

TÜRKİYE HALK BANKASI A.Ş.
INFORMATION DOCUMENT FOR THE ANNUAL GENERAL MEETING
MARCH 25, 2022

Pursuant to the relevant provisions of the Turkish Commercial Code, the 2021 Ordinary General Assembly of our Bank, at which the agenda items set forth shall be discussed, shall be held on Friday, March 25, 2022 at 10:00 at the Head Office located at Barbaros Mahallesi Şebboy Sokak No:4/1 Ataşehir/İstanbul Pursuant to Article 437 of the Turkish Commercial Code, the Financial Statements, the Dividend Distribution Statement, the Annual Report of the Board of Directors, the Report of the Board of Auditors, the Independent Audit Report, and other documents of our Bank relevant to the agenda 2021 shall be made available at the Head Office Building for the shareholders to examine Thursday, March 03, 2022 at the latest. In addition, the aforementioned documents and their annexes shall be accessible via the Internet at <https://www.halkbank.com.tr/en/investor-relations/corporate-governance/general-assembly.html> and <https://www.halkbank.com.tr/en/investor-relations/financial-information/financial-reports.html>.

Pursuant to the Turkish Commercial Code No 6102, the Capital Markets Law No 6362, and other relevant legislation adopted in accordance with these laws, shareholders may attend the General Assembly using the "Electronic General Assembly System" (EGAS), an electronic platform provided by the Central Registry Agency (CRA), or by presenting themselves in person at the location of the General Assembly.

Attending the General Assembly via EGAS

Shareholders who have dematerialized their shares in their own names may attend the General Assembly in person or by proxy provided that they obtain a qualified electronic certificate and that they complete the EGAS trainings. Shareholders can obtain further information about how they can attend the General Assembly via EGAS by visiting the website of the Central Registry Agency.

Shareholders who declare that they will attend the General Assembly via EGAS may not attend the General Assembly in person.

Attending the General Assembly in Person

- 1) Real person shareholders must present an identity card which bears their Turkish Identification Number.
- 2) If real person shareholders have designated a proxy via EGAS, the proxy must present an identity card which bears their Turkish Identification Number.
- 3) If real person shareholders have not designated a proxy via EGAS, the proxy must present an identity card which bears their Turkish Identification Number and a power of attorney given below which shows that they have been designated as a proxy.
- 4) Proxies designated by real person shareholders may attend the General Assembly by presenting an identity card that bears their Turkish Identification Number and a power of attorney given below which proves that they have been designated as a proxy.

Proxies who will attend the General Assembly must use the sample power of attorney given below. The powers of attorney must be notarized and, if they will not be notarized, the shareholder's notarized circular of signature must be attached to the power of attorney.

(Annex-1)

The power of attorney must bear the following information: name of the company; date of the General Assembly; the full name and Turkish Identity Number of the proxy; the number of shareholder shares; the full name, title, Turkish Identification Number/Taxpayer Identification Number and signature of the shareholder. Powers of attorney which do not bear any of this information shall be considered invalid.

Custodial institutions may attend the General Assembly as representing shareholders who hold shares in their accounts, by being authorized by shareholders via EGAS. If the said institutions authorize their own employees to attend the General Assembly in person, these persons must present, in addition to their powers of attorney, the Power of Attorney and Instruction Notice Form contained in the Regulation on the “Procedures and Principles Regarding the General Assemblies of Joint Stock Companies and Ministry of Representatives to be Present at these Assemblies” issued by the Ministry of Customs and Trade.

**TÜRKİYE HALK BANKASI A.Ş.
BOARD OF DIRECTORS**

AGENDA:

1. Opening and formation of the General Assembly Presidency,
2. Reading and discussion of the 2021 Annual Report prepared by the Board of Directors, the Independent Audit Report, and the Report of the Board of Auditors,
3. Reading, discussion and approval of the financial statements for the 2021 financial and fiscal year,
4. Reading, discussion and approval of the Profit Distribution Tables for year 2021 proposed by the Board of Directors,
5. Discharging of the members of the Board of Directors and Board of Auditors from any liability,
6. Election of the members of the Board of Directors and the Board of Auditors,
7. Determination of the remuneration of members of the Board of Directors and the Board of Auditors,
8. Approval of the audit firm, which is selected by the Board of Directors and which will conduct the independent audit activities in 2022,
9. Submission of information to the General Assembly regarding the donations made in the business year of 2021,
10. Authorization of the Board of Directors to permit the members of the Board of Directors to engage in activities mentioned in Article 395 and Article 396 of the Turkish Commercial Code and submission of information to the General Assembly pursuant to Article 1.3.6 of the Corporate Governance Principles issued by the Capital Markets Board of Turkey,
11. Submission of information to the General Assembly about the share buy-back and sale-back transactions as per the resolution of the Board of Directors,
12. Requests and Closing.

ADDITIONAL EXPLANATIONS PURSUANT TO THE COMMUNIQUE ON CORPORATE GOVERNANCE

1-) Ownership Structure

Latest ownership and capital structure of the bank is shown below and there are no privileged shareholders in the bank.

HALKBANKASI SHAREHOLDER STRUCTURE (TRY)		
SHAREHOLDER	PAID-IN CAPITAL (TRY)	SHAREHOLDING (%)
Turkey Wealth Fund	1,862,601,723.776	75.29386473
Free Float	611,093,852.000	24.70287515
Other	80,648.000	0.00326012
TOTAL	2,473,776,223.776	100.0000000

2-) Information regarding changes in management and business that would significantly affect the operations of the Bank or the Subsidiaries of the Bank

There are no changes in management and business that significantly affected the operations of the Bank or the Subsidiaries of the Bank in the past financial period.

3-) Written requests of the shareholders in relation to adding a clause to the agenda

Jilber TOPUZ, an owner of our Bank's publicly traded shares, requested that items be added to the General Assembly agenda concerning the following matters with the letter dated February 11, 2022 which he sent to our Bank's Investor Relations Department through his registered electronic mail.

- His request that a separate agenda item be added so that cash dividend payments of 700 million TL until May 30, 2022 be presented for the General Assembly's approval was not found appropriate as per Banking Regulation and Supervision Agency's (BDDK) decision against distribution of dividends;
- His request that a separate agenda item be added so that the Board of Directors and the General Manager be authorized to insert a new item titled "Continuity and Care Liability" into the Articles of Association as well as to insert a new clause into Article 24 which is titled "General Manager" was not found appropriate since these are already regulated by the legislation in force;
- His request that a separate agenda item be added so that the General Manager be authorized to draw up a new share buyback program was not found appropriate since there is a share buyback program in place which is readily available when needed and a briefing will be made on this matter during the General Assembly in any case.

EXPLANATIONS ON AGENDA ITEMS

1. Opening and formation of the General Assembly Presidency,

The Board of Presidency will be established in accordance with Turkish Commercial Code No: 6102 and the provision of the Article 15 of the Bank's Articles of Association.

2. Reading and discussion of the 2021 Annual Report prepared by the Board of Directors, the Independent Audit Report, and the Report of the Board of Auditors,

Annual Report prepared by the Board of Directors, the Independent Audit Report and the Report of the Board of Auditors, which have been submitted for the review of the shareholders at the Bank's Head Office Building, on the Bank's website (www.halkbank.com.tr), on the Public Disclosure Platform and on EGAS will be read and submitted for the shareholders' discussion. **(Annex-2)**

3. Reading, discussion and approval of the financial statements for the 2021 financial and fiscal year,

Financial statements for the year 2021, which have been submitted for the review of the shareholders at the Bank's Head Office Building, on the Bank's website (www.halkbank.com.tr) and EGAS will be read and submitted for the shareholders' discussion and approval.

4. Reading, discussion and approval of the Profit Distribution Tables for year 2021 proposed by the Board of Directors,

Profit Distribution Tables for 2021 proposed by the Board of Directors, which has been submitted for the review of the shareholders at the Bank's Head Office Building, on the Bank's website (www.halkbank.com.tr), on the Public Disclosure Platform and on EGAS will be read and submitted for the shareholders' discussion and approval. **(Annex-3)**

5. Discharging of the members of the Board of Directors and Board of Auditors from any liability,

Discharging of the members of the Board of Directors and the Board of Auditors for the year 2021 regarding their operations, transactions and accounts will be submitted for the shareholders' approval.

6. Election of the members of the Board of Directors and the Board of Auditors,

Elections will be held for the Members of the Board of Directors and the Board of Auditors.

7. Determination of the remuneration of members of the Board of Directors and the Board of Auditors,

In accordance with the provisions of the Articles 23 and 31 of the Bank's Articles of Association the remuneration of Members of the Board of Directors and the Board of Auditors will be determined.

8. Approval of the audit firm, which is selected by the Board of Directors and which will conduct the independent audit activities in 2022,

In accordance with the Article 399 of Turkish Commercial Code No: 6102 and the provision of the Article 30 of the Bank's Articles of Association, DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte), which was selected by the Board of Directors for independent audit activities of the Bank in 2022 will be submitted for the General Assembly' approval.

9. Submission of information to the General Assembly regarding the donations made in the business year of 2021,

Information will be presented to the General Assembly about the donations made in 2021.

10. Authorization of the Board of Directors to permit the members of the Board of Directors to engage in activities mentioned in Article 395 and Article 396 of the Turkish Commercial Code and submission of information to the General Assembly pursuant to Article 1.3.6 of the Corporate Governance Principles issued by the Capital Markets Board of Turkey,

The authorization of the Board of Directors to permit the members of the Board of Directors to engage in activities mentioned in Article 395 and 396 of the Turkish Commercial Code will be submitted for the approval of the General Assembly. Further, in case of any transactions executed in the scope of the relevant the Article 1.3.6 of the Corporate Governance Principle, information on these transactions will be presented to the General Assembly.

11. Submission of information to the General Assembly about the share buy-back and sale-back transactions as per the resolution of the Board of Directors,

Information will be presented to the General Assembly about the share buy-back and sale-back transactions executed as per the resolution of the Board of Directors within the context of the Capital Markets Board Communique on Share Buy-backs.

POWER OF ATTORNEY

I hereby designate _____ as my proxy to represent me as per the opinions I have stated below, to represent me, to vote, to make proposals and to sign documents at the Ordinary General Assembly of Halkbank to be held on Friday, March 25, 2022, at 10:00 at the Head Office of Halkbank located at Barbaros Mahallesi Şebboy Sokak No:4/1 Ataşehir/İstanbul.

PROXY'S (*)

Full Name/Title:

Turkish Identification Number/Tax Identification Number, Trade Registry Number and MERSİS Number:

(*)Proxies who are non-Turkish citizens must submit, if existing, the equivalent of these information, requested above.

A) SCOPE OF THE POWER OF ATTORNEY

For sections 1 and 2, the scope of the attorney shall be determined by choosing (a), (b) or (c) given below.

1. ABOUT THE AGENDA ITEMS OF THE GENERAL ASSEMBLY

- a) The Proxy is authorized to vote in line with his/her own views.
- b) The Proxy is authorized to vote in line with the proposals made by the company management.
- c) The Proxy is authorized to vote in line with the instructions contained in the table below.

Instructions:

If the shareholder chooses (c), he/she provides instructions to the proxy by choosing (accepting/rejecting) one of the options in front of the relevant agenda items. If the shareholder makes a rejection, he/she inserts his/her dissenting opinion, if any, to be recorded in the minutes of the General Assembly.

Agenda Items	Accept	Reject	Dissenting Opinion
1.Opening and formation of the General Assembly Presidency			
2.Reading and discussion of the 2021 Annual Report prepared by the Board of Directors, the Independent Audit Report, and the Report of the Board of Auditors			
3.Reading, discussion and approval of the financial statements for the 2021 financial and fiscal year			
4.Reading, discussion and approval of the Profit Distribution Tables for year 2021 proposed by the Board of Directors			
5.Discharging of the members of the Board of Directors and Board of Auditors from any liability			
6.Election of the members of the Board of Directors and the Board of Auditors			
7.Determination of the remuneration of members of the Board of Directors and the Board of Auditors			
8.Approval of the audit firm, which is selected by the Board of Directors and which will conduct the independent audit activities in 2022			
9.Submission of information to the General Assembly regarding the donations made in the business year of 2021			

10. Authorization of the Board of Directors to permit the members of the Board of Directors to engage in activities mentioned in Article 395 and Article 396 of the Turkish Commercial Code and submission of information to the General Assembly pursuant to Article 1.3.6 of the Corporate Governance Principles issued by the Capital Markets Board of Turkey			
11. Submission of information to the General Assembly about the share buy-back and sale-back transactions as per the resolution of the Board of Directors			
12. Requests and Closing			

2. Special instruction regarding other issues that may arise during the General Assembly and especially on the use of minority rights:

- a) The Proxy is authorized to vote in line with his/her own views.
- b) The Proxy is authorized to represent the shareholder regarding these issues.
- c) The Proxy is authorized to vote in line with the special instructions listed below

SPECIAL INSTRUCTIONS: Shareholder gives his/her special instructions, if any, to the Proxy here.

B) SHAREHOLDER CHOOSES ONE OF THE OPTIONS BELOW TO DESIGNATE THE SHARES HE/SHE WANTS THE PROXY TO REPRESENT

1. I hereby authorize the proxy to represent my shares, the details of which are given below.

- a) Order and series:*
- b) Number/Group:**
- c) Amount-Nominal Value:
- d) Voting or Non-voting Share:
- e) Bearer or Registered Share:*
- f) Ratio of the total amount of shares owned and voting rights enjoyed by shareholder:

*This information is not requested for dematerialized shares.

**For dematerialized shares, information about the group rather than the number of shares will be provided.

2. I authorize the proxy to represent all of my shares contained in the list, prepared by the Central Registry Agency, of shareholders who may attend the General Assembly a day before the start of the General Assembly.

SHAREHOLDER'S (*)

Full Name and Title:

Turkish Identification Number/Tax Identification Number, Trade Registry Number and MERSİS Number:

Address:

(*)Shareholders who are non-Turkish citizens must submit, if existing the equivalent of the information, requested above.

Signature

TÜRKİYE HALK BANKASI A.Ş.
BOARD OF DIRECTORS REPORT

As a long-established bank in the sector, Halkbank has provided full support to the real economy and, in 2021, continued to offer high-quality products and services to its customers by drawing upon its 83 years of experience, risk management activities and quick responses to market conditions. In this context, the Bank helped contribute to the country's economy through sustained support for Tradespeople, SMEs and Women Entrepreneurs in particular with funds obtained from capital market instruments it has issued and its widespread deposit base.

In 2021, Halkbank increased its assets from 680 billion Turkish lira to 901.2 billion Turkish lira with a year-on-year increase of 32.5 percent. It also ranked fourth in assets within the sector.

The share of loans within the balance sheet in 2021 end-of-year was 59.9 percent. Its commercial loans, including the SME loans, rose to 456.8 billion Turkish lira and its retail loans to 82.8 billion Turkish lira. The Bank ranked third in cash loans within the sector. In 2021, cash and non-cash loan volumes increased from 564.3 billion Turkish lira to 730.5 billion Turkish lira, up 29.5 percent year-on-year. Loan disbursement for artisan loans was recorded at 33.2 billion Turkish lira in 2021, as the artisan loan balance increased by 16.5 percent year-on-year to 79.9 billion Turkish lira.

The size of the securities portfolio also increased to 223.3 billion Turkish lira in 2021, up 40.3 percent year-on-year. The portfolio's share in the balance sheet amounted to 24,8 percent.

In 2021, Halkbank issued commercial papers and bonds to qualified investors without making any public offering with a par value of 16.7 billion Turkish lira.

Halkbank's total deposit base grew by 36.9 percent to 625.9 billion Turkish lira, up from 457.3 billion Turkish lira year-on-year, in turn lifting the Bank to the second-highest position in the sector. In addition, demand deposit volume amounted to 168.1 billion Turkish lira in 2021.

The Bank posted a 1.5 billion Turkish lira year-end profit and maintained its sustainable profitability in 2021. In 2021, the Bank's capital adequacy ratio was 14.47 percent.

With 13 new branches opening in 2021, Halkbank expanded its branch network to 1,018 domestic branches and ended the year with 20,339 employees.

We would like to thank our employees. Their efforts and contributions have enabled Halkbank to maintain its sustained growth in 2021 and contributed to our profitable and productive year. We hereby submit the Reports of the Board of Directors' and Auditors', as well as financial statements for the year 2021, to our esteemed shareholders and their representatives for their consideration.

Respectfully,

Osman ARSLAN
Board Member
General Manager

R. Süleyman ÖZDİL
Chairman

TÜRKİYE HALK BANKASI A.Ş.
2021 BOARD OF SUPERVISORY' REPORT

The Bank's activities during 2021 have been reviewed and below statements were concluded.

- By the end of 2021, compared to the previous year, the banking sector's total assets increased by 50.9 percent and soared to 9,213,196 million Turkish lira. The total portfolio of securities rose by 44.4 percent to 1,476,598 million Turkish lira. Total deposits increased by 52.9 percent and rose to 5,528,031 million Turkish lira. While non-cash loans increased by 67 percent to 1,673,301 million Turkish lira, cash loans rose to 4,900,955 million Turkish lira, an increase of 37 percent. The ratio of non-performing loans/total cash loans amounted to 3.16 percent.
- With such sector developments in the backdrop, by the end of 2021, the Bank's total assets soared to 901,217 million Turkish lira, an increase of 32.5 percent year-on-year. Non-cash loans rose by 66.7 percent, growing from 114,555 million Turkish lira to 190,941 million Turkish lira. Cash loans rose by 20.9 percent, growing from 425,818 million Turkish lira to 514,624 million Turkish lira. The Bank's SME loans, aimed at financing the driving force behind our country's growth, rose from 183,529 million Turkish lira to 209,286 million Turkish lira, up 14 percent year-on-year. The Bank also sustained the lead in the sector with a 19.5-percent market share in SME loans in 2021. Artisan loan balance increased by 14.8 percent year-on-year from 67,518 million Turkish lira to 77,524 million Turkish lira. The total portfolio of securities grew by 31.3 percent from 141,824 million Turkish lira to 186,145 million Turkish lira. Additionally, total deposits increased by 36.8 percent from 455,652 million Turkish lira to 623,531 million Turkish lira. The Bank's ratio of non-performing loans/total cash loans amounted to 2.71 percent.
- In 2021, the Bank issued commercial papers/bonds with a total nominal value of 16.7 billion Turkish lira.
- As a historical mission, the Bank grants loans to small- and medium-sized enterprises, artisans and tradespeople, as well as corporate, commercial and retail customers. Accordingly, as of year-end 2021, the ratio of cash loans/total assets, an indicator of asset quality, amounted to 57.1 percent (sector average: 53.2 percent), while the loan-to-deposit ratio reached 82.5 percent (sector average: 88.7 percent).
- The Bank's authorized capital is 10,000 million Turkish lira, while its paid-in capital is 2,474 million Turkish lira. Furthermore, the Bank's shareholder's equity rose by 1.3 percent year-on-year to 43,500 million Turkish lira from 42,931 million Turkish lira.
- The Bank's net profit for the period amounted to 1,508 million Turkish lira at the end of 2021.
- The total number of credit cards issued increased to 6 million, the total number of POS devices installed increased to 439,000, and the number of member merchants who signed on grew to 307,000.
- The Bank's bookkeeping order in the January 1–December 31, 2021 fiscal year complied with the Turkish Commercial Code, the Banking Regulation and Supervision

Agency, the provisions of the Bank's Articles of Association on accounting and financial reporting, and other relevant legislation. All books and records that the Bank is obligated to retain were kept according to the legal requirements, with records and documents that serve as evidence kept suitably, and the financing and reporting systems managed efficiently and in due form.

- The Board of Directors' resolutions with respect to the management of the Bank are duly recorded in the Board of Directors' minute book and are duly maintained.

- The Bank's internal control, risk management, and internal auditing systems are managed duly and effectively in accordance with the findings of audits performed both at the head office and on site.

- The Bank's growth continued thanks to the opening of 13 new branches in 2021, increasing the total number of branches to 1,023. It currently operates with 1,018 domestic branches and five foreign branches: four in the Turkish Republic of Northern Cyprus and one in Bahrain. Furthermore, the Bank has representative offices in Tehran, London, and Singapore (The Singapore Branch ceased operations as of December 31, 2021).

- In 2021, 568 employees left the Bank to retire or for other reasons. The Bank recruited 736 new employees to meet its personnel needs, increasing the total number of employees to 20,339. The share of personnel expenses in total revenues decreased to 18.7 percent in 2021, down from 19.8 percent in 2020.

- In 2021, university/college graduates accounted for 87.5 percent of the total headcount, up 70 basis-points year-on-year.

- The Bank continued to provide service training in line with the objective of developing bank employees, and reported the average training hour per employee as 208.22 in 2021. This included instructor-led, on-the-job, and e-learning training programs

In conclusion, we respectfully submit to the General Assembly the Board of Auditors' Report, prepared pursuant to Article 31 of the Articles of Association of the Bank.

Yılmaz Çolak, Ph.D.
Member of the Supervisory Board

Faruk Özçelik
Member of the Supervisory Board

* Figures excluding rediscount.

INDEPENDENT AUDITOR’S REPORT

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

A) Report on the Audit of the Financial Statements**1) Qualified Opinion**

We have audited the financial statements of Türkiye Halk Bankası A.Ş. (“the Bank”), which comprise the unconsolidated balance sheet as at 31 December 2021, and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity and unconsolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters on the unconsolidated financial statements described in the basis for the qualified opinion paragraphs, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

The Bank reclassified the government bonds amounting to TRY 18.965.006 thousand, which were previously classified under financial assets at fair value through other comprehensive income according to the business model prepared in accordance with Turkish Financial Reporting Standard (“TFRS”) 9, into financial assets measured at amortised cost and reversed the marketable securities revaluation fund accumulated under other comprehensive income or loss to be reclassified through profit or loss amounting to TRY 2.229.977 thousand on 23 May 2018. The reclassification constitutes a departure from TFRS 9. The government bonds reclassified into financial assets measured at amortised cost as at 31 December 2021 amounted to TRY 24.842.952 thousand. If such classification were not made, total assets and shareholders’ equity, excluding tax effect, would be lower by TRY 3.862.373 thousand as at 31 December 2021.

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

and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matter

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

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

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

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

4) Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
<p data-bbox="188 1536 807 1603"><i>Impairment of loans in accordance with TFRS 9 “Financial Instruments Standard”</i></p> <p data-bbox="188 1644 807 1933">Impairment of loans is a key area of judgement for the management. The Bank has the total loans amounting to TRY 539.588.028 thousand, which comprise 60% of the Bank’s total assets in its unconsolidated financial statements and the total provision for expected credit loss amounting to TRY 22.363.212 as at 31 December 2021.</p> <p data-bbox="188 1973 807 2040">The Bank recognizes provisions for impairment in accordance with the TFRS 9 requirements</p>	<p data-bbox="833 1644 1431 1711">As part of our audit work, the following procedures were performed:</p> <p data-bbox="833 1751 1431 2007">We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p>

according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. Applied accounting policies are explained in detail in the Section 3 Note VIII. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

The Bank exercises significant decisions using judgement, interpretation and assumptions over calculating loan impairments. These judgements, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans. In addition, the impairment of loans and receivables includes estimates and assumptions about the effects of the Covid-19 outbreak.

There is a potential risk of impairment losses/provisions provided/will be provided may not meet the requirements of the TFRS 9. Failure in determining the loans that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk.

Accordingly, impairment of loans is considered as a key audit matter.

Related explanations relating to the impairment of loans are presented in Section 5 Note I.5.

We have read and analysed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.

We have performed audit procedures on selected samples of loans and receivables with the objective of identifying whether the loss event had occurred and whether the provision for expected credit loss has been recognized in a timely manner within the framework of the provisions of the relevant regulation.

We have tested relevant inputs and assumptions used by the management considering the effects of the Covid-19 outbreak in each stage of the expected credit loss calculation by considering whether those appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.

We have tested historical loss data to validate the completeness and accuracy of key parameters.

We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.

Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements, including the effects of Covid-19, underlying the estimations of impairments were reasonable.

Our specialists are involved in all procedures related to models and assumptions.

We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loans

	and related impairment provisions.
<p><i>Valuation of Pension Fund Obligations</i></p> <p>Defined benefit pension plan that the Bank provides to its employees is managed by Türkiye Halk Bankası AŞ Emekli Sandığı Vakfı and T.C. Ziraat Bankası ve T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (“Plan”) which were established by the 20th provisional article of the Social Security Law numbered 506 (the “Law”).</p> <p>As disclosed in the Section III Note XVII to the unconsolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation (“SSF”) as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds’ members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation deed.</p> <p>As of 31 December 2021, the Bank’s transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.</p> <p>As described in Section Five Note II.9.f considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this as a key audit matter.</p>	<p>Our audit work included the following procedures:</p> <p>We involved external experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates.</p> <p>It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used.</p> <p>In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Bank’s actuary.</p> <p>We have assessed whether there is a significant change in the actuarial assumptions, methods, legal regulations and legislation used in the calculations and whether the assumptions are reasonable. In addition, we have reviewed the sufficiency of disclosures prepared with this regard.</p>

Information Technologies Audit

The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.

Procedures within the context of our information technology audit work:

We identified and tested the Banks' controls over information systems as part of our audit procedures.

Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas:

- Security management
- Change management
- Operations management

We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner.

We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation.

Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation.

We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.

Finally, we understood and tested the controls over database, network, application and operating system layers of applications.

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

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

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

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

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

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

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

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

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

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

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

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

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January-31 December 2021 does not comply with the TCC and the provisions of the Bank's articles of association in relation to financial reporting.

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

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

Additional Paragraph for English Translation

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

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

Müjde Aslan
Partner
Istanbul,
14 February 2022

T.Halk Bankası A.S. Profit Distribution Table for 2021 (TRY)		
1.	Paid-in Capital	2.473.776.223,78
2.	General Legal Reserves (Based on the Legal Records)	2.548.762.405,24
Information regarding the privilege in profit distribution, if any, granted pursuant to the Articles of Association		
		Based on the Official Records (Pursuant to the Accounting Standards of the Public Oversight Accounting and Auditing Standards Authority and the BRSÄ)
3.	Profit for the Financial Year	1.406.092.951,80
4.	Taxes Payable (-)	-101.636.063,50
5.	Net Profit for the Period (=)	1.507.729.015,30
6.	Prior Years Losses (-)	0,00
7.	General Legal Reserves (-)	75.386.450,77
8.	NET PROFIT AVAILABLE FOR DISTRIBUTION (=)	1.432.342.564,53
9.	Donations made during the year (+)	
10.	Net Profit available for distribution including donations made subject to first dividend	
11.	First Dividend to Shareholders	0,00
	Cash	0,00
	Non Chase	0,00
	Total	0,00
12.	Dividends Distributed to the Privileged Shareholders	0,00
13.	Other Distributable Dividends	0,00
	To the Members of the Board of Directors	0,00
	To the Personnel	0,00
	To Other Persons excluding Shareholders	0,00
14.	Dividends to Owners of Redeemed Shares	0,00
15.	Second Dividend to Shareholders	0,00
16.	General Legal Reserves	0,00
17.	Status Reserves	0,00
18.	Special Funds	0,00
19.	EXTRAORDINARY RESERVES	1.432.342.564,53
20.	Other Distributable Funds	0,00

INFORMATION ON DIVIDEND PAYOUT RATIO

	GROUP	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND/ NET DISTRIBUTABLE PROFIT	DIVIDEND PER SHARE TOTAL DIVIDEND AMOUNT (NOMINAL VALUE: TRY 1)	
		CASH (TRY)	NON CASH (TRY)	RATIO (%)	AMOUNT (TRY)	RATIO (%)
GROSS	-	0,00	-	0,00	0,00	0,00
NET	-	0,00	-	0,00	0,00	0,00