has the significant responsibility of being the driving force for growth. As a stalwart of the Turkish banking sector for 86 years, Halkbank remains dedicated to its responsibilities, continuing to support a Productive Türkiye by facilitating access to finance. Our Bank, having shown dedicated and successful performance throughout the first century of our Republic, is tirelessly striving to sustain this success into the Century of Türkiye.

Building on the value we have created over 86 years, we will continue to support our people in every area of need and make broad contributions to our country, from social projects to sports, arts, and culture. I sincerely thank you, our valued stakeholders, for your contributions to the values that define us, your efforts to grow our country, and your valuable collaboration to date. I hope to continue working together with you for a stronger future for our nation.

Sincerely,

R. Süleyman Özdil

Chairman

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

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SECTION VII: INTERIM ACTIVITY REPORT (continued)

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

General Manager's Review

Esteemed Stakeholders,

In 2023, the world navigated through a year marked by geopolitical issues that posed risks to global trade, fluctuations in energy markets, tightening financial conditions, and concerns over slow economic growth on a global scale. The ongoing Ukraine-Russia war, along with the humanitarian tragedy causing immense suffering in Palestine, has exacerbated the risks to global stability.

Meanwhile, during the first quarter, Türkiye consistently and effectively implemented policies from the Medium-Term Program and the 12th Development Program, especially those targeting inflation. The national economy has grown by 4.5 percent throughout 2023 and the stable growth rate over the last 14 quarters is expected to last through 2024.

Esteemed Stakeholders,

Our bank's commercial loan volume reached 1.2 trillion Turkish lira by the first quarter of 2024. We increased the share of our SME loans in commercial loans to 56 percent. We are currently the leading bank in SME loans with a 17.3-percent market share. As a result of our inclusive support for all tradespeople, the number of tradespeople who took out loans has reached 835,000, with the total value of tradespeople loans reaching 255.3 billion Turkish lira.

In the first quarter of 2024, they continued to prioritize regional development as a key component of national economic growth. We aimed to support the normalization of social and economic life through our newly established Hatay Regional Coordination Office in Hatay province, the area most severely affected by the February 6th earthquakes. We also opened our Afyonkarahisar Regional Coordination Office to provide closer and more efficient services to SMEs, tradespeople, artisans, and individual customers in the Afyonkarahisar, Burdur, and Isparta provinces.

In our ongoing support of entrepreneurship, a strategic driver of economic growth and development, we place particular emphasis on empowering women and young entrepreneurs. As of today, we have supported 156,000 entrepreneurs and issued 25.7 billion Turkish lira in loans. We continue to provide extensive support to young entrepreneurs across all sectors. This year, we are breaking new ground in the field of entrepreneurship with the HUBrica Acceleration Program. In our mission to support and nurture entrepreneurs in Türkiye, we initially focused on fintech start-ups.

We have reached out to 225,000 women entrepreneurs all over Türkiye with the Women Entrepreneurs Loan Package, which we conceived to support women entrepreneurs. With nearly 64,2 billion Turkish lira in support, we are committed to promoting the inclusion of women in all fields, recognizing and celebrating their knowledge, skills, and competencies.

This year, we organized the third "Productive Women Competition." We also implemented significant changes to the structure of our competition. We evaluated over 6,000 entrepreneurial applicants in our competition and offered the top 100 women entrepreneurs MasterClass Brand Training at the Productive Women Academy.

We went beyond offering specialized financial products to our women and young entrepreneurs to foster a culture of entrepreneurship. We also supported their skill development in generating innovative ideas and understanding current business trends through the Vision Meetings we hosted. In our meetings, we connected women and young entrepreneurs with distinguished leaders who have made significant contributions to Türkiye. These sessions provided comprehensive insights into various essential topics, including branding, digitalization opportunities, sustainability, and available corporate endorsements.

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SECTION VII: INTERIM ACTIVITY REPORT (continued)

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

General Manager's Review (continued)

Our bank continues its digital banking efforts by providing personalized services to customers of all ages and backgrounds. Given the rapid evolution of payment systems and the growing demand in this area, we have successfully obtained licensing approval for our subsidiary, Platform A.Ş. We will now expand our product range by offering our customers products such as digital wallets, electronic money, electronic cash registers, and POS systems. Through innovative strategies, we have grown the number of active customers on our digital channels to nearly 7 million by the end of the first quarter of 2024.

Esteemed Stakeholders,

Our bank leveraged its robust banking infrastructure during the first quarter of 2024 to increase its total assets by 49.3 percent compared to the same period last year, reaching 2.4 trillion Turkish lira. In the first quarter of 2024, our bank's securities portfolio expanded by 48.9 percent compared to the same period last year, reaching a total of 653.8 billion Turkish lira. During this period, our cash loans rose by 32.4 percent compared to the first quarter of the previous year, reaching over 1.3 trillion Turkish lira. Meanwhile, our total loans grew by 47.2 percent, exceeding 2 trillion Turkish lira. Our deposits surged by 55.5 percent year-over-year to approximately 2 trillion Turkish lira, and our equity increased by 11 percent to 133 billion Turkish lira.

In the first quarter of 2024, our bank achieved a remarkable 13.2 percent increase in quarterly profits compared to the previous year, reaching 4.8 billion Turkish lira. With over 27,000 employees and 1,205 service units dedicated to our nation's values, we remain committed to advancing our national economy, upholding our responsibility as the People's Bank.

Leveraging our deep expertise and the trust our community places in us, I sincerely thank our valued stakeholders for helping elevate our bank to one of our country's top brands. With great respect and confidence in our shared future, I eagerly anticipate our continued partnership and further success.

Sincerely,

Osman Arslan
General Manager

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SECTION VII: INTERIM ACTIVITY REPORT (continued)

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

Major Financial Information

Summary Balance Sheet (TRY Million)	March 2024	December 2023	Change (%)
Total Assets	2.414.878	2.195.287	10,0
Loans	1.327.060	1.270.545	4,4
<i>TRY</i>	1.034.728	1.014.109	2,0
<i>FC</i>	292.332	256.436	14,0
Marketable Securities	653.759	584.393	11,9
Deposit	1.973.555	1.872.848	5,4
<i>TRY</i>	1.111.578	1.121.858	-0,9
<i>FC</i>	861.977	750.990	14,8
Total Equity	133.093	128.406	3,7

Summary Statement of Profit or Loss (TRY Million)	March 2024	March 2023	Change (%)
Interest Income	136.020	48.859	178,4
<i>On Loan</i>	89.965	27.966	221,7
<i>On Securities</i>	41.019	20.554	99,6
Interest Expense	122.775	32.972	272,4
<i>On Deposit</i>	108.738	29.617	267,1
Net Interest Income	13.246	15.887	-16,6
Net Fee and Commission	8.020	2.997	167,6
Net Profit	4.818	4.256	13,2

Ratio (%)	March 2024	December 2023
Cash Loans/Total Asset	55,0	57,9
Non-Performing Loans/Total Cash Loans (Gross)	1,5	1,5
Demand Deposit/Total Deposit	29,1	28,1
Loan/Deposit Ratio	67,2	67,8
Average Return on Asset (ROA)	0,84	0,56
Average Return on Equity (ROE)	14,82	9,23
Capital Adequacy Ratio	13,19	14,26

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SECTION VII: INTERIM ACTIVITY REPORT (continued)

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

2024 First Quarter Interim Developments

Significant Developments

- Our Bank has issued commercial paper with a par value of 10,601 billion Turkish lira to qualified investors during the period.

New Products and Campaigns

- The “Growing Exporters Loan” product was developed to meet the pre-shipment operational financing needs of SME segment companies.
- The “Growing Women Exporters Loan” product was developed to increase the number of women exporters by addressing the pre-shipment operational financing needs of SMEs with at least 50 percent women ownership.
- The “Winter Loan” product was developed to offer financing solutions with budget-friendly repayment options to meet our customers’ heightened cash requirements during the winter season.
- The “Tourism Sector Merchant Cash Advance” product was developed to provide working capital financing for SMEs in the tourism industry and to create additional on-demand resources for our bank.
- The “Early Holiday Loan” product was designed to offer favorable interest rates and flexible repayment options to address our customers’ financial needs during the month of Ramadan.
- The “Medicine Day Consumer Loan” product was designed with competitive interest rates to cater to the financial needs of healthcare sector workers.

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