



**HALKBANK**  
Integrated Annual Report 2021

# We Play a Large Part in the Confidence in the Future



## CONTENTS

### 01 ABOUT THE REPORT

### 14 ASSESSMENT OF THE MANAGEMENT

- 14 Chairman's Assessment
- 16 General Manager's Assessment

### 20 ABOUT HALKBANK

- 20 Halkbank in Figures
- 22 Corporate Profile
- 23 Halkbank's Vision, Mission and Corporate Values
- 24 Halkbank's Position in the Sector
- 25 Halkbank's Position in the Sector
- 26 Key Financial Indicators and Ratios
- 28 Board of Directors and the Supervisory Board
- 30 Executive Management
- 32 Organizational Chart
- 34 Shareholding Structure and Halkbank's Subsidiaries and Affiliates
- 40 Halkbank's Historical Development
- 44 Awards in 2021

### 46 AREAS OF FOCUS IN 2021

- 48 Women Entrepreneurs
- 50 Digitalization
- 52 Creating Value for the Local Economy
- 53 Supporting the Fight Against Climate Change

### 54 HALKBANK'S MODEL FOR CREATING VALUE

- 54 Model for Creating Value

### 58 HALKBANK'S SUSTAINABILITY STRUCTURE

- 58 Halkbank's Sustainability Organizational Structure and Approach
- 60 Halkbank's Priorities in Sustainability

### 62 FINANCIAL CAPITAL

- 66 Sustainable Finance
- 70 Corporate and Commercial Banking
- 72 SME-Artisans Banking
- 80 Retail Banking
- 82 Deposit Management
- 84 Treasury Management and International Banking

### 86 HUMAN CAPITAL

- 88 Halkbank's Identity as an Inclusive Employer
- 90 Halkbank's Identity as an Employer
- 92 Career at Halkbank
- 94 Employee Engagement and Internal Communication
- 95 Training at Halkbank
- 100 Occupational Health and Safety

### 104 SOCIAL AND RELATIONAL CAPITAL

- 106 Stakeholder Relations at Halkbank
- 110 Social Benefit-Focused Finance Approach
- 114 Corporate Social Responsibility Activities
- 116 Corporate Communication Activities

### 118 INTELLECTUAL CAPITAL

- 120 Internet Banking and Mobile Banking
- 122 Digital Halkbank for SMEs, Tradesmen and Artisans
- 124 Cash Management Transformation
- 125 Branches on the Journey to Digital Transformation
- 126 ANKA Technological Transformation Program
- 127 Robotic Process Automation Initiatives

### 128 PRODUCED CAPITAL

- 130 Branches and ATMs

### 132 NATURAL CAPITAL

- 134 Responsible Products and Services Approach
- 136 Supporting the Fight Against Climate Crisis

### 140 CORPORATE GOVERNANCE

- 140 Report of the Board of Directors
- 141 Annual Report Compliance Statement
- 142 Audit Committee's Assessment on the Operation of the Internal Control, Compliance, Internal Audit and Risk Management Systems and Information about its Activities in 2021
- 146 Executives of the Internal Systems Units
- 147 Risk Management Policies by Risk Types and Risk Management Information
- 150 Rating Notes
- 151 Committees
- 159 Information on Support Services Providers
- 160 Transactions with the Risk Group
- 160 Amendments to the Articles of Association in 2021
- 161 Profit Distribution Policy
- 162 Corporate Governance Principles
- 180 Sustainability Principles Compliance Frame
- 186 Report of the Supervisory Board in 2021

### 188 FINANCIAL INFORMATION

- 188 Financial Standing, Profitability and Debt-Servicing Capability
- 190 5-Year Summary Financial Information
- 191 Unconsolidated Financial Statements as of 31 December 2021 with Auditor' Report Thereon
- 323 Consolidated Financial Statements as of 31 December 2021 with Auditor's Report Thereon

### 465 ANNEXES

- 465 Performance Tables
- 468 Reporting Guidelines
- 475 GRI Content Index
- 479 Independent Assurance Statement

### 482 DIRECTORY

## ABOUT THE REPORT

**This Integrated Annual Report entails Halkbank's economic, social and environmental performance for the period between January 1 and December 31, 2021.**

Türkiye Halk Bankası Anonim Şirketi (Halkbank) presents the results of its operations in 2021, its financial and non-financial performance, and its forward-looking objectives to its stakeholders in its first Integrated Annual Report that was prepared in accordance with the Integrated Reporting (IR) Framework of the Value Reporting Foundation (VRF).

The Integrated Annual Report entails Halkbank's economic, social and environmental performance as part of its operations between January 1 and December 31, 2021. Having embraced the Sustainable Development Goals issued by

the United Nations, Halkbank associated its priority areas with the value it created. In this first Integrated Annual Report published by the Bank, Halkbank presents its corporate governance approach, sustainability approach, and areas of business to the readers at the level of capital elements.

The primary indicators presented in the report have been audited by an independent entity. The details of the audit can be found in the "Independent Assurance Statement" in the Annexes section of the report.

# We are the People First, and Then a Bank

*We are normalizing as a country step by step following the challenging conditions of the pandemic. We are assuming major responsibilities in normalizing life with the motto “We are the People First, and Then a Bank.”*

*Focusing our efforts on supporting the vibrancy in the market, we are ensuring the sustainability of the economic activity by addressing the urgent needs of various segments in the society.*

*We take pride in being among the biggest supporters of tradesmen-artisans and SMEs, the lifeblood of Turkey’s economy, and helping them adopt a more confident outlook toward the future.*









## WE PLAY A LARGE PART IN MAKING OUR TRADESMEN SMILE AGAIN.

*We set aside a significant resource for our tradesmen for the shops to reopen their doors with hope and for business to get back on track. We proved once again that we stand by them in good days and bad days.*



# OUR HAPPY EMPLOYEES PLAY A LARGE PART IN HALKBANK'S DESIGNATION AS THE BEST BANK.

Our efforts are getting recognized in the banking and finance circles both domestically and overseas. We were designated as the "Best Bank of the Year" on a global scale in the "International Business Awards." We were deemed the "Best Employer of the Year in the Banking Industry" in the category of human resources. We continue to expand the targets with our happy employees.





## CHAIRMAN'S ASSESSMENT

**As Halkbank, we focused on carrying out our key function in strengthening the economic momentum by providing TRY 730.5 billion of lending support.**

Esteemed stakeholders,

As a bank that is working as hard as it can with the enthusiasm of the first day in an effort to support Turkey's development journey, we switched from our traditional annual report to an integrated report this year in an attempt to present the value we create for our country and for our people in a more comprehensive way to our stakeholders. Our Integrated Annual Report does not merely focus on the financial results of our operations in 2021. It also aims to reflect the integration of our sensitivity to economic, environmental and social issues with all of our processes in accordance with our sustainable development perspective stemming from our foundation mission.

We left behind a year that witnessed interesting developments. The fight against the pandemic on a global scale is continuing not just in the medical field, but also on the axis of conflicting views regarding the merits of vaccination. Following severe economic contractions, we witnessed the start of a period in 2021 when the attempts to spur growth gained momentum with the goal of reversing the economic impacts of the pandemic. As a

result of economic policies of governments aimed at maintaining market activity and expansionary policies of central banks, countries announced quarterly growth statistics that reflected these policy initiatives. This situation appears to have reflected positively also in global growth.

The World Bank is forecasting 5.7% growth for the global economy in 2021. Similarly, the "Trade and Development Report 2021" published by the United Nations Conference on Trade and Development (UNCTAD) also projects that the global economy will have grown 5.3% in this past year, its fastest pace in the last 50 years.

Since the start of the pandemic, the central banks have injected approximately USD 32 trillion into the global economy in an effort to revive the economies. The market capitalization of the global equity markets increased by USD 60 trillion over the same period. The world economy is expected to surpass the USD 100 trillion mark for the first time in 2022.

Unfortunately, these supports and monetary expansion, as well as the ensuing economic recovery and growth, resulted in an inflationary

environment. In the euro zone, the annual inflation rate in December exceeded expectations and reached 5%, its highest level in 25 years. The European Central Bank was targeting a 2% annual inflation rate. In the United States, the annual inflation rate as of December rose to 7%, its highest level in 40 years. The most important price increases instrumental in rising global inflation were recorded in the energy industry. Energy prices surged 26% in the European Union and 30% in the United States.

In light of these developments, there are two leading scenarios for the period ahead: modest growth and high inflation, or slow growth and high inflation. In both scenarios high inflation will be a major element of the agenda for the foreseeable future.

Turkey's economy became one of the best performers in the world in 2021 with the growth figures it registered during all quarters. The negative impacts of the pandemic were mostly erased thanks to the record-breaking performance of the exports and industrial production. As a result of the investment, production, employment and export oriented measures implemented by the economy administration under the direction of the President's Office, it will not be surprising for Turkey, one of the fastest recovering countries in the G-20, to end 2021 with a double-digit growth rate.

Despite the headwinds created by the global inflation triggered by rising energy and commodity prices as well as the fluctuations in the value of the Turkish lira in the fourth quarter, Turkey maintained its industrial growth and enhanced export performance.

During this period, the banking industry continued to support the economy while successfully performing its critical role thanks to its robust balance sheet and strong capital structure. As part of Halkbank's responsible

banking approach, we also focused on carrying out our key function in accelerating the economic momentum with the TRY 730.5 billion lending support to tradesmen-artisans and SME, economic actors that define our mission, as well as to pioneering projects that spur development and to all segments in need of our support.

Our sustainability approach, supported by an effective organizational structure and a robust corporate governance system, is yet another main area of focus that shapes our business processes. As part of our operations and all other areas in which we create value, we strive for an inhabitable world where economic, social and environmental impacts are balanced and growth is achieved without perturbing this balance.

Reporting to the Carbon Disclosure Project, one of the public disclosure platforms, since 2013, the Bank has been included in the BIST Sustainability Index since 2017. While working tirelessly to generate innovative solutions to customer demands and needs, we also make sure that our operations conform to such principles as environmental protection and energy efficiency. We will continue to support sustainable development initiatives.

In 2021, we increased access to financial services and inclusiveness, strengthened Halkbank's mission, and undertook a number of successful projects. For the results we announced, I would like to express my gratitude to our employees for their dedicated efforts, to our customers for their trust in us, and to our shareholders for their support. In the year ahead, we will continue to serve our country as one of growing Turkey's most effective financial institutions.

Sincerely,

**R. Süleyman ÖZDİL**  
Chairman of the Board of Directors



## GENERAL MANAGER'S ASSESSMENT

**Turkey's economy performed strongly throughout the year as economic supports began to bear fruit. Halkbank has been one of the key players in this process in Turkey.**

Esteemed Stakeholders,

A general theme for 2021 can be characterized as the efforts to mitigate the effects of the pandemic that weighed heavily on a large number of sectors globally. The double-digit contraction rates experienced by many developed countries in the prior year gave way to recovery attempts last year. The finance industry assumed a critically important role in this process. The banks across the globe provided financing support to tradesmen, small businesses, companies, and retail customers in an effort to maintain economic activity.

The Economic Reform Program, announced by our Honorable President and put together under the coordination of the Ministry of Treasury and Finance in the first quarter of the year, created the roadmap for economic growth on the back of investment, production, employment and exports. These efforts yielded immediate results, as Turkey's economy grew 7.4% in the first quarter followed by record-breaking 22% growth in the second quarter. Growing 7.4% in the third quarter, Turkey outpaced the growth performance of many countries and demonstrated that it is on track to eliminate the impacts of the global pandemic.

A quick glance at the composition of growth reveals that a series of record-breaking performances in exports is the driving force. Turkey's exports reached a record USD 20.8 billion in September, surpassing the USD 20 billion per month mark for the first time in the history of our Republic. Turkey's 12-month exports reached USD 225,368 million as of December, which represents a 32.8% increase on the previous year as well as Turkey's best export performance of all time.

Turkey's economy performed strongly throughout the year as economic supports began to bear fruit. Halkbank has been one of the key players in this process in Turkey. We also continued our efforts in our role to supplement the policies that are implemented resolutely by Turkey's economy administration. Our strong support for the tradesmen and artisans segment in particular within the frame of Turkey's economic policy demonstrated the value of our core mission, which is deeply rooted in our foundational principles, once again, especially during challenging times.

While there were 567 thousand tradesmen with a loan from Halkbank prior to the pandemic, 750 thousand tradesmen and artisans opted for our advantageous support offerings as the number of tradesman-artisan artisans with a credit line from the Bank reached 1.2 million. We disbursed more than TRY 33 billion in loans to more than 245 thousand tradesmen in 2021. Since 2002, we provided lending support to 3.3 million tradesmen. Of the TRY 194.4 billion of loans made to tradesmen over the same period, 68% were extended within the last five years. We will continue to stand by our tradesmen under all circumstances with the same enthusiasm in the future.

Our support for the economy was not limited just to the tradesmen and artisans segment. The share of SMEs in the Bank's overall commercial loans reached 48.3%, a very high level. As the leading bank in the SME segment since 2017, we boast 19.5% market share. We continued to help the real sector access debt financing without interruption. We disbursed TRY 1.3 trillion in cash loans between 2017 and 2021.



## GENERAL MANAGER'S ASSESSMENT

**As we channeled our resources to the priorities of Turkey's economy as part of our mission of "We are the People First, and Then a Bank," we focused on conducting our business within an approach that respects people, society and the environment.**

We stood apart from the rest of the banking industry with our advantageous financial supports for the women entrepreneurs in particular in 2021. Our Women Entrepreneur Loan Package, which was released for the first time on March 8<sup>th</sup> International Women's Day, was announced at the Productive Women Meetings conducted across the country. The series of meetings conducted in all seven regions of the country were crowned with the summit that was organized in Istanbul on October 8<sup>th</sup> with the honoring of Mrs. Emine Erdoğan.

As a result of the financial facilities we set aside for this purpose, we disbursed more than TRY 8.6 billion in loans to 88,500 women entrepreneurs as of year-end 2021. As part of our Productive Women Meetings, we had the privilege of supporting the lives of women entrepreneurs from every occupational category and a large number of women's cooperatives. We witness exceptional success stories of our supports creating investment, production, jobs and exports. We are further expanding the scope of our initiative, which became one of the largest projects that generate tangible value for the women entrepreneur ecosystem in Turkey. We will organize the

first "Halkbank Productive Women Competition" in 2022. This will cement the Bank's position in this lane while developing initiatives that will help our entrepreneurs and cooperatives in the areas of financing, marketing, communication and training. Halkbank's support for women entrepreneurs will continue and grow in the period ahead in accordance with our "Productive Women's Bank" concept.

While we carried out our responsibility to our people and our country, the Bank's performance in 2021 was full of accomplishments that set an example for the banking industry. In terms of the critical criteria for success, Halkbank ranked fourth in assets, third in loans, and second in deposits in the banking sector. The Bank's assets reached TRY 901.2 billion with 32.5% year-over-year increase while deposits grew 36.9% to TRY 625.9 billion. Cash loans reached TRY 539.6 billion while total loans, inclusive of non-cash loans, increased 29.5% to TRY 730.5 billion.

The lion's share for this success belongs to the entire family of Halkbank employees for their dedication, determination and hard work. Each and every member of

the 20,339-strong Halkbank family, including 700 new colleagues that joined us during 2021, is behind this snapshot.

In addition to the strength of our human capital, our digital capabilities were another major element that created this successful performance. We raised the number of members using our mobile banking, internet banking, SMS, ATM and Halkbank Dialog digital channels thanks to our continuous investments both before and during the pandemic. We completely overhauled our mobile banking and internet banking applications. Our mobile banking got 20% faster. The total number of functions reached 400 as a result of the upgrade projects and new function additions carried out in 2021. As a result of these initiatives, the share of banking transactions performed on our digital channels consisting of mobile and internet banking rose to 87% while the share of overall non-branch transactions topped 96%. In 2022, we will further diversify our non-branch service models to ensure that customers continue to feel the Bank's presence constantly by their side. We also aim to raise the number of active digital customers to 6 million this year, from 4.5 million currently.

During the course of its operations, Halkbank embraces sustainability as a core principle in its own activities and in the business operations of its stakeholders. As an extension of this approach, we undertook another initiative that will set an example in the banking industry. All of our 1,055 service units across the 81 provinces in Turkey, subject to inspection by the related Environment and Urbanization Provincial Directorates, were certified for compliance with the Zero Waste Management System and all units received their documentations.

Halkbank sets its priorities in sustainability based also on the opinions and expectations of all stakeholders, sustainable development goals, the United Nations' responsible investing principles, and global and national trends. To this end, in addition to our focus on zero waste, are also carrying out pioneering initiatives many examples of which are presented in this first Integrated Annual Report that we are publishing in the sustainability area presents. I would like to share some of the prominent efforts in this context.

All of our Bank's service buildings, including the Head Office and the branches, obtained the ISO 14001 Environmental Management System and ISO 50001 Energy Management System certifications. Halkbank is the first bank in Turkey's banking industry to establish and document the ISO 50001 Energy Management System. We integrated the Environmental and Energy Management Systems and implemented all of the requirements. We are using a program called "İKLİM" that we developed in house with our own internal resources for managing, tracking, evaluating and reporting on these systems. We regularly monitor and analyze our usage

levels related to our environmental and energy performances, and develop and implement reduction strategies.

In this process, we reduced the carbon emissions from our operations by 16% as part of Environmental and Energy Management Systems and Zero Waste initiatives. In addition, we segregated 4,500 tons of domestic waste and 2,000 tons of recyclable waste such as paper, glass, plastics and metal, bringing them into the circular economy.

We will continue to provide financing support to our customers through environment-friendly credit products that improve energy consumption performances and that focus on energy efficiency and renewable energy in order to minimize the negative effects of climate change.

In a very busy and active year, the large number of awards we received further enhanced our motivation and our commitment to our business. Halkbank won more than 40 major awards in leading business awards organizations in 2021. The Bank won the gold award in both the financial services category and the banking category at the International Business Awards program and was elected the "Best Bank of the Year" worldwide. In another assessment, we received the "Best Employer of the Year in the Banking Industry" award in the human resources category. Among the many awards we won, we find the ones related to supporting women entrepreneurs to be particularly valuable. We were deemed worthy of five gold awards thanks to our support for women entrepreneurs and gender equality initiatives as solidified by our Productive Women activities. It made us proud as a nice example of accomplishment that a state-

owned bank such as Halkbank and Turkey were recognized on the international stage in relation to supporting women in this area.

Furthermore, we won a total of five awards at the World Annual Report Competition organized by ARC Awards in 2021, including the gold award in the Traditional Annual Report category and Best Annual Report in Turkey recognition, with our Annual Report for 2020.

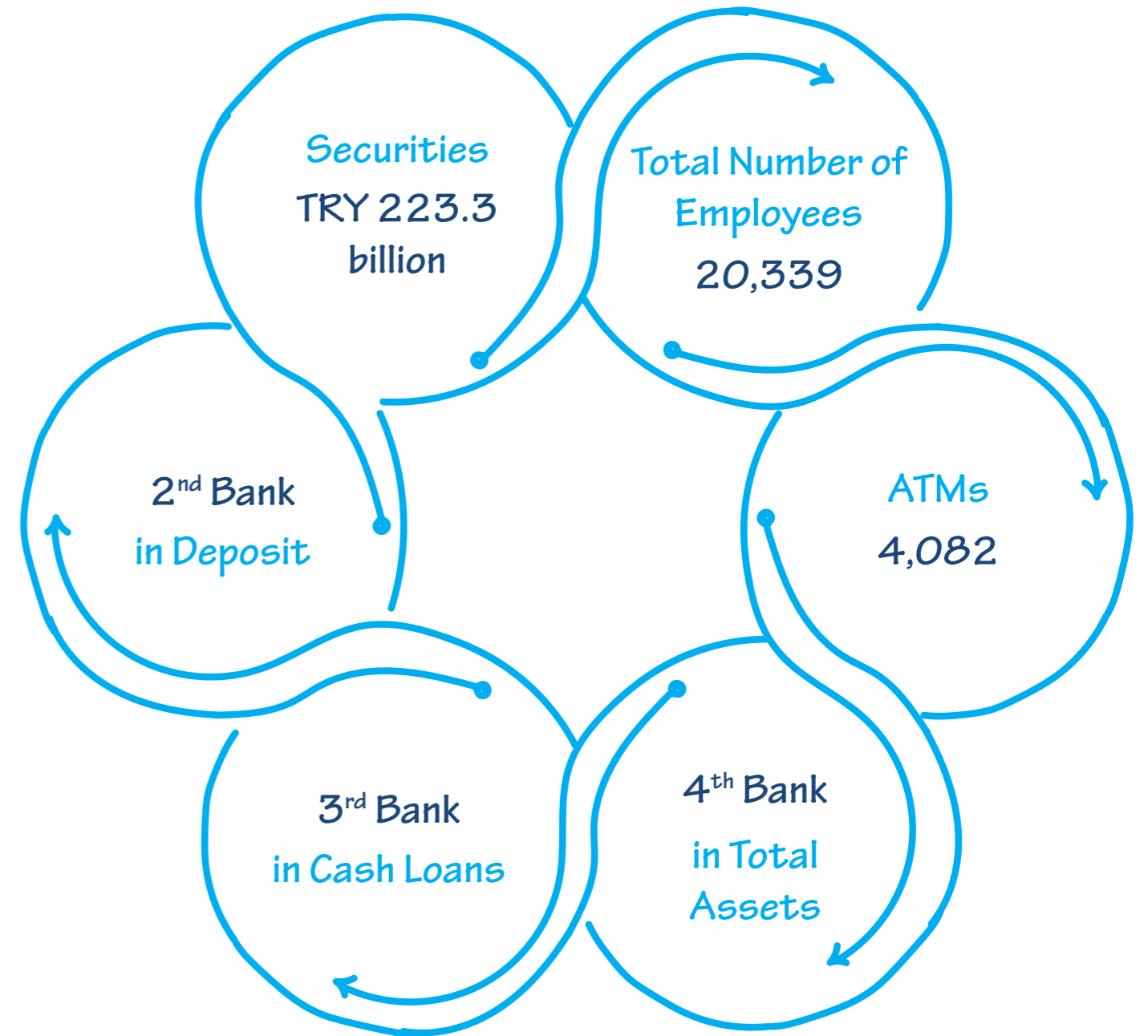
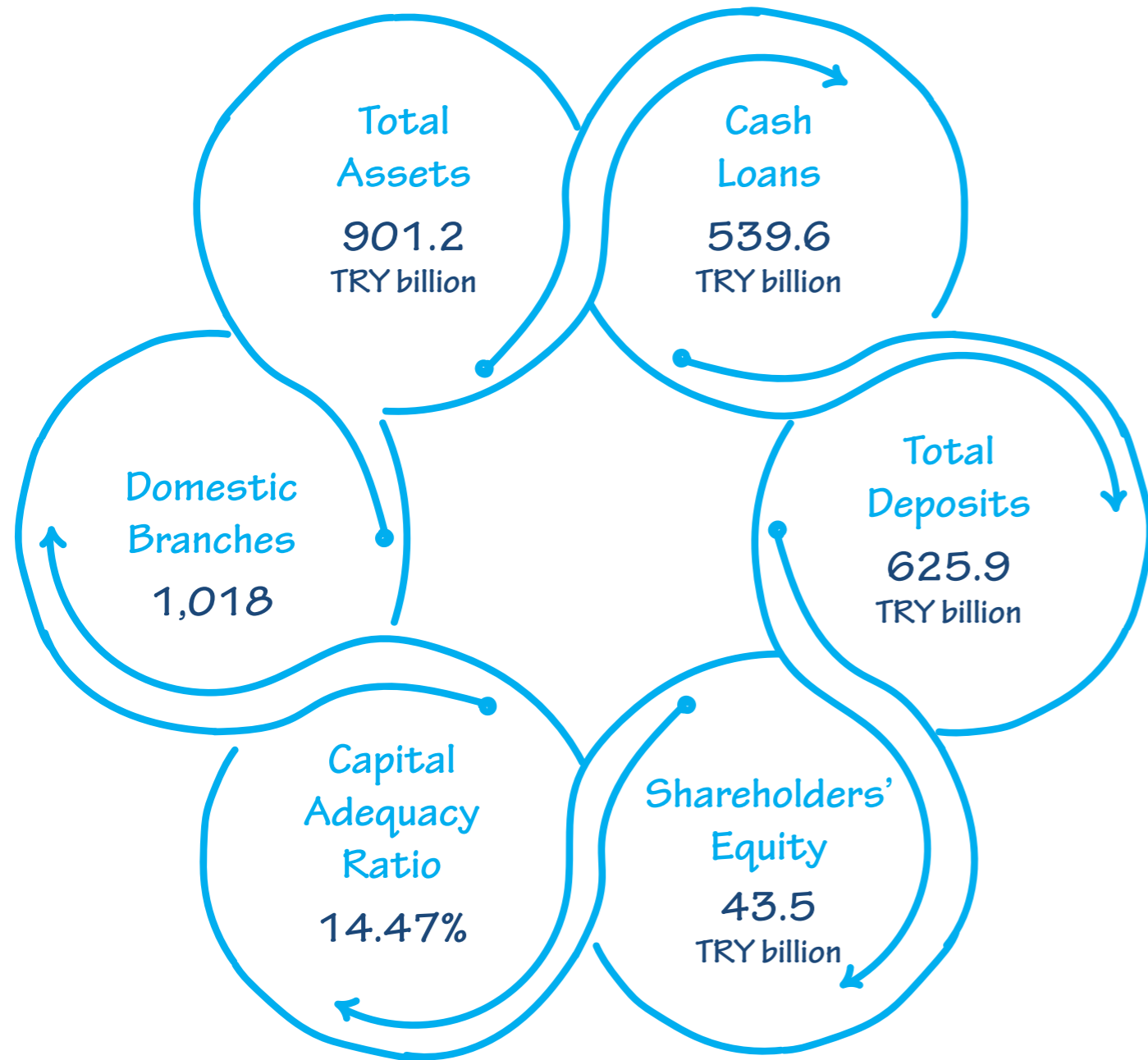
Esteemed Stakeholders,

Turkey returned to its robust growth trajectory last year. As we channeled our resources to the priorities of Turkey's economy as part of our mission of "We are the People First, and Then a Bank," we focused on conducting our business within an approach that respects people, society and the environment. We are aware that our country expects us to leverage our financial resources to continue our efforts to maintain and increase the activity in the market. We know that we function as a life line particularly for tradesmen-artisans and SMEs that form the backbone of the economy. While executing this function, we also kept an eye on our financial statements, maintained the quality of our balance sheet, and undertook initiatives that are both economically and socially strong. We will continue to undertake distinctive services with a comprehensive and participatory approach to ensure the Bank's sustainable growth and Turkey's development. As Halkbank family, we thank our investors for supporting us on this journey and express our gratitude for your trust.

Sincerely,

**Osman ARSLAN**  
General Manager

### HALKBANK IN FIGURES



## CORPORATE PROFILE

Having become one of the strongest players in its industry under the principle of “We are the People First, and Then a Bank” thanks to the trust of the Turkish people, Halkbank is active in every segment of contemporary banking.

### SUPPORT TO THE REAL ECONOMY

Founded with the mission of encouraging tradesmen and artisans to produce, Halkbank maintains its uninterrupted support for the Turkish economy with the belief that prosperity and wealth can only increase through stronger players in the production sector.

### SUPPORT FOR SMEs

Halkbank, the “Bank of Productive Turkey,” leverages its expertise in SME Banking to develop products and services that meet the needs of the real economy. SMEs in Turkey are producing, growing and looking to the future with hope with the support of Halkbank, the leader in SME Banking.



### SUPPORT TO SOCIAL WELFARE

Helping Turkey grow while growing with Turkey for 83 years, Halkbank continues to carry out social development initiatives in accordance with its corporate citizenship awareness while being the largest supporter of the Turkish economy with its mega projects.

### SUPPORT FOR CUSTOMERS

Having become one of the strongest players in the industry thanks to the confidence of the Turkish people in accordance with the “We are the People first, then a Bank” principle, Halkbank serves its customers in every segment of contemporary banking and plans its operations based on the principle of standing by its customers everywhere and at all times

## HALKBANK’S VISION, MISSION AND CORPORATE VALUES

### Our Vision

*To be a pioneering bank that is preferred by tradesmen, artisans, SMEs and all other segments by combining the power of our name that is rooted in the people (HALK) and our experiences based on our deep-seated history with innovative technologies and digital solutions.*

### Our Mission

*To leverage the strength of the people and our employees, our qualified human resource and our innovative technologies to provide fast, reliable and quality products and services to tradesmen, artisans, SME and all other customers; to increase customer satisfaction via customer-oriented digital solutions; to support Turkey’s development and growth within an awareness for social responsibility; and to be a people’s bank that creates large value-added for all stakeholders.*

### Our Corporate Values

- Creating “Team Spirit” by valuing our employees,
- Increasing customer satisfaction by way of our customer-oriented approach,
- Providing fast, reliable and quality products and services with our rational, creative and dynamic organization,
- Distinguishing ourselves in digital banking with our advanced technology solutions,
- Being honest, transparent and trustworthy to be deserving of the power of our name,
- Sharing the knowhow and experiences that we accumulated through our deep-rooted history,
- Taking part in projects that respect people and the environment as part of our social responsibility awareness,
- Moving Turkey forward into the future with the contributions we make to Turkey’s economy.

## HALKBANK IN BRIEF

Founded in 1938, Halkbank has been a steadily-growing, deep-rooted, pioneering and respected brand of rising Turkey. The Bank has been spearheading the Turkish banking industry's development while successfully executing its mission of supporting the real economy for 83 years.



A steadily-growing, deep-rooted, pioneering and respected brand of rising Turkey, Halkbank was founded in 1938 to support craftsmen and tradesmen and to accelerate Turkey's lasting economic development. The Bank has been spearheading the Turkish banking industry's development while successfully executing its mission of supporting the real economy for 83 years.

Rendering an unparalleled banking experience to its customers with 1,018 domestic branch locations, 5 overseas branches, 1 country office, 3 overseas representative offices, 4,082 ATMs, Telephone and Internet Banking channels and

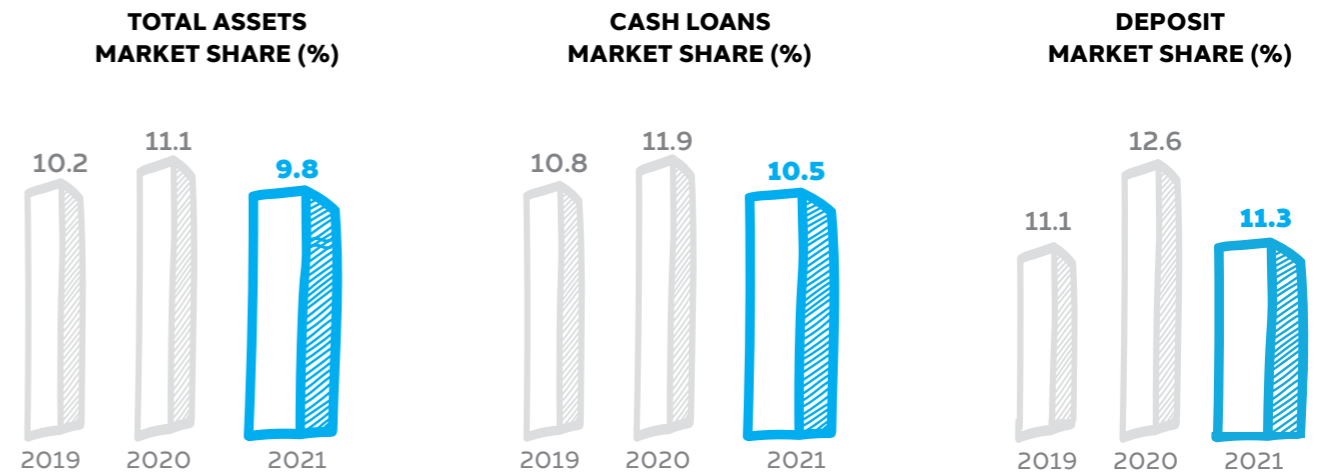
Mobile Banking applications as of the end of 2021, Halkbank serves with innovative products and services as part of its global vision.

Halkbank, the bank of producing Turkey, sees every producing and job-creating tradesman, farmer and small, medium and large business owner as a business partner and considers supporting them in good days and bad days alike with all of its financing facilities as its raison d'être. Increasing its SME lending market share to 19.5% and allocating 48.3% of its total commercial loans to SMEs, Halkbank continues to be the biggest supporter of the Turkish economy.

## HALKBANK'S POSITION IN THE SECTOR

One of the cornerstones of the Turkish banking sector, Halkbank consolidated its strong position in the banking sector in 2021 once again.

Market Share (%)	2020	2021
Total Assets	11.1	9.8
Cash Loans	11.9	10.5
Securities	13.9	12.6
Deposits	12.6	11.3
Shareholders' Equity	7.2	6.1
Profit	4.4	1.6



\*Sector data in the report dated December 31, 2021 is from BRSA data announced on January 31, 2022.

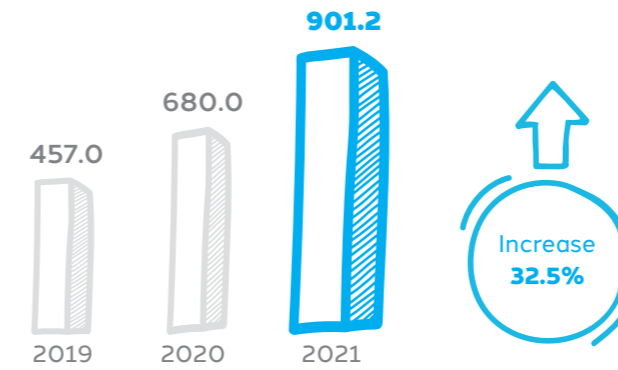
## KEY FINANCIAL INDICATORS AND RATIOS

Increasing its asset size to TRY 901.2 billion by the end of 2021, Halkbank's total deposits reached TRY 625.9 billion.

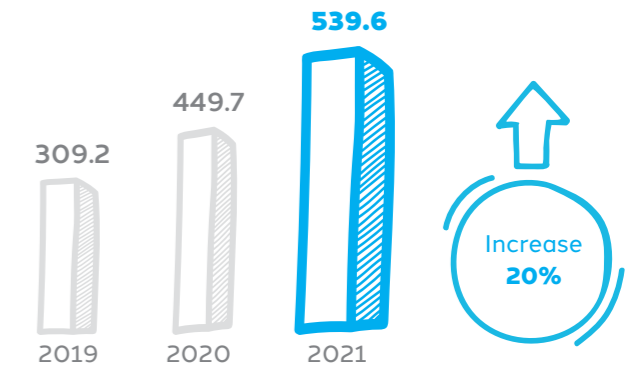
Financial Indicators (TRY Million)	2020	2021	Change (%)
Total Assets	680,026	901,217	32.5
Liquid Assets	66,032	126,959	92.3
Cash Loans	449,745	539,588	20.0
Securities	159,200	223,301	40.3
Total Deposits	457,286	625,904	36.9
Shareholders' Equity	42,931	43,500	1.3
Net Interest Income	18,753	25,160	34.2
Net Fee and Commission Income	2,615	4,088	56.3
Gross Profit	3,230	1,406	-56.5
Net Profit	2,600	1,508	-42.0

Major Ratios (%)	2020	2021
Interest Earning Assets/Total Assets	84.6	79.8
Cash Loans/Total Assets	66.1	59.9
Non-Performing Loans/Total Cash Loans (Gross)	3.76	3.02
Cash Loans/Deposit	98.4	86.2
Average Return on Assets	0.46	0.19
Average Return on Equity	6.92	3.49
Capital Adequacy Ratio	15.23	14.47

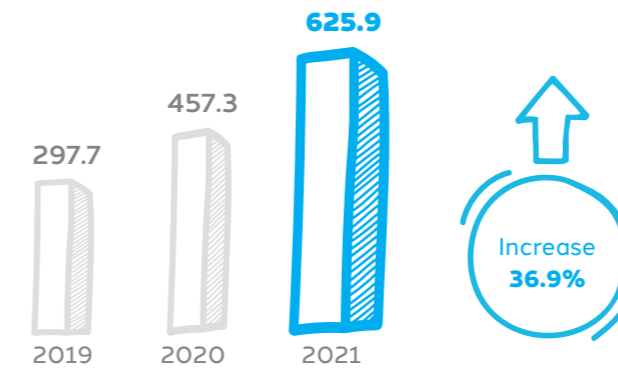
### TOTAL ASSETS (TRY BILLION)



### CASH LOANS (TRY BILLION)



### TOTAL DEPOSIT (TRY BILLION)



Continuing to meet the needs of the real sector in 2021, Halkbank increased the size of its cash loans to TRY 539.6 billion.

## BOARD OF DIRECTORS AND SUPERVISORY BOARD



### (1) Recep Süleyman ÖZDİL Chairman of the Board of Directors Independent Board Member

Recep Süleyman Özdil was born in Istanbul in 1961. He graduated from Ankara University, Faculty of Political Science, Department of Economics. Mr. Özdil started his professional career in 1984 at a private company as Inspector. He worked as Specialist, Deputy Manager and Branch Manager at Albaraka Türk Özel Finans Kurumu A.Ş. from 1986 to 1993. After serving as Financial Coordinator at a private company between 1993 and 1995, he worked as Deputy General Manager at İhlas Finans Kurumu A.Ş. from 1995 to 2001, and then at Family Finans Kurumu A.Ş. from 2001 to 2005. Recep Süleyman Özdil was a Board Member and CEO at Birleşik Fon Bankası A.Ş. and Board Member at Security Deposit Insurance Fund (TMSF). Since August 28, 2015, Mr. Özdil has been serving as Chairman at Türkiye Halk Bankası A.Ş.

### (2) Himmet KARADAĞ Vice Chairman Independent Board Member

Himmet Karadağ was born in Denizli in 1974. He graduated from Antalya High School in 1991. He received his undergraduate degree from Gazi University, Faculty of Economics and Administrative Sciences, Department of Public Administration in 1995. He received his MBA degree from Exeter University in 2010. Mr. Karadağ embarked on his career in 1998 in the Ministry of Finance where he worked as Account Specialist, Chief Account Specialist, Group Vice President, Head of Department, Advisor to the President of the Revenue Administration, and Advisor to the Ministry of Finance from 1999 to 2012. Since 2012, he has been a Board Member on the Capital Markets Board and became the Vice Chairman of the Board on April 1, 2016. He served as Chairman of the Board of Directors and as General Manager at Borsa İstanbul and at Central Securities Depository of Turkey, respectively, in 2016 and 2018. He was appointed a Board Member at Türkiye Wealth Fund on January 19, 2017 and served as the General Manager and acting Chairman at the same institution between September 7, 2017 and September 12, 2018. Mr. Karadağ has been serving as Vice Chairman of the Board of Directors of Türkiye Halk Bankası A.Ş. since August 13, 2018. He also teaches courses on Development and Investment Banking at İstanbul Commerce University.

### (3) Osman ARSLAN General Manager and Board Member

Osman Arslan was born in Ankara in 1971. He graduated from Middle East Technical University, Faculty of Science and Literature, Department of Statistics. He received an MBA from the same institution's Faculty of Economics and Administrative Sciences, Department of Business Administration. Mr. Arslan joined Ziraat Bank in 1995. He served in managerial positions at various private banks from 1998 to 2004. Between 2004 and 2012, Mr. Arslan served as Division Manager, Head of Department and Deputy General Manager at Türkiye Halk Bankası A.Ş. and as General Manager of Arap Türk Bankası. In March 2012, he began serving as the Deputy General Manager of Financial Affairs at Ziraat Bank. In January 2013, he was appointed Deputy General Manager of International Banking and Partnerships and in August 2014, Deputy General Manager of Information Technology Management at Ziraat Bank. He served as Founding General Manager at Ziraat Participation Bank from February 2015 to June 2017. Mr. Arslan has been serving as General Manager and Member of the Board of Directors at Halkbank since June 8, 2017.

### (4) Şeref AKSAÇ Board Member

Şeref Aksaç was born in Bayburt in 1956. He graduated from the İstanbul Academy of Economic and Commercial Sciences, Faculty of Political Sciences, Department of Public Administration in 1979. He began his professional career as an Assistant Inspector at T.C. Ziraat Bankası A.Ş. in 1982 and later served as an Inspector in 1986, and as a Manager at the Bank's different branch offices from 1990 to 2003. In 2003, he was appointed Executive Vice President of Human Resources, and held his position until 2005. In addition to these roles, he served as a Member of the Supervisory Board at Başak Sigorta, and as a Member of the Board of Directors at Joint-Stock Commercial Bank and Ziraat Yatırım and Menkul Değerler A.Ş. In August 2012, he was appointed the CEO of Ziraat Hayat ve Emeklilik A.Ş. He served as a Board Member at T. Vakıflar Bankası T.A.O. between 2014 and 2016, as the Chairman of Vakıf Finansal Kiralama A.Ş. between 2015 and 2017, and as the CEO of Vakıf Finansal Kiralama A.Ş. from 2017 to 2020. Mr. Aksaç was elected as a Member of the Board of Directors of Türkiye Halk Bankası A.Ş. at the General Assembly Meeting dated June 12, 2020.

### (5) Meltem TAYLAN AYDIN Board Member

Meltem Taylan Aydın was born in Ankara in 1973. Mrs. Aydın graduated from İstanbul University, Faculty of Political Science, Department of Business Administration. She started working at the Ministry of Customs as Assistant Customs Inspector in 1987. He subsequently served as Customs Inspector and Chief Customs Inspector in the same institution. He taught courses on "Customs and Foreign Trade" at İstanbul University, Institute of Social Sciences between 1994 and 1998. He served as General Manager of Customs from 2003 to 2005. After serving as

University's Emerging Leaders program. She is currently working toward her MBA degree at Harvard Extension School. Currently serving as the Chief Adviser to the President and a member of the President's Economic Policies Council, Mrs. Aydın has been a Member of the Board of Directors of Halkbank since June 8, 2017.

### (6) Maksut SERİM Board Member

Maksut Serim was born in Izmit in 1955. He graduated from Marmara University, Faculty of Theology. He received his master's degree from Atılım University, Department of Public Administration and Political Science. Mr. Serim served as Clerk, Chief, Supervisor, Deputy Manager and Deputy General Manager at VakıfBank between 1977 and 1998. He later served as Press and Public Relations Adviser and then as Chief Adviser to the Prime Minister between 2003 and 2016. Mr. Serim currently serves as Chief Adviser to the President, and has been a Member of the Board of Directors of Halkbank since June 8, 2017.

### (7) Ebubekir ŞAHİN Board Member

Ebubekir Şahin was born in Rize Çayeli in 1974. He completed his elementary school education in Rize and high school in Sakarya. In 1995 he graduated from Gazi University, Faculty of Communication, Department of Public Relations and Advertising. Mr. Şahin received his master's degree from the Department of Journalism in 2002. He served in executive functions in many institutions, including the Ministry of Interior, the Grand National Assembly of Turkey, the Ministry of Justice, the Ministry of Industry and Commerce, the Radio and Television Supreme Council (RTÜK) and the Office of the Prime Minister. He served as the Deputy General Manager at Anadolu Agency. He undertook positions as the Deputy Undersecretary and Undersecretary at the Ministry of Family and Social Services. He was elected as a Supreme Board Member of the Radio and Television Supreme Council (RTÜK) in October 2017 and as the President of the Supreme Board in January 2019. He was elected as a Member of the Board of Directors of Türkiye Halk Bankası A.Ş. at the General Assembly Meeting dated June 12, 2020.

### (8) Sezai UÇARMAK Board Member

Sezai Uçarmak was born in Ordu in 1964. He graduated from İstanbul University, Faculty of Political Science, Department of Public Administration. He started working at the Ministry of Customs as Assistant Customs Inspector in 1987. He subsequently served as Customs Inspector and Chief Customs Inspector in the same institution. He taught courses on "Customs and Foreign Trade" at İstanbul University, Institute of Social Sciences between 1994 and 1998. He served as General Manager of Customs from 2003 to 2005. After serving as

Chief Customs Inspector between 2005 and 2008, Mr. Uçarmak then served as the Head of the Board of Inspectors until 2011. In November 2011 he was appointed Deputy Undersecretary at the Ministry of Customs and Trade. Mr. Uçarmak has been serving as Deputy Minister at the Ministry of Trade since January 18, 2019 and as a Board Member at Türkiye Halk Bankası A.Ş. since February 27, 2019.

### (9) Mevlüt UYSAL Independent Board Member

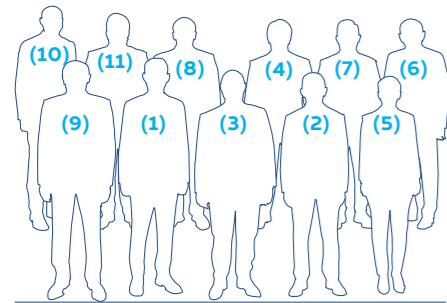
Mevlüt Uysal was born in Antalya in 1966. He graduated from İstanbul University, School of Law. He worked as an attorney for many years following his graduation. He was elected the Mayor of Başakşehir Municipality in the March 2009 local elections. He was renominated in the 2014 local elections and was elected the Mayor of Başakşehir Municipality for a second term. He was voted the Mayor of İstanbul Metropolitan Municipality at an extraordinary meeting of the İstanbul Metropolitan Municipal Council in September 2017. He has been serving as Member of the Board of Directors at Türkiye Halk Bankası A.Ş. since May 27, 2019.

### (10) Prof. Yılmaz ÇOLAK Member of the Supervisory Board

Yılmaz Çolak was born in Giresun in 1969. He completed primary and middle school in İstanbul-Esenler. He graduated from the Middle East Technical University, Department of Sociology. He received his master's degree and Ph.D. from Bilkent University, Department of Political Science and Public Relations. Between 1993 and 2010, Mr. Çolak served under the academic titles of Research Assistant, Assistant Professor and Associate Professor at Bilkent University, Kırıkkale University and Eastern Mediterranean University, respectively. He began serving at the Turkish National Police Academy in 2010 and has been serving as the President of the Academy since May 2014. Mr. Çolak is also the President of the International Association of Police Academies (INTERPA) and the Vice President of the Association of European Police Colleges (AEPC). Professor Yılmaz Çolak has been serving as a Member of Halkbank's Supervisory Board since June 8, 2017.

### (11) Faruk ÖZÇELİK Member of the Supervisory Board

Faruk Özçelik was born in Konya in 1968. He graduated from Ankara University, Faculty of Political Science, Department of Business Administration. He holds a Master's degree in International Relations from Selçuk University, Institute of Social Sciences. He later completed the Public Administration, Paralegal Studies and Real Estate Management departments as well as the Finance, Banking and Insurance program at Anadolu University. He has been serving as a Member of Türkiye Halk Bankası A.Ş.'s Supervisory Board since May 24, 2010.





## EXECUTIVE MANAGEMENT



**(1) Osman ARSLAN**  
**General Manager and Board Member**  
 Please see page 29 for Mr. Osman ARSLAN's background.

**(2) Yalçın MADENCİ**  
**Deputy General Manager**  
*Corporate and Commercial Marketing*  
 Yalçın Madenci was born in Istanbul in 1977. He graduated from Sakarya University, Faculty of Economics and Administrative Sciences, department of Economics. Mr. Madenci began his professional career at Türkiye Halk Bankası A.Ş. in 1999 and spent his entire career at Halkbank as Specialist, Senior Specialist, Director, Commercial Branch Manager, Department Manager and Head of Department. He has been serving as the Bank's Deputy General Manager of Corporate and Commercial Marketing since June 11, 2019.

**(3) Hasan TUNCAY**  
**Deputy General Manager**  
*Retail Banking*  
 Hasan Tuncay was born in Ankara in 1967. He graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Business Administration. He worked as Inspector and Manager at Pamukbank T.A.Ş. Since 2004 he served as Branch Manager, Department Head and Deputy General Manager of Corporate and Commercial Marketing at Türkiye Halk Bankası A.Ş. Mr. Tuncay has been serving as the Deputy General Manager of Retail Banking since May 31, 2019.

**(4) İlhan BÖLÜKBAŞ**  
**Deputy General Manager**  
*Loan Allocation and Management*  
 İlhan Bölükbaş was born in 1971. He graduated from Ankara University, Faculty of Political Science, Department of Business Administration. Beginning his career as Assistant Financial Analyst at VakıfBank, he subsequently served in managerial positions at ING Bank A.Ş. and ICBC Bank as Assistant Inspector, Inspector, Manager, Department Head and Group President. He served as Deputy General Manager at Ziraat Finansal Kiralama A.Ş. from 2014 to 2016 and Department Head at Ziraat Katılım Bankası A.Ş. between 2016 and 2017. Appointed as Department Head at Türkiye Halk Bankası A.Ş. in 2017, İlhan Bölükbaş has been serving as Halkbank's Deputy General Manager of Loan Allocation and Management since June 11, 2019.

**(5) Ergin KAYA**  
**Deputy General Manager**  
*Banking Operations and Support Services*  
 Ergin Kaya was born in Artvin in 1970. He graduated from Ankara University, Faculty of Political Science, Department of Public Administration. He served as Assistant Inspector, Inspector, Division Director, Department Head and Deputy General Manager of Banking Operations and Information Technologies at Türkiye Halk Bankası A.Ş. Mr. Kaya has been serving as the Deputy General Manager of Banking Operations and Support Services since May 31, 2019.

**(6) Yusuf Duran OCAK**  
**Deputy General Manager**  
*Financial Management and Planning*  
 Yusuf Duran Ocak was born in Kadirli, Osmaniye, in 1966. Ocak graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Public Finance. After serving as Assistant Inspector, Inspector, Deputy Head of the Board of Inspectors, and Department Head at Türkiye Halk Bankası A.Ş., Mr. Ocak has served as Deputy General Manager of Financial Management and Planning since July 18, 2017.

**(7) Ali ŞÖNER**  
**Deputy General Manager**  
*Treasury Management and International Banking*  
 Ali Şöner was born in Istanbul in 1968. He graduated from Boğaziçi University, Faculty of Economics and Administrative

Sciences, Department of International Relations. He worked as Assistant Specialist and Specialist at Pamukbank T.A.Ş. He served in Division Manager and Department Head roles at Türkiye Halk Bankası A.Ş. since 2004. Mr. Şöner has been the Bank's Deputy General Manager of Treasury Management and International Banking since July 28, 2021.

**(8) Celal CANDAN**  
**Deputy General Manager**  
*Credit Risk Liquidation and Legal Affairs*  
 Celal Candan was born in Konya in 1970. He worked as a freelance lawyer after graduating from Istanbul University, Faculty of Law. Later, he served as the Manager of Anatolian Side Legal Affairs at VakıfBank, Member of the Board of Directors at Halk Leasing, Member of the Board of Directors at Halk Emeklilik, and the Head of Halkbank's Credit Risk Liquidation Department. Since September 22, 2020, Mr. Candan has been serving as the Deputy General Manager of Credit Risk Liquidation and Legal Affairs at Halkbank. He is married with three children.

**(9) Olcay ATLIOĞLU**  
**Deputy General Manager**  
*Information Technologies*  
 Olcay Atlioğlu was born in Istanbul in 1974. He completed his Bachelor's and Master's degrees at Istanbul Technical University, Department of Control and Computer Engineering. Starting his professional career in 1994 as Software Development Specialist, he subsequently worked at BİMA Yazılım, BELBİM Elektronik Para ve Ödeme Hizmetleri, Türk Ekonomi Bankası (TEB) and Fortis Bank (formerly Dışbank). Mr. Atlioğlu also worked for 10 years as an executive at Turkcell and Turkcell Technology. After working as Director at Etiya in 2016, he joined the Halkbank family in 2017. After serving as Department Head and Group Head at Halkbank Information Technologies, Mr. Atlioğlu is the Deputy General Manager of Information Technologies of Türkiye Halk Bankası A.Ş. since July 28, 2021.

**(10) Olcay DOĞAN**  
**Group Manager**  
*Internal Systems*  
 Olcay Doğan was born in Ankara in 1970. He graduated from Ankara University, Faculty of Political Science, Department of Business Administration. He received his Master's degree from Yıldırım Beyazıt University, Institute of

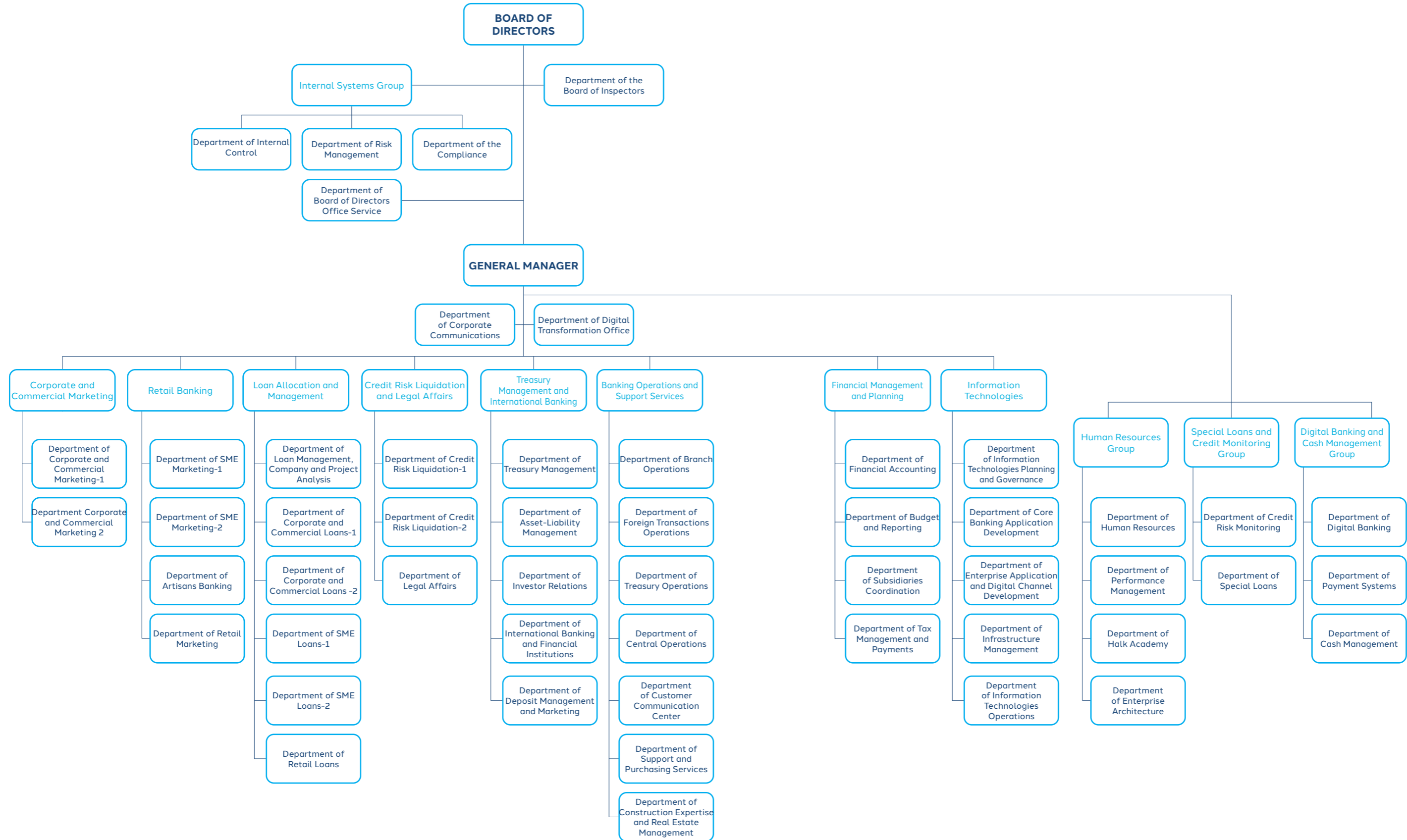
Social Sciences, Department of Banking and Finance. Starting his professional career as Inspector at Türkiye Halk Bankası A.Ş. in 1994, Mr. Doğan spent his entire career at Halkbank as Chief Inspector, Commercial Branch Manager, Department Head and Group Head. He has been serving as Internal Systems Group Manager since July 8, 2021.

**(11) Fatih ŞAHBAZ**  
**Group Manager**  
*Human Resources*  
 Fatih Şahbaz was born in Sorgun, Yozgat in 1981. He graduated from Selçuk University, Faculty of Economics and Administrative Sciences, Department of Economics, and from Doğuş University, School of Law. He completed his Master's Degree at Marmara University, Institute of Social Sciences, Department of Economics. He served at Türkiye Halk Bankası A.Ş. as Specialist, Internal Controller, Department Manager, Branch Manager, and Department Head since 2007. He has been Halkbank's Human Resources Group Manager since July 8, 2021.

**(12) Bülent MUTLU**  
**Group Manager**  
*Specialty Loans and Loan Monitoring*  
 Bülent Mutlu was born in Ankara in 1978. He graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Public Administration. He received his Master's Degree from the same university and department. He served at Türkiye Halk Bankası A.Ş. as Inspector, Department Manager, Branch Manager, and Department Head since 2004. He has been Halkbank's Specialty Loans and Loan Monitoring Group Manager since July 27, 2021.

**(13) Altan TAŞKIRAN**  
**Group Manager**  
*Digital Banking and Cash Management*  
 Altan Taşkıran was born in Rize in 1976. He graduated from Istanbul Technical University, Faculty of Sciences and Letters, Department of Physics Engineering. He embarked on his professional career at Garanti Ödeme Sistemleri and served in Sales Representative, Marketing Manager, Marketing Director, and Head of Marketing Unit roles. Joining Halkbank as Head of Department in 2021, Mr. Taşkıran has been serving as the Bank's Digital Banking and Cash Management Group Manager since July 12, 2021. He is married with two daughters.

## ORGANIZATIONAL CHART



## SHAREHOLDERS' STRUCTURE AND HALKBANK'S SUBSIDIARIES AND AFFILIATES

**Halkbank gives confidence to the entire stakeholder universe and to Turkey with the strength it derives from its solid capital structure.**

Türkiye Halk Bankası A.Ş. has shifted to the registered capital system, upon a resolution adopted at its Ordinary General Assembly dated March 27, 2015. The Bank has registered capital ceiling of TRY 10,000,000,000 and issued capital of TRY 2,473,776,223.78.

99.999996207% of the Bank's shares, originally held by the Undersecretariat of Treasury of the Prime Ministry of the Republic of Turkey were transferred to the ownership of the Privatization Administration of Turkey and 24.98% of these shares were publicly listed on May 10, 2007, pursuant to Resolution No. 2007/08 of the Privatization High Council dated February 5, 2007; the Resolution of the Bank's General Assembly dated April 19, 2007; and Resolution No. 16/471 of the Capital Markets Board of Turkey dated April 26, 2007.

As part of the secondary public offering of the Bank's shares pursuant to Resolution No. 2012/150 of the Privatization High Council dated October 4, 2012, shares owned by the Privatization Administration of Turkey representing 23.92% of the Bank's capital were successfully floated on November 21, 2012.

Pursuant to the Resolution numbered 2017/1 dated February 3, 2017 by the Privatization Board of Turkey, shares held by the Privatization Administration of Turkey were removed from the scope of the privatization program and they were transferred to the Türkiye Wealth Fund on March 10, 2017.

Issued capital increased from TRY 1,250,000,000 to TRY 2,473,776,223.78 as a result of the capital increase that was made on May 20, 2020 through the private placement method without a public offering.

The qualified shareholder is the Türkiye Wealth Fund (Address: Muallim Naci Cad. No: 22 Ortaköy/Istanbul) with a 75.29386473% share. Neither the Chairman, Vice Chairman, General Manager, the Members of the Board of Directors nor Deputy General Managers hold shares in the Bank.

Pursuant to Law No. 6327 dated June 13, 2012, as well as Provision 3 of Article 2 that was added to Law No. 4603, until their sale is finalized, these public sector-owned shares in the Bank shall be governed and represented by the Minister that the Bank reports to in accordance with the Turkish Commercial Code.

Name of Shareholder	Issued Capital Amount (TRY)	Capital Participation Rate (%)
Türkiye Wealth Fund <sup>(1)</sup>	1,862,601,723.78	75.29386473
Public Section <sup>(1)(2)</sup>	611,093,852.00	24.70287515
Other	80,648.00	0.00326012
<b>Total</b>	<b>2,473,776,223.78</b>	<b>100.00000000</b>

<sup>(1)</sup> Türkiye Wealth Fund's shares corresponding to share capital of TRY 1,224,326,155.78 are eligible to be traded on the stock exchange.

<sup>(2)</sup> The Free Float amount includes shares corresponding to share capital of TRY 64,815,876 that were repurchased in 2019 and in 2020 pursuant to the Bank's Board of Directors' Share Buy Back Resolutions dated August 29, 2018 and March 17, 2020, respectively.

## Halkbank's Subsidiaries and Affiliates

In addition to advanced banking services with a wide portfolio of partnerships, Halkbank also offers its customers products and services in various fields.

In accordance with Halkbank's policy, its subsidiaries and affiliates strive to:

- Create added-value, enrich the product and service portfolio that Halkbank offers to its retail and corporate clients and create cross-selling and supplementary product marketing and sales opportunities.

- Halkbank establishes good relations with other businesses, expands and maintains existing relationships.
- Increase operational efficiency and reduce service production costs.
- Ensure the delivery of high-quality services needed by the Bank's clients.

Acting in accordance with this policy, Halkbank provides quick and effective services to its customers, with the synergistic cooperation among its subsidiaries and affiliates.

### Subsidiaries

#### HALKLEASING

Capital  
**TRY 323,000,000**  
Halkbank's shareholding  
**100%**

Commencing operations in 1991, Halk Finansal Kiralama A.Ş. was founded to acquire movable and immovable property, machinery, vehicles and equipment through purchasing, import and other legal means; to use these economic assets in domestic and overseas leasing operations; and to conduct all kinds of leasing transactions. The Company, which was a 47.75%-owned affiliate of Halkbank, became a subsidiary after Halkbank acquired the shares of other shareholders in 2011.

Halkbank's share ratio is 100% and the company's capital has been increased to TRY 323 million in accordance with the decision taken at the Ordinary General Assembly Meeting dated April 20, 2018.

#### HALKYATIRIM

Capital  
**TRY 150,000,000**  
Halkbank's shareholding  
**100%**

Halk Yatırım Menkul Değerler A.Ş. was established in 1997 to engage in capital market activities, trade capital market instruments and carry out stock market transactions. At the beginning of 2006, Halkbank acquired the shares of Türkiye Halk Bankası Personnel Provident Fund and the Company became a subsidiary.

At the Company's Ordinary General Assembly Meeting held on March 30, 2021, its capital which was TRY 104 million was increased by TRY 46 million to TRY 150 million. After the capital increase, Halkbank's total capital increased to TRY 150 million and its share ratio increased to 100%.

The Company was classified and authorized as a brokerage firm with broad authority as per CMB's resolution dated October 15, 2015.

The agency contract between Halk Yatırım Menkul Değerler A.Ş. and Halkbank was cancelled to be replaced with the "Order Transfer Intermediation Contract" signed on November 11, 2015 and approved by CMB.

#### HALKFAKTORİNG

Capital  
**TRY 96,000,000**  
Halkbank's shareholding  
**100%**

Halk Faktoring A.Ş. was founded on June 6, 2012 as a Halkbank subsidiary in order to provide all financing, guarantee and collection products needed in domestic and international trade transactions with a focus on trade finance and receivables-backed financing to SMEs, companies with major import or export activities, corporations with extensive supplier and dealer networks, as well as all other clients. Pursuant to the operating license granted by the Banking Regulation and Supervision Agency of Turkey, the Company began executing transactions on December 10, 2012.

Halkbank's share is 100% and the company's capital has been increased to TRY 96 million with the last decision taken at the Ordinary General Assembly Meeting dated April 20, 2018.

The Company operates three branches, two in Istanbul and one in Ankara.

## SHAREHOLDERS' STRUCTURE AND HALKBANK'S SUBSIDIARIES AND AFFILIATES

### Subsidiaries



Capital  
**TRY 100,000**

Halkbank's shareholding  
**100%**

The company was established on October 3, 2017 in order to issue "Lease Certificate" in accordance with the Capital Markets Law No. 6362, the relevant communiqué and the relevant regulations of the CMB. The Company's capital is TRY 100 thousand and Halkbank's shareholding is 100%.



Capital  
**RSD 7,939,540,000**  
(Serbian Dinars)

Halkbank's shareholding  
**100%**

In line with the Bank's policy of increasing its presence in the Balkan region and Middle Europe, Halkbank acquired a 76.76% stake in Cacanska Bank, operating in the Cacak Region of Serbia.

The name of the bank was changed to Halkbank A.D. Beograd in accordance with the decision taken at the General Assembly dated October 15, 2015 and the Headquarters was moved from the city of Cacak to the capital Belgrade. With its 589 personnel, the Bank operates in 21 cities of Serbia with 28 branches and 8 subsidiaries at 36 service points in total.

With the purchase of the Bank's listed shares by Halkbank and the capital increases, the share rate in the total capital has reached 100% including the preferred shares.



Capital  
**MKD 9,156,910,000**  
(Macedonian Dinars)

Halkbank's shareholding  
**99.48%**

The majority shares of Izvozna I Kreditna Banka A.D. Skopje, established in 1993 to carry out all kinds of banking activities, were purchased from Demir-Halk Bank (Nederland) N.V. in 2011 and the Bank was included in the partnership portfolio as a subsidiary. Subsequently, the Bank's name was changed to Halk Banka A.D. Skopje.

Halkbank A.D. Skopje has taken over Ziraat Bankası A.D. Skopje operating in North Macedonia as of October 1, 2012. T.C. Ziraat Bankası A.Ş. is the controlling shareholder of Ziraat Bankası A.D. Skopje. As a result of this takeover, the Company's capital increased from MKD 1,884,150,000 to MKD 2,893,690,000 while Halkbank's equity stake went up from 98.12% to 98.78%. The capital of Halk Banka A.D. Skopje increased from MKD 7,926,910,000 to MKD 9,156,910,000 with the decision taken at the Extraordinary General Assembly Meeting held on March 26, 2021. After the capital increase, the Bank's share ratio became 99.48%.

The Bank continues its activities with a total of 45 branches and a total of 698 personnel.



Capital  
**TRY 1,020,000,000**

Halkbank's shareholding  
**79.33%**

The Company was established under the leadership of Halkbank in 2010 to do business for the objectives and in the matters stipulated by the regulations of the Capital Markets Board of Turkey regarding the real estate investment trusts and to invest in real estate properties, real estate-backed capital market instruments, real estate projects and real estate-based rights.

The public offering of Halk Gayrimenkul Yatırım Ortaklığı A.Ş. took place in February 2013, and all of the shares with a nominal value of TRY 185.5 million offered to the public were sold. As of February 22, 2013, 28% of the Company's shares started to be traded in Borsa Istanbul.

Halkbank's shareholding stands at 71.96%. The Bank owns 7.36% within the free float. The Bank's total shareholding is 79.33%.

In accordance with the decision taken at the Ordinary General Assembly Meeting dated March 31, 2021, the capital of the Company was increased from TRY 970,000,000 to TRY 1,020,000,000.

### Subsidiaries



Capital  
**TRY 145,000,000**

Halkbank's shareholding  
**33.33%**

The Company was established in 1998 to operate in the alternative delivery channels and payment systems business lines.

On February 7, 2020, in accordance with Turkey's ATM Center (TAM) Project related to the joint ATM service of public banks, a total of 66.67% of the company's shares were transferred with a split of 33.34% share of capital being transferred to T.C. Ziraat Bankası A.Ş. and 33.33% to T. Vakıflar Bankası T.A.O, and the company became a subsidiary of Halkbank. Halkbank currently owns 33.33% of the Company's share capital.



Capital  
**TRY 38,000,000**

Halkbank's shareholding  
**31.47%**

KOBİ Girişim Sermayesi Yatırım Ortaklığı A.Ş. was established in 1999. The purpose of the Company is to provide support for small and medium-scale enterprises that have high potential for development and are in need of funds. The intention of the Company is to contribute to their development by offering them the capital and strategic support they need to grow.

The Company was expanded to build and manage an angel investor network and to carry out portfolio management activities. Through this network, the Company intends to bring together a group of angel investors and undertake finance matching to meet core and initial capital needs.

## SHAREHOLDERS' STRUCTURE AND HALKBANK'S SUBSIDIARIES AND AFFILIATES

### Subsidiaries



Capital  
**EUR 113,750,000**

Halkbank's shareholding  
**30%**

Having commenced operations in 1992 and carrying out a full range of banking operations, Demir-Halk Bank (Nederland) N.V. is a company with Turkish capital, operating according to Dutch legislation. The Company was established in Rotterdam, the Netherlands to offer services particularly to Turkish companies and their partners in Western Europe.

### Platform Ortak Kartlı Sistemler A.Ş.

Capital  
**TRY 21,000,000**

Halkbank's shareholding  
**20%**

The Company was determined to be established for the purpose of performing all types of operational activities, furnishing the infrastructure and providing technical support regarding debit cards, credit cards, POS devices, member businesses and payment systems with the participation of state-owned banks. Registered on the trade registry as of September 23, 2019, the Company has not yet commenced operations. The paid-in capital of the Company is TRY 5,250,000 in total.



Capital  
**TRY 7,425,000**

Halkbank's shareholding  
**18.18%**

The Company was founded in 1995 to facilitate information sharing, a prerequisite for monitoring and controlling retail loans, between financial institutions that are engaged primarily in money and capital markets and insurance business lines.

### OTHER PARTNERSHIPS

<b>Bankalararası Kart Merkezi A.Ş.</b>  Capital <b>TRY 177,492,990</b>  Halkbank's shareholding <b>9.28%</b>	<b>Turkey Securitization Company</b>  Capital <b>TRY 50,000,000</b>  Halkbank's shareholding <b>8.34%</b>	<b>Türkiye Ürün İhtisas Borsası A.Ş.</b>  Capital <b>TRY 50,000,000</b>  Halkbank's shareholding <b>3%</b>
<b>JCR Avrasya Derecelendirme Şirketi (JCR Eurasia Rating Company)</b>  Capital <b>TRY 1,000,000</b>  Halkbank's shareholding <b>2.86%</b>	<b>Kredi Garanti Fonu A.Ş.</b>  Capital <b>TRY 513,134,229.53</b>  Halkbank's shareholding <b>1.49%</b>	<b>Mesbaş Mersin Serbest Bölge İşleticisi A.Ş.</b>  Capital <b>TRY 129,651,840</b>  Halkbank's shareholding <b>1.37%</b>
<b>Türkiye Cumhuriyet Merkez Bankası</b>  Capital <b>TRY 25,000</b>  Halkbank's shareholding <b>1.11%</b>	<b>Sberbank Magyarország Zrt. (Sberbank Hungary)</b>  Capital <b>3,727,200,000 HUF</b> (Hungarian Forints)  Halkbank's shareholding <b>1.07%</b>	<b>İstanbul Takas ve Saklama Bankası A.Ş.</b>  Capital <b>TRY 600,000,000</b>  Halkbank's shareholding <b>0.99%</b>
<b>Alidaş Alanya Liman İşletmeleri Denizcilik Tur. Tic. ve San. A.Ş.</b>  Capital <b>TRY 6,000,000</b>  Halkbank's shareholding <b>0.50%</b>	<b>Borsa İstanbul A.Ş.</b>  Capital <b>TRY 423,234,000</b>  Halkbank's shareholding <b>0.00353%</b>	<b>Visa INC.</b>  Capital <b>USD 16,900,000,000</b>  Halkbank's shareholding <b>0.0017614%</b>

## HALKBANK'S HISTORICAL DEVELOPMENT

**Halkbank' was established with the mission of lending specifically to artisans, tradesmen and small businesses at favorable terms in order to achieve lasting economic development, social stability and peace.**



Aware of the need for a balanced social structure, the young Republic of Turkey embraced supporting small tradesmen and artisans and developing people's banking as targets in this direction.

However, economic hardships due to various reasons such as lack of capital formation, scarcity of productive sectors, and inadequacy of the private sector prevented the emergence of lending institutions that would support tradesmen, craftsmen and small businesses in the early years of the Republic.

The Great Depression of 1929 led to a very challenging economic environment in Turkey. During this period, the commercial activities of artisans and tradesmen contracted across the country.

Banks and other state enterprises that started operations in the years after the founding of the Turkish Republic were unable to address the unique problems facing small scale artisans and tradesmen, which made up the largest segment of the economy. As a result, Halkbank was establishment with the mission of lending

specifically to artisans, tradesmen and small businesses at favorable terms in order to achieve lasting economic development, social stability and peace.

Mustafa Kemal Atatürk, who stated, "It is extremely essential to create an organization that will provide small business owners and large industrial enterprises with the loans they so desperately need, easily obtainable and inexpensively priced and to lower the cost of credit under normal circumstances." paved the way for the inception of Halkbank.

### **Halkbank and the People's Funds Law**

Halkbank was founded pursuant to the Halkbank and Public Funds Law enacted in 1933. This legislation promoted development of a hybrid system with a dual structure that included an occupation-based microcredit facility that Turkey lacked at the time. Under this system, Halkbank would manage micro-lending centrally while public funds would be set up to assume the principal function in the areas deemed appropriate by the Bank.

This hybrid system was put in practice five years after the enactment of the law and Halkbank began operating in 1938.

People's banking, which followed a similar path to cooperative movements in various countries, also began in Turkey with the establishment of Halkbank. Halkbank is the first bank of the middle class and its representatives in the economy consisting of tradesmen, artisans and small businesses, in the sector.

Conducting its operations under the guidance of Atatürk's words "My happiest day will be when I see magnificent factories replace the small shops of tradesmen," Halkbank provided credit services through the Public Funds channel, to which it provided financing, from 1938 to 1950. Halkbank was authorized to open branches and lend directly in 1950. The Bank started increasing the pace of its activities as well as its deposit and lending volumes in 1964 and reached an important position in the banking industry.

Halkbank acquired Türkiye Öğretmenler Bankası T.A.Ş. (Töbank) in 1992, Sümerbank in 1993 and Etibank in 1998. Growing more diversified and stronger with each acquisition, Halkbank entered into the process of reorganization in 2000 to operate more effectively in the current, internationally competitive banking environment while preparing itself for privatization. In 2001, the Bank acquired Emlak Bankası with its 96 branches, personnel and balance sheet.

Pamukbank was merged into Halkbank in the second half of 2004. Finalized in only half the time of the originally estimated nine months, this integration went down in world banking history as a bank merger that was successfully completed in a very short period of time.

The first bank to establish an Entrepreneur Information Center in 1995 and the first bank in Turkey to offer a Women's Entrepreneur Loan in 2007, Halkbank has always been a pioneer in the industry. It was also the first state-owned bank to use TV banking and to open an offshore branch abroad.

**Türkiye Halk Bankası A.Ş.  
commenced operation in 1938.**

## HALKBANK'S HISTORICAL DEVELOPMENT

*Striving to extend resources to productive enterprises and to create value for Turkey, Halkbank meets all funding demand with competitive interest rates thanks to its diversified range of loan products for investment, production, domestic and foreign trade and retail financing.*

### Record Demand for Public Offering

Halkbank's share flotation in 2007 generated record demand as the largest ever public offering in Turkey at that time. Bids placed by domestic and international investors for the Bank's floated shares amounted to eight times the size of the offering. Halkbank's successful flotation received the "Best Public Offering" award for the year from Sweden-based East Capital, a leading independent European investment company.

In 2012, Halkbank carried out a secondary public offering of its shares. Halkbank completed its secondary offering, recorded as the largest public offering on the Borsa İstanbul A.Ş. and the third-largest in Europe in 2012, with the smallest discount to date, marking yet another notable achievement for the Bank.

*Halkbank has always prioritized the investments that support Turkey's economy and social development since the day it was established.*

### Prestigious Position in the Sector

Since its establishment, Halkbank has always prioritized those investments that contribute to both Turkey's economic and social development. Thanks to its major strides taken in recent years, the Bank continues to strengthen its well-respected position in the banking industry attained through a countrywide branch network, high quality products and services and a professional approach to SME Banking.

Striving to extend resources to productive enterprises and to create value for Turkey, Halkbank meets all funding demand with competitive interest rates thanks to its diversified range of loan products for investment, production, domestic and foreign trade and retail financing. In addition to its domestic funding sources, the Bank also cooperates with international financial institutions including the World Bank, the Council of Europe Development Bank and the French Development Agency. Furthermore, Halkbank offers a wide range of conveniences to SMEs including special loans and products tailored to their specific requirements, local and regional needs through credit agreements with chambers of commerce and industry throughout Turkey.

Halkbank works to increase cooperation with regional development agencies; increase the loans extended through KOSGEB (Small and Medium Enterprises Development Organization) and KGF (Credit Guarantee Fund of Turkey); and bolster the amount and variety of funding sources secured from international financial institutions. Additionally, Halkbank is constantly evolving and

implements organizational change strategies to provide better service to SMEs and meet their specific needs with fast, effective, high-quality solutions that ultimately aim to contribute to the country's economic development by strengthening SMEs, the foundation of Productive Turkey.

### The Bank of "Firsts" in Retail Banking

Upon the leap taken into the Retail Banking segment, Halkbank enriched its consumer loan portfolio with offerings that meet every type of need with attractive terms. In addition to general purpose loans for basic needs, the Bank added retail loans with convenient repayment options for target occupational groups to its existing product portfolio.

Europe's first prepaid contactless debit card launched thanks to a partnership between Halkbank and Visa. Bank24 Jet combines many functions including a contactless payment card for small-sum purchases, a public transit card, KGS, a self-service payment card and a pass card.

With its initiative that shortened the process of receiving and evaluating credit card applications and delivering cards to customers, Halkbank became the first bank in Turkey to receive ISO 9001 Quality Management Systems Certification in 2008.

In December 2012, Halkbank launched a new credit card brand, Paraf, with the slogan, "Paraf: Home of Benefits." Having introduced numerous firsts to the sector with distinctive promotional campaigns and innovative features, Paraf posted significant increases in card numbers and market share. Halkbank was selected the "Bank with the Largest Growth in Visa Credit Card Shopping Volume" at the Visa 2014 Achievement Awards.

With Paraf, which is not only a credit card product but also a platform that enables partnerships with other banks, Halkbank offers services customized according to the personal preferences and needs of customers.



### A Powerful Regional Player

Halkbank is striving to extend its robust domestic performance to overseas markets and to become a strong regional bank in Turkey's surrounding geography. In 2011, Halkbank acquired the shares of Export and Credit Bank Inc., the SME bank of North Macedonia. Aiming to be one of North Macedonia's top three banks, Halkbank operates in the country under the name of Halk Banka A.D. Skopje. In 2012, Halk Banka A.D. Skopje acquired Ziraat Banka A.D. Skopje.

In 2015, Halkbank bought a 76.76% stake in Cacanska Banka and renamed it Halkbank A.D. Beograd. Halkbank continues to make long-term investments in Serbia. Becoming a 100% owner of Halkbank A.D. Beograd after the capital increase and share purchases, Halkbank continues its growth strategy in Serbia.

In the coming years, Halkbank plans to continue seizing opportunities that arise in the Balkans, to establish a strong regional presence there and function as a bridge between Turkey and that burgeoning area.

### Halkbank Headquarters Moves to Istanbul

At Halkbank's Ordinary General Assembly Meeting held on March 29, 2013, the Bank's headquarters was relocated from Ankara to Istanbul, with the approved amendments made to the Articles of Association.

## AWARDS IN 2021

The success of Halkbank's activities was not only reflected in its financial results, but also recognized internationally in 2021. with the awards it received from organizations that are of great importance to the business world.



The success of Halkbank's activities which it carries out with the understanding of adding value to our country, society and nature, has not only been reflected in its financial results, but has also been internationally certified in 2021 with the awards it received from organizations that are of great importance to the business world.

Halkbank was deemed worthy of 7 gold, 12 silver and 1 bronze awards in the "International Business Awards" award program of the "Stevie Awards," and won 1 gold and 2 bronze awards within the scope of the Stevie Awards for Great Employers. It was chosen the "Best Bank (Company of the Year)" at the global level in the fields of financial services and banking. The Bank won two more gold awards at the Stevie Awards for Women in Business

for its pioneering work on support for women entrepreneurs and gender equality. Thus, the Bank achieved a significant success in the international arena by winning a total of 25 awards from this award program.

Halkbank won a total of 6 gold, 2 silver and 2 bronze awards in one of the world's leading business awards, the Globe Awards "Business Excellence Awards" and "International Best Business Awards" programs and getting the "Grand Winner" award in two categories, it became the sole organization from Turkey to achieve this success. The Bank also embraced the gold award in the "Success in Supporting and Empowering Women" at the Globe Awards "Women in Business Awards" category.

All awards received by Halkbank during the reporting period are given in the table below:

Project Name	Award Program	Category	Award
Gallipoli Leadership Program	Brandon Hall Excellence Awards	Best Leadership Development	Silver
Gallipoli Leadership Program	Brandon Hall Excellence Awards	Best Leadership Development Program	Silver
Best Bank	IBA- International Business Awards	Bank of the Year	Gold
Best Bank	IBA- International Business Awards	Company of the Year - Financial Services	Gold
Best Bank	IBA- International Business Awards	Growth of the Year Company	Silver
Best Employer	IBA- International Business Awards	Success in Human Resources	Silver
Best Customer Services	IBA- International Business Awards	Success in Customer Satisfaction	Silver
Best Customer Services	IBA- International Business Awards	Best Customer Services	Silver
Digital Transformation in Services	IBA- International Business Awards	Innovation of the Year	Gold
Digital Transformation in Services	IBA- International Business Awards	Success in Service Innovation	Silver
Digital Transformation in Services	IBA- International Business Awards	Success in Science and Technology	Silver
New Initials	IBA- International Business Awards	Success in the Finance Sector	Silver
New Initials	IBA- International Business Awards	Success in Sales and Income Generation	Silver
Halkbank SME Banking	IBA- International Business Awards	SME Portal- Best Content of the Year in the Finance Sector	Gold
Halkbank SME Banking	IBA- International Business Awards	New Financial Services Product of the Year	Silver
Halkbank SME Banking	IBA- International Business Awards	Success in the Finance Sector	Silver
Halkbank Women Supports	IBA- International Business Awards	New Financial Services Product of the Year	Gold
Halkbank Women Supports	IBA- International Business Awards	Success in the Finance Sector	Gold
Environmentally Friendly Bank	IBA- International Business Awards	Environmental Program of the Year	Silver
We are the People first, then a Bank	IBA- International Business Awards	Branding/ New Brand Positioning Achievement of the Year	Gold
We are the People first, then a Bank	IBA- International Business Awards	Success in Corporate Communications	Silver
We are the People first, then a Bank	IBA- International Business Awards	Best Communication Campaign in the Finance Sector	Bronze
Best Employer	Stevie Awards Best Employer Awards	Employer of the Year in the Banking Sector	Gold
Gallipoli Leadership Program	Stevie Awards Best Employer Awards	Best Leadership Development Program	Bronze
Gallipoli Leadership Program	Stevie Awards Best Employer Awards	Best Leadership Training	Bronze
Halkbank Women Supports	Stevie Awards Women in Business Awards	Success in the Finance Sector	Gold
Halkbank Women Supports	Stevie Awards Women in Business Awards	Success in Promoting and Empowering Women	Gold
Halkbank Women Supports	Globe Awards - Women in Business Awards	Success in Promoting and Empowering Women	Gold
Best Employer	Globe Awards - Business Excellence Awards	Employer of the Year in Europe	Gold
Best Employer	Globe Awards - Business Excellence Awards	Employer of the Year in the Banking Sector	Gold
Best Employer	Globe Awards - Business Excellence Awards	The Employer Supporting Its Employees the Most During the COVID-19 Process	Gold
Best Employer	Globe Awards - Business Excellence Awards	Success in Combating COVID-19	Silver
Best Bank	Globe Awards - Business Excellence Awards	Grand Prize	Grand Prize
Best Bank	Globe Awards- International Best of Business Awards	Bank of the Year	Silver
Best Employer	Globe Awards- International Best of Business Awards	People-Oriented Workplace of the Year	Gold
Best Employer-Social Support Service	Globe Awards- International Best of Business Awards	The Most Successful Corporate Action for Covid-19	Bronze
Best Employer-Social Support Service	Globe Awards- International Best of Business Awards	The Most Successful Practice to Mitigate the Impact of COVID-19	Bronze
Environmentally Friendly Bank	Globe Awards- International Best of Business Awards	Europe's Best Energy Savings Program	Gold
Environmentally Friendly Bank	Globe Awards- International Best of Business Awards	Best Environmental Program in Europe	Gold
Best Bank	Globe Awards- International Best of Business Awards	Grand Prize	Grand Prize
Environmentally Friendly Bank	Best of Business Awards	Best Environmental Program	Best Award
Environmentally Friendly Bank	Best of Business Awards	Best of the Year in Sustainability	Best Award
Halkbank SME Banking	Best of Business Awards	Most Successful Product/ Service	Best Award
Digital Transformation Office	IDC Awards	The Future of Digital Resilience	2 <sup>nd</sup> Prize
-	Service Export Champion of the Year 2020 Award	Finance, Insurance and Other Financial Services	Service Export Champion of the Year 2020 Award
-	The One Awards Integrated Marketing Awards	Banking	1 <sup>st</sup> Prize Reputable of the Year
Halkbank 2020 Annual Report	35 <sup>th</sup> ARC Awards	Cover Photo/Design: Banks: National	Honor
Halkbank 2020 Annual Report	35 <sup>th</sup> ARC Awards	Traditional Annual Report: Banks: National	Gold
Halkbank 2020 Annual Report	35 <sup>th</sup> ARC Awards	Photo: Banks: National	Silver
Halkbank 2020 Annual Report	35 <sup>th</sup> ARC Awards	Interior Design: Banks: National	Bronze
Halkbank 2020 Annual Report	35 <sup>th</sup> ARC Awards	Written Text: Banks: National	Bronze



## AREAS OF FOCUS IN 2021

**Even in the challenging environment of 2021, Halkbank continues to carry out its deep-rooted mission of supporting Productive Turkey with the awareness of the great transformation that it is a part of.**

The pandemic that continued to linger in 2021 clearly demonstrated the shortcomings of existing systems and business models in combating the world's problems such as global economic and social inequalities, inadequacy of resources, and climate change. In order to address these deepening problems, we need to adopt a perspective based on sustainable development at the institutional and individual level instead of pursuing short-term gains.

Halkbank included supporting women entrepreneurs, which it sees as a precondition of increasing social and economic welfare, in its strategic priorities.

The new normal accelerated the existing digitalization trend while revealing that the spreading digital practices possess an exciting potential in financial services and all other areas.

Even in this challenging period, Halkbank continues to carry out its deep-rooted mission of supporting Productive Turkey with the awareness of the great transformation that it is a part of. Thanks to its rapidly growing technological capabilities, the Bank is turning this period, when digitalization is becoming the leading factor that distinguishes companies from the competition, into an opportunity for itself.

Also resorting to the opinions of its multi-stakeholder platforms, the Bank identified Women Entrepreneurs, Digitalization, Creating Value for the Local Economy, and Supporting the Fight Against Climate Change as its priority areas of action for 2021, which strongly demonstrated that Halkbank is preparing itself for a more sustainable and inclusive future.

**The new normal accelerated the existing digitalization trend.**

**Halkbank included supporting women entrepreneurs in its strategic priorities.**



## WOMEN ENTREPRENEURS

**Halkbank acts on the belief that every woman who participates in professional life and gets economically stronger will bring Turkey another step closer to its goal of high-quality development.**

Gender equality, which is included in the United Nation's Sustainable Development Goals consisting of 17 headings, is one of the foundations for sustainable development that aims for collective prosperity. For countries like Turkey where women constitute 49.9% of the population, participation of women in economic life is of strategic importance. To this end, encouraging women's participation in the work force was included in the 11<sup>th</sup> Development Plan.

As part of this effort, Halkbank acts on the belief that every woman who participates in professional life and gets economically stronger will bring Turkey another step closer to its goal of high-quality development. With a responsible approach, the Bank undertakes initiatives to grow women's entrepreneurship and employment and increases the value it generates for Turkey.

In 2021, Halkbank accelerated its efforts for supporting women entrepreneurs by establishing a specially planned "Department of Women Entrepreneurs" that is the first of its kind in the Turkish banking industry.

Unveiling the "Women Entrepreneur Loan Package" for the women entrepreneurs on March 8<sup>th</sup> International Women's Day, the Bank extended TRY 8.6 billion in financing support to 88,500 customers under this package until the end of the year.

**Halkbank extended TRY 8.6 billion in financing support to 88,500 customers under this package.**

The first disbursements from the Digital Loan Platform that was rolled out by Halkbank last year were made to women entrepreneurs. TRY 143 million were extended to 4.9 thousand entrepreneurs with the "Digital Women Entrepreneur Loan."

As another trailblazing practice in Turkey's banking industry in 2021, the Bank launched the "Women's Cooperatives Support Package" in an attempt to address women's cooperatives' problems in accessing financing. TRY 2 million in loans were extended to 30 cooperatives as part of this package as of the end of the year.

In an effort to promote its supports for women entrepreneurs that turn into investment, production and value for Turkey to broader masses and to relay the inspiring stories of women entrepreneurs to thousands of aspiring entrepreneurs, Halkbank organized "Productive Women Meetings" in seven regions of Turkey within seven months. The Bank supported its initiatives to expand the women's entrepreneurship ecosystem with effective communication campaigns through various channels throughout the year.

**As another trailblazing practice in Turkey's banking industry in 2021, Halkbank launched the "Women's Cooperatives Support Package."**



### Key Initiatives

- As a pioneering development in its industry, Halkbank established a Department of Women Entrepreneurs in 2021. As a result, the Bank solidified its corporate leadership in gender equality while expanding its financial and social supports toward the women's entrepreneurship ecosystem.
- As part of the loan packages that was developed to provide a strong support for women's participation in economic and social life, TRY 8.6 billion were disbursed to 88,500 customers. Of this sum, TRY 143 million were extended through the Halkbank Digital Loan Platform as part of the "Digital Loan Package." Similarly, TRY 2 million of these loans were disbursed to 30 women's cooperatives with the condition that the additional employees to be added pursuant to the employment loan would be women.
- Organizing 10 "Productive Women Meetings" in seven regions in Turkey, the Bank increased the visibility of its initiatives in this area while helping women entrepreneurs expand their visions.
- In an effort to deliver specialized products and services effectively to the target customers, the Bank initiated efforts to create a women entrepreneur segment as part of its customer segmentation.

The details on the projects and initiatives undertaken by Halkbank in this area are available in the Financial Capital, Intellectual Capital, and Social and relational Capital sections.

## DIGITALIZATION

**In 2021, Halkbank continued to carry out important projects geared toward touching every point that is part of a customer's life cycle. digitalizing its business processes, and reducing its operational work load.**

The digitalization trend, which got a major boost from the pandemic, began changing consumer preferences and behavior while becoming one of the major determinants of competitiveness in banking. Continuing to implement a world-class transformation program, Halkbank is focusing on increasing the number of products and services accessible from its digital channels, and on optimizing its processes via digitalization solutions including artificial intelligence and robotic automation.

In 2021, Halkbank continued to carry out important projects geared toward touching every point that is part of a customer's life cycle. digitalizing its business processes, and reducing its operational work load. The Bank enabled customers to become customers remotely without having to visit a branch while digitalizing the credit allocation processes with the

Digital Loan Platform. Customers began performing their transactions more conveniently and quickly thanks to the projects and applications carried out during the year including Digital Password, Mobile Authentication, Easy Address and FAST, and Halkbank Guaranteed Digital Payment System. Continuously analyzing the digitalizing customer, the Bank aims to increase the banking experiences that emphasize personalization via the ANKA Technology Transformation Program.

Further, the Bank closely monitors the risks that accompany increased interaction and digitalization, and manages these risks by way of effective cybersecurity systems.

Halkbank reached 4.5 million active digital customers as of the end of the year while 1.5 billion transactions were performed through the Bank's digital channels.

**Halkbank reached 4.5 million active digital customers.**

**In 2021, 1.5 billion transactions were performed through Halkbank's digital channels.**



### Key Initiatives

- Digitalization of products and services accelerated with the establishment of the Department of Digital Transformation. The product and service flows began to be designed with the goal of reducing costs, increasing efficiency, and perfecting the customer experience.
- Digital integration of the Bank's operations and services was accelerated while the digital banking infrastructure was improved. Breaking another new ground in the industry with the "SME Digital Loan Platform," the Bank enabled SMEs to meet their credit needs without the need to visit a branch.
- Improvements and new developments continued in digital channels. Customers began performing their transactions conveniently through these channels using such applications as Mobile Authentication, Digital Password, remote Customer Acquisition, Easy Address and FAST, and Halkbank Guaranteed Digital Payment System.
- The Bank began accepting new Paraf applications through digital channels with the need to execute a contract/form with a wet signature, and finalizing the applications instantaneously using automated processes.
- The "Halkbank Guaranteed Digital Payment System" transactions, which accommodate deferred payments and forward sales, organize the functioning of credit/collections, and facilitate commerce, began to be offered through the Halkbank Internet Branch.
- Halkbank reduces the environmental impacts of its operations by executing its banking products, services, transactions and processes in a paperless manner after they were migrated to the digital environment.
- An Application Management System was launched for furnishing online communication with candidates that would like to embark on a career at Halkbank.

Details on the initiatives carried out and value created in the digitalization area can be reached in the Intellectual Capital section.

## CREATING VALUE FOR THE LOCAL ECONOMY

*Focusing its operations on supporting a production-backed economic development model for 83 years, Halkbank continued to channel its resources to value-added local production, creating high-quality jobs, and exports in 2021.*



Focusing its operations on supporting a production-backed economic development model for 83 years, Halkbank continued to channel its resources to value-added local production, creating high-quality jobs, and exports in 2021. Growing its customer portfolio thanks to its value-oriented financing models, the Bank allocated 48.3% of its TRY 456.8 billion commercial loan book to SMEs, the engine of our economy, while maintaining its leading position in this segment of the banking industry with 19.5% market share. In addition to supporting exporting SMEs and companies with its extensive correspondent bank network and specialized products/services, Halkbank continued to cooperate with international institutions in an attempt to provide its customers with the financing they need as expeditiously as possible under the most attractive terms.

**Halkbank allocated 48.3% of its total commercial loans to SMEs, the engine of our economy.**

### Key Initiatives

- The support packages created by Halkbank for the real economy firms helped companies stay in business and maintain their employment levels.
- The Bank used alternative delivery channels such as the mobile branch, internet banking, SMS, ATM and Halkbank Dialog for loan applications and disbursements during the pandemic, and extended TRY 12.1 billion in Ministry of Treasury and Finance interest-subsidized loans to 500 thousand tradesmen and artisans. Further, Halkbank continued to defer loan payments of tradesmen and artisans whose businesses suffered pandemic-driven losses pursuant to a Presidential Decree. The unpaid and non-delinquent installments of Ministry of Treasury and Finance Interest-Subsidized loans that were taken out in or prior to December 31, 2020, as well as the payment of installments due between January 1, 2021 and June 30, 2021 were also deferred. After three rounds of deferrals of payments of the Bank's outstanding loans since the onset of the pandemic, TRY 13.5 billion worth of loan payments for 940 thousand tradesmen and artisans were deferred.

Details of the projects and initiatives carried out in this area are available in the Financial Capital section.

**Halkbank maintained its leading position in SME Banking with 19.5% market share.**

## SUPPORTING THE FIGHT AGAINST CLIMATE CHANGE

*As a financial institution that internalized responsible banking end to end all the way down to its business model and processes, Halkbank closely monitors the risks and opportunities brought about by the climate crisis.*

Climate change is among the leading global threats for the future of humanity. As a financial institution that internalized responsible banking end to end all the way down to its business model and processes, Halkbank closely monitors the risks and opportunities brought about by the climate crisis. As part of this effort, the Bank is continuously increasing the share of renewable energy and energy conservation projects in its portfolio of energy investments. These financial initiatives of Halkbank support reducing foreign dependence in energy and facilitate Turkey's transition to a low carbon economy.

Details on the projects and initiatives undertaken by Halkbank in this area are available in the Financial Capital Natural Capital sections.

The Bank is increasing its contribution to the fight against climate change through the provision of its products and services within this frame as well as by minimizing the environmental footprint of its operations. The first Turkish bank to install the ISO 50001 Energy Management System, Halkbank measures its impacts in energy, emissions, water and waste management as part of its environmental management system applications, and implements efficiency initiatives to minimize these impacts. The Bank calculates and reports its corporate carbon footprint in accordance with international regulations and standards.

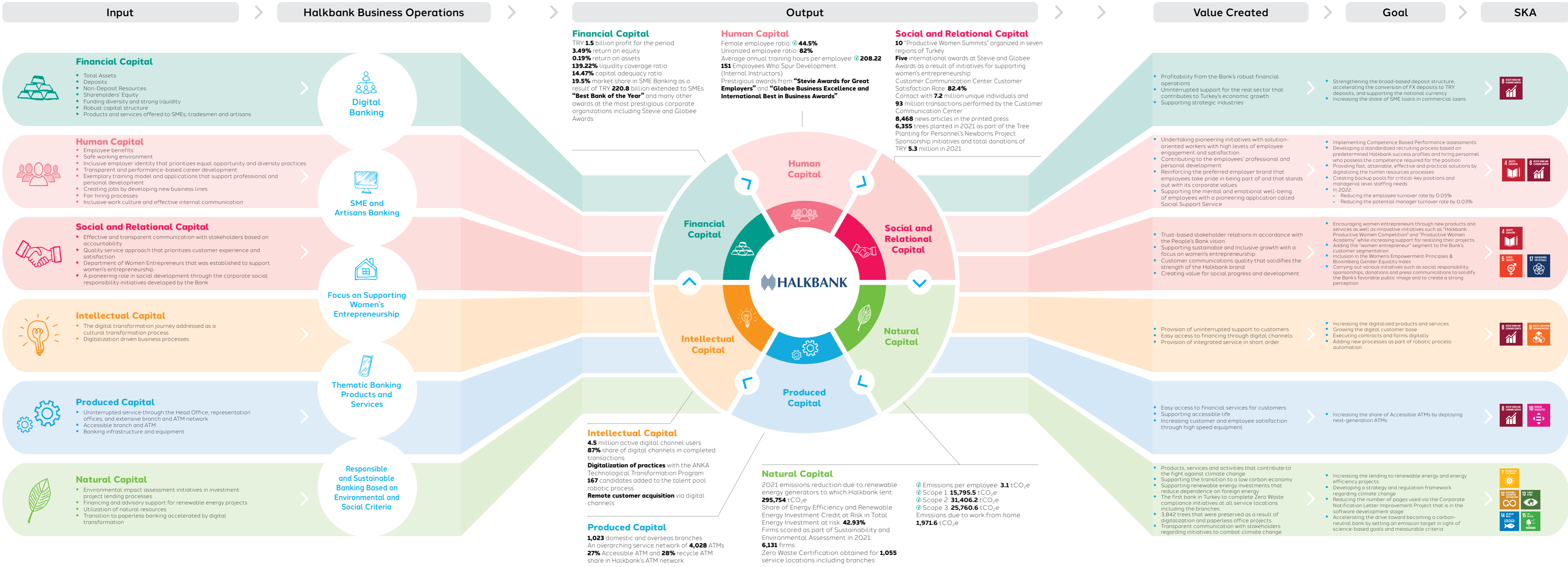
Halkbank's carbon footprint data are available under the performance indicators heading.



### Key Initiatives

- In addition to providing financing for renewable energy production projects, Halkbank also continued to offer complimentary technical advisory service to investors. The Bank extended TRY 654 million to 25 renewable energy projects with a total installed capacity of 301.49 MW in 2021. As a result of the operations of these renewable generators that were financed by Halkbank, 295,754 tons of CO<sub>2</sub>e emissions reductions were achieved.
- The Bank obtained TRY 226 million in facilities from international financial institutions during the reporting period to be used in funding renewable energy projects.
- In 2021, 6,131 firms were scored as part of Sustainability and Environmental Assessment.
- The scope of the "Energy Support Loan" product, which provides financing for insulation, heating, lighting, white goods, jacketing and other similar needs of retail consumers and helps reduce Turkey's energy imports, was expanded in an attempt to deliver this product to broader masses.

MODEL FOR CREATING VALUE



**HALKBANK'S SUSTAINABILITY ORGANIZATIONAL STRUCTURE AND APPROACH**

*Halkbank adopted a sustainability strategy of supporting ethical and secure banking principles, minimizing environmental risks, offering innovative products and services that enhance social prosperity, and holding a reputable position in the banking industry.*

*Halkbank's first and foremost priority is to undertake initiatives that support Turkey's progress and development, and to create sustainable and ethical value for the entire society. This mission, which is the purpose of Halkbank's existence, has been fully integrated with the Bank's business strategies as well as with the environmental, social and governance dimensions of sustainability. As part of this approach, the Bank shapes its value creation model by assessing the financial, human, social and relational, intellectual, produced and natural capital elements in an integrated manner, and monitors its performance, as exhibited by its operations, through tangible criteria.*

*Details on Halkbank's integrated perspective that was developed for creating sustainable value for an expansive stakeholder ecosystem, and the process for turning operations into performance in 2021 are presented in "Model for Creating Value."*

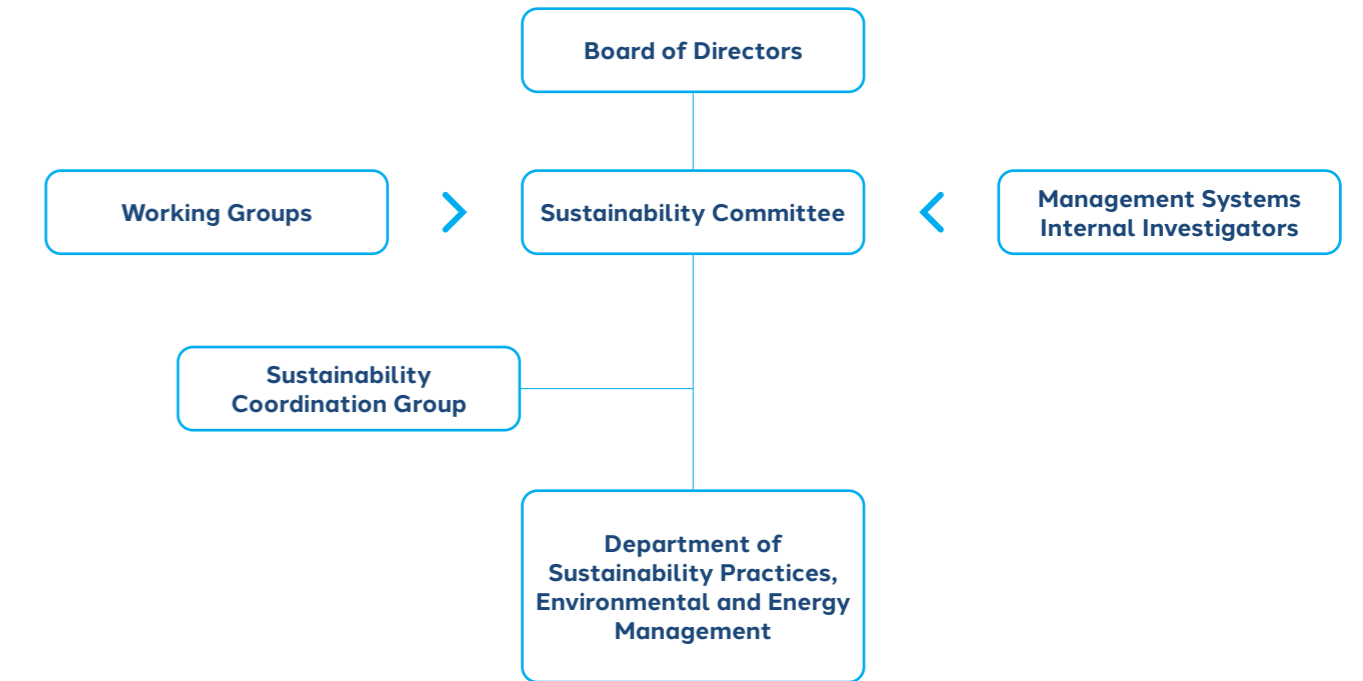
In accordance with the social responsibility and duty it assumed as part of the "We are the People First, and Then a Bank" approach, Halkbank adopted a sustainability strategy of supporting ethical and secure banking principles, minimizing environmental risks, offering innovative products and services that enhance social prosperity, and holding a reputable position in the banking industry.

The Sustainability Committee, under the Board of Directors, operates with the aim of increasing the Bank's strength to create long term value, and adapting economic, environmental and social factors together with the Corporate Governance Principles into the activities and decision mechanisms of the Bank.

The Sustainability Committee convened five times in 2021, one of which was the Integrated Management System Management review Meeting. The Committee focused on the management of risks and opportunities for Halkbank related to climate change, emission reduction initiatives, and the development of environment-friendly projects this year.

The Sustainability Coordination Group and a full-time department are responsible for implementing the decisions made at the Sustainability Committee, following up on the Committee's resolutions and carrying them to the finish line, and reporting new developments in the sustainability field to the Committee. The Sustainability Coordination Group consists of a chairperson and six members. The Sustainability Committee elects the chairperson and members of the Sustainability Coordination Group every year. In 2021, the Head of the International Banking and Financial Institutions Department served as the Sustainability Coordination Group's chairperson while the members were the Head of the Branch Operations Department, the Head of the Human Resources Department, the Head of the Corporate Communications Department, the Head of the Digital Transformation Department, and the Head of the Compliance Department.

The Sustainability Committee and the Sustainability Coordination Group held meetings in 2021 as part of the sustainability initiatives with the goal of creating value for all stakeholders; managing the Bank's risks and opportunities brought about by climate change; reducing the emissions from the bank's operations; developing environment-friendly projects; and raising the Bank's sustainability performance.



The full-time Department Manager of the Department of Sustainability Practices, Environmental and Energy Management is a full member of the Coordination Group. The Department of Sustainability Practices, Environmental and Energy Management, which functionally reports to the Sustainability Committee, operates under the Banking Operations and Support Services Group.

The duties of the Department of Sustainability Practices, Environmental and Energy Management include:

- Coordinating the activities of the Sub Coordination Group that operates under the Committee in a reporter role,

- Reporting the national and international best practices to the Bank and developing sustainability-themed products, services and projects,
- Carrying out initiatives to create a sustainability awareness among the employees and to make this awareness part of the corporate culture,
- Assessing the impact of the value crated by the company's operations on the elements of capital and coordinating the Integrated Report's preparation process,
- Creating energy monitoring points and implementing efficiency-enhancing improvement projects,
- Calculating the Bank's carbon footprint and reporting to the stakeholders transparently.

*The Sustainability Committee convened five times in 2021.*

*Halkbank focused on emission reduction initiatives and developing environment-friendly projects in 2021.*

## HALKBANK'S PRIORITIES IN SUSTAINABILITY

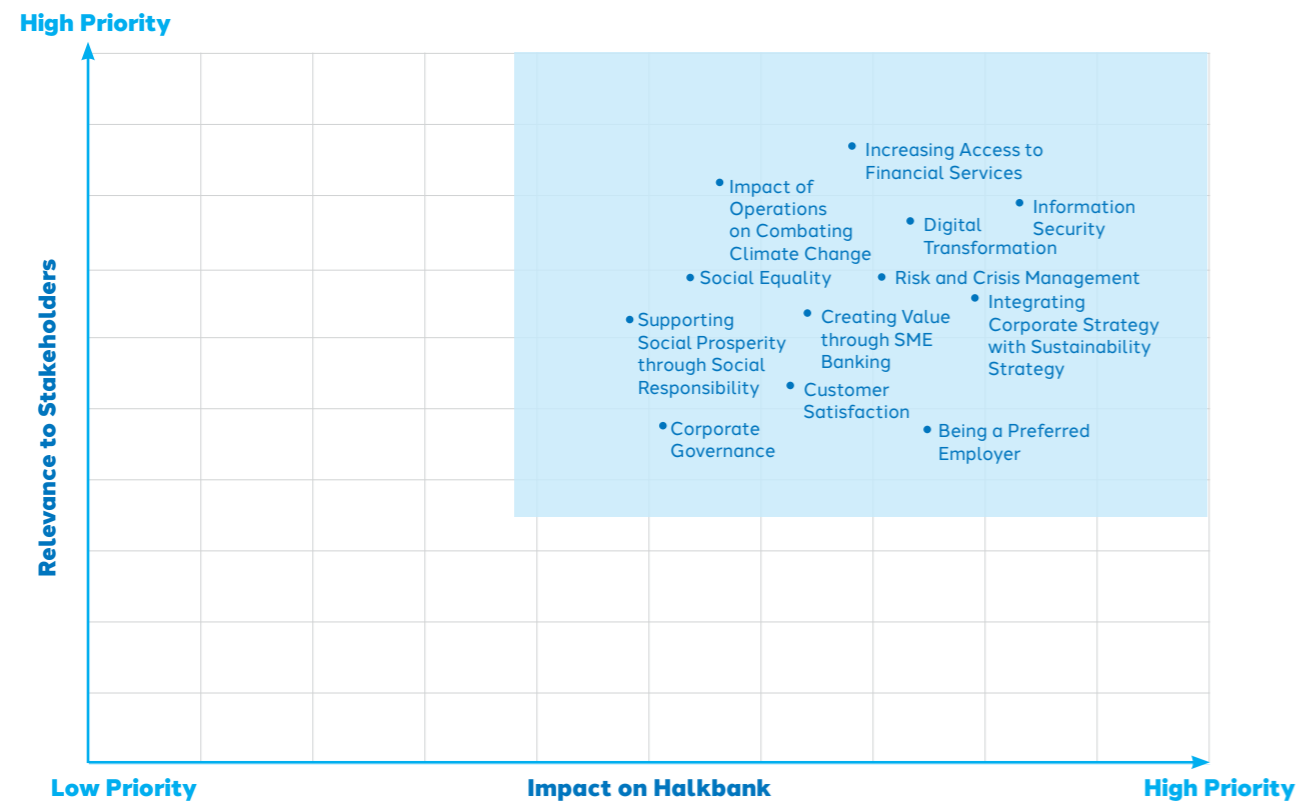
Embracing the awareness of the sustainability targets and priorities of Turkey and the Turkish economy since 2013, Halkbank creates value in constant and effective cooperation with the stakeholders. The report was prepared based on the views adopted at the meetings of key stakeholder groups for providing input such as the Sustainability Committee, the Coordination Group, and other working groups, as well as recommendations from advisors.

Halkbank's Sustainability Priorities were first discussed in a workshop conducted last year under the leadership of the Coordination Group with the participation of representatives from the departments that are

in close communication with the key stakeholder groups. Subsequently, a survey was conducted with the members of the Sustainability Committee that represents the Bank's senior management.

The priorities of the pioneering initiatives in the corporate world and finance industry have been examined in the reporting year. In light of global trends, industry reports, reports from global banks and recommendations from other international trade organizations, the United Nations Sustainable Development Goals (UN SDG), and United Nations Principles for Responsible Investment, the Bank's priorities have been reviewed and they are as follows.

### Halkbank's Priorities for 2021



GRI 102-43, 102-44, 102-47



# FINANCIAL CAPITAL



Net profit for the period of **TRY 1.5 billion**

**32.5%** increase in total assets to **TRY 901.2 billion**

**29.5%** year-over-year increase in cash and non-cash loans to **TRY 730.5 billion**

**9.8%** active market share and **TRY 43.5 billion** in shareholders' equity

**6 million** credit cards

**439 thousand** POS devices, **307 thousand** member merchants



*As one of the strongest supporters of the development journey of Turkey's economy since the day it was established, Halkbank assumed key responsibilities during the COVID-19 pandemic.*

As one of the strongest supporters of the development journey of Turkey's economy since the day it was established, Halkbank assumed key responsibilities during the COVID-19 pandemic. Delivering the needed support promptly to all customers, the Bank developed clear responses to the devastating economic impacts of the pandemic.

During this period, Halkbank continued to improve its business models and value-oriented products and services with a global vision in line with its long-term strategic goals centered on digitalization and innovation. The Bank's accomplishments during this uninterrupted sustainability journey were also recognized with many prestigious international awards that were a source of pride for Turkey's finance industry in 2021.

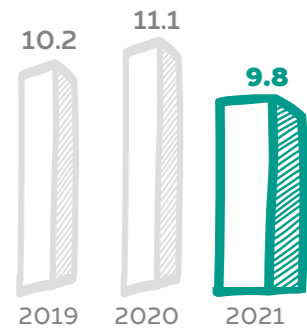
Halkbank's total assets reached TRY 901.2 billion by the end of the operating year, during which the Bank remained resilient in the face of market fluctuations thanks to its robust capital structure, and effective risk and liquidity management. Halkbank will continue to distinguish itself with its services and solutions, and grow the value it generates for Turkey in accordance with the responsibility rooted in its establishment mission.



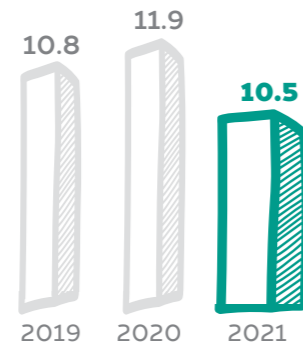
**HALKBANK'S SECTORAL POSITION**

As of the end of 2021, Halkbank's market share in total assets was 9.8%, while the market share in cash loans was 10.5%.

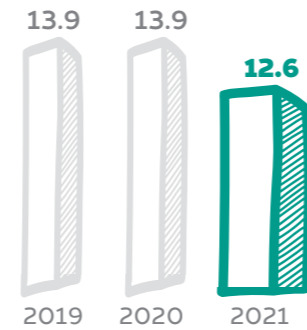
**TOTAL ASSETS MARKET SHARE (%)**



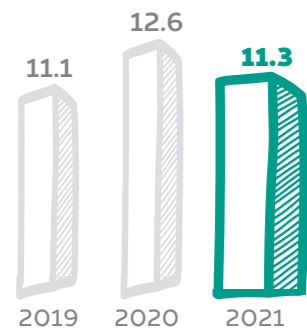
**CASH LOANS MARKET SHARE (%)**



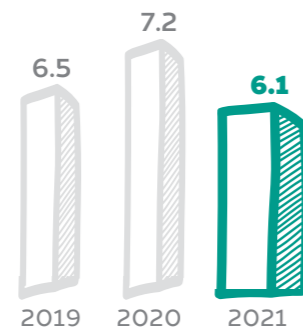
**SECURITIES MARKET SHARE (%)**



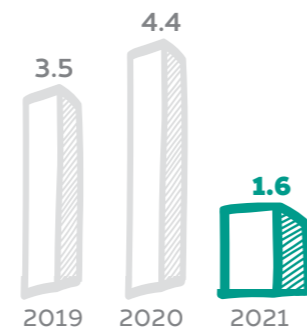
**DEPOSITS MARKET SHARE (%)**



**SHAREHOLDERS' EQUITY MARKET SHARE (%)**



**MARKET SHARE OF PROFIT (%)**



**DIRECTLY PRODUCED AND DISTRIBUTED ECONOMIC VALUE**

Halkbank continued to provide added value to the society and economy by making all necessary sacrifices for its country in 2021 as well.

Economic Value Created and Distributed	Unit	2019	2020	2021
Economic Value Created (Revenues)	TRY Thousand	12,952,423	18,038,959	22,988,878
<b>Economic Value Distributed to Stakeholders</b>				
Operating expenses	TRY Thousand	6,286,268	7,961,060	9,670,244
Benefits to Employees	TRY Thousand	2,854,246	3,578,795	4,308,398
Benefits to the Government	TRY Thousand	435,511	491,513	19,615
Benefits to capital providers	TRY Thousand	0	0	0
Benefits to society	TRY Thousand	723	58,005	5,269
<b>TOTAL</b>	<b>TRY Thousand</b>	<b>6,722,502</b>	<b>8,510,578</b>	<b>9,695,128</b>
<b>Retained Economic Value</b>	<b>TRY Thousand</b>	<b>6,229,921</b>	<b>9,528,381</b>	<b>13,293,750</b>

Number of credit cards 6 million

Number of POS devices 439 thousand  
 Number of member businesses 307 thousand

## SUSTAINABLE FINANCE

**In an effort to channel investments to more sustainable technologies and businesses, the Bank develops products geared to renewable energy and energy efficiency projects as well as carbon emissions reduction initiatives.**

Halkbank shapes its operations with the awareness that focusing on sustainable economic, environmental and social development is necessary for the Bank to move forward more strongly into the future. To this end, in an effort to channel investments to more sustainable technologies and businesses, the Bank develops products geared to renewable energy and energy efficiency projects as well as carbon emissions reduction initiatives.

The Bank carries out environmental impact assessment initiatives in an attempt to be able to evaluate the investment projects and companies from an environmental and social perspective. Pursuant to a provision in the Environmental Policy stating “to strive to appraise credit applications in accordance with the Bank’s lending policies based on environmental and social factors in addition to economic factors,”

loans and investment projects financed by Halkbank are scored according to the Company Assessment Report (FDR) scoring methodology within the scope of “Sustainability Assessment” and the outcome of the scoring impacts the company’s rating. In addition to investments, operations of the firms making a credit application as well as other matters that fall within the purview of sustainability are also assessed as part of this process.

Main topics included in a Sustainability Assessment are as follows:

- Environmental Impact Assessment Report
- Green Building Certification
- ISO Environmental Management Certification
- Carbon Emissions Assessment
- Occupational Health and Safety Assessment
- Assessment on Sensitivity to Consumer Rights

6,131 firms that were evaluated in 2021 were scored as part of Sustainability and Environmental Assessment.



	MANUFACTURING INDUSTRY	TRADE	CONSTRUCTION	SERVICE	TOURISM	TRANSPORTATION, COMMUNICATION	OTHER SOCIAL SERVICES	EDUCATIONAL SERVICES	MINING	FINANCIAL BROKERAGE FIRM OPERATIONS	HEALTHCARE & SOCIAL SERVICES	AGRICULTURE & HUSBANDRY	TOTAL
Scored	2,576	1,561	728	583	231	120	33	41	87	52	66	53	6,131
Not scored	465	458	239	248	66	31	39	19	29	48	26	17	1,685
<b>TOTAL</b>	<b>3,041</b>	<b>2,019</b>	<b>967</b>	<b>831</b>	<b>297</b>	<b>151</b>	<b>72</b>	<b>60</b>	<b>116</b>	<b>100</b>	<b>92</b>	<b>70</b>	<b>7,816</b>

Details on Halkbank’s initiatives to combat climate change are presented in the Natural Capital section of the report.

## SUSTAINABLE FINANCE

**Halkbank continued to develop solutions and applications to expand financial access in 2021, when the pandemic conditions restricting social mobility were still prevalent.**

Halkbank closely monitors a large number of economic, social and environmental developments due to its corporate size, requirements in the industry, and its status as a state-owned bank. While conducting all of its operations in an environment-friendly manner, the Bank also aims to minimize its environmental impact and continuously improve its performance in this area.

In addition to complying with the social and environmental standards mandated by laws and the Bank's policies, other criteria taken into consideration regarding the projects financed by Halkbank include the completion of social and environmental risk assessment, implementation of necessary mitigating measures, and presence of effective internal audit systems. In an effort to ensure that the projects financed by the Bank materialize in a way that creates value-added with their environmental and social dimensions as well, the Bank monitors the projects before the loan is extended and during the term of the loan, which allows Halkbank to appropriately manage project-specific risks by way of field visits as necessary.

As climate change continues to be among the most significant global problems in the 21<sup>st</sup> century, Halkbank, through its responsible finance approach, sees the financing of renewable energy projects, which have minimal environmental impacts, as an important opportunity to reduce Turkey's greenhouse gas emissions.

**Halkbank closely monitors a large number of economic, social and environmental developments.**

In addition, Halkbank continued to develop solutions and applications to expand financial access in 2021, when the pandemic conditions restricting social mobility were still prevalent. As part of this effort, the Bank enabled its retiree customers to receive their pension salary payments without having to leave their homes and their promotion payments without having to sign their promotion letters of commitment. In addition, the Bank unveiled the "SGK Retirement Loan" for individuals who fall within the purview of articles 4/a and 4/b of Law No. 5510, otherwise meet the eligibility requirements for a pension salary, but cannot start receiving their salaries due to unpaid contributions in order for them to pay their contributions and qualify for a pension salary.

Halkbank continues to use its knowhow and experience rooted in its deep-seated history to serve the needs of all segments of the society under all circumstances through innovative products and services.

**For detailed information on Halkbank Responsible Banking:**  
<https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/surdurulebilir-finans.html>

**Halkbank sees the financing of renewable energy projects as an important opportunity to reduce Turkey's greenhouse gas emissions.**



## CORPORATE AND COMMERCIAL BANKING

**Halkbank is focused on growing its business volume and its sphere of influence in Corporate and Commercial Banking in accordance with its mission of moving Turkey into the future.**



Continuing to increase its contributions to the economy in 2021, Halkbank is focused on growing its business volume and its sphere of influence in Corporate and Commercial Banking in accordance with its mission of moving Turkey into the future. With the team spirit that was created based on this perspective, the Bank continued to enhance customer satisfaction and experience while remaining steadfast to its customer-oriented approach; leverage its rational, creative and dynamic organization to provide quick, secure and quality products and services; and distinguish itself with state-of-the-art technological solutions. Paying utmost attention to being honest, transparent and trustworthy that is worthy of its name, and taking part in projects that respect humans and the environment, the Bank increased the value it created for Turkey and all of its stakeholders.

Offering Corporate and Commercial Banking services with seven corporate and 36 commercial branches centered on a high-quality, efficient and contemporary banking concept, Halkbank treats its customers' investments as the future of Turkey and contributes to Turkey's development within this understanding.

The share of the corporate and commercial segment stands at 57.9% in cash loans and 43.7% in total loans. Cash loans increased 35.8% compared to the end of the previous year to TRY 236 billion in 2021. We continued to take part in the financing of projects that are in the public interest and in compliance with the Bank's lending policies.

Despite challenges on a global scale driven by the pandemic that affected Turkey and the entire world starting in the second quarter of 2020, Halkbank continued to reinforce the value proposition it offers to customers from every segment of the population and every industry through its comprehensive lineup of products and services in 2021.

**The share of the corporate and commercial segment in total loans stands at 43.7%.**

Shaping its goals and operations in parallel with the annual and medium-term plans and targets of the economy administration, Halkbank provided easily accessible and attractively priced working capital and investment support to companies with its innovative loan packages and products. Halkbank maintains its pioneering mission in attaining the industry-specific and macroeconomic targets as part of the effort to strengthen the national and local economy.

Deriving its strength from the people, Halkbank provided a powerful boost to the recovery of economic activity despite the uncertainties in the financial markets and the real economy created by the local and international market fluctuations. The Bank has embraced it as a strategic priority to design all of its products and services toward the development of Turkey's economy in accordance with customer expectations and future trends.

Spearheading the efforts to transmit the Eximbank and Central Bank of Turkey resources to the market in addition to its own resources, Halkbank continued to successfully carry out its responsibility to extend credit toward the financing of exports in 2021.

By way of its efforts under the Sustainable Banking umbrella, Halkbank continues to contribute to the "Green and Circular Economy" initiatives, Turkey's compliance with the green deal, and other projects within this scope.

**By way of its efforts under the Sustainable Banking umbrella, Halkbank contributes to the "Green and Circular Economy" initiatives.**

## SME-ARTISANS BANKING

*Despite the constantly intensifying competition environment in SME Banking, Halkbank continued its successful performance in this segment in 2021 with 19.5% market share in SME loans.*



Setting out from the great leader Atatürk's saying that "it is extremely essential to create an organization that will provide small business owners and large industrial enterprises with the loans they so desperately need, easily obtainable and inexpensively priced and to lower the cost of credit under normal circumstances," Halkbank embraced the mission of providing tradesmen and artisans with loans under convenient terms and conditions.

Established in 1938, Halkbank maintains its core business strategy of supporting tradesmen and artisans and creating value for the economy while operating as the first bank of tradesmen and artisans in the industry. To this end, the Bank has been supporting tradesmen and artisans since 1952 under the guarantee of the artisans and tradesmen loan and guarantee cooperatives and through the Ministry of Treasury and Finance interest-subsidized loans.

Halkbank offers no-interest loans subsidized by the Ministry of Treasury and Finance to tradesmen and artisans with tax-exempt status operating in occupations of cultural and artistic value that are facing extinction (hand weaving, chalcography, China and ceramics, mother of pearl handcrafting and wood carving, spoon making, walking stick handcrafting, saddle-making, block printing, quilting, felt making, meerschaum and oltu stone handcrafting, rawhide sandal making, Yemeni headscarf handcrafting, needlework, and other trades that are considered by the Ministry of Finance to be similar to these) in order to maintain their skills and hand them over to future generations, prevent these trades from being extinct, and help them continue their businesses. The Bank also provides no-interest loans subsidized by the Ministry of Treasury and Finance to entrepreneurs with a certificate of mastership looking to start a business, and to young tradesmen and artisan entrepreneurs under the age of 30 who completed the KOSGEB Applied Entrepreneurship Training.

Halkbank provides financing support for investments through the Tradesmen Working Capital loans as well as the Workplace Acquisition and Vehicle Acquisition loans available to tradesmen and artisans.

**Loans extended to SMEs reached TRY 220.8 billion.**



Despite the constantly intensifying competition environment in SME Banking, Halkbank continued its successful performance in this segment in 2021 with 19.5% market share in SME loans. Halkbank's lending to SMEs accounted for 48.3% of its total commercial loans in 2021. Credit extended to SMEs reached TRY 220.8 billion while the number of the Bank's SME Loan customers stands at 1.4 million as of the end of the year. According to data from Tradesmen and Artisans Confederation of Turkey (TESK), the Bank extends credit to 1.2 million tradesmen and artisans, out of a total of 2 million in Turkey, representing 60% market share in this segment.

Halkbank is the only bank in the Artisans Banking market to offer the Ministry of Treasury and Finance interest-subsidized loans to tradesmen and artisans. Halkbank is further strengthening its ties with artisans by virtue of providing this special product. TRY 33.1 billion in Ministry of Treasury and Finance interest-subsidized loans to 245 thousand tradesmen and artisans in 2021. Furthermore, the Bank raised the individual upper limits of these loans from TRY 225 thousand to TRY 275 thousand in response to changing market conditions, which increased the funding support for tradesmen and artisans while helping market recovery and production growth.

The Ministry of Treasury and Finance interest-subsidized loan payments of tradesmen and artisans whose businesses were harmed as a result of fires, floods and earthquakes across Turkey in 2021 were deferred in an attempt to help them recover from these disasters. Within his scope, TRY 27 million of loan payments for 2,243 tradesmen and artisans were deferred.

## SME-ARTISANS BANKING

**Halkbank continued to offer innovative services for supporting strategic industries and creating jobs, exporters, entrepreneurs looking to start a business, and SMEs looking to move their businesses to the digital environment.**

The continuously rising success in SME loans of Halkbank, which pursues a lending policy of prioritizing SMEs as the “People’s Bank,” shows that the Bank is the right address for SMEs and serves as an indication that SMEs’ financing demands are addressed instantly.

Taking service to its customers’ door with a countrywide extensive branch network and nearly 3,000 Customer Representatives exclusively serving SMEs, Halkbank continues to offer 24/7 uninterrupted service to SMEs with [www.halkbankkobi.com.tr](http://www.halkbankkobi.com.tr) and [www.halkbankkobigelisim.com.tr](http://www.halkbankkobigelisim.com.tr), as well as continuously improving digital channels such as the Corporate Internet Branch, Halkbank Mobile, and Corporate Dialog. As a result, the Bank continues to leverage its constantly-upgraded technology infrastructure as a strong advantage in competition.

In 2021 Halkbank continued to lead innovation and play an active part in the success of SMEs thanks to its SME Banking initiatives. Halkbank continued supporting strategic sectors and supporting job creation, providing innovative solutions to exporters, entrepreneurs wishing to set up their own businesses and SMEs that want to carry their business to the digital environment. Halkbank also maintained its mission to be the complimentary agent in the finance industry for the economic administration’s plans and programs for the real sector.

Closely monitoring the advances in technology, Halkbank continuously increases investments in an attempt to extend its deep-rooted banking experience to digital channels, which the Bank identified as one of its main areas of focus. Continuing to reinforce its active presence in digital channels in order to enrich its points of contact with the real sector, the Bank broke another new ground in the industry in terms of digitalization initiatives with the “SME Digital Loan Platform” that was unveiled through [halkbankkobi.com.tr](http://halkbankkobi.com.tr), which boasts more than 300 thousand members.

### Uninterrupted Support for the Real Sector

One of the leading financial institutions in combating the pandemic, Halkbank continued its uninterrupted support for the real sector with a large number of new products and services in an attempt to mitigate the impacts of the global pandemic that had a negative impact on the economy, and to help enterprises stay in business and maintain their employment levels.

Halkbank continued to stand behind enterprises that suffered financial hardships due to the pandemic that negatively affected economic life, or because of natural disasters experienced in Turkey, with its financing support as well as the opportunity to defer payments on existing loans in 2021.

In 2021, Halkbank offered the following impactful products and services based on the characteristics and needs of customers:

#### **Halkbank Salary Payment Support Loan and Check Payment Support Loan**

Halkbank Salary Payment Support Loan and Check Payment Support Loan were rolled out during the operating period in an effort to insulate firms from the adverse effects of the pandemic, ensure uninterrupted continuation of commercial activity, and to lessen the potential impacts of the pandemic.

Halkbank Salary Payment Support Loan provided financing support to businesses so that they do not reduce their employee counts and pay their employees on time, while Halkbank Check Payment Support Loan offered affordable funding to enterprises that use Halkbank checks in their commercial activities for them to be able to pay their Halkbank checks.



#### **Green Energy Loan Package**

Halkbank created the “Green Energy Loan Package” in an attempt to expand the use of renewable sources of energy (solar, wind, biogas and geothermal) in electricity generation; deploy these resources for the economy in a reliable, economic and high-quality manner; reduce Turkey’s dependence on foreign energy through energy efficiency and conservation; and lower the greenhouse gas emissions.

The following products are offered as part of this package:

- Renewable Energy Investment Loan
- Green Workplace Investment Loan
- Energy Efficiency Loan
- Green Certified Construction Project Loan
- Green Light Commercial Vehicle Loan

#### **Solutions Tailored to Specific Industries or Business Lines**

Along with generating specific solutions to unique demands of each sector, with an emphasis on the manufacturing industry, with SME Support Packages, Halkbank also supports these sectors through packages specially developed for these sectors to create awareness towards strategic sectors. Manufacturing, export, tourism, automotive industries and all other sectors have easy access to support packages designed for their areas of business.

Within this scope, as part of the “Technology Oriented Industrialization Thrust” program carried out by the Ministry of Industry and Technology in 2021, the Bank rolled out the Credit Guarantee Fund (KGF)-guaranteed “Manufacturing Based Import Substitution Support Package” in an effort to encourage the manufacturing of value-added products in Turkey’s medium-high and high technology industries, and to increase Turkey’s manufacturing capacity and the production of intermediate goods that are critical to the development of select industries.

**The KGF-guaranteed “Manufacturing Based Import Substitution Support Package” was launched.**

## SME-ARTISANS BANKING

### Halkbank continues to carry out innovative initiatives geared toward exporter firms' demands and needs in an effort to enhance Turkey's edge in international competition.

In 2021 Halkbank continued to cooperate with trade associations and offer value-added generating products to SMEs. Support for the pharmacists continued with the Pharmacist Support Package as part of the cooperation with the Turkish Pharmacists' Association. Halkbank also served the financing needs of travel agencies under affordable terms with the TÜRSAB Member Travel Agencies Support Package as part of the protocol it signed with the Association of Turkish Travel Agencies (TÜRSAB).

#### Supporting Entrepreneurs and Employment

In keeping with its long-standing mission of supporting entrepreneurs and social responsibility awareness, Halkbank prioritizes fostering entrepreneurship, boosting employment, supporting entrepreneurs to start new businesses, and helping young people to actively participate in the economy.

To this end, the Bank continues to make contributions to the economy and to job creation by providing financial support to entrepreneurs looking to start or grow their businesses. Embracing incentivizing and supporting entrepreneurial women and young people with novel business ideas as one of its strategic areas of focus, Halkbank offers funding support to individuals looking to start a business through the Young, Bold, Master, Techno and General Public Entrepreneur Loans based on such criteria as educational attainment, age and work experience, and to entrepreneurs seeking to invest in the franchising area through the Franchising Loan product. In addition, the Women Entrepreneur Loan, which was developed with the purpose of spurring a greater participation of women in business life, supports women entrepreneurs who are looking to start a business or grow their existing businesses.

The special credit products offered through the Digital Loan Platform enables entrepreneurs to make loan applications without visiting a branch, receive their loan disbursements quickly, and access the financing they need easily. The financing supports offered by

Halkbank within this scope include Digital Loan Package for Techno Entrepreneurs, Digital Loan Package for Bold Entrepreneurs, Digital Loan Package for Young Entrepreneurs, Digital Loan Package for Master Entrepreneurs, and Digital Loan Package for General Public Entrepreneurs.

Further, the Bank unveiled the "Additional Employment Support Package" in line with the Economic Reform Program in an attempt to ensure the continuation of economic stability and to encourage SMEs and other businesses to create new jobs while maintaining status as a going concern.

#### Solutions for Exporters' Needs

Halkbank generates customized solutions for and supports exporter SMEs in accordance with Turkey's strategy and economic programs. With its innovative efforts for meeting the demands and needs of export firms in order to improve the international competitive power of Turkey, Halkbank is offering as part of Export Support Package foreign currency loans, Turkish lira-denominated export loans, and letters of guarantee to SMEs gearing up for exports while providing installment export loans to SMEs that prefer to make installment payments on foreign currency-denominated credits and also, unique solutions to companies wishing to break into new markets.

### Halkbank generates customized solutions for and supports exporter SMEs in accordance with Turkey's strategy and economic programs.



With the CBT Rediscount Credit for Export and Foreign Exchange Earning Services and Growing Exporter Loan, Halkbank supports exporting companies and offers them the ability to protect against foreign exchange rate volatility. The Bank's Call Option Foreign Exchange Loan allows exporters to hedge against such FX fluctuations. Halkbank also mediates low-interest Eximbank-sourced loans. Thanks to the Bank's extensive correspondent network, companies can also obtain letters of credit and perform other foreign trade transactions under affordable terms.

#### KGF Partnerships

As part of its partnership with the Credit Guarantee Fund of Turkey (KGF), Halkbank continued its efforts to inform all SMEs about KGF guarantees and enable them to be able to tap this resource in 2021. SMEs that were experiencing difficulty in obtaining financing due to lack of guarantees gained access to the needed funding thanks to the KGF-sponsored loans originated by Halkbank. Protocols were signed with the KGF on various dates regarding the TOBB Breathe Loan, Additional Employment Support Package, and Manufacturing Based Import Substitution Support Package, and advantageous loan products were rolled out as part of these protocols.

#### KOSGEB Interest Support Loans

Halkbank and the Small and Medium Enterprises Development Organization of Turkey (KOSGEB) launched the KOSGEB SME Financing Program in 2021

to offer financial support under favorable terms to enterprises registered in the KOSGEB database that have a valid SME Certification. Under this program, a large number of SMEs and entrepreneurs financed their working capital needs at zero or very low interest rates and expanded their recently-established businesses. In addition, the Bank signed protocols with KOSGEB and KGF for KOSGEB Trabzon Province Yomra District Emergency Support Loan; KOSGEB Edirne Emergency Support Loan; KOSGEB Artvin, Düzce and Rize Provinces Emergency Support Loan; KOSGEB Emergency Support Loan for Districts in Western and Central Black Sea Region Provinces and Van Province That Experienced Flooding; and KOSGEB 2021 Forest Fires Emergency Support Loan.

#### Special Digital Platform for SMEs

In 2021 Halkbank continues to lead innovation and play an active part in the success of SMEs thanks to its SME Banking initiatives.

### Halkbank continued to provide innovative solutions to SMEs in 2021.

## SME-ARTISANS BANKING

### The General Public SME Digital Loan Package was rolled out in order to facilitate SMEs' access to the financing and loan products that they need.

As business conducts change drastically due to advances in technology, Halkbank adapted to this change quickly. Rapidly integrating all facets of technology into banking, Halkbank enables SMEs and all other customers to access products and services through the digital channels as well.

Closely monitoring the advances in technology and undertakes major investments to extend its deep-rooted banking experience to digital channels, the Bank sees its active presence in digital channels as an important vehicle for establishing contact with real sector firms. Halkbank broke another new ground in the digitalization journey by launching the SME Digital Loan Platform that was unveiled through the halkbankkobi.com.tr that boasts more than 300 thousand members.

The loan products offered through the Digital Loan Platform enabled all eligible real and legal person SMEs to make loan applications without visiting a branch, receive their loan disbursements quickly, and access the financing they need easily. The Women Entrepreneurs Digital Loan Package became the first product to be offered through the Digital Loan Platform.

The General Public SME Digital Loan Package was unveiled in an effort to offer digital loan facilities to broader masses and to help SMEs access the financing and loan products that they need more conveniently. As part of the General Public SME Digital Loan Package, the following products are offered digitally to all SMEs that are or want to be Halkbank customers:

- Paraf SME Card
- TRY Letter of Guarantee
- Check Underwriting Credit (Check Book)
- Dost Account (Overdraft)
- Revolving Loan Facility

Driven by digitalization and further accelerated by the pandemic, many services and processes in traditional banking are being replaced by next-generation banking applications. In an attempt to insulate its customers from the risks of the pandemic, Halkbank unveiled the "Remote Customer Acquisition" service during this period. As a result, the Bank positioned itself merely an online form away from anybody who wants to be a Halkbank customer.

Halkbank partnered with "Bizim Hesap" in an attempt to help SMEs take advantage of the opportunities presented by technology and digitalize their business processes. "Bizim Hesap" facilitates commerce thanks to such functions as bookkeeping, record keeping and tracking as well as other comprehensive features that SMEs may need including e-invoicing, inventory tracking and barcode scanner.

**The "Remote Customer Acquisition" service was unveiled in an attempt to protect customers from the pandemic.**

**Halkbank broke another new ground in the digitalization journey with the SME Digital Loan Platform.**



#### **Samatya Project**

As part of digital transformation, the "Samatya Project" was put in place for conducting the initial evaluation process of Ministry of Treasury and Finance interest-subsidized loans extended to tradesmen and artisans under the guarantee of the ESKKKs (Artisans and Tradesmen Loan and Guarantee Cooperatives).

Within the scope of this project, the Bank began carrying out the initial evaluation process in a paperless environment and monitoring loan applications systematically, which increased operational efficiency for both the branches and the ESKKKs and reduced process time cost.

#### **Other Digitalization Projects**

In an effort to reduce social contact during the pandemic, the Bank enabled loan payments in the digital environment through the Halkbank Mobile and Internet Branch channels. During this period, Halkbank accepted Artisan Support Package applications over the internet and enabled customers to execute loan-related documents via SMS.

The letters of commitment needed for the loan payment deferrals of tradesmen and artisans whose businesses suffered losses due to the pandemic were executed in a paperless environment over mobile phones.

#### **2022 and Beyond**

In the upcoming period Halkbank will continue to stand behind tradesmen and artisans who create value for a growing Turkey, which the Bank sees as the reason for its existence. To this end, the Bank will focus on maintaining its financing support for strategic industries and entrepreneurs looking to start a business and developing initiatives that will boost employment in Turkey.

While growing its support for the real economy firms, the Bank aims to adopt state-of-the-art technologies and improve its capabilities to meet financial needs quickly and effectively. Within this scope, Halkbank will concentrate on developing end-to-end digital lending practices and other digital banking services in the upcoming period.

**In the upcoming period Halkbank will continue to stand behind tradesmen and artisans who create value for a growing Turkey, which the Bank sees as the reason for its existence.**



## RETAIL BANKING

**In retail banking, Halkbank monitors the contemporary trends in technology such as cloud computing, artificial intelligence and blockchain technologies and prioritizes the integration of these technologies into the business processes.**

Halkbank embraces the concept of offering personalized digital financial services under the most affordable terms with a customer-oriented approach. In accordance with this principle, the Bank is continuously expanding its digital banking services in an effort to meet the changing needs of its retail customers based on technology and trends.

In retail banking, Halkbank monitors the contemporary trends in technology such as cloud computing, artificial intelligence and blockchain technologies and prioritizes the integration of these technologies into the business processes. In retail banking, the Bank expands the banking channels through such initiatives as cooperation with fintechs and increased utilization of artificial intelligence (e.g., artificial intelligence supported digital representations), and perfects the services rendered to customers via all channels.

Continuously expanding its loan product portfolio and solutions in line with customer needs and trends in retail banking, Halkbank's retail loans stand at TRY 82.8 billion.

### Custom Products and Solutions Tailored to Needs

The main focus of Halkbank Retail Banking is to develop new products that respond to ever-changing customer needs and fluctuating market dynamics while meeting the Bank's performance objectives. Halkbank's strategic priorities include boosting product and service quality, and diversifying the product offering to capture a greater market share. To this end, the Bank carried out traditional general purpose loan campaigns in 2021 such as the "General Purpose Loan for Healthcare Workers" for the healthcare industry, and "Loan 155" for the law enforcement community. Further, in accordance with a customer segment-based pricing approach, Halkbank developed various loan facilities and solutions for customers, including Payroll 24, and general purpose loan products specific to public sector employees, pensioners, and private sector workers.

The Bank once again demonstrated its approach to the needs of customers going through tough times not just as a financial institution, but also from a social responsibility perspective with the Personal Basic Needs Support Package and its services through non-branch channels during the pandemic.

Halkbank has become one of the most preferred banks in mortgage lending thanks to a broad product range, flexible repayment options customized for each customer and attractive promotional campaigns. Halkbank views mortgage loans as the basis of a long-term relationship of trust with customers. As part of the "My Sweet Home" concept and the "My Economical Home Mortgage Loan" package, the Bank created individual payment plans at attractive interest rates in 2021 to help its customers become homeowners.

In addition to the standard automotive loans for customers' financing needs arising from vehicle purchases, Halkbank continued to offer the "Green Light Automotive Campaign" at attractive interest rates in 2021.



Halkbank developed the "Economical Banking Fee Package" for retail customers to perform their banking transactions (e.g., safe deposit box, cash withdrawal from other branches) for an attractive fee rather than paying a separate fee for each transaction.

Merger of state-owned insurance firms and integration with Halkbank that began in 2020 was completed in 2021. Existing insurance products were replaced by more functional and next-generation insurance applications.

### Corporate Salary Payment

In 2021 Halkbank continued to expand its salary payment mediation services and acquire new companies with high profitability potential. As of end-2021, 1.1 million people receive their salary payments through Halkbank.

### 2022 and Beyond

In keeping with the accelerating digitalization trend, Halkbank will focus on agreements with retail chains regarding the delivery of general purpose loans through

the stores and websites of retailers, and infrastructure work to implement such arrangements. The Bank also aims to invest in technologies that will enable customers to perform all of their transactions through digital channels and complete their transactions by way of remote video chats without having to visit a branch.

In an attempt to increase the quality of the service rendered to customers receiving their pension salary payments through Halkbank, the Bank initiated efforts in 2021 to make branch recommendations through the ATM channel to help customers get service at the closest location to their addresses. This initiative will continue in 2022.

The first phase of ANKA Bancassurance Insurance Front Face, to be used by the branches in life and non-life insurance policy transactions, was completed in 2021. The second and third phases are expected to complete in 2022. In addition, Halkbank will carry out initiatives for the monitoring, sales, renewal, and cancellation of insurance policies also through the Bank's alternative delivery channels.



## DEPOSIT MANAGEMENT

*Halkbank has adopted a dynamic deposit management strategy based on optimization of cost, market share, liquidity and non-deposit resource facilities.*

Having adopted a dynamic deposit management strategy based on optimization of cost, market share, liquidity and non-deposit resource facilities, Halkbank serves a broad base of customers with the products it developed for this segment. The pillars of the Bank's deposit management initiatives include new and broad-based customer acquisitions; increasing the product utilization rates of existing customers; steering the efforts of all marketing units in the deposits segment to regain inactive customers; and ensuring profitable and efficient branch operations through effective cost management.

In an attempt to increase the TRY/FX demand deposit volume and the share of demand deposits in total deposits, Halkbank conducted an 8-month campaign in 2021 that continued until the end of the year.

Assuming pioneering roles in the technology and innovation oriented transformation of the banking industry, Halkbank accelerated its investments in digitalization in this field and initiated efforts to also deliver existing deposit products to a broad customer base through Internet Banking and Mobile Banking.

As of the end of the operating year during which the Alternative Delivery Channels played more proactive roles in deposit services, the Bank's total deposits reached TRY 625.9 billion while the share of term deposits in total deposits stands at 73.1%.

### **2022 and Beyond**

Halkbank's priority goal in the upcoming period will be to continue to increase the share of broad-based deposits in total deposits and solidify the sustainable resource composition.

Halkbank's objectives for 2022 also include raising the share of savings deposits in total deposits as well as the share of demand deposits in total deposits. On the term deposits front, the Bank aims to increase the TRY term deposits volume and the average maturity of TRY term deposits, as well as to convert FX deposits to TRY deposits.

In order to attain these goals, Halkbank will continue to render new products that meet customer needs and focus on digitalization initiatives. In addition, the Bank plans to reorganize the services provided through the Alternative Delivery Channels and offer new deposit products through these channels.

*The Bank aims to increase the share of savings deposits in total deposits.*



## TREASURY MANAGEMENT AND INTERNATIONAL BANKING

**In line with the monetary policy practices of the Central Bank of Turkey in 2021, Treasury Management utilized the TRY money markets effectively and solidified Halkbank's position as a leading player in financial markets with a large trading volume.**

### Treasury Management

Establishing an active presence in domestic and international (organized and over-the-counter) money, currency, derivatives and capital markets in accordance with Halkbank's strategies and policies, Treasury Management contributes to the Bank's management of assets and liabilities, liquidity management, and profitability by way of its operations in these markets.

In 2021, the Department continued to engage in profitability-focused customer derivatives trading that support lowering funding costs. Competitive pricing is provided in FX and gold markets and derivative products in accordance with a customer-oriented approach. In line with the monetary policy practices of the Central Bank of Turkey in 2021, Treasury Management utilized the TRY money markets effectively and solidified Halkbank's position as a leading player in over-the-counter and organized markets with a large trading volume. The Bank has a large market share in the Central Bank of Turkey's OMO transactions and in the BIST Repo Market.

Serving as a Market Maker since 2003, Halkbank is actively involved in the Ministry of Treasury and Finance's domestic borrowing operations in order to contribute to the liquidity and depth of the GDS market. The Bank continued to have an active presence

**Halkbank raised TRY 16.7 billion through the issuance of commercial paper directly to qualified investors.**

in the securities market in 2021. In line with the goal of effective and efficient portfolio management and within a balanced securities portfolio strategy, the Department also helped to mitigate impacts of the risks in the market on the Bank's balance sheet while contributing to the Bank's profitability during this period.

Halkbank continued to issue securities in 2021 in order to create alternative funding sources, diversify its product portfolio and customer base, strengthen its capital position, and ensure the sustainability of financial stability. Within this scope, Halkbank raised TRY 16.7 billion in 2021 through the issuance of commercial paper directly to qualified investors without offering them to the public. The Bank's TLREF indexed issuances helped the deepening of the new benchmark interest rate.

### 2022 and Beyond

With a customer-oriented approach, Halkbank will maintain its competitive position in foreign exchange and derivative products pricing while continuing to fulfill the requirements of its market maker status in the interbank markets. In line with the digitalization of over-the-counter and organized markets, Halkbank aims to offer quick and high-quality pricing that minimizes operational risk.

**Halkbank's Treasury operations are focused on supporting Turkey's sustainable growth.**

The Bank intends to manage its securities portfolio, which constitute a material share of the balance sheet, efficiently in terms of maturity, portfolio type, and interest composition, and to maintain the profitability of the portfolio. To this end, Halkbank will monitor the market conditions in the primary and secondary markets, continue to be an active player, and protect against market risks with a balanced portfolio management strategy.

In an attempt to increase the diversity of customers and resources, the Bank will continue to issue debt securities indexed to TLREF and other market benchmarks in the period ahead.

Focusing its Treasury operations on supporting Turkey's sustainable growth, Halkbank will closely monitor the digital transformation in the banking industry and prioritize undertaking the necessary automation and improvements in interbank transactions and services rendered to customers.

### International Banking

Halkbank has been obtaining low-cost, long-term resources from international financial institutions to be used in financing SMEs and larger-scale companies since 2006. The Bank's sustainability initiatives started with corporate social responsibility activities in 2008. Partnerships with international financial institutions led to capacity enhancing operations in corporate social responsibility, the environment, and occupational health and safety, at the Bank and customer level. Halkbank began extending energy efficiency and renewable energy themed loans in 2011 as part of the cooperation established with international financial institutions. The awareness resulting from the gains from these projects paved the way for the establishment of the Sustainability Committee in 2015, and then to the creation of Environmental and Energy Policies, at Halkbank.

Within the scope of its sustainability initiatives, Halkbank disbursed EUR 315 million in loans since 2012 as part of the projects undertaken jointly with international financial institutions, including the French

Development Agency, the European Investment Bank, and the World Bank, concerning energy efficiency, renewable energy, preventing environmental pollution, and rehabilitation of organized industrial zones. The Bank extended EUR 55.2 million in loans in 2021 from overseas sources of funding for the investment and working capital needs of customers, including the Energy Loans.

Halkbank aims to offer customers import and export services on a global scale, and to be a major supporter of Turkish exporters. To this end, the Bank effectively manages an extensive correspondent bank network of 1,100 banks in 112 countries and offers high-quality and value-added foreign trade services and products to customers. Factors underlying the Bank's success are customer trust towards Halkbank, its strong relationship management capabilities, extensive know-how, sustainable trade volumes directed to correspondent banks, ever-increasing service quality in overseas operations and customer satisfaction arising from its diversified product portfolio.

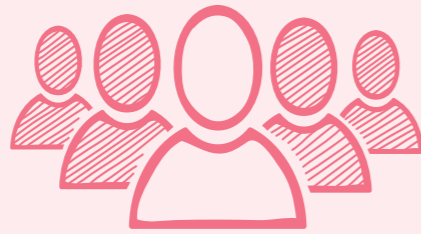
Continuing to support its clients in the foreign trade and payments areas in 2021, Halkbank successfully mediated the investments of overseas contracting firms in particular thanks to the synergies it created with the banks in its correspondent network with a robust relationship approach.

### 2022 and Beyond

In an effort to diversify its sources of funding, obtain long-term facilities under affordable terms, and to support its sustainable banking operations, Halkbank aims to maintain its positive international dialogue in the long term.

Constantly assessing country risks and financial indicators as part of its correspondent bank relations policy, Halkbank will continue to meticulously consider these assessments in all of its transactions in 2022. To this end, the Bank will continue to monitor geopolitical and global economic developments closely; periodically review its credit limits; and manage country and correspondent bank risks effectively.

# HUMAN CAPITAL



Total number of employees: **20,339**

Ratio of collective bargaining employees: **82%**

Female employee ratio: **44.5%**

Halkbank's employee turnover ratio in 2021: **2.8%**

Total funding for employee training: **TRY 13.6 million**



Halkbank's employees are at the center of the Bank's human-focused business model that was created within a responsible banking approach with the goal of creating sustainable value for Turkey. Within this scope, the Bank embraces an inclusive employer identity that sees individual differences as a value, and invests to increase the satisfaction and enhance the capabilities of its employees, Halkbank's most valuable asset, in an attempt to help them realize their potentials. Thanks to its fair, transparent, safe and supportive work environment based on fundamental rights and freedoms, equal opportunity, diversity and performance, Halkbank enables its human capital to generate direct and high value-added output for the other capital elements at the Bank.

Guided by diversity, inclusion and equal opportunity in all human resources practices in 2021, Halkbank carried out major initiatives that will enhance the satisfaction and productivity of its 20,339-strong workforce under the Bank's roof. Digital transformation of the processes are ongoing in an attempt to implement a more holistic, accurate and interactive human resources management based on accessible data; enhance the employees experience; and expand the Bank's institutional memory. In addition to ensuring the physical health and safety of its employees during the pandemic, the Bank also stood by them with the Social Support Service that was rolled out to support their mental and emotional well-being.

As a result of its investments in human capital that combines a human-centric approach with technology and digitalization, Halkbank won the Best Employer of the Year and many other prestigious awards in 2021 at the world's leading award platforms, including the "Stevie Awards for Great Employers" and the "Globe Awards for Business Excellence and International Best Business Awards."

**The awards that the Bank won this year are presented in the Awards in 2021 section.**

## HALKBANK'S IDENTITY AS AN INCLUSIVE EMPLOYER

**Halkbank's diverse workforce is immensely valuable in terms of contributing to and pioneering Turkey's sustainable development.**

The Sustainable Development Goals emphasize the need for ridding the world of inequalities by 2030, and providing all people with equal societal, social and economic opportunities and possibilities. The Bank's diverse workforce is immensely valuable in terms of contributing to and pioneering Turkey's sustainable development. The people's bank Halkbank owes its reputation in sustainable and responsible banking to its human-oriented work principles. In addition to offering all facilities in its disposal to its employees within the framework of equality, inclusion and fairness, the Bank implements human-centric human resources practices.

In accordance with principles of inclusion, the Bank does not tolerate discrimination among its employees on the basis of faith, language, ethnicity, age, gender or disability. No compromises of any kind are made when such a situation occurs.

Halkbank respects the rights of the employees in accordance with the United Nations Universal Declaration of Human Rights, to which Turkey is a part to, and the fundamental principles of the International Labor Organization (ILO). Halkbank conducts its operations with an eye toward the ban on discrimination and forced labor, and abolition of child labor. The Bank respects the right to collective bargaining and the right to unionize. 82% of the Bank's employees are represented under collective bargaining agreements. As of year-end, 546 personnel with disabilities are employed at the Bank.

Unionized employee ratio: **80%**  
Ratio of employees represented by paying solidarity dues: **2%**

Halkbank offers extensive career opportunities to employees based on fairness, equality and development. The career and performance management systems employed by the Bank make continuous contributions to the development of the employees.

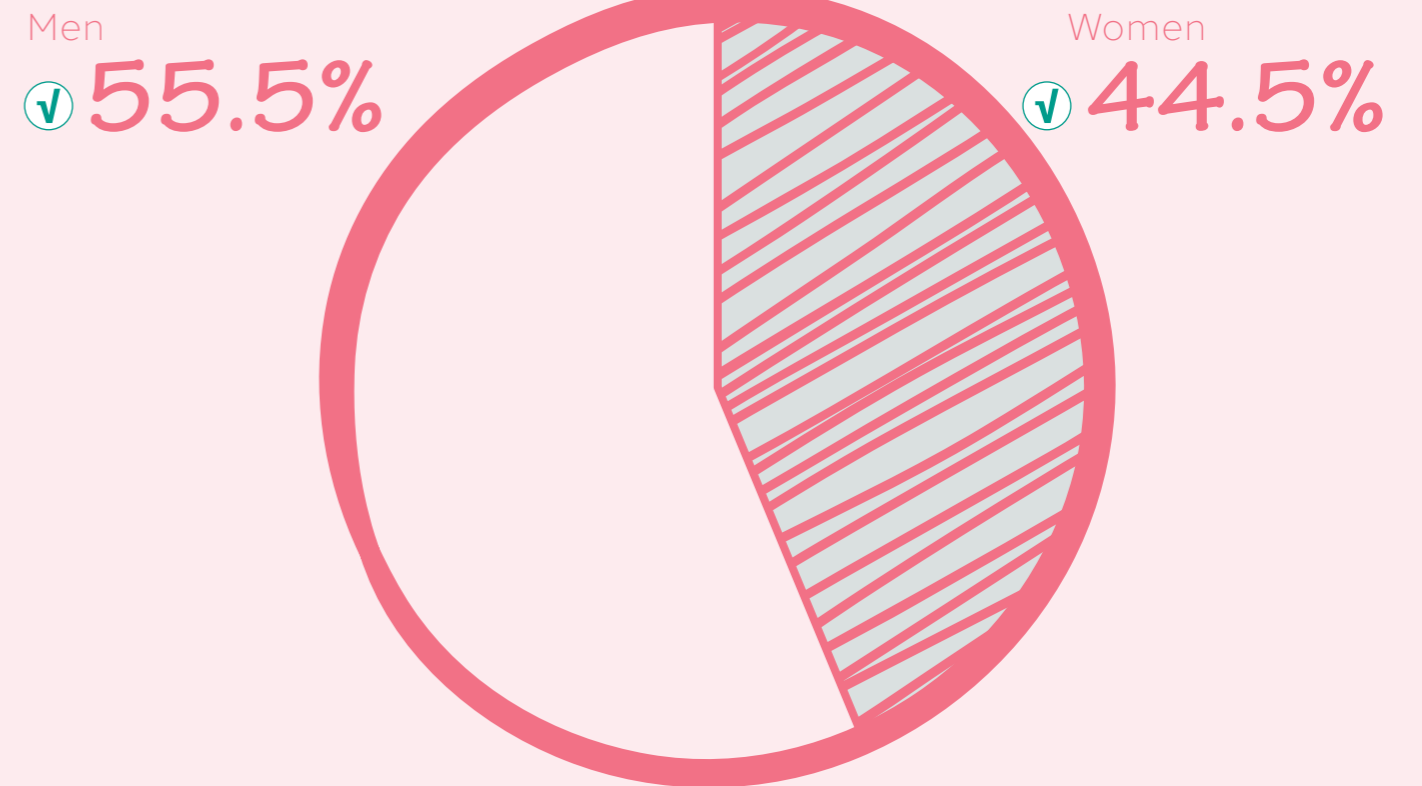
Applying its compensation policy without discriminating between the employees, Halkbank contributes to Reduced Inequalities and Gender Equality which are among the United Nations Sustainable Development Goals.

Halkbank does not discriminate on the basis of gender in its compensation policy. The Bank's human resources organization employs a function- and title-based structure that emphasizes value added and performance. To this end, an employee's gross pay is equal to the sum of the pay of the employee's title and the pay of the employee's function in Halkbank's compensation system.

In accordance with the "equal pay for equal work" policy, the starting level salary ratio is 111.8% for white collar workers and 104.4% for blue collar workers.

GRI 102-41

## Percentage of Employees by Gender



**Halkbank offers extensive career opportunities to employees based on fairness, equality and development.**

**Halkbank does not discriminate on the basis of gender in its compensation policy.**

## HALKBANK'S IDENTITY AS AN EMPLOYER

*The results of the optimum balance model training from the recruiting and promotion processes are used in assessing the causes and outcomes of the areas of improvement.*

In accordance with employee rights regarding employee complaints and conflicts, the Bank devises the mechanisms related to process management and resolves the problems. In addition, focusing on the shortcomings identified in the satisfaction survey conducted after the results of the optimum balance model training from the recruiting and promotion processes, the causes and outcomes of the areas of improvement are assessed.

### Parental Leave Approach

The Bank designs its business processes regarding women's employment in accordance with universal human rights. Halkbank takes all measures in order to ensure that women employees are not harmed professionally and their careers are not negatively impacted due to maternity. As part of the maternity benefits provided to women employees, 555 women employees went on maternity leave while 487 women employees returned from maternity leave in 2021. During the reporting period, 752 male employees went on parental leave due to their spouses giving birth.

### Recruitment Processes

In keeping with the sustainability principles compliance framework, as part of the Corporate Human Rights and Employee Rights Policy by which the Bank pledges full compliance with the legislation that regulates human rights and labor relations in Turkey, Halkbank provides equal opportunity to candidates in the recruiting processes. While determining its policies for the recruiting processes executed by the department of Human Resources, the Bank considers a variety of factors including industry dynamics, developments that directly and indirectly affect employment, qualitative changes in the workforce, and budgetary constraints. After the planning stage, employee job descriptions are created based on the criteria and mapping for the position to be filled.

	Number of employees going on parental leave in 2021*	Number of employees returning from parental leave in 2021*
WOMEN	555	487
MEN**	752	754

\* The number of employees going on parental leave in 2021 equals to the sum of the employees who went on parental leave in a previous year and returned in 2021, and the employees who have not yet returned from parental leave.

\*\* Male employees are provided with paid leave when their spouses give birth.



### Assessment of Success Profiles

In an effort to identify more effective, reliable and objective success profiles to be used in the determinations made regarding the performance of people to be assessed as part of Halkbank's hiring, promotion and appointment processes, Halkbank made improvements to its human resources processes in 2021. Within this scope, success profiles entailing basic, functional and leadership competencies were created for nearly all positions by way of focus group meetings, success profiling surveys, and exemplary field practices.

As part of the ongoing Talent Management initiatives, the Competency Assessment Process, consisting of employee self-evaluations based on competency approach-driven success profiles, feedback meetings, and supervisor evaluations, was implemented at the beginning of 2022.

The Competency Assessment Process is aimed at identifying the competencies and areas of improvement of each employee. As a result of the initiatives for which modeling was completed in 2021, Halkbank will create managerial candidate pools in 2022 by identifying the most qualified candidates suitable for managerial positions. The criteria that will be used in identifying candidate pools include numerical performance measurements, a test for assessing compatibility with the profile, and inventory and evaluation center applications.

With a large number of projects in the human resources area that are carried out simultaneously in an integrated manner, the Bank conducts initiatives aimed at increasing employee satisfaction and developing talent.

## CAREER AT HALKBANK

*Behind the qualified workforce that Halkbank possesses are the exclusive opportunities it creates for its employees with the focus of being the preferred employer.*

Halkbank reflects the corporate Bank culture and healthy and effective working environment transparently for its employees to every unit of the Bank. The Bank continues to add value to its stakeholders with the sustainability perspective it has added to its corporate culture and the great importance it attaches to increasing the development and loyalty of its employees.

Halkbank creates shared value by benefiting from the dynamism and innovation of young people and the experience of other age groups. As a result, Halkbank creates a working environment that includes a diversity of ideas by providing employment to people from all age groups and education levels.

During the reporting period, the Bank's total employee turnover rate was  $\uparrow$  2.8%, while the newly hired employee turnover rate was  $\uparrow$  1.9%. While the involuntary turnover rate is 1.2%, the voluntary turnover rate is 1.6%. According to the Human Resources Department its success criteria in 2022, the bank has set targets to reduce employee turnover by 0.05%, to implement a talent management project, and reduce potential management turnover by 0.03%.

Behind the qualified workforce that Halkbank possesses are the exclusive opportunities it creates for its employees with the focus of being the preferred employer. In order to create the employees' sense of belonging and to give them the value they deserve, the Bank provides bonuses, foreign language allowance, exchange compensation, work shift compensation, and workplace payments in addition to their wages. Employees benefit from some side benefits based on the requirement of their assigned task.

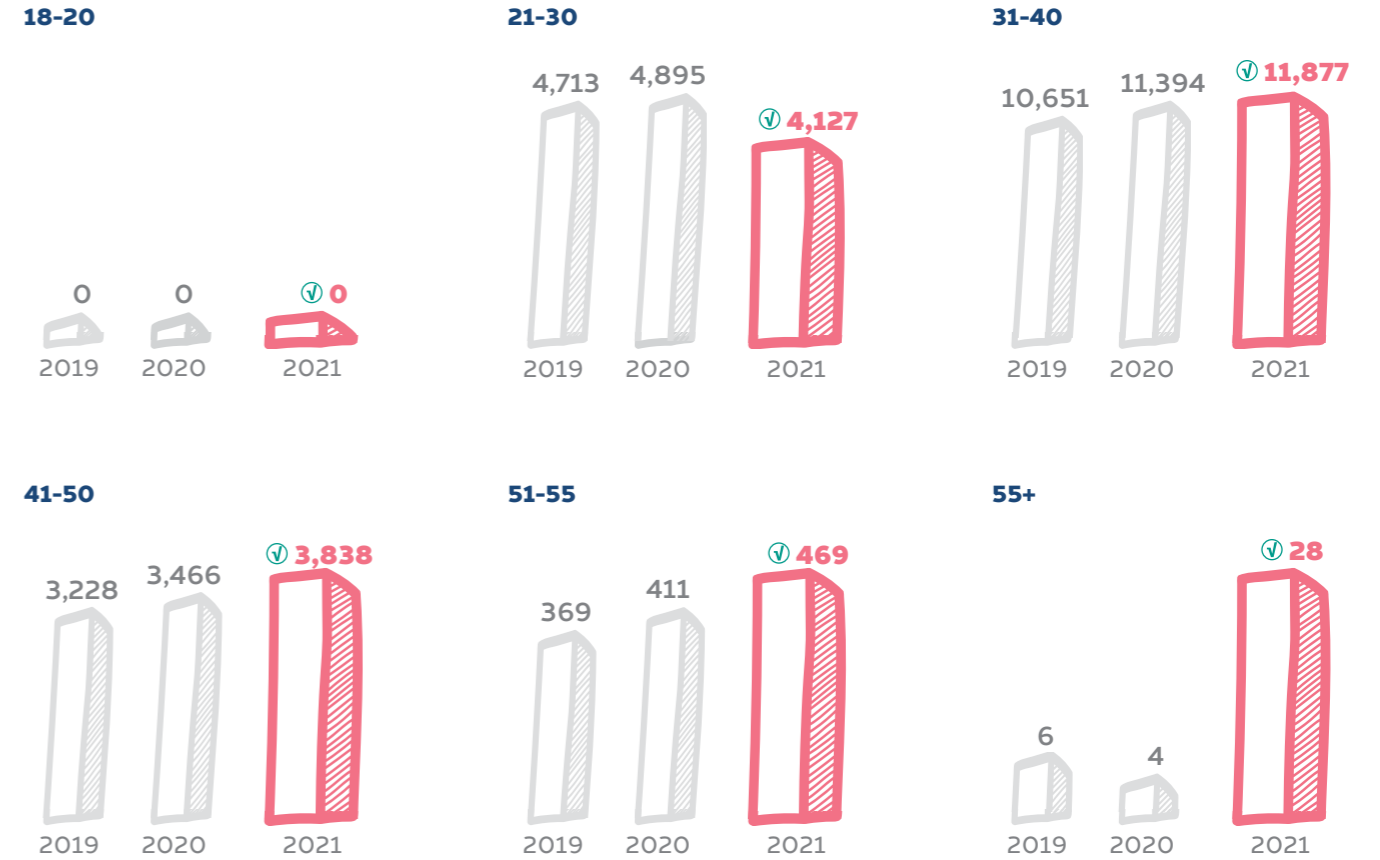
**For more information about the Bank's remuneration and special employee policy;**  
<https://www.halkbank.com.tr/en/investor-relations/corporate-governance/policies.html>

The Bank believes that employee and company development depends on transparent communication and relations, also it believes in order to ensure that employee development is continuous the managerial process should play an active role in this process. The Bank increases employee performance and motivation with feedback it gives to all its employees through regular performance evaluations. 6,750 female and 5,967 male white-collar employees were encouraged with the feedback given by Halkbank in 2021.

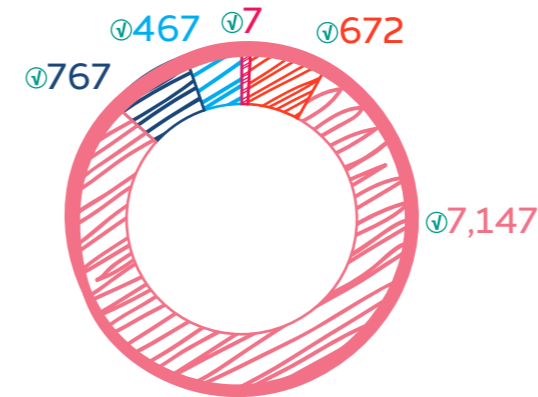
SiHIR application used for handling temporary/ final assignments and transfer requests, and the HR Appointment Request application where appointment requests were collected have been discontinued and instead of these the ATİK (Assignment-Promotion-Signature-Career) application that includes career management processes that are not carried out in a systematic framework was designed.

Again in 2021, the HR Bundle Project, a structure that automatically transforms the processes that need to be followed by the relevant units and the information flow about the mobility of the employees (such as recruitment, promotion, assignment, unpaid leave, leaving the job) was built also.

### Employees and Age Groups

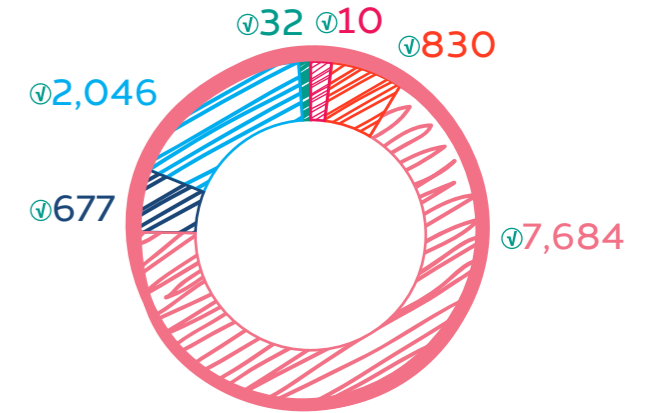


### Number of Female Employees by Education



PhD 0.06% Associate Degree 8.47%  
 Master's Degree 7.42% High School 5.16%  
 Bachelor's Degree 78.89%

### Number of Male Employees by Education



PhD 0.09% Associate Degree 6.00%  
 Master's Degree 7.36% High School 18.14%  
 Bachelor's Degree 68.13% Primary school 0.28%

## EMPLOYEE PARTICIPATION AND INTERACTIVE COMMUNICATION

*Halkbank creates effective communication channels and continuously improves them in order to increase employee loyalty and motivation as well as to ensure the cooperation and harmony of its internal stakeholders.*

With inclusive employer responsibility, Halkbank attaches great importance to establishing uninterrupted and healthy communication with its employees. The Bank creates and continuously improves effective communication channels in order to increase employee loyalty and motivation as well as to ensure the cooperation and harmony of the internal stakeholders.

Along with the “Pi-Perfect Ideas Quality Suggestion System” implemented with this understanding, employees play an active role in improving business processes and providing quality products/services. Suggestions submitted by the employees through the system are put into practice if they comply with the evaluation criteria.

In 2021, an “HR Internal Communication Line” was established at Halkbank in order to correctly address the questions regarding Human Resources practices that employees want to ask. WhatsApp was also added to the Bank’s communication channels during the period, and the Human Resources Internal Communication team started to send messages with the code of “Internal Communication” via the application on important issues concerning the employees.

*Digital applications are implemented to increase the speed and efficiency of corporate information sharing.*

In order to strengthen communication among employees, Halkbank implements digital applications that will increase the speed and efficiency of corporate information sharing. Employees can easily and quickly access in-house information and announcements such as death, birth, blood needs via the Announcement Board. Also, an Announcements and Opportunities Board was created where employees can buy and sell second-hand goods as well as get information about the special discounts offered by shopping/trading companies to Halkbank employees.

Employees are personally congratulated over the phone when their children are born and they are informed about the legal processes (retirement fund procedures, maternity allowance, etc.) to be carried out after birth.

*An Announcement and Opportunities Board was created, where Halkbank employees can be informed about special discounts.*

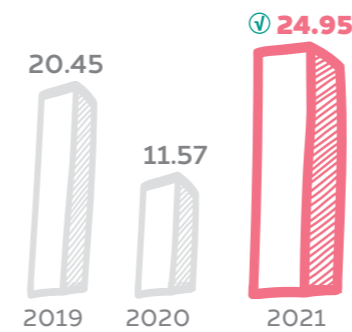
## TRAINING AT HALKBANK

*Average training hours per employee at Halkbank: **208.22***

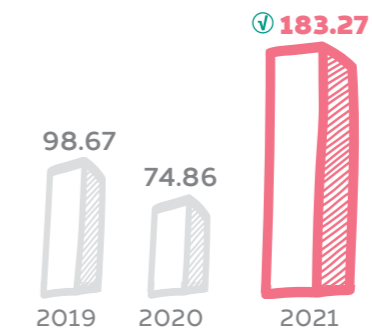
Considering employee development as a top priority among its corporate goals, Halkbank offers opportunities to increase the knowledge and experience of its employees at every opportunity. Even during the pandemic, Halkbank continued to offer opportunities for employees to improve themselves, not compromising on the principle of continuous improvement and quickly integrated training processes into online platforms. With the implementation of the remote working model during the pandemic, the Bank took the training for female employees in its priority list to prevent possible disadvantages in their careers that may arise from their responsibilities between home and work. Thereby with this perspective, Halkbank aimed to raise awareness on gender equality by preventing inequalities attributed to women.

### TRAINING DATA

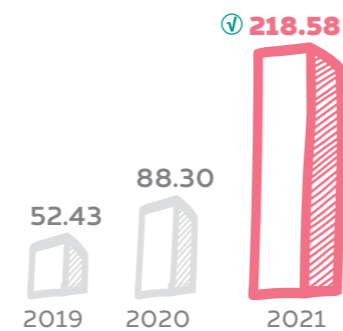
#### TOTAL IN-CLASS TRAINING (HOUR/PERSON)



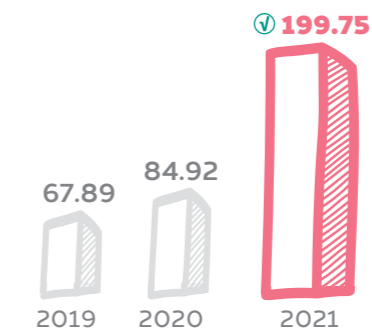
#### TOTAL E-LEARNING (HOUR/PERSON)



#### AVERAGE TRAINING TIME (FEMALE EMPLOYEE)



#### AVERAGE TRAINING TIME (MALE EMPLOYEE)



- Total Classroom Training Hours: **499,089**
- Total e-learning Training Hours: **3,665,351**
- Personal Development Training Rate: **9%**
- Vocational Technical Training Rate: **58%**
- Legal Compulsory Training Rate: **8%**
- Competence Training Rate: **25%**
- Internal/External Training Rate **53/47**



## TRAINING AT HALKBANK

**Within the context of “Meydan Okuma (Challenge)” project, rate of completed trainings over 98.9% resulted in saplings planted in the ground in name of 19,967 employees.**

### Halk Academy

Halkbank provides personal and professional development opportunities to the employees through continuous training provided while offering modern working environments with a wide range of career opportunities. In order to keep the knowledge and skills of employees at the highest level and to support their career development, the Bank organizes professional and personal development training programs required in the banking profession. As part of its training brand Halk Akademi, the Bank contributes to the capacity development of its employees.

Based on the motto “Best one to tell is the one who does it,” the training events are mainly given by internal trainers called “Development Drivers” at Halkbank. The Bank added 16 employees to its Development Drivers pool in 2021 and brought the total number of internal trainers to 151 at the end of the year. Internal trainers also undertake other important responsibilities such as being a role model, supporting social responsibility projects, and explaining Halkbank and its corporate culture to new employees undergoing orientation.

Besides technical and vocational training, employees are also trained in Sustainability, Zero Waste, Correct Approach to Disability, Ethical Principles and Social Media, Personal Data Protection Law (KVKK), Competition Law, Integrated Management System, Information Security System, Anti-Corruption Policy in order to increase awareness on matters such as sustainability, social norms, empathy, rights, freedoms and responsibility.

In addition to its employee training activities, Halk Academy pioneered the development of innovative social responsibility initiatives by focusing on social benefit production in 2021. Saplings were donated to the Halk Academy Memorial Forest on behalf of the employees who completed the mandatory training determined by the “Challenge” project which was implemented by utilizing the gamification methodology.

With a training completion rate of over 98.9%, a sapling was planted for each of 19,967 employees, contributing to the development of green behavior in employees as well as helping the planet we live on. The “Halkbank Volunteers” team consisting of volunteers, held a painting activity at schools where the hearing-impaired learn, and within the scope of the “Read so they can read” project, books were donated to village schools on behalf of employees who borrowed books from the Public Academy Library. Hearing-impaired individuals were enabled to benefit from internship opportunities at the Halk Academy Department, Support and Purchasing Services Department, and Branch Operations Departments.

Halk Akademi Publications was put into service with a focus on contributing to the development of employees through different channels. In fact, the Branch Managers Handbook, SME’s Handbook, as well as Operations Handbook, Individuals Handbook, Communications Book, and First Day Guide were added to the publications in 2021. General banking books that constitute a source for the In-Bank Title Promotion Exam were voiced and made available as podcasts, thus avoiding wastage of paper. The publications of the digital library which was created outside the physical library of the Halk Academy, were expanded so the total number of books reached 38,934, and nearly 2,332 books were loaned to the employees during the activity period.

Halkbank has been supporting the development of tradesmen, artisans, and SMEs in line with its founding mission since 2017, with the educational content produced through the website of Halkbank SMEs Development ([halkbankkobigelisim.com.tr](http://halkbankkobigelisim.com.tr)). The website which includes video training on entrepreneurship, sales, and marketing, personal development, foreign trade, economy, finance, incentives and legislation for all citizens whether they are bank customers or not, also offers its participants the opportunity to consult professionals in their fields for sectoral questions and

problems. As of the end of 2021, the platform has close to 4,000 members.

The Certificate Module Project, one of the digitalization projects initiated in 2021 aims to ensure standardization, follow-up, and control in wage reimbursement processes, reduce the operational workout, and effective cost management by moving the process of obtaining the certificates required by the work to the digital environment and redesigning the process. In addition, “Halk Academy Social” was introduced to provide an opportunity for a learning experience. By agreements made with three GSM operators, it was ensured that the usage of Halk Academy via mobile devices does not exceed the mobile data quotas of the employees.

The Young-hearted Halkbank Employees project is an awareness event given to former employees who have just retired from the Bank. In this program, answers are sought together with some of the questions in the minds of our elders who had a long and good working life in the process of gaining a new identity but have not yet completely broken their ties with the institution and

### As part of the trainings offered by the Halk Academy in 2021;

- **9%** of the content in the Halk Academy e-learning catalog consists of personal development training. The Bank’s personal development training included topics such as healthy living, daily exercises, family-child training, lifelong learning-continuous development, and happiness at work.
- The Universal Declaration of Human Rights e-training was completed by **5,862** employees, with **41,034 employees\*hours** of participation.
- The Ethical Principles e-training was completed by a total of **5,672** employees, and a total of **39,704 hours of training** was provided on this topic in 2021.
- The Anti-Corruption Policy training was completed by **12,347** employees. A total of **86,429 hours of training** were provided on this topic.

**Halk Akademi is updating the content on its way of becoming a Development Academy.**

look to the future with hope. The institution’s loyalty to its former employees even when they retire, and efforts to preserve the values that are about to disappear, also nurture the spirit of solidarity of current employees. 51 Halkbank retirees took part in this program in 2021.

In the new era of Halk Academy, the names and processes such as training-instructor that give the impression that the participant is passive are replaced by “learning” and “development” which place the participant in the center and give the participant the responsibility of learning, a development framework that accepts that the responsibilities such as preparing a development plan, sustaining and encouraging learning, mentoring and being a role model belong to the first manager has been taken. Focusing on management with competencies, Halk Academy updates its contents, ways of doing business, processes and practices in order to become a Development Academy that designs, produces and offers the most appropriate learning solutions to Bank employees in line with their own needs and supports them with the most accurate resources at every step of their career in their development journeys.

### Data Analyst Training Program

In the field of Data Analysis, which has become an important process for decision-making and strategy-making mechanisms, Halkbank launched the “**Data Analyst Training Program**” for its employees.

The program consists of a series of courses in 2021 from algorithms to machine learning and worldwide available open-source code software programs. The Data Analyst Training Program aims to train Halkbank employees and to provide significant value to the Bank parallel to their own development. Data-based decision-making, minimizing errors and inefficiencies, and digitizing manual work and processes is one of the important steps of the program. In line with the approach of equal education and development rights, all Headquarters and Regional Coordinating employees who want to improve themselves in the field of data analytics are among the target audience without any discrimination.

**The Data Analyst Training Program aims training Halkbank employees.**

## TRAINING AT HALKBANK

*Halkbank continued to enrich and implement the “Gelibolu Liderlik Programı (Gallipoli Leadership Program),” which is developed to develop its employees’ leadership qualities and competitive competencies, in 2021.*

### **Contribution to Management Development**

Halkbank continues to implement the “Gallipoli Leadership Program” developed by the Bank to improve employees’ leadership qualities and competitive competencies in the most appropriate way for their future vision and strategies. And by enriching it in 2021, Halkbank aims to equip its newly appointed branch managers with the knowledge and skills they will need in the first place, and to develop their leadership qualities and competitive competencies in line with the Bank’s future vision and strategies, by taking advantage of social learning through cooperation, communication network and synergy that the candidates will create among themselves. Thanks to the program, the last part of which was held in Gallipoli, which has unique importance for our history, professional/technical, managerial, and personal development issues are handled with a holistic approach. Employees who have just stepped into management are offered a meeting place here, where they can share with each other about superior-subordinate relationship management, problem-solving skills, operational and managerial experiences. The Gelibolu Liderlik Programı (Gallipoli Leadership Program) returned with important awards from prestigious organizations such as Stevie and Brandon Hall in 2021.

Halkbank also supported the development of first-level managers with the “USTAM Mentorluk (My Master Mentoring)” project. The traditional foreman-apprentice education has thus gained a corporate identity with

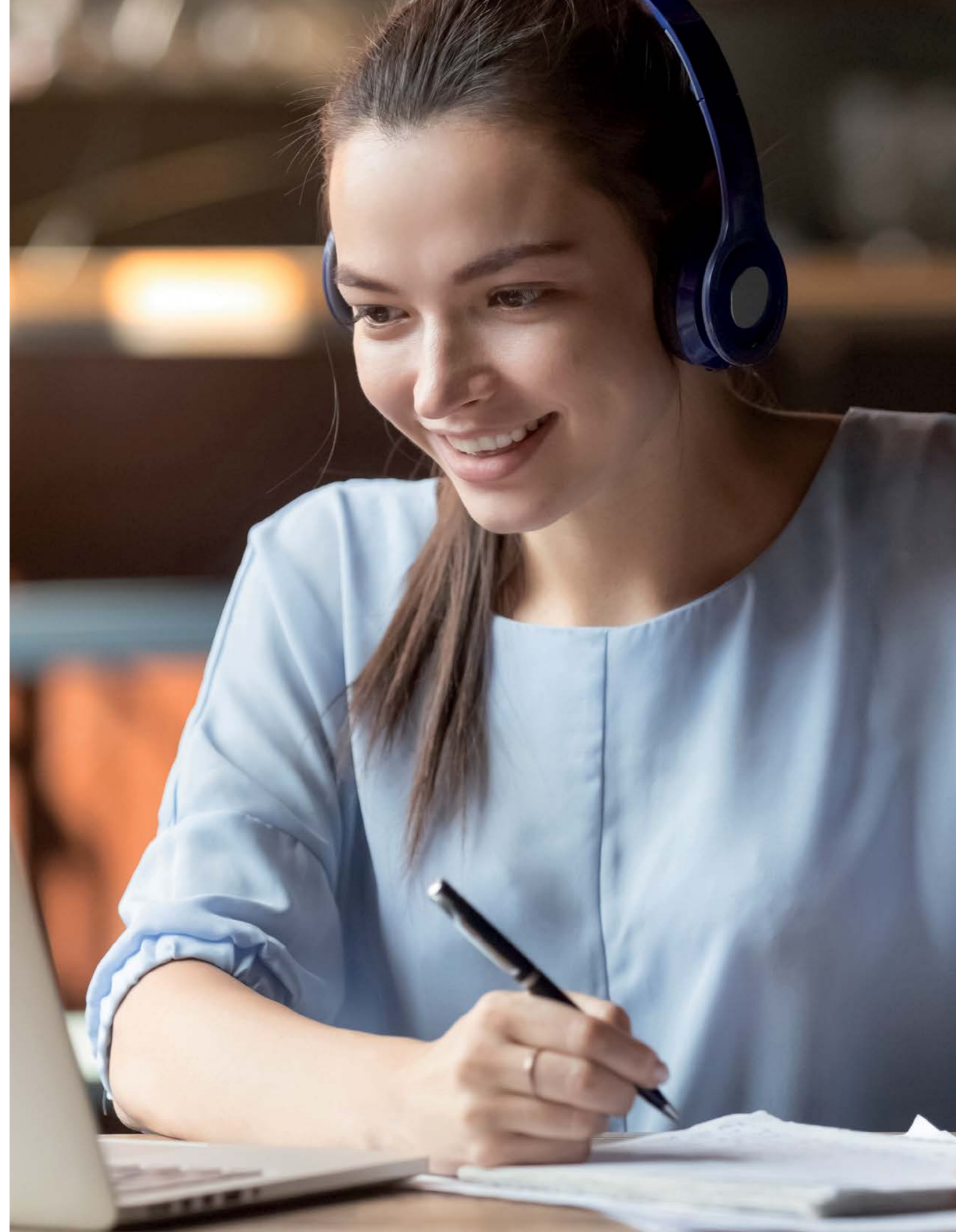
*“Gelibolu Liderlik Programı (Gallipoli Leadership Program)” returned with important awards from prestigious organizations in 2021.*

the project, in which Experienced Bank managers will mentor new managers and work together to set and achieve goals.

Halkbank believes that its employees in managerial positions can add value to the Bank by managing their subordinate-superior relations and employee loyalty properly. In this context, the İlham Veren Liderler (Inspiring Leaders) project enriched with anecdotes from the leadership skills and lives of Turks who have left a mark in history, and paired with the Bank’s leadership competencies, is carried out with the aim of exemplifying and reinforcing the behaviors. With the inspiration received from the leaders, it is ensured that the competency assessments are made correctly and the managers’ performance is measured effectively, adding value to the promotion and assignment processes. The most important returns achieved by the Bank within the scope of this project are seen as the correct management of internal communication and positive effects on employee loyalty.

The “Gelibolu Liderlik Programı (Gallipoli Leadership Program),” “USTAM Mentorluk (My Master Mentoring)” project, and “İlham Veren Liderler (Inspiring Leaders)” video training series was implemented to develop the competencies of the managers at the Bank and were among the prominent factors why Halkbank was selected the “Yılın En İyi İşvereni (Best Employer of the Year)” in the “Stevie Awards for Great Employers” in 2021.

*Halkbank supported the development of first-level managers with the “USTAM Mentorluk (My Master Mentoring)” project.*



## OCCUPATIONAL HEALTH AND SAFETY

**Halkbank fulfills the requirements of Occupational Health and Safety Law No. 6331 with the aim of minimizing the losses that may occur during all of its operational activities.**



Halkbank fulfills the requirements of the Occupational Health and Safety Law No. 6331 with the aim of providing a safe working environment for all its employees, customers, and visitors, protecting human health, and minimizing the losses that may occur during all operational activities. In this context, the international standard ISO 45001 Occupational Health and Safety Management System is implemented in all service units, and efforts are made to improve the working environment and maximize the occupational health and safety of the employees. The Bank prioritizes the physical and psychological health of the employees and includes all service units in which it operates within the scope of the Occupational Health and Safety Management System.

Halkbank established an OHS Supreme Board and an OHS Commission in order to monitor compliance with occupational health and safety rules and to take all necessary measures. OHS Board structuring has been established for service units with 50 or more employees. In 2021, the total number of current OHS committees owned by Halkbank is 39, the total number of members

on its boards is 280 and the number of employee representatives is 39.

OHS Board and commission meetings are held every 2 months at Halkbank. Bank employee representatives participate in the board meetings, express their opinions and suggestions and have the right to participate in the decisions. Employee representatives can convey suggestions and opinions passed by employees at board and commission meetings. Employees, on the other hand, can convey their opinions and suggestions via e-mail (isg@halkbank.com.tr) and the Pi Perfect Ideas suggestion system. Accordingly, the decisions taken during the Management Review meetings are conveyed to the union representatives and the union. The Bank guarantees the authorities and responsibilities of employees, managers, board, and commission members within the scope of the legislation.

After site visits to all Halkbank locations, potential hazards are identified and risk assessment analyzes are documented. In this way, routine and non-routine risks are

identified and reporting is made to reduce risks through remedial activities. Identified risks are taken under control in line with the control hierarchy, and the remedial actions are directed entirely through the software.

Newly recruited employees at Halkbank do not start working before receiving training within the scope of OHS and undergoing the necessary health checks. Apart from the field visits that OHS professionals regularly organize, risk assessment studies are carried out by internal controls within the scope of ISO 45001 OHSMS. Bank employees are not taken into the field until the risk assessment related to the job description attributed to them is completed and the identified risks are improved.

Periodic training is organized at Halkbank in order to raise awareness of the employees in terms of OHS risks and to spread the occupational health and safety culture within the organization. With this mission, the Bank's "Halkbank'ta Beraber (Together in Halkbank)" magazine and the "İSG Bülteni (OHS Bulletin)," which is shared monthly in the digital environment, provide information on employee health, prevention of possible risks, disasters, and emergencies. Furthermore, Halkbank organizes drills at least once a year in all service buildings where it

### Highlight of the OHS Practices in 2021

- Halkbank employs Occupational Safety Specialist services in order to perform OHS services and conduct drills in preparation for emergencies. Missing materials were supplied and the necessary physical drills were exercised in all service units of the Bank.
- In order to minimize the risks that may occur in the Ataşehir and Kozyatağı additional service buildings of the Headquarters, tempered safety window films have been applied to the glass walls inside the building.
- Fire extinguisher replacement, maintenance and control mechanism is centralized.
- Delivery of first aid kits was completed and expired ones have been changed in all service units.
- While preparing "Occupational Health and Safety Basic Training," all employees have received this training in e-learning format within the scope of compulsory training. On-the-job trainings were prepared and necessary information was provided.
- In order to increase Occupational Health and Safety awareness and ISO 45001 OHS Management System, awareness training has been assigned to all employees and internal audits are carried out to monitor the performance of the management system.
- TSE Covid-19 Safe Service Certification was obtained.

operates in order to reinforce the information and ensure that employees are provided with training that will provide vital benefits against any natural disasters that may occur. Besides these, a portal area has been created specifically for employees and on the "OHS and Social Support Community" page, information and specially prepared videos are shared about the COVID-19 outbreak along with other health problems in order to facilitate their daily lives.

During the reporting period, 862,757.8 employee/hours of training were provided in the field of Occupational Health and Safety, of which 5,210.8 hours were in-class and 857,547 hours were e-learning. Also, 45.5 employee/hours in-class and 114,406 employee/hour e-learning training opportunities were provided to contractor company employees during the given training hours.

All employees and external stakeholders at Halkbank who possibly are unsafe or have health risks will report such conditions to the OHS Board (isg@halkbank.com.tr). Additionally, in case of any emergency, employees are informed by this e-mail address, via the announcement system, or by phone.

In the upcoming period, Halkbank aims to fulfill its commitments in the OHS policy it has published, plans to increase employee awareness in the short term, and to establish structures that can guide the sector in terms of the system and good practices it has established in the field of OHS in the medium and long term.

	Bank Employees	Contractor employees
Number of Work Accidents	22	31
Number of Fatal Accidents	0	0
Number of Occupational Diseases	0	0
Number of Lost Days Due to Accidents	99	52
Total Number of Lost Days	651,232	124,009
Injury rate	0.125	1.284
Lost Day rate	0.564	2.154
Accident frequency rate	0.626	6.42
Accident severity rate	0.003	0.011

**Click here for the occupational health and safety policy:** <https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/EK-1IsSagligiveGuvenciligPolitikasi.pdf>

## OCCUPATIONAL HEALTH AND SAFETY

**Halkbank reduces the contact frequency of its employees and customers and the risk of contamination by accelerating its efforts to carry out banking transactions through digital channels.**

### Pandemic Measures and Social Support Service

Halkbank has developed solutions to provide a safe working environment by taking all necessary precautions to protect employee health against the COVID-19 outbreak. Halkbank provided instant follow-up of case notifications and employee health status with the COVID-19 application launched during the pandemic process. A "Corporate Guideline for Protection from Infections" was prepared with a focus on sensitivity towards human health and conveyed to all employees in order to manage the pandemic process at the Bank effectively, reduce health losses and provide the required social and working conditions support.

The Bank switched to the remote working model during the pandemic process within the scope of working from home and provided remote access and laptop computers in line with the needs of the employees. It is aimed to minimize the health risks of the employees by providing administrative leave during the pandemic period to those who are working in the group, who are pregnant, using breastfeeding leave, disabled, or in disadvantaged groups defined by the Ministry of Health. 98 employees who requested and met the criteria were granted a total number of 17,113 days of unpaid leave.

**Halkbank provided a total of 17,113 days of unpaid leave to its 98 employees from disadvantaged groups during the pandemic period.**

Through digital channels, the Bank reduces the contact frequency of its employees and customers and the risk of contamination and accelerates its efforts to carry out banking transactions, especially loan application and allocation processes within the scope of digital transformation.

Halkbank has continued its Social Support Service to develop and improve the productivity, health, and work environment of employees, and the crisis management processes with a corporate approach.

Within the scope of the Social Support Service, videos are shared with employees with informative and awareness-raising content about the COVID-19 disease (COVID-19 Awareness, Points to Be Considered in Hand Cleaning, Correct Mask Use, Use of Public Transport during the Pandemic Period, etc.) and also about other possible health and private life issues which they may encounter.

Surveys are conducted for employees diagnosed with COVID-19 and guiding information activities are carried out for identifying the symptoms they experience after the illness.

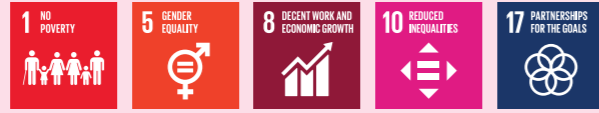
**Halkbank aims to expand the scope of psychosocial support that it provides for its employees with new applications.**



On certain special days and weeks, various awareness-raising events were organized (Smoking Cessation Event, Alzheimer's Awareness Event, Breast Cancer Event, Respect for the Elderly Week, World Down Syndrome Awareness Day, Autism Awareness Day, etc.) in the Headquarters building.

Halkbank also aims to expand the scope of the psychosocial support it has provided to its employees in the upcoming period with new applications to overcome the pandemic period with the least psychological impact. Practical office ergonomics trainings to be given by the physiotherapist, expert psychological assistance for all employees via teleconference, and informative live broadcasts from experts on physical and mental health are among the activities planned in this context.

# SOCIAL AND RELATIONAL CAPITAL



The Call Center has served **7.2** million individual customers in 2021.

Customer satisfaction rate: **82.47%**

A total of **TRY 8.6 billion** loans were extended to female entrepreneurs

**10<sup>th</sup>** “Üreten Kadın Zirvesi (Producing Women Summits)” held in **7** regions of Turkey



For Halkbank its power to create value means much more than its financial capital so it has been supporting socially inclusive growth in every juncture for 83 years with the principle of “People First, Than a Bank.” While the pandemic continued to suppress socio-economic conditions in 2021, the Bank fulfilled its duties for social welfare and continued to present a global exemplary model in its sector by nurturing the responsible banking tradition it has had since its establishment with an innovative vision.

While resolutely supporting Turkey’s development journey, Halkbank acts with the awareness of its transformative power in society, thanks to the wide range of stakeholders it interacts with. The Bank creates added value for our country in many areas,

from increasing productivity and employment to loans extended to support female entrepreneurs and financing for renewable energy projects, and also plays a leading role in social development with its social responsibility initiatives.

Halkbank attaches great importance to communication based on transparency and accountability in its stakeholder ecosystem, as a bank that oversees the impact of its operations in all its dimensions, which it expands every day. In this regard, the Bank determines the focus issues and sustainability priorities that shape its strategies through a well-attended dialogue, by integrating key stakeholder opinions into decision-making mechanisms through workshops and surveys.

## STAKEHOLDER RELATIONS AT HALKBANK

While establishing stakeholder relations with the principle of being “People’s Bank,” Halkbank believes that the ideas and suggestions from its stakeholders will contribute greatly to the development of the Bank. It aims to create products and services that fully meet stakeholders’ expectations, thanks to the communication with them that the Bank employs in business development processes. Prioritizing the concept of unity and solidarity in its communications with its stakeholders, the Bank aims to develop accurate, fast, and solution-oriented products that will benefit the whole society by evaluating its activities from a holistic perspective. Inspired by this point of view, the most important factor in achieving success in the business models it has improved in order to create value is its effective and transparent communication processes with its stakeholders. With its superior sense of duty, Halkbank always keeps customer satisfaction at the highest level with the value-added services it offers in the banking sector for its customers, the stakeholder group being at its focal point.

Thanks to the feedback received through communication channels, the benefits obtained in communication mechanisms as well as product and service development play an active role in the formation of the Bank’s long-term strategies. In this context, detailed information about Halkbank’s key stakeholder groups and the communication mechanisms developed for these groups is given below.

### Employees

The most important value of the Bank is among Halkbank’s human capital which consists of qualified employees who add value to their work. The Bank’s highly equipped, happy and productive human resources provide an advantage in competition against its competitors in the sector. Acting upon the desire to be the preferred employer, Halkbank prioritizes the rights of its employees by offering an inclusive, respectful, fair and egalitarian working environment open to development.

Further information on Halkbank’s employee relations is shared in the Human Capital section of the report.

Stakeholder Group	Communication Frequency	Communication Channels
Employees	Continuously	Employee Satisfaction Survey, Performance Evaluation System, meetings, e-bulletins, Announcement and domestic legislation published via e-mail, Information Technology Announcements, Information Security Announcements, Electronic Announcements, Bank internal communication platforms
Customers	24/7	Halkbank branches, ATMs, call centers, internet banking, mobile banking, meetings, presentations, e-announcements, social media, SMS
Suppliers	Continuously	Procurement and/or service/maintenance processes
International Financial Institutions and Correspondent Banks	Continuously	Meetings, visitors, correspondence
Media	If necessary	Press releases, meetings, interviews
Public Authorities	If necessary	Meetings, visits, discussions, reports, briefings
Non-Governmental Organizations	If necessary	Meetings, visits, discussions, briefings
Shareholder and Investors	Continuously	Organizations that are arranged with related institutions for investors, meetings with investors, direct communication via teleconference and e-mail, Bank website related pages, roadshows

GRI 102-40, 102-42, 102-43

### Customer Relations

Halkbank believes that listening to customers and producing special and rapid solutions tailored to their needs is the most effective way to meet the right products with the customer. Making it one of its priorities to develop solutions that meet the needs of its customers, Halkbank also enables disadvantaged groups to have access to their banking needs, with the “Barrier-Free Banking” project implemented for physically and visually impaired customers as part of its responsible banking operations.

Halkbank Client Communication Center made 36.4 million contacts with 7.2 million individual clients and performed 93 million transactions in 2021. All these services are provided within the scope of the “Regulation on Determining the Service Level and Quality of Bank Call Centers.”

- Customer Satisfaction Survey Results: **82.37%**
- Average Client Response Time in the Call Center: **00:00:21** (Maximum Target: 30 Seconds)
- Average Resolution Time for Client Notification (Issue, Complaint and Request): **20:20:47** (Target Time: 36 Hours)

Aiming to be there for its clients regardless of location and time for all their needs, Halkbank rapidly integrated the remote customer acquisition application into Call Center processes in 2021, which came into force on May 1, 2021, eliminating the need to go to a branch physically.

Prioritizing customer satisfaction during the pandemic period, the Bank aims to increase the number of services that will add value to its activities by ensuring unity and solidarity in this ongoing process. Accordingly, Halkbank has sent customer satisfaction surveys to its clients in order to offer products and services that can meet their demands. In the surveys that the Bank sends to its individual clients once a year, the customer satisfaction levels are measured and the areas of action are determined after detecting the points that need improvement. Clients within the target group are reached without a list via Random Number Generation (RDD) and Computer Assisted Telephone Interview Method (CATI).

You can access the details of the products and services provided by the bank to its stakeholders in the Financial Capital and Social Benefit-Oriented Financing Approach sections.

### Client Contact Center Goals

- Providing the product that the client needs at the right time with Prediction Algorithm & Intelligent Call Distribution, predicting why the client is calling, and transferring it to the most accurate source as soon as possible,
- While configuring the Voice Guidance (ChatBot) technology that enables reaching the requested service by speaking, to have the Biometric Verification technology that makes biometric verification by voice to increase security by protecting customer comfort,
- To initiate the configuration process in ChatBot in order to ensure that the client can access the service they need from self-service points without waiting in the queue,
- Creating the role of Dialog Portfolio Managers, providing one-to-one service to clients who tend to receive banking services through non-branch channels,
- Creating flows where clients can receive service over the phone by expanding the branch voice response system,
- Improving the customer experience and providing video banking services, thanks to the development of Dialog integration with mobile applications,
- Developing the Tradesmen and SME Dialog services offered through the Corporate Dialog Line,
- To measure the customer experience instantaneously in every channel and to integrate client feedback into the Bank’s business processes,
- To create an integrated platform with channels where client problems and demands are processed automatically in line with the designed processes and can be monitored in real-time.

Halkbank established and documented the ISO 9001:2015 Quality Management System for the Operational Transactions and Support Services Deputy General Manager, Internal Systems Group Presidency and Human Resources Group Presidency in order to ensure that the level of service it provides to its stakeholders is in accordance with internationally accepted standards. Efforts are made to ensure that the quality culture is adopted by all employees, to ensure management effectiveness with a process management approach, to identify risks and to increase customer satisfaction in line with continuous improvement.

## STAKEHOLDER RELATIONS AT HALKBANK

### In its procurement activities, Halkbank mostly prefers domestic suppliers in order to contribute and add value to the real sector and social development.

#### Data Security and Customer Privacy

With the ISO 20000 Information Technologies Service Management System and ISO 27001 Information Security Management System, which Halkbank has documented to reduce technology-based risks, it increases its service quality by continuously improving its Information Technology processes.

Ensuring the confidentiality and security of client information in its domestic and international products and services is also among Halkbank's focal points. The sensitivity the Bank has in this regard also includes all Bank employees, partners, and shareholders. All Bank employees regularly receive basic training on information security within the scope of protecting data security and customer privacy and complying with legal regulations. In addition, data security and customer confidentiality are taken as a basis in all digitalization works carried out at the Bank.

#### Supplier Relations

In its procurement activities, Halkbank mostly prefers domestic suppliers in order to contribute and add value to the real sector and social development. Thus, the Bank continues its multidimensional support to the economy by creating new job opportunities and increasing employment in the supply chain.

The Bank establishes its relations with its suppliers on the principle of creating mutual value, and in this context, it does not work with any clients or suppliers operating in a way that does not comply with Halkbank. Relationships with suppliers that are found to be problematic in terms of product/service quality and cost as well as compliance with laws and ethical standards during the procurement processes are terminated.

Halkbank manages its procurement activities in line with the principle of purchasing the right product at the right price at the right time. With the aim of increasing its purchasing power by reducing the costs, the Bank is in active communication with the current suppliers as well as the procurement departments of other banks operating in the sector, in order to expand its supplier list and also make sectoral comparisons of each product or service item to be purchased.

Halkbank not only eases the Bank's operational workload by transferring its supplier management processes to the digital environment, but also accelerates the bid processes of companies and improves its ability to report, evaluate and analyze its activities faster continuously.

The Bank mostly worked with local suppliers in 2021 regarding procurement and spent a total of TRY 629 million.

**For detailed information on the Responsibility of Halkbank Clients and Suppliers, please review the Human Rights and Human Resources Policy on the website.**

#### International Financial Institutions and Correspondent Banks

As a result of Halkbank's efforts for sustainability carried out actively, Halkbank plays a key role in financing many investments that add value to Turkey, particularly energy efficiency and renewable energy projects. The Bank brings investors together with the resources they need, continuously improving its positive dialogue with international financial institutions such as the World Bank, the French Development Agency, and the European Investment Bank.

Halkbank has gained a leading position in the sector with best practices in foreign trade, and qualified products and services as well as with its wide correspondent network. Successfully managing

relations with correspondent banks based on mutual respect and cooperation, the Bank continued to be the bank preferred for foreign trade clients in 2021 as well.

Halkbank creates added value not only for the Turkish economy but also for the country and its services and employees working at the representative offices opened abroad are considered as the managers representing the Bank in the relevant country.

#### Media

Halkbank communicates with media representatives when needed, organizes meetings to inform the public about its products, services, and activities; promotes its products and services in news pieces in sectoral publications, includes interviews with corporate spokespersons, and shares new/important products and services with the public through press releases. A total of 8,468 news items were published in the print media about the Bank. With these pieces of news, the total of the Bank's advertising equivalents reached TRY 12.28 million. The rate of positive news was 85% and negative news was 15% on the 12-month average.

#### Public Authorities

While Halkbank continues to create value by collaborating with public institutions and non-governmental organizations, it also aims to implement social responsibility projects that will provide social benefits.

#### Investor Relations

Halkbank acts within the framework of the principles of equality, accuracy, impartiality, consistency and timing in its communications with all shareholders. The purpose of the Bank is to establish a strong communication mechanism based on a transparent, close and long-term relationship with existing shareholders and potential investors, and to manage and strengthen the relations with the shareholders.

Investor meetings organized to protect and increase the bank's stock price and market value in the long term before the investors, and to inform fixed income securities investors, continued to be held via teleconference and video conference in 2021. The information flow and briefing activities are not limited to verbal channels and written requests submitted by institutional investors and shareholders are constantly answered by the Investor Relations unit, taking the principle of efficiency, speed, and equality into account. In 2021, Halkbank kept its current and potential stock and fixed income securities investors and all business partners informed uninterruptedly, and continued its informational activities in an effective, consistent and

reliable manner. Investor Relations activities that stood out during the activity period are given below:

- Information requests submitted by the shareholders were answered.
- Online meetings were held with domestic and foreign institutional investors.
- Halkbank prepared informative visual quarterly presentations related to its capital structure based on the Bank's financial results disclosed to the public, published these on the corporate website and simultaneously presented them to domestic and overseas investors via teleconferences.
- Questions about financial results or questions received during the quarter were answered in detail and as soon as possible.
- Regular reporting and announcements on matters deemed necessary and in areas that are thought to affect investment decisions were made elaborately.
- Annual revision meetings with rating agencies (Fitch and JCR) were held with broad participation of the Bank's relevant units.
- Close communication with all domestic and foreign analysts who prepared bank reports was maintained, interviews especially intensified as quarterly closings were held, and opinions on analyst forecasts and reports were presented.
- The questions of fixed-income investors in the macroeconomic area, the sector, and Halkbank were answered and these investors were informed about the Bank's financial structure and strategies.
- Studies for increasing the score of CMB Corporate Governance Principles compliance rating have been carried out. Suggestions and opinions that would increase the compliance rating grade were submitted to the Corporate Governance Committee for evaluation. The Corporate Governance Committee convened twice in 2021 in order to monitor the compliance status with the CMB's Corporate Governance Principles and to carry out studies for increasing compliance.

Halkbank plans to detail the presentation in the upcoming period in its quarterly financial structure presentations by including data on digital banking which has become an important indicator of Bank profitability during the pandemic period, and environmental, social, and governance issues which have become increasingly important recently. In addition, intra-Bank training events will be organized in 2022 to increase the awareness of the Bank's employees on Corporate Governance Principles.

**Detailed information about the Bank's stakeholders, their rights, and their briefings are available in the Bank's policies on the website.**

## SOCIAL BENEFIT-FOCUSED FINANCE APPROACH

**Using its resources to provide social benefits, Halkbank increases its support day by day for SMEs, tradesmen and artisans to continue their activities.**



Halkbank carries out its banking activities with the understanding of being there for its clients whenever they need financial support. Using its human power and financial resources to provide social benefits, the Bank is increasing its support for SMEs, tradesmen, and artisans to continue their activities each passing day. Halkbank also contributes to many fields that generate added value for our country with its activities carried out within the framework of the sustainability principle, such as supporting female entrepreneurs for gender equality and energy projects developed with responsibility towards the environment.

Halkbank implemented the "Education Loan" that aims to finance the educational expenses of associate, undergraduate, graduate, and doctorate students studying in schools, courses under the supervision of the Ministry of National Education, sports and summer schools, special education and rehabilitation centers and institutions that provide education and cultural services as well as their parents.

In 2021, Halkbank has expanded the scope of the "Energy Support Loan" product and enabled wider masses to access these loans that contribute to reducing the energy deficit in our country by providing financing for insulation, heating, lighting, white goods, and jacketing needs of individual clients who want to save money in the long term by investing in energy efficiency.

In addition to that, "SGK Pension Credit" was offered to customers who were entitled to a retirement/old-age pension within the framework of the protocol signed with the T.C. Social Security Institution (SGK), but could not receive a pension due to their accumulated premium debts, to pay their debts and qualify for retirement.

**Activities to support women's entrepreneurship are carried out under the Female Entrepreneur Department, which is the first and only banking unit in Turkey.**

### Producing Women

Halkbank continues its efforts to support women's entrepreneurship in our country under the umbrella of the Female Entrepreneur Department established by Halkbank which is the first and only banking unit of its kind in Turkey, structured only to operate in this field with the vision of becoming the "Bank of Women Who Produce."

With this new structure our mission is set as:

- To encourage women's participation in entrepreneurship, to increase the rate of women's entrepreneurship,
- It is our mission to provide profitable services to female entrepreneurs in all end-to-end financial processes and thus, directly contribute to the Turkish economy, increase in social welfare, and preventing gender inequality.

On International Women's Day March 8, 2021, the Bank launched the "Female Entrepreneur Loan Package."

Digital Loan Package for Female Entrepreneur was put into service for the first time through Halkbank's Digital Credit Platform.

In 2021, the "Women's Cooperatives Support Package" was formed in order to strengthen the role of women in social, cultural, and economic life and to facilitate their access to finance.



## SOCIAL BENEFIT-FOCUSED FINANCE APPROACH

**Halkbank was awarded a total of 5 international awards for its support for female entrepreneurs and its efforts to empower women in business life.**

A total of 10 Halkbank “Producing Women Summits” were held during the year in order to increase awareness of Halkbank’s works and projects specific to female entrepreneurs among stakeholders, and to reinforce the Bank’s positive image in the domestic and international arena. Panels such as Entrepreneurship Stories from Anatolia, Life Touching, Inspiring Women, and Zero Waste for the Future, which were held throughout the summit, helped female entrepreneurs develop their visions and increase their motivation and awareness of environmental protection, responsible production, and efficient use of resources. Female entrepreneurs living in different regions also had the opportunity to expand their social networks and brainstorm solutions to local problems thanks to the meetings held in 7 geographical regions of Turkey, the first of which was held in Istanbul in March 2021. More than 100 thousand interactions were achieved in the scope of the meetings, which was the largest public relations organization of the Bank in recent years.

**Halkbank will continue to create value with the priorities for our country and economy awareness.**

Halkbank’s efforts in this area also created a great impact in the international scene. The Bank was deemed worthy of a total of 5 international awards for its support for female entrepreneurs, and its efforts to empower women in business life.

- Stevie Awards- International Business Awards (IBA) - 2 Golden Awards
- Stevie Awards - Women in Business Awards - Success in Developing and Empowering Women - 1 Gold Award
- Stevie Awards - Women in Business Awards - Success in Finance - 1 Golden Award
- Globe Awards - Women in Business Awards - Success in Developing and Empowering Women - 1 Golden Award

Halkbank was also the first Turkish company to ever win an award in the Globe Awards Women in Business and the Professions World Awards.



The Bank works to enable large masses to access its products and services in this field, through collaborations with various professional chambers and events such as the Adana Regional Cooperatives Summit. Also, Halkbank’s effectiveness as far as female entrepreneurs are concerned is brought into view through the posts on the Bank’s website and social media channels in addition to traditional media.

With the Bank’s sustainability policies, the Female Entrepreneur Department will continue to create value with the awareness of the priorities of our country and economy by adding new projects to its existing projects in line with the principles of Gender Equality and Partnerships for Purposes in 2022.

Among these projects are;

- Organizing the “Halkbank Producing Women Competition” in order to encourage entrepreneurial women and support them in realizing their projects,
- Organizing online trainings in areas such as financial literacy, market knowledge and consultancy with the “Producing Women Academy,”
- Establishing a Female Entrepreneur Segment within the bank segmentation structure,

- Meetings with the Turkish Exporters Assembly in order to encourage female entrepreneurs to export and to help them find new markets,
- Developing products specifically for female entrepreneurs in the retail e-commerce sector that has an increasing share in total retail trade.
- Sponsoring Job Club Programs within the scope of social responsibility which provides concentrated job and vocational counseling to women referred to in the 2022-2024 Medium Term Program, and aims their entry into the labor market and their permanence,
- Carrying out activities to support female entrepreneurs in providing quality, affordable and easily accessible child, disabled and elderly care opportunities in order to harmonize work and family life, which is also referred to in the 2022-2024 Medium Term Program, and to encourage participation in the workforce,
- The Bank’s membership in the Women’s Empowerment Principles & Bloomberg Gender Equality Index,
- Continuing surveys to measure the impact of the products and services developed by the Bank, specifically on female entrepreneurs, on the target audience in the context of financial metrics such as employment growth, turnover, and social metrics such as work and family balance.

## CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

**Halkbank strives to add value to the lives of its employees and the people they interact with, by raising awareness through trainings and events that will strengthen their sense of corporate belonging.**

With the principle of leaving a better world to future generations, Halkbank believes that the biggest investment for the goal of a sustainable world should be made to children, by raising the newborns as more conscious and aware children. In this direction, the Bank implements the Sapling Planting Project for the newborn children of the personnel, crowning the birth of the newborn by making environmental contributions. The bank plants 5 saplings on behalf of the newborn children of the employees and delivers the certificates to the families. In 2021, a total of 6,355 saplings were brought to nature on behalf of 1,271 newborns within the scope of the project.

Halkbank strives to add value to the lives of its employees and the people they interact with, by raising awareness through trainings and events that will strengthen their sense of corporate belonging. With this understanding, the Bank's employees were provided with comprehensive training in 2021, on how to respond to emergencies through the "First Aid and First Aid Films" project. In the "Prevention and Tackling Obesity Activities" organized throughout the year, the employees were informed about the prevention and fight against obesity in the institution.

### Sports and Culture-Art Activities

Halkbank creates value on Turkey's cultural map in many different fields, from science to technology, from food to nutrition, from life to sports, and from culture to art. Halkbank being one of the most established institutions in the banking industry, wholeheartedly supports young people who want to advance in sports life and the country's sportive activities. The Bank is proud to support individuals who have achieved success in social and cultural fields and who create value by representing the country.

With its pioneering and leading position in the banking industry, Halkbank carries out the communication activities required by the modern age through its digital platforms. The platform created by the Bank on the Halkbank Blog with the principle of "People Read First" raises awareness in the lives of the readers and is presented to the reader with content where they can develop themselves in terms of knowledge. Halkbank Blog continues to be developed by the Bank, enriching it with developments followed around the world in the fields of finance, investment, life, technology, personal development, and sustainability, so that users can spend a productive and enjoyable time.

Halkbank sets an example for society and the business world with its efforts to bring the youth of the country into sports activities and with the extensive support it offers to many amateur athletes in this direction. Founded in 1983, Halkbank Sports Club successfully represents Turkey in many major national and international organizations, especially in volleyball and handball branches. Halkbank Men's Volleyball Team crowned the Bank's support in the field of sports with the championships it won, surpassing its competitors 8 times in the past years.

### Other Corporate Social Responsibility Activities with Social Value

In addition to its banking activities carried out within the framework of the sustainability principle, Halkbank contributes to many fields from education to tourism, from art to nature protection with the sponsorship support it provides to add effective value to society.

Kırşehir Ahi Week	Ahi-Order Week Celebrations organized throughout the country by the Republic of Turkey Ministry of Trade under the leadership of Kırşehir center where the Ahi-Order culture is promoted, tradesmen and artisans and their organizations are eternized and passed on to future generations, was held with the sponsorship of Halkbank this year, between 13-19 September 2021.
Digital Display Center	Sponsoring support was provided by the Republic of Turkey Presidency's Directorate of Communications for the Digital Display Center project in Diyarbakır-Siirt and Malatya.
Central Bank -The Future of the Turkish Lira	In 2021, support was provided by sponsoring the exhibition held at the Central Bank to re-remember and keep the value of the Turkish Lira up.
Next Generation Entrepreneurship Summit	Sponsorship support was provided for the 5 <sup>th</sup> New Generation Entrepreneurship Summit held on November 18, 2021.
Gazi University Pre-Incubation Center	Sponsorship support was provided for the Pre-Incubation Center in order for the Center to continue its activities as the most important nurturing part of the Gazi University entrepreneurship ecosystem and for their collaborations and events to be held in the new period.
9. International Conquest Cup	Support was provided by sponsoring the 9 <sup>th</sup> Conquest Cup held on 28-29 May 2021 under the auspices of the Presidency of the Republic of Turkey, to which athletes from various countries participated and where many sports competitions took place.
Manzikert 1071 Remembrance Events	Sponsoring support was provided for the Manzikert 1071 Remembrance Events Commemoration Ceremonies held in Ahlat on 27-29 August 2021.
Republic of Turkey Presidential International Strategic Communication Summit	Sponsoring support was provided for the "International Strategic Communication Summit" held by the Presidency of Communications of the Republic of Turkey during 11-12 December 2021, aiming to strengthen the Türkiye brand.
Value Summit	Sponsoring support was provided for the Value Summit event held in February 2021. The Bank received the "Brand Adding Value to Society" award at the award ceremony held as part of the event.

**Halkbank creates value on Turkey's cultural map in various areas.**

**Halkbank Sports Club successfully represents Turkey in many major national and international organizations.**

## CORPORATE COMMUNICATION ACTIVITIES

### Halkbank conducted research and surveys to measure the level of satisfaction of tradesmen clients in return for the service they received from the Bank.

#### Research and Surveys

##### Individual Customer Satisfaction Survey-February 2021

The survey was conducted to determine the satisfaction levels of clients who receive Retail Banking services from Halkbank, in order to compare the Bank's performance with its competitors, to identify its strengths and areas of development, and to prepare an action plan. Within the scope of this research, 1,842 people who contacted the bank in the last 6 months, used Halkbank and the competing banks for individual purposes, and had a say in the decision of the bank to work with were reached through computer-assisted telephone interviews.

##### Call Center Research-February 2021

1,420 people were interviewed by computer-assisted online panel method in order to measure the satisfaction level from Halkbank's Call Center and to identify the Bank's strengths and areas for improvement by comparing it with the performance of competitor banks.

##### Impact Assessment Analysis of the "Tourism Support Package" on Businesses-February 2021

300 enterprises were interviewed in order to measure, analyze and evaluate the short, medium, and long-term effects of the Tourism Support Package which was created to reduce the negative effects of the pandemic on SMEs.

##### Personal Credit Card Survey-March 2021

The aim is to measure Halkbank's individual credit card satisfaction level and to identify the strengths and aspects to be developed for the Bank's products in this scope by comparing it with the performance of the credit cards of competitor banks. A total of 972 users from the target audience participated in the research conducted by the CAWI Online Panel (computer-assisted online-web interview) method.

##### Commercial Credit Card Survey-April 2021

By measuring the satisfaction level of Halkbank's Commercial Credit Card and comparing it with the performance of commercial credit cards of competing banks, the strengths and aspects open for improvement of the Bank's relevant products were identified. A total of 907 users participated from the target audience in the research conducted by the CAWI Online Panel (computer-assisted online-web interview) method.

##### Tradesmen Customer Satisfaction Survey-April 2021

It is aimed to measure the satisfaction level of Halkbank's tradesmen clients in return for the service they receive from the Bank, and to determine the strengths and developmental aspects of the Bank's products in this context by comparing it with the performance of competitor banks and to determine a strategy in this direction. A total of 1,402 users participated in the research conducted with the target audience using the CAPI (computer-assisted face-to-face interview) method.

##### SME Customer Satisfaction Survey-April 2021

It is aimed to measure the satisfaction level of Halkbank's SME clients in return for the service they receive from the Bank, and to determine the strengths and aspects to be improved of the Bank's products in this context, by comparing it with the performance of competitor banks and to determine a strategy accordingly. A total of 1,842 users participated in the research conducted with the target audience using the CAPI (computer-assisted face-to-face interview) method.

##### Impact Assessment Analysis of "Women Entrepreneur Support Loan" to Female Entrepreneurs-May 2021

The effects of the Bank's support loan on female entrepreneurs were measured and the intended use of the loan, the effects in the current situation, and the comparison results of the expected effects of the loan used by the female entrepreneurs using the support loan in the next year were presented within this framework.

The question set within the scope of the study was sent to female entrepreneurs via SMS and the data of the businesses that gave positive feedback were included in the analysis. A total of 348 entrepreneurs participated in the research.

##### Advertising Impact Measurement Survey-July 2021

Within the scope of the project called "Halkbank Advertising Impact Measurement," 4 commercial films of the Bank; namely the Main Film (launch film), Digital Banking Commercial Film, 83<sup>rd</sup> Anniversary Film, Paraf Commercial Film, were the subject of review.

With this survey, the films were examined according to the following criteria;

- 1-Generation Power (the power to create memories),
- 2-Brand Associations (message transmission),
- 3-Persuasion (convincing the sale/action),
- 4-Brand Value Contribution

were scored. In addition, a celebrity evaluation was made for each film and a total of 5 reports were prepared together with the Executive Summary.

##### Employer Brand Survey-July 2021

A research was conducted in order to understand Halkbank's talent strategy, to create a strong employer brand image, and to plan message strategies that will transfer the dynamic culture of the institution to the new generation of young talents.

##### Brand Health Survey-August 2021

A research was conducted to see the current status of the Halkbank brand in the banking category and to determine ways to increase the brand value. In this context, the research company presented actions that can be taken to increase the market power of Halkbank with the aid of the brand value measurement model "MDF";

- Halkbank's strength in the competitive environment,
- Brand strength differences between both the general user base and different demographic groups,
- By identifying the strengths to be protected, areas of development, and opportunities, it has revealed areas that can be conquered in order to gain more power in the banking category.

Research was conducted to view the current status of the Halkbank brand.

##### Entrepreneurship Journey of Producing Women Research-September 2021

The aim of the research is to reveal the reflection of Halkbank's initiatives to strengthen women's entrepreneurship in the field. With this research, the compatibility between the entrepreneurial motivations and expectations of women who use entrepreneurship loans within the scope of Halkbank's Producing Women project and the financial performance of businesses has been determined.

##### Employee Engagement Survey-September 2021

This research is carried out every year in order to understand the needs and expectations of the Bank's employees, to identify the areas that need improvement, to understand the factors affecting the level of commitment, to determine the future roadmap with the opinions and ideas of the employees, and the areas where priority action should be taken.

##### Social Media Interaction Survey Analysis and Evaluation-October 2021

A survey was conducted regarding Halkbank employees and clients receiving service from the Bank, to measure awareness and to follow up the status of social media accounts, and increase usage.

##### Internal Customer Satisfaction Survey-December 2021

The Internal Customer Satisfaction Survey is carried out every year in order to evaluate the service quality of the units with which Halkbank has business relations and to improve the in-house service quality and business processes by determining the expectations and suggestions regarding the service received.

A survey was conducted to measure social media interaction for Halkbank employees and clients receiving services from the Bank.

# INTELLECTUAL CAPITAL

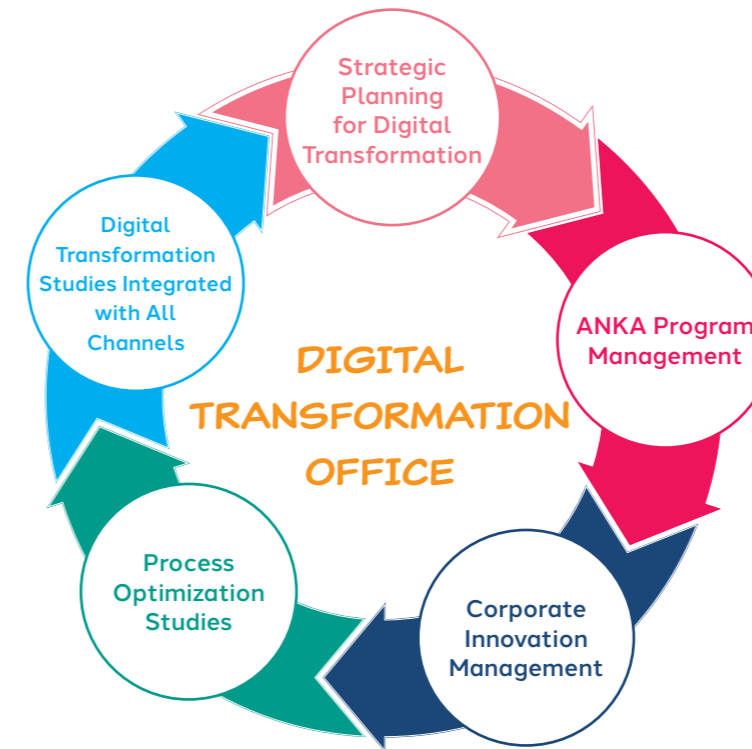


**4.5 million** active digital channel users

**1.5 billion** transactions made through digital channels throughout the year

In 2021, **87%** of banking transactions took place through digital channels.

**167** robotic processes were included in the candidate pool.



Halkbank makes use of the digital world in an effective manner.

During the pandemic period, when traditional ways of doing business have fundamentally changed in line with new needs and expectations, banking has been the fastest industry that has managed to transform service and business process cycles in the axis of new generation technologies and digitalization. Halkbank continues its digitalization journey with a global and innovative vision, seeing the continuous improvement of service quality and customer experience among its strategic goals since the first day of its operations. The Bank established the Digital Transformation Office Department in 2020 in order to manage the works in this direction from a single source, and with the support of the Information Technologies Group Presidency and all the business units, it started to consider the in-house digitalization journey as a cultural change process. With these efforts, the Bank aims to increase its capacity to act by anticipating new generation technologies and future banking trends, and to accelerate the transition of its clients to digital.

ANKA Core Banking Transformation Program, carried out at the Bank with the focus on data analytics supported marketing and strategic reporting processes, aims to reduce the workload of employees and increase their productivity by digitizing branch and Head Office business processes, actively using artificial intelligence and robotic automation solutions in business processes, and strengthening mobile banking. Halkbank has created a "Digital Index" structure in order to identify the points it has reached in its digital journey and to reveal its development areas by analyzing its digital capabilities.

In 2022, the Bank will continue its pioneering innovative work in the industry with its technological strength, by moving its products and services that create an operational workload in branches to digital platforms, developing products and services specific to client groups in such a way that client needs are seen at the highest rank.

Using the digital world effectively, Halkbank reduces its clients' dependence on physical channels for their banking needs. 87% of the banking services performed in 2021 were carried out through digital channels and the number of active clients increased by 19% compared to the previous year and reached 4.5 million clients. The

**You can access the details of the actions taken by the Bank, which follows cyber-attacks, data security and customer privacy issues, which are among the threats that arise with digitalization, with high-level measures and an understanding of continuous improvement, via the Social and Relational Capital section.**

## INTERNET BANKING AND MOBILE BANKING

**Halkbank continued to update the functions and features of its Internet Banking and Mobile Banking channels in 2021 with a focus on uninterrupted service, unique customer experience, and easy transactions.**



Halkbank continues to provide uninterrupted and fast service to its clients with features that are constantly updated in Internet Banking and Mobile Banking channels, which are among the most important tools of its digital transformation journey. A unique digital banking experience was offered to 4.5 million active clients in 2021 with the infrastructure systems developed to enable clients to transact quickly and practically without going to a branch. Approximately 1.5 billion transactions were carried out throughout the year via Bank's digital channels.

With the new application launched during the year, the obligation to go to a branch for becoming a client was eliminated, and prospective clients possessing new identity cards and mobile devices that support NFC were enabled to become clients through the digital channel. In the second phase of the project, it is aimed that the mobile device without NFC features and client candidates with old identity cards will also be included in this flow. Easy Address identification via Internet Banking and Mobile Banking and the opportunity to make transfers quickly and easily 24/7 over the FAST system were also provided. In addition, with TR QR Code, money transfer can now be made to all banks with QR code.

In 2021, the Digital Password project was launched to enable all digital channels of Halkbank to serve with a single password. With this project, Mobile Banking clients started to use Halkbank Internet Branch and Halkbank Dialog with Mobile Confirmation. Clients who do not have a Halkbank card can obtain the Digital Password required for using the digital channel with their TR ID cards. Opening a Halk Investment account through digital channels, pension branch/bank change for retired clients, gold order transactions by credit card or the account were enabled with the "Halkbank Secured Digital Payment System" at the Internet Branch.

Halkbank has designed many innovative projects and in the coming period, Halkbank will continue developing its Internet Banking and Mobile Banking channels in a client-centered understanding. Approving the necessary documents digitally so that clients can complete their banking transactions that require wet signatures remotely without going to the branch, open banking services, providing special products and services to clients according to their behavior in channels through analytical methods, payment by QR code from all bank POS thanks to common QR code and at the same time, performing money withdrawing transactions from all bank ATMs with data matrix, and end-to-end renewal of Halkbank Mobile Banking application with the Mobile Transformation project, are among the projects prioritized by the Bank in 2022.

**The Digital Password project was launched to enable all digital channels of Halkbank to serve with a single password.**

## DIGITAL HALKBANK FOR SMES, TRADESMEN AND ARTISANS

**Making significant investments in order to bring its long-established banking experience to digital channels, Halkbank views its active presence in these channels as an important tool for contacting the real sector.**

By rapidly integrating the opportunities offered by technology into its products, services, and systems, Halkbank continues to shorten the distance between the clients and the financing and non-financial banking solutions that all its clients, especially SMEs, tradesmen, and artisans' need. Making significant investments in order to bring its long-established banking experience to digital channels, Halkbank views its active presence in these channels as an important tool for contacting the real sector.

With the effect of the pandemic process, the channel preferences of consumers have also undergone a radical change, and the importance of Halkbank's

### Digital Credit Platform

In 2021, the Digital Credit Platform was launched on Halkbankkobi.com.tr in order to ensure that documents/contracts are approved in the digital environment so that loan applications of SME segment customers with a turnover of TRY 0-3 million can be received from Halkbank digital channels (in the first stage, through Halkbankkobi.com.tr), and cross-selling to the customers through digital channels, automatic valuation/scoring process of the application, automatic allocation and opening accounts on demand can be made. Thanks to this structure, the demands of companies that are not Halkbank clients also go through the same evaluation process. In case the request is approved, the company becomes a client of the Bank and the allocation process is completed. In the upcoming period, in addition to increasing the variety of products and services on the Digital Credit Platform, it is planned that applications from companies with a turnover of TRY 3-125 million can be received.

### Halkbank Assurance for Payment and Collection in Trade with the Secured Digital Payment System of Halkbank

In order to facilitate trade and to completely eliminate the risk and insecurity problem that arises due to the nature of trade, "Halkbank Secured Digital Payment System" was established which allows deferred payment/sales in trade with Halkbank assurance and where credit/collection processes are regulated. With this new and unique application, Halkbank guarantees payment and collection from the moment the order is placed until the payment is fulfilled. Halkbank Secured Digital Payment System ensures that the buyer's payment and the seller's collection are made under the guarantee of Halkbank.

### Digital Credit Package for Female Entrepreneur

A Digital Loan Package for Female Entrepreneurs was created for female entrepreneurs who play a critical role in sustainable economic development and the development of employment in the country. The package aiming to facilitate access to finance, and encouraging female entrepreneurs who want to open a new workplace for the production of goods and services, self-employment or commercial activity, or who will start or have established a business for the first time based on a business idea, was launched in July 2021 and met with clients on the Credit Platform.



ever-increasing digital banking investments has been revealed once again. Halkbank established the halkbankkobi.com.tr platform specifically for users of the SME and Tradesmen Banking segment which are a large part of its portfolio and promotes its products and services from this platform enabling its customers to apply for the financing they need easily. The Bank broke new ground on the path of digitalization with the SME Digital Loan Platform which was put into service through halkbankkobi.com.tr with more than 300 thousand members in 2021. With the loan products offered on the Digital Loan Platform, whether real or legal persons, all SME companies that meet the criteria are provided with the opportunity to apply, quickly allocate, and easily access the financing they may need without coming to the branch. The Digital Loan Package, developed on the Digital Credit Platform was first offered to female entrepreneurs.

In order to facilitate trade and to completely eliminate the risks and security problems arising from the nature of trade, the "Halkbank Secured Digital Payment System" product which allows deferred payment/sales in trade and regulates the credit/collection process has been developed. With this system which is a pioneering and innovative application, the payment and collection are under the guarantee of Halkbank from the moment the order is placed until the moment the payment is fulfilled.

Also, a collaboration with Bizim Account to support SMEs to benefit from technological opportunities and digitize their business processes was actualized during the year. In addition to pre-accounting, registration and follow-up, Bizim Account facilitates commercial life with its comprehensive features such as e-invoice, stock tracking and barcode reader that SMEs may need.

Halkbank carries out important studies to enable SME clients to actively use digital channels so that they can increase their competitiveness and adapt to the rapidly digitalizing world. With these studies, it is aimed to carry out all end-to-end processes through the Bank's digital channels, from customer identification processes to digital loan applications and disbursements, from offering products and services suitable for customer segmentation to active banking transactions. In terms of customer satisfaction and sustainability, it is of great importance to minimize the mandatory transactions that SMEs must carry out from branches and thus enable them to carry out their business more efficiently with digital banking.

In 2022 and beyond, Halkbank will continue to focus on enriching the products and services offered in digital channels for these client groups, improving the customer experience, and increasing the speed and ease of transactions, in addition to its efforts to enable SMEs, tradesmen, and artisans to become clients through digital channels without having to go to a branch.

## CASH MANAGEMENT TRANSFORMATION

**Aiming to reduce fee commission contribution and low-cost service and box office transactions, Halkbank continues to meet the expectations of its clients with its innovative service approach.**

Halkbank eliminates manual processes in cash flows and offers time saving and operational improvement to its clients by intermediating the collections and payments of companies arising from their activities with tailor-made products and services. Aiming to reduce fee commission contribution and low-cost service and box office transactions, the Bank continues to meet the expectations of its clients by making the most of the opportunities offered by digitalization with its innovative service approach. In this context, 93% of corporate collections were realized through digital channels during the reporting period.

In 2021, when the effects of the pandemic continue to be felt, the Bank added new ones to its digital solutions, primarily the Direct Debit System (DBS), in order to mediate the collections of its clients such as taxes and SGK. The number and scope of services provided through Halkbank digital channels in tax, SGK and corporate collections and payments were increased,

and software development studies for products such as Supplier Financing (TFS) and DBS over POS were accelerated. In addition, agreements were made for the development of digital applications such as e-document (e-invoice, etc.) integration and account integration.

At the beginning of Halkbank's 2022 targets in the field of cash management is the transfer of existing products to digital channels, thereby increasing customer satisfaction. Also, it is aimed to put the products into service for which software studies, especially the TFS are ongoing, and to expand the e-document applications. In the medium and long term, the Bank plans to prepare new products and digital solutions in the field of Open Banking for its clients within the scope of API partnerships.

**During the reporting period, 93% of corporate collections were realized through digital channels.**

## BRANCHES ON THE JOURNEY OF DIGITAL TRANSFORMATION

**Halkbank continued its “New Branch Concept Project” in 2021 which includes transformations in business conduct and service models as well as physical branch transformations.**

Aiming to offer its clients a superior experience and comfort integrated with technology simultaneously, Halkbank continued its “New Branch Concept Project” in 2021, which includes transformations in business conduct and service models as well as physical branch transformations. It is aimed to complete the transformation in 4 branches following the ongoing pilot studies within the scope of the project, which aims to strengthen the Bank's corporate image, improve customer experience, increase competitiveness by using new technologies, and increase the productivity of employees by improving work ergonomics.

Halkbank expanded the digital transformation in its branches in line with its sustainability goals and implemented paperless banking processes. Accelerating its efforts in this direction in 2021, the Bank created a digital image of contracts and forms with customer information and completed the digital approval phase. Preparation of digital images of contracts and forms for new products/services continues.

During the activity period, other automation solutions that will increase efficiency in business processes by reducing the workload of branches were also signed. In this context, the up-to-date rating score of clients whose credit revision would expire was created with an automatic program that runs weekly and the revision period was extended with the help of scorecards created in the decision tree to be operated in accordance with the credit policy rules. Thus, it was ensured that revision processes were managed effectively, operational risks were reduced by automatically running the works in the allocation process, and revision processes were completed in a way that would take the branch busyness to a minimum.

**Halkbank implemented paperless banking processes in line with its sustainability goals.**

## ANKA TECHNOLOGICAL TRANSFORMATION PROGRAM

*Within the scope of ANKA Technological Transformation Program, efforts to transfer existing banking applications to the ANKA platform gained momentum in 2021.*

The ANKA Technological Transformation Program initiated by Halkbank with the aim of gaining a systematic and sustainable quality in its digital transformation efforts was extended to the entire Bank by the end of 2020 when the first version of the IT application development infrastructure (Framework V1.0) was completed. As part of the program, the transfer of existing banking applications to the ANKA platform gained momentum in 2021.



In the first quarter of 2021, in parallel with the transformation studies of banking screens, the updates in the technology used in ANKA application development infrastructure (Framework V 2.0) were adapted and this adaptation was reflected in all current applications with a comprehensive study. The following applications were put into service in 2021.

### ANKA DIGITAL TRANSFORMATION APPLICATIONS

- Client Definition and Update
- Cash Withdrawn
- Quest Pool
- CRS Query and Query Result Tracking
- Accounting Transactions Monitoring
- Salary and Other Payments
- Statement Transactions
- Member Business Transactions
- Single Door
- Q-matic
- Corporate Loans Repayment
- Personal Loans Repayment
- Corporate/Commercial/SME CRM Panel
- DBS Invoice Tracking
- Fraud Notice/Client Alert Lists
- Customer Information Module
- Credit Card Transactions
- Bankbook Printing
- Company Salary Payments
- KK Screens
- Service Pricing/Exemption Requests
- Fund Transfer Pricing
- Permission Marketing
- Treasury-BIST Gold Transactions
- Corporate Client 360
- WTO FC Transfers
- Identification Authentication Procedures
- Life Litigation Module

## ROBOTIC PROCESS AUTOMATION INITIATIVES

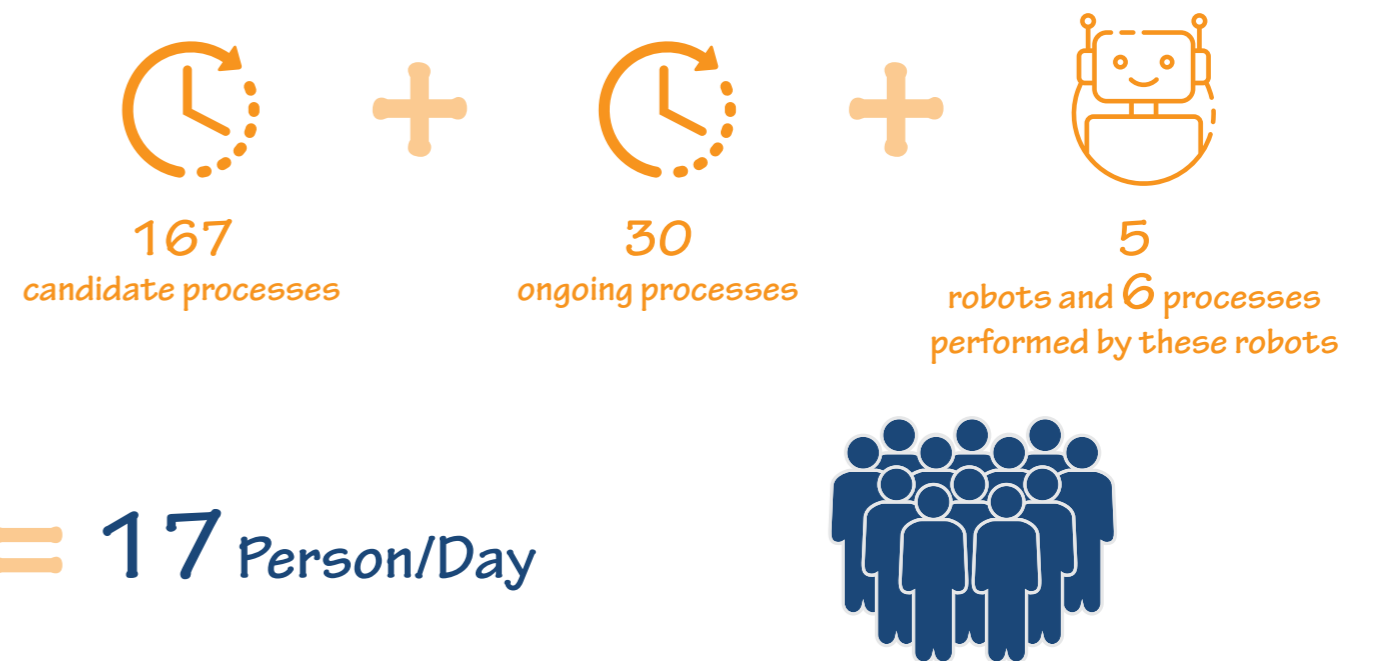
*Pursuing the integration of technologies of the future into its processes, Halkbank keeps focusing on operational efficiency and excellence with robotics-based automation studies.*

Pursuing the integration of technologies of the future into its processes, Halkbank keeps focusing on operational efficiency and excellence with robotics-based automation studies.

In 2021, 167 processes transmitted from business units and branches and collected from additional workshops were included in the candidate process pool and analyzed. The process of Preparation of Monetary/ Financial Information Reconciliation Form which is one of these processes included in the process pool was selected considering the gain it would provide and after the software work was used actively.

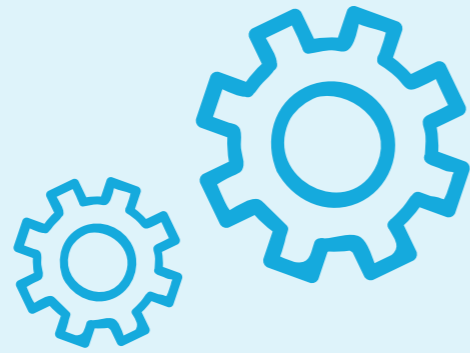
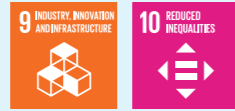
After the operation started, 588 clients' monetary/ financial reconciliation forms were completed within 6 weeks, enabling a total of 882 hours of savings. Thanks to robotic process automation, requests from branches are processed sequentially and response to the branch is transmitted within an average of 24 hours.

5 of 167 processes carried out by 17 heads of Departments and branches have started to be processed actively by the robot user, and currently, analysis and software studies are ongoing for 30 processes. In addition, by increasing the number of processes in the candidate process pool and integrating new processes into the robot user, it is aimed that business units with operational workloads at the Bank will be able to deal more efficiently with the essential tasks in their area of responsibility.





# PRODUCED CAPITAL



**1,023** branches in total at home and abroad

**4,082** ATMs across Turkey

**27%** Accessible ATMs

**28%** Recycle ATMs



**With its strong infrastructure, Halkbank provides uninterrupted and high-quality service to its clients and also creates value for the Turkish economy with its produced capital consisting of branches and ATMs.**

With its strong infrastructure, Halkbank provides uninterrupted and high-quality service to its clients and also creates value for the Turkish economy with its produced capital consisting of branches and ATMs. The Bank continues to enhance its service providing capacity through its physical channels with an innovative perspective during the pandemic period, at a time when business models and ways of working are undergoing a radical change.

## BRANCHES AND ATMS

With a total of 1,023 branches and representative offices in London, Tehran and Singapore\* as of the end of the year, Halkbank continues to meet the needs of its clients with its extensive service network.

Having opened 13 new branches in 2021, Halkbank continues to meet the needs of its clients with its extensive service network, with a total of 1,023 branches in Turkey and abroad, and representative offices in London, Tehran and Singapore\* as of the end of the year.

Halkbank continued to offer its clients its products and services through its physical channels without interruption during the pandemic, and kept hygiene and safety at the forefront for its employees and clients during this process.

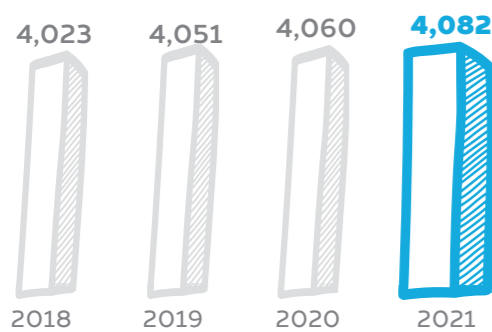
At the end of the year, the number of ATMs of Halkbank in Turkey reached 4,082. With the vision of creating an excellent customer experience at all touch points, the Bank is constantly developing its ATM network with new functions. With this understanding, 28% of the Bank's

ATMs were replaced with new technology Recycle ATMs. Also during the year, Halkbank started making the state support payments given within the scope of the pandemic through ATMs as part of the efforts to minimize the busyness in the branches.

In addition, within the scope of Turkey's ATM Center (TAM) project which was created in 2021 to bring the ATMs of 7 public banks under a single roof, Public Joint ATM platform studies were carried out and the integration process with the pilot ATMs established is continuing.

Halkbank strives to provide financial services to all segments of society, including the disadvantaged groups. In this context, the Bank implemented the Banking Without Disabilities project in May 2011 and started to design Accessible Bank24 ATMs to serve

Number of Halkbank ATMs by Years



28% of Halkbank ATMs were replaced with new technology Recycle ATMs.

\* The activities of the Singapore Representative Office ended as of 31.12.2021.



physically and visually impaired clients. In this context, physically handicapped individuals can perform all transactions from ATMs, while visually impaired individuals can use headphones, dim the screen, and query their account balance and withdraw money thanks to the program that converts the text on the screen into sound. As of the end of 2021, the ratio of ATMs designed by the Bank to provide services for disabled clients is 27% in total ATMs.

The Banking Without Disabilities Communication Line was established in order to enable clients with hearing and speech impairments to receive service from branches and to ensure that their needs and demands are met quickly, and it continues to provide uninterrupted service in 2021.

Halkbank aims to provide better service to clients with disabilities through "The Right Approach to Disability" and "Sign Language" trainings. A total of 3,267 trainings were completed in 2021 in this context.

The increased variety of transactions for visually impaired clients, offers them the opportunity to perform their transactions with headphones via ATMs. In addition, retail loan agreements were created with Braille Alphabet and banking applications were improved by uploading audio information and videos translated into sign language on the website.

**For details of Halkbank's Digital Transformation efforts, please review the Intellectual Capital section.**

# NATURAL CAPITAL



Approximately **295,754** tons of CO<sub>2</sub>e emission reduction in 2021, thanks to the renewable energy plants evaluated by Halkbank

**6,131** companies scored within the scope of Sustainability and Environmental Assessment in 2021

A total of **1,941.79 MW** of renewable energy investments that have been financially supported since 2018

Approximately **300** million Euro loan and **412,689** tons of CO<sub>2</sub>e emission reduction since 2012 with the resources provided by international financial institutions

The share of renewable energy and energy efficiency investment loan risk in the risk of cash investment loans is **11.98%**



Due to its corporate size, industry requirements, and being a public bank, Halkbank has built its business models by incorporating environmental, social, and governance issues into its work and considers supporting sustainable development with financial and human capital among its strategic priorities. In this context, the Bank contributes to the sustainable and responsible growth of the country's economy with the projects it finances while also working continuously to reduce the direct and indirect impacts of its operations on the environment and to improve its environmental performance. The Integrated Management System which consists of ISO 14001 Environmental Management System and ISO 50001 Energy Management System, constitutes the main axis of the Bank's efforts with full compliance in terms of environmental laws and regulations, reduction of energy, water and paper consumption, and actions taken by waste management and by evaluating potential risks. The energy and environmental impacts of the Bank's operations and processes are constantly monitored, and the findings and areas of improvement identified are reported to the Sustainability Committee at the annual Management Review meetings. Halkbank did not violate any rules and was not penalized due to adverse environmental impacts in 2021.

The environmental and social impact levels of the investments that will be financed are one of the important elements of Halkbank's project evaluation process. The investments financed by the Bank are evaluated and reported through systemic modules. Evaluation criteria including environmental and social impact assessment and other sustainability issues have also been integrated into the scoring system written in the prepared reports.

Within the scope of climate change combat, the Bank aims to minimize the environmental impact caused by its portfolio and banking operations in 2022 and beyond. Besides increasing the financing it provides to environmentally friendly projects and industries, the Bank will continue to implement digitalization practices that will accelerate the transition to emission reduction, waste management, and paperless banking, minimizing the footprint resulting from its activities. Halkbank aims to pursue its activities within the scope of sustainability, environment and energy policies in a manner to cover its suppliers as well.

**For detailed information about Halkbank's Sustainable Finance activities, please visit our website.**

## RESPONSIBLE PRODUCTS AND SERVICES APPROACH

**Halkbank is distinctive in its area of activity with its expert staff specialized in the energy sector which has strategic importance for Turkey's sustainable development and the knowledge gained as a result of detailed studies on the sector.**

Halkbank aims to increase its contribution to the country's economy by strengthening the link between financial and sustainability performance with a responsible approach to people, society and the environment. In this direction, the bank supports projects that will increase employment, enlarge the ecosystem of women entrepreneurs, realize the energy potential in our country, diversify our country's energy resources, ensure efficient use of the energy produced and save energy. Considering the pandemic that affected 2020 and continued its influence in 2021, Halkbank increased its support for the development of economic and commercial activities of its customers and other stakeholders with the solutions it offered.

Aiming to increase its green asset ratio by continuously improving its product portfolio which it has created within the scope of its responsible banking approach, Halkbank also encourages its customers to adopt sustainable business models. Particularly by raising awareness about energy, it contributes to the increase of energy efficiency and thus savings of companies and especially for SMEs.

**In 2021, a total of TRY 654 million cash investment loans were extended for renewable energy projects.**

Halkbank is distinctive in its area of activity with its expert staff specialized in the energy sector which has strategic importance for Turkey's sustainable development and the knowledge gained as a result of detailed studies on the sector.

Renewable energy is of critical importance in reducing Turkey's dependence on foreign energy and in the transition to a low carbon economy which is a safer and more sustainable economic structure. Renewable energy options which replace power plants that produce energy by burning environmentally harmful fossil fuels, help reduce problems such as air and water pollution, excessive water and land use, loss of wildlife and habitat, harm to public health and global warming.

Acting with the awareness for renewable energy potential of our country, Halkbank gives priority to financial support for investments in electricity and heat generation such as SPP, HEPP, GPP, WPP and PPS, with the technical and financial evaluations it carries out. Also, taking advantage of the knowledge and experience of engineers holding energy manager certificates, it goes beyond just providing financial resources to companies in the use of resources and offers free technical consultancy services for efficient investment realization. As of December 31, 2021, Energy Investments Risk has a share of 27.91% with TRY 32.2 billion, in Halkbank's total cash investment loan risk of TRY 115.3 billion.

The share of Energy Efficiency and Renewable Energy Investment Credit Risk in the Bank's Energy Investments risk is at 42.93% level with TRY 13.8 billion. In addition, a total of TRY 654 million cash investment loans were extended in terms of renewable energy projects in 2021.

As of December 31, 2021, the share of renewable energy and energy efficiency investment loan risk in Halkbank's cash investment loan risk is 11.98%. The amount of loans extended to renewable energy power plants by years is given in the table below.

### RENEWABLE ENERGY LOANS

TL	2018	2019	2020	2021
HPP	111,442,788	166,774,879	148,482,130	98,275,000
WPP	176,041,335	77,494,000	0	257,120,000
PPS	87,250,497	70,400,000	106,500,000	109,734,000
GPP	172,639,457	154,053,900	8,206,380	0
SPP	141,379,956	149,231,540	69,766,000	188,388,000
<b>Total</b>	<b>688,754,033</b>	<b>617,954,319</b>	<b>332,954,510</b>	<b>653,517,000</b>

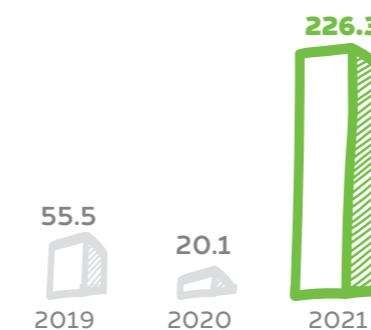
The number of renewable energy projects evaluated for the reporting period and the previous three years of the Bank is given in the table below:

Number of projects	SPP	WPP	HPP	GPP	PPS	Total Quantity	Total Installed Power (mW)
2018	49	4	4	1	3	61	735
2019	9	6	23	7	1	46	774.1
2020	9	0	3	1	2	15	135.7
2021	12	1	4	0	8	25	301.49
<b>Total</b>	<b>81</b>	<b>11</b>	<b>34</b>	<b>9</b>	<b>14</b>	<b>271</b>	<b>1,941.79</b>

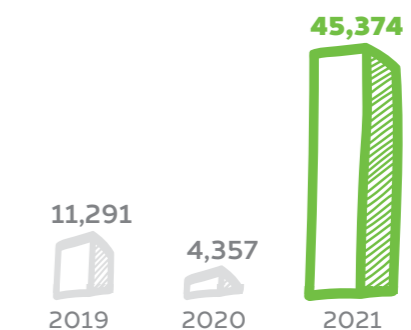
Also as a component of its sustainability activities, Halkbank has carried out projects with international financial institutions such as the French Development Agency, the European Investment Bank and the World Bank on energy efficiency, renewable energy, prevention of environmental pollution and the improvement of clustering regions such as organized industrial zones, extending credits amounting to approximately EUR 315 million since 2012. In addition to that, a total of 55.2 million Euros of loans were extended in 2021 within the scope of investment and working capital needs of customers, including Energy Loans.

### Amount of Clean Energy Loans Extended with Resources from International Finance Institutions (TRY Million)

#### Renewable Energy



### Reduced Emissions (tCO<sub>2</sub>e) with Clean Energy Loans from International Financial Institutions



## SUPPORTING THE FIGHT AGAINST CLIMATE CRISIS

**“Global Climate Change” leads Halkbank to increase its efforts to establish a financial system that supports sustainable development globally in banking activities.**

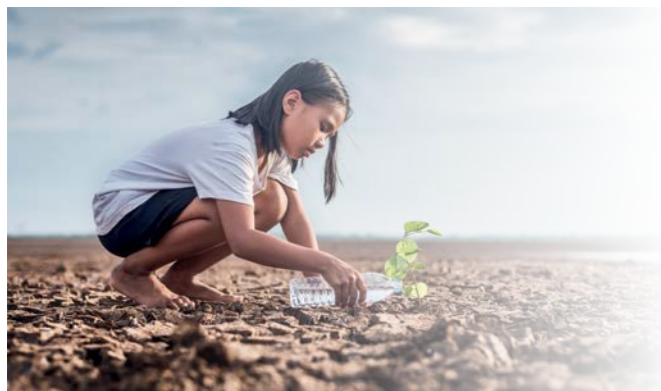
While aiming to minimize the environmental impacts of its operations, Halkbank has also adopted the approach of climate change combat in order to increase its indirect contribution through financing solutions. In 2016, the Bank established the Integrated Management System consisting of ISO 14001:2015 Environmental Management System and ISO 50001:2011 Energy Management System and integrated it into its business processes. It is also the first Turkish bank to establish the ISO 50001 Energy Management System. In 2019, the Integrated Management System was expanded to cover all service units and the transition to the latest version of the ISO 50001 Energy Management System, the risk-based high-level ISO 50001:2018 was achieved. Internal audits and controls are carried out by Integrated Management System Internal Auditors within the scope of ISO 50001 Energy Management System.

The “Global Climate Change” threatening the financial system as well as sustainable life, is leading Halkbank to enhance its efforts to establish a financial system that supports sustainable development globally in its banking activities, day by day. While the Bank is actively working to minimize the environmental impacts of its

operations, it also expands its product portfolio within this scope so that the businesses that make long-term growth plans may adopt a business culture where they can achieve success by considering their environmental impacts. By supporting the Carbon Disclosure Project (CDP) Climate Change and Water Program in 2021, the Bank transparently shared the steps it took for a habitable world with its stakeholders. Besides, Halkbank is one of the companies ranked in the BIST Sustainability Index which includes companies that are traded in Borsa Istanbul and that have high level corporate sustainability performances.

Halkbank develops its business processes in order to comply with national and international studies within the scope of combating the climate crisis. With the aim to create a Climate Action Plan which includes scientific-based targets and actions for greenhouse gas emissions, analyzes of direct and indirect risks and opportunities of climate change, and comprehensive studies on sustainable finance products, Halkbank has started working in this direction.

Within the framework of its operational activities in 2021, Halkbank used TRY 555 thousand for its efforts to combat the climate crisis.



**Halkbank is the first Turkish bank to set up the ISO 50001 Energy Management System.**

### Increasing Employee Awareness

The Bank regularly carries out awareness-raising activities through online trainings and e-learning on Integrated Management System and Zero Waste Management. Integrated Management System and Zero Waste Management trainings have been completed by 99% of the employees.

Continuing its training activities in 2021 to help its employees adopt its sustainability vision more effectively, Halkbank undertook an extraordinary project called Challenge with the vision of leaving a greener and more livable world to the future. The units that complete the training packages assigned under the umbrella of Halk Akademi ensure that the number of saplings that meet the nature are equivalent to the number of employees. This project let 19,967 saplings meet with nature and contributed to the development of nature awareness among the personnel. The Bank also implemented a sapling planting project for the newborn children of the staff. In this context, 5 saplings were planted for each newborn and a total of 6,355 saplings were brought to nature on behalf of 1,271 newborns.

Articles are published on many topics such as recycling, climate change and energy efficiency on the Sustainability pages of the Bank’s corporate publication Together Magazine and awareness studies on these issues are supported through internal communication.

### Emissions Management

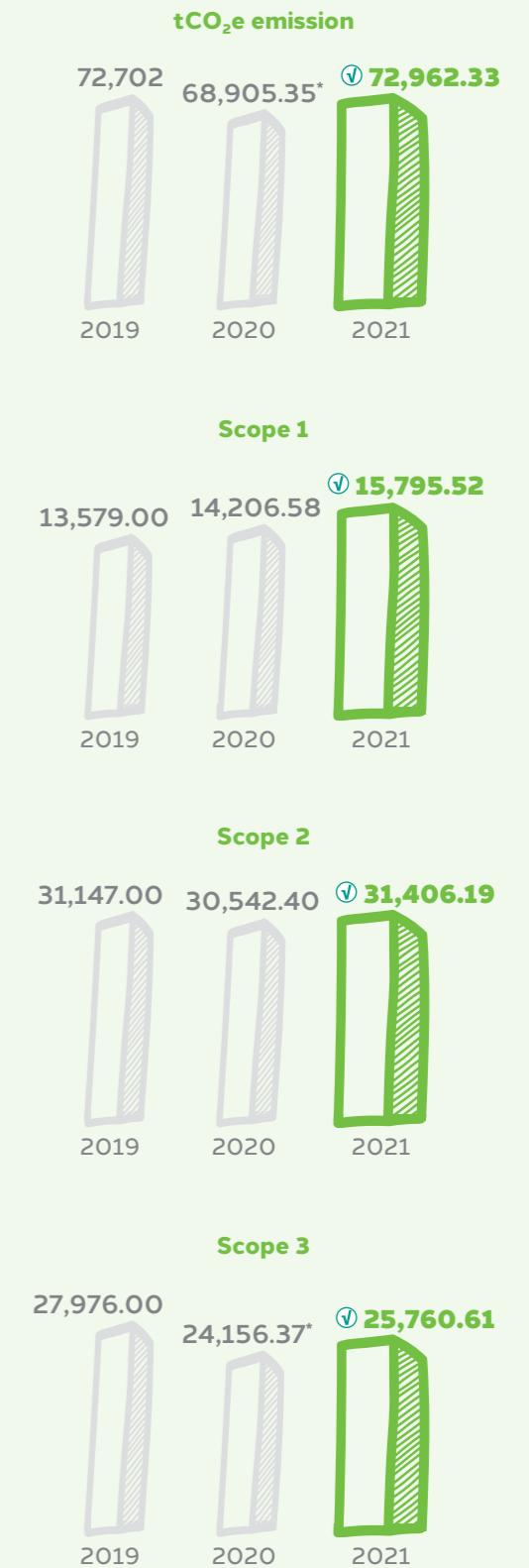
With the understanding of combating the climate crisis, Halkbank calculates its corporate carbon footprint every year in order to measure and monitor the effects of its activities and to minimize this effect with mitigation strategies.

Halkbank acts in accordance with international legislation and standards in the measurement and reporting of emissions, and takes actions to reduce its emissions by performing its calculations in accordance with the ISO 14064 Greenhouse Gas Calculation and Verification Standard. Indicators under limited assurance and relevant explanations are in the Reporting Guide part of Appendices.

Within the scope of reducing the carbon footprint, the “Managers Meeting” events, which are held every year and have the most intense participation at the Bank, have been made carbon neutral since 2014 in line with PAS 2060 standards. 812 tCO<sub>2</sub>e emissions calculated as a result of the Managers’ Meeting event held in 2021 were offset by taking carbon certificates.

In the upcoming period, Halkbank will accelerate its progress towards becoming a carbon neutral bank with the emission target it will set in the light of measurable criteria with scientifically-based targets.

### Absolute Greenhouse Gas Emissions by Years (tCO<sub>2</sub>e)



**SUPPORTING THE FIGHT AGAINST CLIMATE CRISIS**

**Halkbank shapes its efficiency efforts which it carries out with the motto “Keep Our Energy for the Future,” within the framework of its Sustainability and Energy Policies.**

The Bank also contributes to indirect emission reduction through the use of loans. In 2021, the emission reduction of renewable energy power plants for which loans were made, reached 295,754 tons of CO<sub>2</sub>e. In addition, it has been calculated that approximately 412,689 tons of CO<sub>2</sub>e emission reduction has been achieved since 2012 by the loans provided within the scope of projects with international financial institutions.

**Energy Management**

Halkbank shapes its efficiency efforts which it carries out with the motto “Keep Our Energy for the Future,” within the framework of its Sustainability and Energy Policies. In order to reduce energy and natural resource consumption arising from its activities, Halkbank develops innovative solutions that will increase efficiency and reduce losses. In this direction, it designs a model in which performance evaluations will be made in line with the amount of energy and natural resources consumed, by monitoring consumption variables, working climate conditions in the building and all possible effects by using energy monitoring systems.

The Bank complies with the national and international legal requirements for the use, consumption and efficiency of energy and natural resources in accordance with the strategies determined in accordance with the Integrated Management System. In addition to these, it also engages in activities to improve performance by providing energy-efficient products and services in purchasing processes.

Total energy consumed in-house (GJ) **481,144.71**

Directly consumed renewable energy\* (kW) **10,164**

Indirect (purchased) renewable energy (kW) **59,937**

*\*The amount of electricity produced in 2021 with the solar panels in the Ataşehir Additional Service building.*

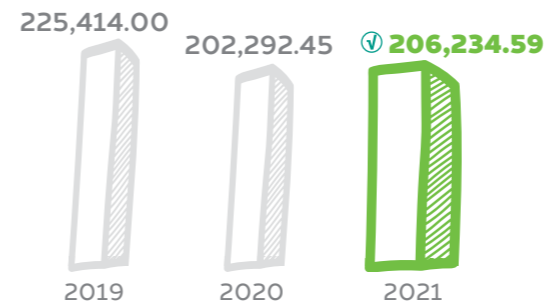
**In 2021, the emission reduction of renewable energy power plants for which loans were used, reached 295,754 tons of CO<sub>2</sub>e.**

**In 2021, 1,055 service locations, including all branches of Halkbank, received Zero Waste Certificates.**

**Water Management**

Halkbank believes that the amount of water consumed should be managed effectively in terms of efficient use of natural resources and reducing the environmental impacts resulting from banking activities, and integrates effective water management into its business processes within the scope of sustainability and environmental policies. In order to ensure effective water management, it regularly monitors and measures water consumption and plans actions.

**Water Consumption by Years (m<sup>3</sup>)**

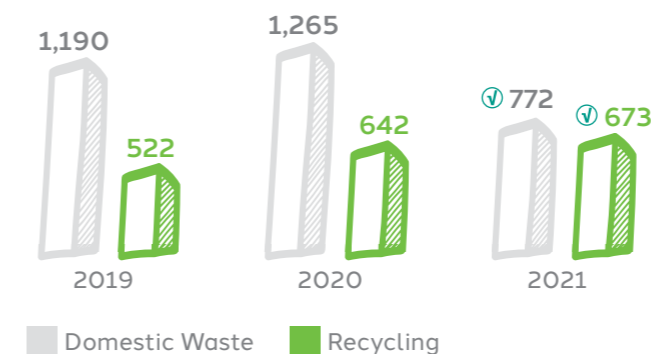


**Waste Management**

Taking into account waste management within the scope of reducing the environmental impacts of its operations, Halkbank continues its waste reduction efforts in line with the responsible banking culture and with the principle of zero waste. As of 2019, compliance with the Zero Waste System has been achieved at all service locations, and in 2021, 1,055 service locations including all branches of the Bank, received Zero Waste Certificates.

Environmental pollution was prevented by giving 23 tons of hazardous waste generated as a result of the Bank's activities to licensed companies for recycling and disposal.

**Waste Separation Performance Based on Years (tons)**



**Paper Saving Through Paperless Banking Applications**

During the pandemic period, Halkbank accelerated its efforts to move banking processes to end to end digital media. In this context, the transition to paperless banking applications has come to the fore and document and form approvals that are processed in lending processes have begun to be received via digital platforms. With the electronic approval systems implemented in the Tradesman Support Package, Personal Support Loans and Micro Enterprise Life Suyu Loan products;

- Banking Transactions Agreement,
- Explicit Consent Text Regarding the Processing of Personal Data,
- Information Text on the Protection and Processing of Personal Data,
- Current Account, Money Order, Business Loan Transactions Undertaking,
- Paper waste is prevented in the Internet Banking and Mobile Corporate Banking Agreement Application Form.

In 2021, new activities were added to Halkbank's efforts under the paperless banking concept. With the Samatya Project carried out during the year, the preliminary intelligence process of the interest-supported loans of the Ministry of Treasury and Finance which was made available with the guarantee of the ESKKK, started to be carried out through digital channels. In addition to preventing paper waste, time and cost savings are among the outputs of the project.

In-bank reports began to be published via the mobile application (MOBilgi) and professional resource books created for employees were converted into podcasts and transferred to the digital environment.

With the Corporate Warning Improvement Project which is still in the software development phase, it is aimed to reduce the number of pages in the corporate dunning letters.

## 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.

Best regards

**Osman ARSLAN**  
Board Member  
General Manager

**R. Süleyman ÖZDİL**  
Chairman of the Board of  
Directors

## ANNUAL REPORT COMPLIANCE STATEMENT

### INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

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

#### 1) Opinion

As we have audited the full set consolidated and unconsolidated financial statements of Türkiye Halk Bankası A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") for the period between 01/01/2021–31/12/2021, we have also audited the annual report for the same period.

In our opinion, the consolidated and unconsolidated financial information provided in the Management's annual report and the Management's discussions on the Bank's and Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit.

#### 2) Basis for Opinion

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 the 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 responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Bank in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other 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 audit opinion.

#### 3) Auditor's Opinion for the Full Set Consolidated and Unconsolidated Financial Statements

We have presented a qualified opinion for the Bank's full set consolidated and unconsolidated financial statements for the period between 01/01/2021–31/12/2021 as a result of the issues stated in Basis for Qualified Opinion paragraph in our Auditor's Report dated 14 February 2022. In addition, the ongoing lawsuits in the United States of America were presented as an emphasis of matter in our opinion.

#### 4) Management's Responsibility for the Annual Report

The Bank Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and the regulation on "Preparing and Publishing the Annual Report by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333 ("the Communiqué"):

- Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- Preparing the annual report with the all respects of the Bank's flow of operations for that year and the Bank's financial performance accurately, completely, directly and fairly. In this report, the financial position is assessed in accordance with the financial statements. The Bank's development and risks that the Bank may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- The annual report also includes the matters stated below:
  - The significant events occurred in the Bank's activities subsequent to the financial year ends,
  - The Bank's research and development activities,
  - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Banking Regulation and Supervision Agency and the Ministry of Trade and related institutions while preparing the annual report.

#### 5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

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 the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit.

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

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

**Müjde Aslan**  
Partner  
Istanbul, 3 March 2022

## AUDIT COMMITTEE'S ASSESSMENT ON THE OPERATION OF THE INTERNAL CONTROL, COMPLIANCE, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS AND INFORMATION ABOUT ITS ACTIVITIES IN 2021

### Board of Inspectors

Türkiye Halk Bankası A.Ş. Inspection Board carries out its activities on behalf of the Board of Directors through the Audit Committee.

Board of Inspectors aims to carry out banking activities covering all units, subsidiaries and branches at home and abroad to be conducted in accordance with the Law and other relevant legislations, Bank's internal strategies, policies, principles and objectives, to determine the effectiveness and adequacy of the internal control, compliance and risk management systems, to prevent the recurrence determined deficiencies, errors and misuses and to ensure the effective and productive usage of the banking system and resources.

The Board of Inspectors operating within the framework of international audit norms and ISO 9001: 2015 Quality Management System Standards, is managed and administrated by the Board that consists of the Chairman and (5) Vice-Presidents, and carries out audit activities with a risk-oriented approach in three different ways and methods that complement each other: On-site Audit, Central Audit and Information Technologies Audit. In this regard, within the scope of the internal audit activities in 2021, the efficiency and effectiveness of the business steps were evaluated in addition to the compliance of the Bank's activities with the business processes.

Internal audit activities were carried out on the basis of the work program prepared in accordance with the relevant legislation at the Bank's units and subsidiaries included in the annual audit plan of the Onsite Audit team, and the Bank's reporting systems were used together with the exception reports created by the Central Audit team in the audit studies. In addition, the process audits carried out aimed detecting malfunctioning/inefficient business processes and contributed to increasing the efficiency of the Bank's operations. The findings of the studies were conveyed to relevant units both in written reports and written cover letters form in order to take action.

In order to detect possible irregularities proactively and effectively, the records that are thought to be risky produced by the scenarios that are run regularly were examined by the Central Audit team, and in addition to these, irregular actions have been tried to be detected with different methods through spot reports prepared at certain periods. In addition, the Risky Personnel Identification Model which was designed in the previous period, was revised by adding new criteria. Also, controls regarding our Bank's processes were carried out and the detected systemic problems and suggestions to increase efficiency were shared with relevant business units. In order to ensure the effective use of all kinds of software and technological opportunities during the execution of the said activities, trainings to increase the competencies of the personnel continued and the Data Analyst Training Program was put into practice in this scope.

Internal audit activities regarding the efficiency, adequacy and compliance of the information systems used by the Information Technologies Audit team in the Bank units and subsidiaries subject to consolidation have been performed, the processes specified in the regulations regarding the information systems and banking processes published by the BRSA were also audited within the framework of the Bank's practices.

Examination and investigation works have been carried out regarding the transactions that are in contradiction of the legislation which are determined as a result of central audit and on-site audit activities and/or arising from notifications and complaints. The reasons and realization processes of the actions that took place in the said studies were examined and control points were established in order not to repeat them, and the inspections were ensured to cover these areas as well.

The recommendations of the inspectors in the examination and investigation reports or regarding any banking application have been shared with the relevant business units and the actions taken pursuant to these recommendations have been monitored. With the audits and development recommendations regarding business processes, activities to improve the profitability and efficiency of the Bank have been carried out.

Through the Findings Tracking System, the current risk situations regarding the findings detected in the audit studies and the studies carried out by the relevant units to eliminate the said findings were reported, the actions taken to eliminate the problems were monitored over the system and the necessary reminders were made to the relevant business units in order to eliminate the findings as soon as possible. In this way, beyond being in the process of detecting the error, it was ensured that the risks to be minimized by monitoring the resolution of the findings.

Management declaration studies have been carried out regarding the business processes executed by the Head Office, the data specified in the Internal Capital Adequacy Evaluation Process (ISEDES) report have been validated and the statistical models and econometric data used in the report have been effectively assessed through validation efforts. Therefore, it was checked whether the Bank complies with all kinds of requirements foreseen by the legal and administrative legislation.

By providing internal and external trainings to the Members of the Board of Inspectors who have the opportunity to gain experience in every field of banking by carrying out audits in various units of the Bank, their professional and personal developments have been supported and by transferring these persons to administrative positions, the Bank continued to provide qualified human resources to the Bank's administrative staff.

The Board of Inspectors will continue to carry out audits with responsibility and awareness of duty, in line with the targets and policies to be determined by the Executive Management of the Bank, within the framework of the internal audit plan to be prepared pursuant to the international audit standards.

### Internal Control

The Internal Control Department aims to protect the Bank's assets, to carry out activities effectively and efficiently in accordance with the law and other relevant legislation, in-house policies and rules, and to ensure the reliability, integrity of the accounting and financial reporting system and timely availability of information in line with the ISO 9001:2015 Quality Management System standards, within the framework of generally accepted professional standards and business ethics rules, with a proactive and preventive approach through financial, operational and other control points, simultaneous, impartial and objective reporting to the monitoring, examination, evaluation and management levels. In order to carry out these activities, it carries out its duties administratively reporting to the Audit Committee and the Board of Directors through the Internal Systems Group Presidency.

In 2021, periodic meetings were held with the Audit Committee to provide information on the activities and annual reports were submitted to the Board of Directors on a semi-annual basis.

The Presidency monitors the laws, regulations, BRSA regulations and the current legislation of the Bank, and the changes made are reflected on the control instructions and control points simultaneously. Thus, it is ensured that the control instructions and control points which determine the scope of on-site and central control activities are kept up-to-date in line with the legislation and the Bank's targets.

By analyzing business processes, opinions and suggestions for reducing risks and increasing operational efficiency and effectiveness are conveyed to the relevant units. Internal Control activities' results are periodically analyzed and service points and topic based risk assessments are regularly presented to the Executive Management.

Efforts are given to prevent mistakes and abuses, and to create an internal control culture by raising awareness of the personnel by the "Awareness Notices" made throughout the Bank, particularly in operational processes.

With the internal control reports being carried out electronically over a web-based system, abandoning the paper environment in business processes and executing all transactions through the system, transferring the finding tracking process to the system and thus following the actions taken by the branch regarding the findings that were not resolved during the control activity, keeping all information in the data warehouse and ability to produce and analyze numerical data on control results were achieved.

Central control activities are carried on by expanding the field of activity simultaneously with on-site controls. Furthermore, it will be possible to enter the findings in the database in a retrospective manner to create region- and branch-based risk maps and conduct analyses in different subject areas. Scenarios are created for the risk elements which are not possible to prevent systematically, or which require a long time span to prevent and these scenarios are updated continuously. The results of these scenarios are checked centrally, or relayed to the internal controller for on-site checks. Additionally, regional coordination offices are checked directly at the center.



## AUDIT COMMITTEE'S ASSESSMENT ON THE OPERATION OF THE INTERNAL CONTROL, COMPLIANCE, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS AND INFORMATION ABOUT ITS ACTIVITIES IN 2021

Continuous controls are carried out in order to realize the instant control of the business processes carried out in the bank units and the interactive and multi-dimensional systems that interact with each other, and continuous control activities are carried out in eight Departments under three Deputy General Directorates.

In addition, information systems internal control activities which should be fulfilled in accordance with the Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process are carried out by the Information Systems Controls Group organized at the Departmental Management level within the Internal Control Department. Activities for the control of communication channels and information systems are also carried out by this team in order to ensure that the information obtained within the Bank is reliable, complete, traceable, consistent and in the appropriate form and quality to meet the needs, and that it can be accessed in a timely manner by the relevant unit and personnel.

In addition, activities related to information systems management before the bank and the bank's external service providers are regularly reviewed in terms of compliance of the processes supporting these activities and the established information systems controls with the legislation and in-bank policies, procedures and standards, by the Regulation on Banks' Information Systems and Electronic Banking Services, the Information Systems Controls Department Manager who has also been appointed as the information systems internal control officer, together with the personnel who have the qualifications required by the Regulation. Findings, suggestions and action plans regarding the findings are periodically reported to the internal control unit manager, audit committee and senior management. Said personnel also form opinions on planned changes, innovations in the bank's products and processes, or in-bank policies, procedures and process documents upon request and participates in projects and working groups, boards and committees related to critical processes within its scope of duty. Information systems internal control activities are carried out in line with the plan approved by the Bank's audit committee. Information systems internal control and information systems internal audit activities are carried out in a coordinated manner based on mutual cooperation and informing, and resources are used effectively by planning internal control and internal audit activities in a way that ensures that systems, processes and areas of importance are evaluated on time and with priority.

The Bank's Senior Management, Board of Inspectors, Head Office units and Regional Coordinatorships conduct investigations on various matters, and Internal Controllers conduct investigations on specific issues identified during control work, and the relevant results are reported. During the examination studies, information and documents regarding the issues that constitute the subject of the examination are evaluated in detail, the issues that require an inspector's examination are referred to the Board of Inspectors, and the issues that can be resolved by administrative measures are referred to the relevant General Directorate units.

Importance is attached to all trainings needed for the professional and personal development of the internal controllers working under the Presidency, from the day they take office until they move onto administrative duties, and with support to the professional and personal development of the personnel, certification gains in various fields are encouraged. In addition, the personnel who will work in the information systems internal control functions receive training at least twenty hours a year and at least one hundred and twenty hours in three years in information systems internal control, information systems auditing, establishment of information systems governance and controls or information security, and participate in seminars.

### Compliance

A Compliance Department was established pursuant to the Board of Directors resolution numbered 39 dated 11/14/2017 in order to carry out the Bank's obligations in accordance with the Prevention of Laundering of Crime Revenues legislation more effectively and to oversee the Bank's legal and regulatory compliance activities.

The Bank Compliance Program was issued in order to fulfill the Bank's responsibilities within the scope of Law no. 5549 on Prevention of Laundering of Crime Revenues. Under the Compliance Program, the risk management, monitoring and control activities and activities for complying with national and international legislation regarding the prevention of laundering of crime revenues and financing of terrorism are performed by the Compliance Group which reports to the Audit Committee.

Within the scope of regulatory compliance controls, compliance controls are carried out for the compliance of the Bank's planned activities, new transactions and products with the Banking Law and other relevant legislation, in-house policies and rules and banking practices. It is ensured that the Bank personnel are informed about the changes in the law and other relevant legislation.

### Risk Management

Pursuant to the provisions of the Regulation by the BRSA on "the Banks' Internal Systems and Evaluation Process of Internal Capital Adequacy" which was published in the Official Gazette dated 07/11/2014 and numbered 29057, Risk Management Department operates under the Group Head in charge of Internal Systems, but reports to the Board of Directors, through the Audit Committee.

The reports prepared by the Risk Management Department regarding the risks, especially the credit, market and operational risk elements and the risks related to asset-liability management, scenario analyzes/stress test results and the credit risk model and validation results were examined by the Audit Committee.

In this context;

- Based on the legal limitations determined within the scope of national and Bank legislation, the rates related to the Bank's capital and liquidity adequacy and other ratios followed within the scope of risk appetite were calculated and reported,
- As a result of the validation efforts performed in order to measure the effectiveness of the Bank's internal rating systems, the results generated by the Bank's rating systems are at acceptable levels,
- Loan default rates are at reasonable levels,
- Credit ratings of legal entity credit customers are considered and a balance of risk and collateral is maintained, based on the riskiness of the customer,
- Based on the results of the Value at Risk Analysis conducted by the Bank with an internal model to measure market risk, the market risk the Bank is exposed to is at levels that can be covered by the Bank's equity and under the determined limits,
- The ALM project for the establishment of the Asset-Liability Management module has been completed and the results of the outputs produced within this scope have been reported,
- Validation studies of the models used in estimating the income of customers in Personal Loan applications are carried out,
- Within the scope of TFRS-9, the necessary models have been developed and implemented to calculate the Expected Credit Loss Provision (BKZK) and monthly ratings are produced and used in the calculation of the Bank's BKZK,
- Probability of Default, Loss in Case of Default and Default Amount models developed pursuant to the Communiqué on "Calculation of the Amount Subject to Credit Risk with an Internal Rating Approach are validated on a regular basis and revised where necessary,
- Validation studies of the models used in the calculation of ECLs within the scope of TFRS-9 are carried out,
- The Probability of Default model developed for retail and commercial customers are used in allocation decisions as a decision support system,
- The infrastructure for the use of the model outputs in important business processes of the Bank such as allocation, pricing and monitoring has been established and the structure continues to be used,
- Necessary studies have been carried out in order to ensure that the Amount Subject to Credit Risk be calculated with Internal Rating Based Approaches and the reports have been issued regularly,
- Information technology infrastructure improvements are continuing, to calculate the capital with respect to credit, market and operational risks, according to both standard and internal methods.
- It has been understood that the Support Service Annual Risk Assessment Report prepared within the scope of the Regulation on Support Service Procurement of Banks has been presented to the Board of Directors.

The Risk Management Report prepared within the scope of the Regulation Regarding Banks' Procurement of Support Services has been presented to the Board of Directors

**Mevlüt UYSAL**  
Independent Board Member  
Member of the Audit Committee

**R. Süleyman ÖZDİL**  
Chairman of the Board of Directors  
Chairman of the Audit Committee

## EXECUTIVES OF THE INTERNAL SYSTEMS UNITS

### Chairman of the Inspection Board: Ali CEBECİ

Time in Current Position	2 years and 10 months
Professional Experience	26 years and 5 months
Educational Background	Bachelor's Degree in Turkey

### Head of Internal Control Department: Erol ÇELİK

Time in Current Position	2 years and 10 months
Professional Experience	24 years and 6 months
Educational Background	Bachelor's Degree in Turkey

### Head of Risk Management Department: Erdem ÖZDEMİR

Time in Current Position	7 years and 6 months
Professional Experience	22 years and 6 months
Educational Background	Bachelor's Degree in Turkey

### Head of Compliance Department: Elvan ÖZTABAK

Time in Current Position	4 years and 1 month
Professional Experience	28 years and 5 months
Educational Background	Bachelor's Degree in Turkey

## RISK MANAGEMENT POLICIES BY RISK TYPES AND RISK MANAGEMENT INFORMATION

The Bank developed its risk policies and implementation principles in accordance with the provisions of Article 36 of the "Regulation on Internal Systems of Banks and Internal Capital Adequacy Evaluation Process" published in the Official Gazette No. 29057 dated July 11, 2014 and the good practices guidelines related to risk types.

Halkbank's risk policies aim to ensure that the Bank conducts its operations in accordance with the procedures and principles stipulated in the Banking Law and in line with its mission and goals of profitability and productivity while safeguarding the interests of the Bank's depositors and the shareholders to the maximum extent possible.

Within the scope of the policy documents on the management of each type of risk put into practice with the Decision of the Board of Directors of the Bank and the liquidity emergency action plan;

- Risk appetite limit levels, the sub-limits and trigger levels in order for these limits to be managed in a healthy manner,
- Principles of risk analyses to be conducted in relation to the rating systems used in the Bank's lending process and the validation of these systems,
- Treasury operations stop-loss limits for capital markets positions and foreign currency positions and limits for capital markets and foreign currency and money market transactions,
- Limits on the Bank's foreign exchange position and counterparty risk in transactions with correspondent banks,
- Limits to contain the impact of interest rate shocks on the Bank's economic value,
- Metrics for the prediction of stress and crisis situations regarding liquidity,
- Limits regarding the management of the liquidity risk
- have been determined and the course of the mentioned metrics and the levels of compliance with the limits are being periodically monitored.

### Credit Risk Policy

Objectives of the Bank's credit policies are;

- To create reliable lending standards,
- To monitor the credit relationship accurately and timely,
- To define credit risks and to manage the portfolio,
- It is aimed to ensure the security of credit return.

To accomplish the above mentioned objectives, all units of the Bank must comply with the rules and procedures related to the credit policies. Any exception to the credit policies is submitted to the Board of Directors for approval, together with the justifications.

The authority to grant a credit line rests with the Board of Directors. The Board of Directors can delegate this authority to the Credit Committee, Head Office, Regional Coordination Offices and Branches, defining the limits of the delegation.

There are certain report templates specified by the Board of Directors, which help to assess the company or the group in question. These should be used during lending processes. These processes cover both the proposal stage and the credit extension stage. Factors considered at the stage of evaluation include; product type, credit line, maturity and collateral. Credit line limits are specified considering the Bank's strategic objectives and the historical risk records.

For credits that are extended within the authorization limits of the Regions and Branches, the Head Office is authorized to request additional collateral, in addition to existing margin rates relative to collaterals. Branches monitor credit collateral status continuously and they take the necessary precautions in case of an impairment in value.

## RISK MANAGEMENT POLICIES BY RISK TYPES AND RISK MANAGEMENT INFORMATION

Within the scope of the internal capital adequacy assessment process (İSEDES), internal capital requirement calculations are carried out for the first structural block risks such as credit, market and operational risk, and also for concentration risk that can be quantified under the second structural block risks and for the interest rate risk arising from banking accounts. Regarding other second block risks such as non-quantifiable reputation risk, strategy risk, residual risk, a certain percentage of the capital requirement to be allocated for the first block risks is allocated. Thus, the amount of capital that the Bank should hold for all major risk types that it faces and deems important is calculated. In addition, the amount of capital that the Bank may need under different stress conditions is also quantified in the İSEDES report.

In addition to that Halkbank Prevention Plan prepared in order to determine in advance the measures to be taken in case of occurrence or possible occurrence of events that would shake the Bank's financial structure, was created with the contributions of the Prevention Plan Working Group which consists of expert and competent personnel under the coordination of the Risk Management Department.

Statistical-based models are developed and used to rate loan customers and their outputs such as Probability of Default, Loss and Default Amounts in Case of Default are used as inputs in important business processes (allocation, monitoring, pricing, provisioning) of the Bank. In addition, the reports prepared with the help of these outputs and summarizing the risk profile of the Bank are submitted to the Bank's Senior Management to support critical decision making processes.

The approaches used in both İSEDES and rating models are subjected to qualitative and quantitative validation. In addition, the rating models are monitored every 3 months and the deficiencies in the performance and stability of the model are communicated to the model owners for the necessary action.

Risk Management Department prepares scenario analyses and stress tests to evaluate the impact of unexpected market conditions on the main business lines.

### Liquidity Risk Policies

Within the scope of Policies on Management of Liquidity Risk approved by the Board of Directors, the liquidity risk analyses (gap analyses) made according to the maturity structures of the balance sheet and off-balance sheet items of the Bank as well as the Bank-specific risk that may impact the liquidity of the Bank are being closely monitored.

Liquidity risks are managed within the scope of the approved risk and transaction limits by the Board of Directors.

The early warning levels and limits regarding the Bank-specific metrics and systemic metrics that are determined with the "Liquidity Emergency Action Plan (LAEP)" which is a part of the liquidity risk management and approved by the Board of Directors are being tracked on a daily basis. Within the scope of LAEP, the actions to be taken against liquidity stress/crisis and their priority order have been determined in writing and the "Liquidity Risk Committee" has been established to be responsible for the management of the process.

The analysis results regarding liquidity risk is regularly reported to the Executive Management of the Bank.

### Interest Rate Risk Policies

The Policies Regarding the Management of the Interest Rate Risk, approved by the Board of Directors of the Bank cover the management of interest rate risks that the Bank is exposed to due to its balance sheet and off-balance sheet positions.

Value approach which measures the impact of the change in the interest rates on the economic value of the Bank position and the incomes approach which measures the impact of the change in the interest rates on the Bank's net interest income form the basis of the interest rate risk analyses.

The risk appetite and warning levels approved by the Board of Directors where the economic value changes of the positions in the banking accounts are associated with the legal equity, are followed and regularly reported to the Bank's Senior Management.

### Market Risk Policies

The Policies of the Bank Regarding the Market Risk cover the management of market risks of the trading accounts and the measurement, reporting and management of the risk arising from balance sheet and off-balance sheet exchange position other than the trading accounts.

The market risks the Bank positions are exposed to due to the fluctuations in risk factors, especially the interest rates, exchange rates, stock and commodity prices are being closely monitored. The risk appetite and warning levels are monitored by associating the Value at Risk calculated for the Bank's positions with the legal equity and are reported to the Executive Management of the Bank.

In addition to standardized scenario analyses and stress tests, customizable stress test results are also presented to the Bank's Executive Management.

### Operational Risk Policy

The Bank has created its operational risk policy approved by the Board of Directors. This document sets the framework for definition, analysis, measurement, monitoring and Executive Management supervision of operational risk.

Operational Risk Committee examines and assesses operational risk on a single and consolidated basis and decides on the precautions that should be taken. The Committee ensures that the operational risk loss data is up to date, considering the regulatory and non-regulatory changes, both at the national and international level. In this context, studies are carried out to determine the meeting agendas of the Operational Risk Committee by taking into account the developments and operational risk events in the Bank, in the country and in the world, to monitor the implementation of the decisions taken in the committee meetings and to ensure the coordination of the committee in general. For the purposes of identifying risky business processes and activities, performing frequency/severity analyzes of risk levels, historical monitoring of operational risks on a solo and consolidated basis, using them as inputs in calculations within the scope of Advanced Measurement Approach, determining collection information and sources of collection related to transactions that cause operational losses and observing the changes in operational risks over time, the Bank's operational risk loss data including the data of subsidiaries and the areas in which concentrations related to these data are experienced and the analyzes including the developments regarding operational risks are regularly reported to the members of the Operational Risk Committee and the Bank's Senior Management.

Compliance with the risk appetite established in relation to the gross loss amount and the amount of capital allocated in the Operational Risk Management Policy approved by the Board of Directors and the operational risk limits established in order not to go beyond this risk appetite are regularly monitored and reported to the Bank's Senior Management. In addition, limits and procedures are periodically reviewed.

In order to measure the amount subject to operational risk, Basic Indicator Approach, Advanced Measurement Approach and New Standard Method were used and capital requirement levels related to operational risk were calculated. The Support Service Annual Risk Assessment Report, which is prepared within the scope of the Regulation on the Procurement of Support Services by Banks and includes the risk assessments regarding the activities and processes for the support services received during the year, has been prepared and reported.

### Best Practices Guidelines and Policy Documents Specific to Risk Types

The Bank conducts gap analysis within the scope of good practice guidelines published by the BRSA and issues and updates policy documents specific to each risk type within the scope of compliance with the guidelines.

In this context, "Stress Test Framework," "Risk Appetite Framework," "Capital Emergency Action Plan," "İSEDES Policies and Implementation Procedures," "Policies on the Management of Concentration Risk" and "Policies on the Management of Reputation Risk" were established and put into practice.

## RATING NOTES

Fitch Ratings	
Foreign Currency Long Term	B (Negative Tracking)
Foreign Currency Short Term	B (Negative Tracking)
Local Currency Long Term	BB- (Negative Tracking)
Local Currency Short Term	B (Negative Tracking)
National Long Term	AA(tur) (Negative Tracing)
Long Term Foreign Currency Bond Rating	B (Negative Tracking)
Support	4 (Negative Tracking)
Baseline Support Rating	B (Negative Tracking)
Financial Capacity Rating	b (Negative Tracking)
JCR Eurasia	
Long Term International Foreign Currency	BB (Stable)
Long Term International Local Currency Rating	BB (Stable)
Long Term National Local Rating	AAA (Trk) (Stable)
Short Term International Foreign Currency	B (Stable)
Short Term International Local Currency Rating	B (Stable)
Short Term National Local Rating	A-1+ (Trk) (Stable)
Sponsored Support Rating	1
Stand-Alone Rating	A

## COMMITTEES

### Audit Committee

Halkbank's Audit Committee was established pursuant to the Board of Directors resolution numbered 34-01 and dated October 31, 2006. Qualifications, duties and responsibilities of the Audit Committee are set forth in the Internal Directive on Governance as amended last pursuant to the Board of Directors resolution numbered 26-01 and dated May 31, 2019 and as per the provisions of the "Regulation On Banks' Internal Systems and Internal Capital Adequacy Assessment Process" published in the Official Gazette n.29057 and dated: July 11, 2014; the Audit Committee is responsible – on behalf of the Board of Directors – for overseeing the efficiency and sufficiency of the internal control, risk management and internal audit systems of the Bank and the functioning of these systems and the accounting and reporting systems within the framework of the law and relevant regulations and for overseeing the integrity of the information produced, making preliminary evaluation necessary for the Board of Directors to choose an independent audit firm and also, rating, assessment and support services institutions, regularly monitoring the activities of these institutions chosen by the Board of Directors, making sure that the internal audit functions of the corporations subject to consolidated audit are performed in a consolidated manner in the corporations which are defined as the parent company within the scope of the law. The Audit Committee is in charge of establishing the audit and control process which will provide assurance for the efficiency and accuracy of ISEDES. Within the scope of "Early Detection and Management of Risk" specified in the Turkish Commercial Code, the Audit Committee also carries out the duty of early "diagnosis" of the reasons that endanger the existence, development and continuity of the Bank. It counsels the Board of Directors regarding the issues of risk management and implementation of remedies for the detected risks. Carrying out the necessary tasks by means of the relevant units of the Bank in accordance with its duty, the Committee submits the situation analysis and its suggestions (if any) in a report to the Board of Directors.

### Duties of the Audit Committee

- Overseeing the efficiency and adequacy of the Bank's internal control, risk management, compliance and internal audit systems, the functioning of these systems and accounting and reporting systems within the framework of the Law and related regulations, and the integrity of the information produced on behalf of the Board of Directors, and to ensure the continuation and coordination of the internal audit activities of companies subject to consolidation in accordance with the regulations enacted pursuant to the Law,
- Establishing communication channels that will enable the personnel of the units in the internal systems reach them directly,
- To monitor whether the internal audit system covers the current and planned activities of the Bank and the risks arising from these activities, to examine the internal regulations regarding the internal audit that will come into effect as per the approval of the Board of Directors,
- To make suggestions to the Board of Directors regarding the election of the managers of the units within the scope of the internal systems who are subordinate to the Audit Committee, to give opinions during the dismissal of them by the Board of Directors,
- Receiving and evaluating the opinions and suggestions of senior management regarding internal systems,
- Ensuring the establishment of communication channels that will enable internal irregularities to be reported directly to itself or to the internal audit unit or inspectors,
- To monitor whether the inspectors fulfill their duties independently and impartially,
- Reviewing internal audit plans,
- To make suggestions to the Board of Directors regarding the qualifications to be sought in the personnel who will work in the units within the scope of internal systems,
- To monitor the measures taken by the senior management and their affiliated units regarding the issues identified in the internal audit reports,
- Evaluating the professional education levels and competence of the managers and personnel working in the units within the scope of internal systems,
- Evaluating whether the necessary methods, tools and implementation procedures exist for the identification, measurement, monitoring and control of the Bank's risks,
- To hold meetings with the inspectors and the independent auditors of the independent audit firm that conducts the independent audit of the Bank at regular intervals and not less than four times a year, within the scope of the program and agenda to be determined,

## COMMITTEES

- n) To inform the Board of Directors about the opinions and evaluations of the relevant senior management, the personnel working in the risk management, internal control and internal audit units, and the independent audit firm, on the practices needed to fulfill the duties and responsibilities as required, to ensure and develop their effectiveness,
- o) To review the evaluations of the independent audit firm within the scope of the compliance of the Bank's accounting practices with the Law and other relevant legislation, and to get the explanation on the inconsistencies detected from relevant senior management,
- p) Evaluating the independent audit results, annual and quarterly financial statements and their related documents and the independent audit report in conjunction with the senior management and the independent auditors and resolving other issues that the independent auditors have reservations about,
- q) Evaluating the independence of the Bank's contracting institutions, independent auditing institutions and valuation institutions, including the information systems auditors, and their chairman and members of the board of directors, auditors, managers and employees in their activities related to the Bank and the adequacy of the allocated resources, and submitting their evaluations in a report to the Board of Directors, and to repeat these transactions regularly for a period of no more than one year for valuation companies and three months for other institutions during the contract period in case of service is provided,
- r) To make a risk assessment regarding the support service that the Bank will receive, to present its assessments to the Board of Directors in a report, to repeat these transactions regularly and not less than once a year during the contract period in case of service, and also to watch the adequacy of the services provided by the support service institution.
- s) To monitor whether the Bank's financial reports cover all real and reflective information, whether it is prepared in accordance with the Law and other relevant legislation, and to correct detected errors and irregularities,
- t) To discuss with independent auditors whether the financial reports accurately reflect the Bank's financial situation, the results of the work done and the Bank's cash flows, and whether they are prepared in accordance with the procedures and principles set forth in the Law and other relevant legislation,
- u) To report the activities carried out and the results of these activities during the period provided that it does not exceed a six-month period to the Board of Directors, and to include the opinions on the measures to be taken at the Bank, the practices that need to be done and other matters that the Bank deems important for safe continuation of its activities in the report,
- v) To follow up whether those who have the authority to open credit take part in the evaluation and decision-making stages of credit transactions to which they, their spouses and children under their custody or other real and legal persons forming a risk group with them are parties, and to establish communication channels that will enable them to be notified of these issues,
- w) To obtain information and documents from all units of the Bank, contracted support service institutions and independent audit firms, and to provide consultancy services from experts in their fields subject to the approval of the Board of Directors at the Bank's cost,
- x) To carry out the duty of early detection of the reasons that endanger the existence, development and continuation of the Bank within the scope of "Early Detection and Management of Risk" specified in the Turkish Commercial Code, to make suggestions to the Board of Directors on the necessary measures and remedies for the identified risks and on the management of the risk, and carrying out the necessary studies through the relevant units of the Bank in line with the aforementioned task and presenting the situation assessment and its recommendations in a report to the Board of Directors, if any,
- y) To establish the audit and control process that will provide the necessary assurance about the adequacy and accuracy of the Internal Capital Adequacy Assessment Process (ISEDES),
- z) To ensure that the Bank's obligations arising from the Law No. 5549 on the Prevention of Laundering Proceeds of Crime, the Regulation on this Law and other relevant legislation are fulfilled on behalf of the Board of Directors, and that the entire compliance program is carried out adequately and effectively.

In 2021, the Audit Committee convened 14 times and the Bank's potential risks, stress tests and scenario analyzes, risk management policies and implementation procedures were discussed at the meetings. The members of the Committee attended the meetings regularly.

Members of the Audit Committee	Position	Primary Function
Recep Süleyman ÖZDİL	Chairman	Chairman of the Board of Directors/Independent Board Member
Mevlüt UYSAL	Member	Independent Board Member

## Operational Risk Committee

The Operational Risk Committee convenes quarterly, for at least four meetings each year. In addition, the Committee also convenes at the date and time set by the Chairman as deemed necessary by the Chairman or under special circumstances.

The duties, authorities and responsibilities of the Operational Risk Committee are as follows:

- Examines and evaluates the operational risks of the Bank on a solo and consolidated basis and takes decisions on issues that need to be taken precautions for.
- Makes suggestions so that the operational risk loss database created for monitoring operational risks can adapt to both national and international legislation and changes arising from non-legislative developments.
- Appoints the unit managers responsible for the implementation of the decisions recorded in the committee meetings in order to prevent the operational risks that occur in the Bank and our subsidiaries.
- Risk appetite and risk limits for operational risks determined by the Board of Directors are evaluated. Assessing the risk analysis reports prepared by the business units on the explanation of the causes of operational risks that resulted in the exceedance and oversees the decision making process regarding the prevention, transfer and/or acceptance of the risk.
- In order to ensure the dissemination of the operational risk culture, it makes suggestions in order to increase the awareness of the Bank personnel on operational risks (in-class trainings, e-training, electronic announcements on the "Operational Risk Warning," "Security Announcements" regarding the risks the Bank may encounter, etc.)
- If necessary, it creates sub-working groups that the chairman of the committee deems appropriate in order to evaluate operational risks more frequently.

The Operational Risk Committee convened 4 times in 2021, and decisions were taken at the meetings to identify the transactions that cause operational losses and to prevent operational losses.

Members of the Operational Risk Committee	Position	Primary Function
Olçay DOĞAN	Chairman	Internal Systems Group Manager
Ergin KAYA	Member	Deputy General Manager of Banking Operations and Support Services
Ali CEBECİ	Member	Head of Board of Inspectors
Erol ÇELİK	Member	Head of Internal Control Department
Mehmet Hakan TERCAN	Member	Head of Infrastructure Management Department
Uğur Deniz ŞAHİN	Member	Head of Treasury Operations Department
Mustafa Selçuk ÇARKACI	Member	Head of Digital Banking Department
Mustafa ERMIŞ	Member	Head of Foreign Transactions Operations Department
Ahmet HOŞCAN	Member	Head of Treasury Management Department
Mehmet SEVİMLİ	Member	Head of Legal Affairs Department
Hasan Gökhan KILIÇ	Member	Head of Human Resources Department
Miraç TAŞ	Member	Head of Subsidiary Coordination Department
Abdullah GÜRHAN	Member	Head of Central Operations Department
Erdem ÖZDEMİR	Member	Head of Risk Management Department
Süleyman Baran KOYUNCU	Member	Head of Branch Operations Department
Sadettin YILMAZ	Member	Head of Core Banking Application Development Department
Bülent ERDEMİR	Member	Head of Enterprise Application and Digital Channel Development Department
Elvan ÖZTABAK	Member	Head of Compliance Department
Ahmet Cemal EREN	Member	Head of Tax Management and Payments Department
Hakan ARMAÇAN	Member	Vice President of Board of Investigation-Inspection
Erdoğan ER	Member	Retail Marketing Department Insurance Department Manager
Rifat ÖZTÜRK	Member	Human Resources Department Ethical Practices and Discipline Department Manager
Sıla Burcu BAŞAĞAOĞLU	Member	Risk Management Department Operational Risk Department Manager
Fatma AYDIN KHALİL	Member	Branch Operations Department Secure Banking Operations Department Manager

## COMMITTEES

### Credit Committee

Operating within the authority delegated to it by the Board of Directors, the Credit Committee makes decisions related to new loan allocations and on loan restructuring matters such as maturity extension, increase, change in covenant and lowering the interest rate for loans. The Committee sets the mandatory rules and principles governing the Bank's credit decisions. Established to perform the credit-related duties assigned by the Board of Directors, the Credit Committee consists of the Bank's General Manager and a minimum of two members elected from among the members of the Board of Directors who possess all of the qualifications required of a General Manager except for the tenure requirement. Two associate members, who also possess all of the qualifications required of a General Manager except for the tenure requirement, are elected from among the members of the Board of Directors to replace any members of the Credit Committee who are unable to attend a meeting.

An affirmative vote of at least three-quarters of the members of the Board of Directors is required to elect the members and associate members of the Credit Committee. The General Manager serves as the Chairman of the Credit Committee. In the absence of the General Manager, a permanent member presides over the Credit Committee. The Chairman of the Credit Committee is responsible for the coordination of the Committee's activities to ensure that they are run in an effective and smooth manner.

### Duties and Authorities of the Credit Committee

- Implements the Bank's loan policy approved by the Board of Directors, the size of the total placement portfolio, and its distribution by sector, region and loan type.
- Makes suggestions to the Board of Directors regarding the designation of the bank's credit policies, the procedures and principles regarding the lending activities on the basis of portfolio and real/legal persons.
- Ensures that the loan portfolio is managed within the framework of generally accepted credit risk management principles.
- Can delegate some of its duties and authorities by clearly stating the limit and scope, cannot delegate authority regarding open loan transactions on other loan types except for individual loans, monitors and supervises the practices of the body to which it has delegated its authority.
- Performs the authorizations and duties delegated by the Board of Directors.

The Credit Committee convened 49 times and took 542 decisions in 2021. The members of the Committee attended the meetings regularly.

Members of the Credit Committee	Position	Primary Function
Osman ARSLAN	Chairman	General Manager and Board Member
Himmet KARADAĞ	Member	Deputy Chairman of the Board of Directors / Independent Board Member
Mevlüt UYSAL	Member	Independent Board Member

### Assets and Liabilities Committee (ALCO)

The Committee was formed to set the policies regarding the management of the Bank's assets and liabilities and the movement of funds within that scope and to take and implement the decisions regarding the management of the Bank's balance sheet to be executed by the related units.

Duties of the Asset and Liability Committee is deliberating and evaluating the financial structure, portfolio, budget, loan and deposit interest rates of the Bank; developments in the money and capital markets; and the developments taking place in the Bank itself and in other banks.

ALCO meets regularly once a week, but at minimum once a month, on the date and at the place determined by the Chairman of the Committee. ALCO meetings begin with the discussion of the agenda items put together by the Committee Chairman. Upon invitation by the Committee, Deputy General Managers and other officials may attend these meetings to obtain information and/or offer opinions. The decisions and practices adopted in previous meetings are evaluated at these meetings, after which the decisions to be made and the practices to be adopted are identified. The decisions made and practices to be adopted are submitted to the General Manager for approval to be transmitted to the related Deputy General Manager.

The Assets and Liabilities Committee convened 25 times in 2021. The members of the Committee attended the meetings regularly.

Members of Assets and Liabilities Committee	Position	Primary Function
Osman ARSLAN	Chairman	General Manager and Board Member
Yağın MADENCI	Member	Deputy General Manager of Corporate and Commercial Marketing
Hasan TUNCA	Member	Deputy General Manager of Retail Banking
İlhan BÖLÜKBAŞ	Member	Deputy General Manager of Loan Allocation and Management
Celal CANDAN	Member	Deputy General Manager of Credit Risk Liquidation and Legal Affairs
Ali ŞÖNER	Member	Deputy General Manager of Treasury Management and International Banking
Ergin KAYA	Member	Deputy General Manager of Operational Transactions and Support Services
Yusuf Duran OCAK	Member	Deputy General Manager of Financial Management and Planning
Olçay ATLIOĞLU	Member	Deputy General Manager of Information Technologies
Fatih ŞAHBAZ	Member	Group Manager of Human Resources
Bülent MUTLU	Member	Group Manager of Specialty Loans and Loan Monitoring Group
Altan TAŞKIRAN	Member	Group Manager of Head of Digital Banking and Cash Management
Olçay DOĞAN	Member	Group Manager of Internal Systems Group
Ali CEBECİ	Member	Head of Board of Inspectors
Erdem ÖZDEMİR	Member	Head of Risk Management Department
Ahmet Sami PANCAROĞLU	Member	Head of Corporate Communications Department

### Corporate Governance Committee

The Corporate Governance Committee oversees the Bank's compliance with the Corporate Governance Principles, identifies conflicts of interest that may arise in this matter and undertakes improvement efforts. The Chairman of the Corporate Governance Committee is appointed by the Board of Directors from among its independent and non-executive members. The date and location of the Corporate Governance Committee meetings are determined by the Committee Chairman. Upon invitation by the Committee Chairman, other officials may attend these meetings to obtain information and/or offer opinions.

Duties of the Corporate Governance Committee oversees the Bank's compliance with corporate governance principles, carrying out activities to make improvements in this area and presenting opinions to the Board of Directors in accordance with the "Regulation on the Corporate Governance Principles for Banks" published by the Banking Regulation and Supervision Agency and the "Corporate Governance Principles" published by the Capital Markets Board. It also oversees the activities of the Investor Relations Department. The Corporate Governance Committee also fulfills the functions of the Nomination Committee as outlined in the Corporate Governance Communiqué.

The Corporate Governance Committee convened twice in 2021.

## COMMITTEES

Members of the Corporate Governance Committee	Position	Primary Function
Recep Süleyman ÖZDİL	Chairman	Chairman of the Board of Directors/Independent Board Member
Şeref AKSAÇ	Member	Board Member
Yusuf Duran OCAK	Member	Deputy General Manager of Financial Management and Planning
Ali ŞÖNER	Member	Deputy General Manager of Treasury Management and International Banking
Fatih ŞAHBAZ	Member	Group Manager of Human Resources
Osman BEKTAŞ	Member	Head of Financial Accounting Department
Hasan Gökhan KILIÇ	Member	Head of Human Resources Department

### Compensation Committee

The Compensation Committee was established pursuant to the Board of Directors Resolution No. 41-32 dated December 27, 2011 for the purpose of supervising and overseeing the Bank's compensation policies on behalf of the Board of Directors. The Committee is comprised of at least two non-executive Members of the Board of Directors.

The Remuneration Committee convened once in 2021. The members of the Committee attended the meeting.

Members of the Remuneration Committee	Position	Primary Function
Himmet KARADAĞ	Chairman	Vice Chairman of the Board of Directors / Independent Board Member
Meltem TAYLAN AYDIN	Member	Board Member

### Sustainability Committee

Sustainability Committee was established with the Board of Directors decision dated April 16, 2015, in order to coordinate the sustainability activities of the Bank.

The Committee started its activities, under the Board of Directors, with the aim of increasing the Bank's strength to create long term value and adapting economic, environmental and social factors together with the Corporate Governance Principles into the activities and decision mechanisms of the Bank.

A deeply rooted player in the Turkish banking industry, Halkbank is a corporation that translates its sustainability approach into its business processes. Considering the fate of future generations and contributing to sustainable development are integral parts of the Bank's policies.

The duties and authorities of the Sustainability Committee are as follows:

- The Committee monitors and implements the "Sustainability Policy" determined by the Board of Directors.
- Coordinates the Bank's efforts on sustainability and evaluates the economic, environmental and social impacts of its operations.
- Establishes working groups from the relevant Presidencies on sustainability and seeks technical support from outside the Bank, if necessary.
- Makes necessary determinations on sustainability in order to reduce the possible negative effects of the Bank's activities.
- Determines the energy management procedures and principles of the Bank. The Committee analyzes the results of the energy management data, shares them with the Bank's related units, makes recommendations regarding the measures to be taken and presents reports and/or makes disclosures on public disclosure platforms as necessary.
- Prepares the appropriate infrastructure for the Bank in situations that require legal or illegal obligations in the field of sustainability. As a publicly traded bank listed on Borsa Istanbul, in an effort to be part of the BIST Sustainability Index consisting of companies with high corporate sustainability performances and to ensure the Bank's continuity in the index, the Committee carries out the necessary initiatives and coordinates the Bank's internal regulations geared toward this goal.

The committee convened 5 times in 2021.

Members of the Sustainability Committee	Position	Primary Function
Himmet KARADAĞ	Chairman	Vice Chairman and Independent Board Member
Ebubekir ŞAHİN	Vice Chairman	Board Member
İlhan BÖLÜKBAŞ	Member	Deputy General Manager of Loan Allocation and Management
Yusuf Duran OCAK	Member	Deputy General Manager of Financial Management and Planning Assistant
Ergin KAYA	Member	Deputy General Manager of Operational Transactions and Support Services
Olçay ATLIOĞLU	Member	Deputy General Manager of Information Technologies
Fatih ŞAHBAZ	Member	Group Manager of Human Resources
Olçay DOĞAN	Member	Group Manager of Internal Systems
Özgür BOZKURT	Member	Head of Loan Management, Firm and Project Analysis Department
Semih TUFAN	Member	Head of Investor Relations Department
Onur BİLGİN	Member	Head of International Banking and Financial Institutions Department
Süleyman Baran KOYUNCU	Member	Head of Branch Operations Department
Caner GÖKBULUT	Member	Head of Support and Purchasing Services Department
Mehmet TANRIVERDİ	Member	Head of Construction Expertise and Real Estate Management Department
İbrahim OKAN ÇAĞLAR	Member	Head of Budget and Reporting Department
Tuba TUNÇ YETER	Member	Head of Enterprise Architecture Department
Mehmet Hakan TERCAN	Member	Head of Infrastructure Management Department
Hasan Gökhan KILIÇ	Member	Head of Human Resources Department
Erdem ÖZDEMİR	Member	Head of Risk Management Department
Ahmet Sami PANCAROĞLU	Member	Head of Corporate Communications Department

## COMMITTEES

### Board of Directors

The Bank is governed and represented by the Board of Directors in accordance with the Turkish Commercial Code, Banking Legislation, Capital Market Law, other related laws and regulations and the Bank's Articles of Association.

The Board of Directors has the ultimate oversight authority over whether individuals with managerial duties comply with the laws, the Bank's Articles of Association, internal by laws and the written instructions of the Board of Directors.

The Board of Directors is comprised of nine (9) members. The members of the Board of Directors are elected by the General Assembly of Shareholders.

At its first meeting following the swearing-in ceremony, the Board of Directors appoints one of its members as the Chairman of the Board of Directors and one as the Vice Chairman. The Chairman presides over the Board of Directors. When the Chairman is not present, the Vice Chairman presides over the Board of Directors.

The Independent Members who will serve on the Board of Directors are determined in accordance with the provisions of the Capital Market Law and Banking Legislation.

The Board of Directors convenes at the request of the Chairman of the Board of Directors or the Vice Chairman or a Board member. The Board is obligated to convene at least once a month.

As a rule, the Board of Directors meetings are held in the province where the Head Office of the Bank is located. However, it is possible to have the meetings elsewhere if a simple majority of all members agree to do so.

Board of Directors meetings can be conducted in a physical and/or an electronic environment. As per Article numbered 1,527 of the Turkish Commercial Code, those who have the right to attend the Bank's Board of Directors meetings may choose to do so electronically. Pursuant to the provisions of the "Communiqué on Board Meetings at Corporations Other Than Joint Stock Company General Assembly Meetings to be Held in an Electronic Environment," the Bank may establish an electronic meeting system that permits the right holders to attend these meetings and to vote in an electronic environment or it may opt to procure the service from systems that are created for this function. The Bank shall ensure that stakeholders will be able to exercise their rights as stipulated in the relevant laws, rules and regulations under the provisions of the Communiqué at the meetings either through the system established in accordance with the relevant provision of the Articles of Association or through an externally procured system.

The agenda of the Board of Directors is set by the Chairman or Vice Chairman calling the meeting at least 24 hours prior to the meeting and it is delivered to the members along with the meeting invitation by the Board of Directors Secretariat Services Department. In the event of an emergency, items may be added to the agenda upon the request of the Chairman of the Board of Directors; Members of the Board of Directors may also make a motion on the issues that require a Board resolution to be passed.

The motions that are part of the Board of Directors meeting agenda, as well as all related attachments, shall be transmitted to the Board of Directors Secretariat Services Department by the member making the motion up to the time when the agenda is finalized. The motions that will be taken up as part of the Board of Directors agenda are presented to the Chairman, Vice Chairman and members of the Board of Directors as well as to the General Manager by the Board of Directors Secretariat Services Department.

If the subject of an agenda item is proposed by the Chairman, Vice Chairman and/or a Member of the Board of Directors, the subject is converted into a motion by the Board of Directors Secretariat Services Department, signed by the member(s) of the Board of Directors making the motion and presented to the Board of Directors.

A motion that falls within the authority of the Credit Committee but cannot be resolved by the Committee with an unanimous vote is presented to the Board of Directors with all related attachments via the Board of Directors Secretariat Services Department.

Unless a member requests a deliberation, Board of Directors resolutions can also be passed by obtaining the written approval of a simple majority of the full membership of the Board of Directors for a motion made by a member, provided that all members of the Board of Directors were notified of the motion.

The Board of Directors met 38 times in 2021 and took 657 decisions.

## INFORMATION ON SUPPORT SERVICES PROVIDERS

Under the "Regulation on Bank's Procurement of Support Services," Halkbank procured the following support services provided by the companies listed below:

- Kyndryl Global Services Business and Technology Services and Trade Ltd. Şti. for business continuity and emergency service,
- Veripark Yazılım A.Ş.: Software development and maintenance services for internet and telephone banking activities,
- Bilgi Birikim Sistemleri Elektronik ve Bilgisayar Endüstrisi Müh. Hiz. San. Tic. Ltd. Şti. for Identity Management System Product license purchase, maintenance and support services,
- Yavuz Koruma ve Özel Güvenlik Hizmetleri Tic. Ltd. Şti., Yavuz Binsat Koruma ve Özel Güvenlik A.Ş., Ekol Grup Güvenlik Koruma ve Eğitim Hizmetleri Ltd. Şti. for Security guard recruitment service needed in bank units,
- Bilişim Bilgisayar Hizmetleri Ltd. Şti. (Banksoft) for Credit card, debit card and member business information systems software service,
- Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.: Credit card, debit card, printing office operations services, ATM, fast pass system (HGS) and call center service procured from,
- KRM Yönetim Danışmanlık A.Ş.: Call Center and Operations Center staffing service,
- Intellect Design Arena Fz Llc.: Software development and maintenance services for the Collection Management System,
- Hobim Archiving and Basım Hizmetleri A.Ş. for Preservation, storage and destruction services of the physical archives of the Bank,
- İstanbul Altın Rafinerisi A.Ş. (Istanbul Gold Refinery): Physical gold appraisal service,
- ISIS E Dönüşüm Teknolojileri San. Tic. A.Ş. for e-invoice private integrator software development and maintenance services,
- FU Gayrimenkul Yatırım Danışmanlık A.Ş., Pusula Girişim Gayrimenkul Yatırım ve Danışmanlık Hizmetleri A.Ş., İpoteka Gayrimenkul Yatırım Danışmanlık A.Ş., Tagar Tapu Garanti Hizmetleri A.Ş., Avi Gayrimenkul Yatırım Değerleme ve Danışmanlık A.Ş. and BBS Danışmanlık Gayrimenkul ve Eğitim A.Ş.: Mortgage establishment services,
- Etisan Proje Bilgi ve Yazılım Teknolojileri San. Tic. A.Ş.: Prepaid card/access card services at universities, governmental/private entities and institutions,
- Güzel Sanatlar Çek Basım Ltd. Şti.: Check printing services,
- Assist Rehberlik ve Müşteri Hizmetleri A.Ş.: Call center service procured,
- Akkoyunlar Otomotiv İletişim Tekstil San. ve Dış Tic. Ltd. Şti: Call Center service,
- Key Yazılım Çözümleri A.Ş. for expertise demand tracking system service,
- Bilge Adam Bilgisayar ve Eğitim Hizmetleri San. Tic. A.Ş. for software and technology development service,
- RDC Partner Bilişim Danışmanlık ve Teknoloji Hizmetleri A.Ş. for software and technology development service,
- KKB Kredi Kayıt Bürosu A.Ş. for Rental of cabinetry, hosting, office space and warehouse space for the emergency center.



## TRANSACTIONS WITH THE RISK GROUP

The details and related notes of the transactions the Bank carried out with its risk group in 2021 are provided in Footnote VII of Section Five of the Unconsolidated Financial Statements and Independent Auditor's Report.

## AMENDMENTS TO THE ARTICLES OF ASSOCIATION IN 2021

There was no amendments in Halkbank Bank Articles of Association in 2021.

## PROFIT DISTRIBUTION POLICY

During its dividend distribution processes, the Bank complies with the Turkish Commercial Code, Banking Law, Capital Market Law, other applicable legislation and its Articles of Association.

The profit distribution policy is laid out by the Board of Directors and later submitted for approval to the General Assembly, before being disclosed to the public and issued on the corporate website.

The Bank shall distribute at least 5% of its distributable net profit for the period to shareholders in the form of cash and/or bonus shares. The profit share to be given to those individuals other than the shareholders is disclosed in the Board of Directors' profit distribution proposal.

The Board of Directors determines the most appropriate profit distribution policy by taking into consideration its capital adequacy ratio, equity capital, lending plans, market developments and investor requests. The Bank drafts its profit distribution proposal in accordance with the profit distribution policy and in line with the provisions of the Articles of Association and subsequently presents this proposal to the General Assembly for approval.

The profit distribution date is set by the General Assembly upon the recommendation of the Board of Directors. The General Assembly may accept the date recommended by the Board of Directors or set another date within the legal deadline.

The Bank does not pay any dividend advance.

## CORPORATE GOVERNANCE PRINCIPLES

Türkiye Halk Bankası A.Ş. is subject to the corporate governance structure, process and principles set forth in the Banking and Capital Markets legislations and carries out its activities in line with the compulsory principles under the Corporate Governance Communiqué.

Having received services from SAHA Corporate Governance and Credit Rating Services A.Ş. in the previous years on Corporate Governance Compliance, our Bank started to receive services from JCR Avrasya Rating A.Ş. on corporate governance compliance with the contract signed on April 20, 2020 and our rating has been determined as 9.45 out of 10 as of June 28, 2021.

In line with the decision dated January 10, 2019 No. 2/49 of the Capital Markets Board, our practices regarding voluntary principles and our current corporate governance process within the scope of the Corporate Governance Communiqué numbered II-17.1 have been specified in our Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (KYBF).

### CORPORATE GOVERNANCE COMPLIANCE REPORT

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.1. Facilitating The Exercise Of Shareholder Rights</b>						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
<b>1.2. Right To Obtain And Review Information</b>						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
<b>1.3. General Assembly</b>						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.			X			There is no related provision in the Articles of Association.

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.4. Voting Rights</b>						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	
<b>1.5. Minority Rights</b>						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Since there is no legal obligation, no action has been taken in this direction.
<b>1.6. Dividend Right</b>						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
<b>1.7. Transfer Of Shares</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. Corporate Website</b>						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
<b>2.2. Annual Report</b>						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					

**CORPORATE GOVERNANCE PRINCIPLES**

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>3.1. Corporation's Policy On Stakeholders</b>						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
<b>3.2. Supporting The Participation Of The Stakeholders In The Corporation's Management</b>						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.			X			The Bank has not established such regulation.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.			X			In 2021, it was not deemed that a significant decision was taken against the interests of the beneficiaries. Hence, a survey/consultation study was not conducted.
<b>3.3. Human Resources Policy</b>						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.			x			Key positions have been determined, and work on determining backup policies and establishing backup repositories continues.
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
<b>3.4. Relations With Customers And Suppliers</b>						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
<b>3.5. Ethical Rules And Social Responsibility</b>						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
<b>4.1. Role Of The Board Of Directors</b>						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. Activities Of The Board Of Directors</b>						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					

## CORPORATE GOVERNANCE PRINCIPLES

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				Damages caused by the defects of board members during their duties are insured. However, the insurance amount does not exceed 25% of our Bank's capital.
<b>4.3. Structure Of The Board Of Directors</b>						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				Although not included in the Bank's policies, we have one female member among the members of the Board of Directors.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
<b>4.4. Board Meeting Procedures</b>						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	X					
<b>4.5. Board Committes</b>						
4.5.5 - Board members serve in only one of the Board's committees.		X				Considering the number of the Board Members of the Bank, a Board Member is able to take part in more than one committee
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. Financial Rights</b>						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			Since 2021, KPI's set for executives including General Manager, Deputy General Managers, Group Managers and Head of Departments have been monitored. But we don't have a performance measurement for board of directors.
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.			X			Such credit facilities are allowed within the limits of the Banking Law no 5411.
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			The remuneration is included in the total amount.

## CORPORATE GOVERNANCE PRINCIPLES

## CORPORATE GOVERNANCE INFORMATION FORM

Shareholders	
<b>1.1. Facilitating the Exercise of Shareholders Rights</b>	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	100
<b>1.2. Right to Obtain and Examine Information</b>	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
<b>1.3. General Assembly</b>	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/en/Bildirim/914898">https://www.kap.org.tr/en/Bildirim/914898</a>
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Materials for the General Shareholders' Meeting in English and Turkish is provided at the same time.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	None
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	None
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	None
The name of the section on the corporate website that demonstrates the donation policy of the company	<a href="https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/PolicyonDonationsandAids.pdf">https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/PolicyonDonationsandAids.pdf</a>
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	<a href="https://www.kap.org.tr/en/Bildirim/921132">https://www.kap.org.tr/en/Bildirim/921132</a>
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	There is not the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	There is not stakeholder groups that participated in the General Shareholders' Meeting.
<b>1.4. Voting Rights</b>	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	None
The percentage of ownership of the largest shareholder	75.29%
<b>1.5. Minority Rights</b>	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	The scope of minority rights have not been enlarged.
<b>1.6. Dividend Right</b>	
The name of the section on the corporate website that describes the dividend distribution policy	<a href="https://www.halkbank.com.tr/en/about-halkbank/about-us/who-we-are/policies.html">https://www.halkbank.com.tr/en/about-halkbank/about-us/who-we-are/policies.html</a>
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	<a href="https://www.halkbank.com.tr/en/investor-relations/corporate-governance/general-assembly.html">https://www.halkbank.com.tr/en/investor-relations/corporate-governance/general-assembly.html</a>
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	<a href="https://www.kap.org.tr/en/Bildirim/921132">https://www.kap.org.tr/en/Bildirim/921132</a>

Genel Kurul Toplantıları									
Genel Kurul Tarihi	Genel kurul gündemiyle ilgili olarak şirkete iletilen ek açıklama talebi sayısı	Pay sahiplerinin genel kurula katılım oranı	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
26.03.2021	0	0,80200699	0,00012461	0,80188238	<a href="https://www.halkbank.com.tr/en/investor-relations/corporate-governance/general-assembly.html">https://www.halkbank.com.tr/en/investor-relations/corporate-governance/general-assembly.html</a>	None	None	69	<a href="https://www.kap.org.tr/en/Bildirim/914898">https://www.kap.org.tr/en/Bildirim/914898</a>

Disclosure and Transparency	
<b>2.1. Corporate Website</b>	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	<a href="https://www.halkbank.com.tr/en/investor-relations.html">https://www.halkbank.com.tr/en/investor-relations.html</a>
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	None
List of languages for which the website is available	Turkish and English
<b>2.2. Annual Report</b>	
<b>The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.</b>	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	2021 Integrated Annual Report/About Halkbank/Board of Directors and the Supervisory Board/Executive Management/Corporate Governance/ Corporate Governance Principles/Other Explanations About Corporate Governance Principles
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	2021 Integrated Annual Report/Corporate Governance/Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	2021 Integrated Annual Report/Corporate Governance/Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	There is not amendments in the legislation which may significantly affect the activities of the corporation.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	2021 Integrated Annual Report/Corporate Governance/Corporate Governance Principles/Other Explanations About Corporate Governance Principles
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	-
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is not the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	2021 Integrated Annual Report/Human Capital-Social and Relational Capital
<b>Stakeholders</b>	
<b>3.1. Corporation's Policy on Stakeholders</b>	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	<a href="https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/PolicyonIndemnities.pdf">https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/PolicyonIndemnities.pdf</a>
The number of definitive convictions the company was subject to in relation to breach of employee rights	24

**CORPORATE GOVERNANCE PRINCIPLES**

The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	The position of the person responsible for the alert mechanism is Manager of Ethical Practices and Discipline Team. The alerts are evaluated by Head of Department of Human Resources.
The contact detail of the company alert mechanism	Although there are many notification mechanisms such as our Bank's Dialog channels, mails sent to Audit Units, the access information for our Department is: etik@halkbank.com.tr e-mail address and 0216 503 50 50 Ethics line.
<b>3.2. Supporting the Participation of the Stakeholders in the Corporation's Management</b>	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	-
Corporate bodies where employees are actually represented	-
<b>3.3. Human Resources Policy</b>	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Studies on key positions are conducted within the framework of the powers transferred to the General Manager with the resolutions of the Board of Directors and the Internal Directive approved by the Board of Directors.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	<ul style="list-style-type: none"> <li>* Perform the activities the Bank needs to undertake to achieve its purposes with an adequate number of staff;</li> <li>* Select and assign eligible staff with competencies that match the respective job requirements;</li> <li>* Value and respect employees' personalities, protect their pecuniary and nonpecuniary rights, and ensure the confidentiality of their personal information;</li> <li>* Offer a safe working environment suited to the nature of the assignment;</li> <li>* Provide the means for building social relations and a work environment that help boost motivation and engagement; *Provide employees with fair and equitable work, and training and development opportunities that match individual skills/competencies;</li> <li>* Establish a "remuneration and benefits" system that encourages employees to continue working without losing interest and productivity, and that provides the Bank with the means to recruit the necessary manpower to meet the qualification and staff size requirements for the services it provides;</li> <li>* Provide employees with the means to help them increase their knowledge and experience; reward accomplished employees within the available means;</li> <li>* Inform and advise employees on the issues that concern them, in a timely manner; ensure that their views are sought at all times, and their opinions and ideas are easily communicated to the management;</li> <li>* Ensure that employees work while adhering to the principles of productivity and profitability, and with the cost consciousness required;</li> <li>* Encourage employees to produce new ideas that will help cultivate creative thinking and develop transactions/procedures;</li> <li>* Grant promotions by taking into consideration the skills, achievements, education, and duration of employment of each employee, with the aim of preserving and developing the Bank's corporate culture and identity;</li> <li>* Evaluate each employee under objective criteria and on an equitable basis.</li> </ul> <p><a href="https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/HumanRightsandHumanResourcesPolicy.pdf">https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/HumanRightsandHumanResourcesPolicy.pdf</a></p>
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	<a href="http://www.halkbank.com.tr">www.halkbank.com.tr</a> - About Halkbank/Halkbank In Brief/Policies/ Human Resources Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	We do not have current and/or final cases.
<b>3.5. Ethical Rules and Social Responsibility</b>	
The name of the section on the corporate website that demonstrates the code of ethics	<a href="http://www.halkbank.com.tr">www.halkbank.com.tr</a> - About Halkbank/Halkbank In Brief/Ethics/Turkish Halkbank Inc Ethical Principles
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	<a href="http://www.halkbank.com.tr">www.halkbank.com.tr</a> - About Halkbank/Halkbank In Brief/Policies/ Social Responsibility and Public Relations Policies

Any measures combating any kind of corruption including embezzlement and bribery	Halkbank's legislation encompasses Anti-Corruption Policy and Code of Ethics to combat any breaches concerned with corruption including embezzlement and bribery. Within the frame work of these regulations; The Bank's employees must comply with the Code of Ethics, the governance of which is rooted in the notions of fairness, integrity, honesty and social responsibility. The Department of Human Resources that contains the Ethical Practices Team is in charge of the implementation of The Code of Ethics. The Code of Ethics also comprises the obligation to complying with the Anti-Corruption Policy. Namely, all of the Bank's employees are liable for complying with the Anti-Corruption Policy, too. According to these regulations; Every employee who becomes aware of any violation of these policies must notify; their immediate supervisor, unless they are certain that is not an appropriate respondent, in which case The Ethical Practices Team, unless they are certain that is not an appropriate respondent, in which case The Bank's Corporate Governance Committee. Both the conduct of the Bank's activities in accordance with the requirements of the Bank's Code of Ethics and with the Anti-Corruption Policy, which is an integral part of that code and the ethical behavior of Bank employees in the fulfillment of their duties are subject to the oversight of the Corporate Governance Committee. The circumstances of any employee who is ascertained to have violated the Code of Ethics will be considered within the framework of the Bank's Internal Control System and action will be taken accordingly. If any Bank employee breaches any of these policies, serious disciplinary actions or criminal prosecution may be come up. In practice, The Ethical Practices Team which is a part of the Department of Human Resources is available to manage all violations concerned with corruption. If any feedback comes to The Ethical Practices Team as a inquiry report, the team reports the issue to the Halkbank's Disciplinary Committee with all the information and documents to be assessed in accordance with the Bank's disciplinary regulations. An e-announcement concerning the Code of Ethics is sent out annual to the entire organizations. E-training resources concerning the Code of Ethics and related issues are available for all Bank employees. Such training is mandatory for newly-hired personnel and for personnel seeking a promotions. In addition, Anti Corruption Policy is publicly disclosed to the Bank's internal and external stakeholders through its corporate website. The Bank employees are regularly provided with classroom and online training on issues pertaining both to the Anti-Corruption Policy and to other Bank-approved policies. When deemed to be necessary, employees' knowledge of these issues is tested to determine the effectiveness of such training."
<b>Board Of Directors-I</b>	
<b>4.2. Activity of the Board of Directors</b>	
Date of the last board evaluation conducted	Performance evaluation is not conducted for the board.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	<a href="https://www.kap.org.tr/en/Bildirim/921227">https://www.kap.org.tr/en/Bildirim/921227</a>
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	2021 Integrated Annual Report/Corporate Governance/Audit Committee's Assessment on the Operation of the Internal Control, Compliance, Internal Audit and Risk Management Systems and Information about its Activities in 2021
Name of the Chairman	Recep Süleyman ÖZDİL
Name of the CEO	Osman ARSLAN
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	1, 1/9

## CORPORATE GOVERNANCE PRINCIPLES

Composition of The Board of Directors							
Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date to Board	Link to PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit Accounting And/Or Finance Or Not
Recep Süleyman ÖZDİL	Non-executive	Independent director	28.08.2015	-	-	No	Yes
Himmet KARADAĞ	Non-executive	Independent director	13.08.2018	<a href="https://www.kap.org.tr/en/Bildirim/770443">https://www.kap.org.tr/en/Bildirim/770443</a>	Considered	No	Yes
Osman ARSLAN	Executive	Not Independent director	08.06.2017	-	-	-	Yes
Şeref AKSAÇ	Non-executive	Not Independent director	26.03.2021	-	-	-	Yes
Meltem TAYLAN AYDIN	Non-executive	Not Independent director	08.06.2017	-	-	-	Yes
Maksut SERİM	Non-executive	Not Independent director	08.06.2017	-	-	-	Yes
Ebubekir ŞAHİN	Non-executive	Not Independent director	12.06.2020	-	-	-	No
Sezai UÇARMAK	Non-executive	Not Independent director	27.02.2019	-	-	-	Yes
Mevlüt UYSAL	Non-executive	Independent director	27.05.2019	-	-	No	No

Board Of Directors-II	
<b>4.4. Meeting Procedures of the Board of Directors</b>	
Number of physical board meetings in the reporting period (meetings in person)	38
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3-4 days
The name of the section on the corporate website that demonstrates information about the board charter	Article 22 <a href="https://www.halkbank.com.tr/images/channels/English/investor_relations/Corporate_Governance/General_Assembly/2015/art_ass_march_2014.pdf">https://www.halkbank.com.tr/images/channels/English/investor_relations/Corporate_Governance/General_Assembly/2015/art_ass_march_2014.pdf</a>
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None
<b>4.5. Board Committees</b>	
Page numbers or section names of the annual report where information about the board committees are presented	2021 Integrated Annual Report/Corporate Governance/Committees
Link(s) to the PDP announcement(s) with the board committee charters	-

Composition of Board Committees-I				
Names of The Board Committees	Name Of Committes Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committe Chair or Not	Whether Board Member or Not
Audit Committee		Recep Süleyman ÖZDİL	Yes	Board member
Audit Committee		Mevlüt UYSAL	No	Board member
Corporate Governance Committee		Recep Süleyman ÖZDİL	Yes	Board member
Corporate Governance Committee		Şeref AKSAÇ	No	Board member
Corporate Governance Committee		Yusuf Duran OCAK	No	Not board member
Corporate Governance Committee		Ali ŞÖNER	No	Not board member
Corporate Governance Committee		Fatih ŞAHBAZ	No	Not board member
Corporate Governance Committee		Osman BEKTAŞ	No	Not board member
Corporate Governance Committee		Hasan Gökhan KILIÇ	No	Not board member
Remuneration Committee		Himmet KARADAĞ	Yes	Board member
Remuneration Committee		Meltem TAYLAN AYDIN	No	Board member
Other	Credit Committee	Osman ARSLAN	Yes	Board member
Other	Credit Committee	Mevlüt UYSAL	No	Board member
Other	Credit Committee	Himmet KARADAĞ	No	Board member
Other	Credit Committee (Substitute Member)	Sezai UÇARMAK	No	Board member
Other	Credit Committee (Substitute Member)	Maksut SERİM	No	Board member
Other	Assets and Liabilities Committee	Osman ARSLAN	Yes	Board member
Other	Assets and Liabilities Committee	Yağın MADENCİ	No	Not board member
Other	Assets and Liabilities Committee	Hasan TUNCAY	No	Not board member
Other	Assets and Liabilities Committee	İlhan BÖLÜKBAŞ	No	Not board member
Other	Assets and Liabilities Committee	Celal CANDAN	No	Not board member
Other	Assets and Liabilities Committee	Ali ŞÖNER	No	Not board member
Other	Assets and Liabilities Committee	Ergin KAYA	No	Not board member
Other	Assets and Liabilities Committee	Yusuf Duran OCAK	No	Not board member
Other	Assets and Liabilities Committee	Olçay ATLIOĞLU	No	Not board member
Other	Assets and Liabilities Committee	Fatih ŞAHBAZ	No	Not board member
Other	Assets and Liabilities Committee	Bülent MUTLU	No	Not board member
Other	Assets and Liabilities Committee	Altan TAŞKIRAN	No	Not board member
Other	Assets and Liabilities Committee	Olçay DOĞAN	No	Not board member
Other	Assets and Liabilities Committee	Ali CEBECİ	No	Not board member
Other	Assets and Liabilities Committee	Erdem ÖZDEMİR	No	Not board member
Other	Assets and Liabilities Committee	Ahmet Sami PANCAROĞLU	No	Not board member
Other	Sustainability Committee	Himmet KARADAĞ	Yes	Board member
Other	Sustainability Committee	Ebubekir ŞAHİN	No	Board member
Other	Sustainability Committee	İlhan BÖLÜKBAŞ	No	Not board member

## CORPORATE GOVERNANCE PRINCIPLES

Composition of Board Committees-I				
Names of The Board Committees	Name Of Committes Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committe Chair or Not	Whether Board Member or Not
Other	Sustainability Committee	Ergin KAYA	No	Not board member
Other	Sustainability Committee	Yusuf Duran OCAK	No	Not board member
Other	Sustainability Committee	Olçay ATLIOĞLU	No	Not board member
Other	Sustainability Committee	Fatih ŞAHBAZ	No	Not board member
Other	Sustainability Committee	Olçay DOĞAN	No	Not board member
Other	Sustainability Committee	Özgür BOZKURT	No	Not board member
Other	Sustainability Committee	Semih TUFAN	No	Not board member
Other	Sustainability Committee	Onur BILGIN	No	Not board member
Other	Sustainability Committee	Süleyman Baran KOYUNCU	No	Not board member
Other	Sustainability Committee	Mehmet TANRIVERDİ	No	Not board member
Other	Sustainability Committee	İbrahim Okan ÇAĞLAR	No	Not board member
Other	Sustainability Committee	Mehmet Hakan TERCAN	No	Not board member
Other	Sustainability Committee	Ahmet Sami PANCAROĞLU	No	Not board member
Other	Sustainability Committee	Erdem ÖZDEMİR	No	Not board member
Other	Sustainability Committee	Tuba TUNÇ YETER	No	Not board member
Other	Sustainability Committee	Hasan Gökhan KILIÇ	No	Not board member
Other	Sustainability Committee	Caner GÖKBULUT	No	Not board member
Other	Information Technologies Strategy Committee	Osman ARSLAN	Yes	Board member
Other	Information Technologies Strategy Committee	Yağın MADENCİ	No	Not board member
Other	Information Technologies Strategy Committee	Hasan TUNCAY	No	Not board member
Other	Information Technologies Strategy Committee	İlhan BÖLÜKBAŞ	No	Not board member
Other	Information Technologies Strategy Committee	Celal CANDAN	No	Not board member
Other	Information Technologies Strategy Committee	Ali ŞÖNER	No	Not board member
Other	Information Technologies Strategy Committee	Ergin KAYA	No	Not board member
Other	Information Technologies Strategy Committee	Yusuf Duran OCAK	No	Not board member
Other	Information Technologies Strategy Committee	Olçay ATLIOĞLU	No	Not board member
Other	Information Technologies Strategy Committee	Fatih ŞAHBAZ	No	Not board member
Other	Information Technologies Strategy Committee	Olçay DOĞAN	No	Not board member
Other	Information Technologies Strategy Committee	Bülent MUTLU	No	Not board member
Other	Information Technologies Strategy Committee	Altan TAŞKIRAN	No	Not board member
Other	Information Technologies Strategy Committee	Ali CEBECİ	No	Not board member
Other	Information Technologies Strategy Committee	Okan KARADAĞ	No	Not board member
Other	Information Technologies Strategy Committee	Sadettin YILMAZ	No	Not board member
Other	Information Technologies Strategy Committee	Bülent ERDEMİR	No	Not board member
Other	Information Technologies Strategy Committee	Mehmet Hakan TERCAN	No	Not board member

Composition of Board Committees-I				
Names of The Board Committees	Name Of Committes Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committe Chair or Not	Whether Board Member or Not
Other	Information Technologies Strategy Committee	Namik Kemal UÇKAN	No	Not board member
Other	Information Technologies Strategy Committee	Önder HAYDAROĞLU	No	Not board member
Other	Information Technologies Strategy Committee	Alper TORUN	No	Not board member
Other	Information Security Committee	Osman ARSLAN	Yes	Board member
Other	Information Security Committee	Ergin KAYA	No	Not board member
Other	Information Security Committee	Olçay ATLIOĞLU	No	Not board member
Other	Information Security Committee	Önder HAYDAROĞLU	No	Not board member
Other	Information Security Committee	Okan KARADAĞ	No	Not board member
Other	Information Security Committee	Sadettin YILMAZ	No	Not board member
Other	Information Security Committee	Bülent ERDEMİR	No	Not board member
Other	Information Security Committee	Mehmet Hakan TERCAN	No	Not board member
Other	Information Security Committee	Namik Kemal UÇKAN	No	Not board member
Other	Information Security Committee	Ali CEBECİ	No	Not board member
Other	Information Security Committee	Hasan Gökhan KILIÇ	No	Not board member
Other	Information Security Committee	Mehmet SEVİMLİ	No	Not board member
Other	Information Security Committee	Elvan ÖZTABAK	No	Not board member
Other	Information Security Committee	Erdem ÖZDEMİR	No	Not board member
Other	Information Security Committee	Alper TORUN	No	Not board member
Other	Business Continuity and Emergency Action Committee	Osman ARSLAN	Yes	Board member
Other	Business Continuity and Emergency Action Committee	Yağın MADENCİ	No	Not board member
Other	Business Continuity and Emergency Action Committee	Hasan TUNCAY	No	Not board member
Other	Business Continuity and Emergency Action Committee	İlhan BÖLÜKBAŞ	No	Not board member
Other	Business Continuity and Emergency Action Committee	Celal CANDAN	No	Not board member
Other	Business Continuity and Emergency Action Committee	Ali ŞÖNER	No	Not board member
Other	Business Continuity and Emergency Action Committee	Ergin KAYA	No	Not board member
Other	Business Continuity and Emergency Action Committee	Yusuf Duran OCAK	No	Not board member
Other	Business Continuity and Emergency Action Committee	Olçay ATLIOĞLU	No	Not board member
Other	Business Continuity and Emergency Action Committee	Fatih ŞAHBAZ	No	Not board member
Other	Business Continuity and Emergency Action Committee	Olçay DOĞAN	No	Not board member
Other	Business Continuity and Emergency Action Committee	Bülent MUTLU	No	Not board member
Other	Business Continuity and Emergency Action Committee	Altan TAŞKIRAN	No	Not board member
Other	Business Continuity and Emergency Action Committee	Ali CEBECİ	No	Not board member
Other	Business Continuity and Emergency Action Committee	Süleyman Baran KOYUNCU	No	Not board member
Other	Business Continuity and Emergency Action Committee	Mustafa ERMIŞ	No	Not board member
Other	Business Continuity and Emergency Action Committee	Uğur Deniz ŞAHİN	No	Not board member



## CORPORATE GOVERNANCE PRINCIPLES

Composition of Board Committees-I				
Names of The Board Committees	Name Of Committes Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committe Chair or Not	Whether Board Member or Not
Other	Business Continuity and Emergency Action Committee	Abdullah GURHAN	No	Not board member
Other	Business Continuity and Emergency Action Committee	Kadriye Çimen BOZACI	No	Not board member
Other	Business Continuity and Emergency Action Committee	Caner GÖKBULUT	No	Not board member
Other	Business Continuity and Emergency Action Committee	Mehmet TANRIVERDI	No	Not board member
Other	Business Continuity and Emergency Action Committee	Okan KARADAĞ	No	Not board member
Other	Business Continuity and Emergency Action Committee	Sadettin YILMAZ	No	Not board member
Other	Business Continuity and Emergency Action Committee	Bülent ERDEMİR	No	Not board member
Other	Business Continuity and Emergency Action Committee	Mehmet Hakan TERCAN	No	Not board member
Other	Business Continuity and Emergency Action Committee	Namik Kemal UÇKAN	No	Not board member
Other	Business Continuity and Emergency Action Committee	Hasan Gökhan KILIÇ	No	Not board member
Other	Business Continuity and Emergency Action Committee	Mustafa Selçuk ÇARKACI	No	Not board member
Other	Business Continuity and Emergency Action Committee	Giray Alper AGAT	No	Not board member
Other	Business Continuity and Emergency Action Committee	Ahmet HOŞCAN	No	Not board member
Other	Business Continuity and Emergency Action Committee	Orhan KUTU	No	Not board member
Other	Business Continuity and Emergency Action Committee	Osman BEKTAŞ	No	Not board member
Other	Business Continuity and Emergency Action Committee	İbrahim Okan ÇAĞLAR	No	Not board member
Other	Business Continuity and Emergency Action Committee	Tuba TUNÇ YETER	No	Not board member
Other	Business Continuity and Emergency Action Committee	Ahmet Sami PANCAROĞLU	No	Not board member
Other	Business Continuity and Emergency Action Committee	Erol ÇELİK	No	Not board member
Other	Business Continuity and Emergency Action Committee	Erdem ÖZDEMİR	No	Not board member

Board Of Directors-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Integrated Annual Report/Corporate Governance/Committees
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Integrated Annual Report/Corporate Governance/Committees
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Integrated Annual Report/Corporate Governance/Committees
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Integrated Annual Report/Corporate Governance/Committees
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Integrated Annual Report/Corporate Governance/Committees
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	2021 Integrated Annual Report/Corporate Governance
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	<a href="https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/PolicyonRenumeration.pdf">https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/PolicyonRenumeration.pdf</a>
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	2021 Integrated Annual Report/Corporate Governance/Corporate Governance Principles/Other Explanations About Corporate Governance Principles

Composition of Board Committees-II					
Names of The Board Committees	Name of Committees Defined As "Other" In The First Column	The Percentage of Non-executive Directors	The Percentage of Independent Directors In The Committee	The Number of Meetings Held In Person	The Number of Reports On Its Activities Submitted To The Board
Audit Committee		100%	100%	14	17
Corporate Governance Committee		28.6%	14.3%	2	0
Remuneration Committee		100%	50%	1	1
Other	Credit Committee	80%	40%	49	0
Other	Assets and Liabilities Committee	0%	0%	25	25
Other	Sustainability Committee	10%	5%	5	0
Other	Information Technologies Strategy Committee	0%	0%	1	1
Other	Information Security Committee	0%	0%	2	1
Other	Business Continuity and Emergency Action Committee	0%	0%	0	1

## CORPORATE GOVERNANCE PRINCIPLES

### OTHER ISSUES WITHIN THE SCOPE OF CORPORATE GOVERNANCE PRINCIPLES

#### Statement of Independence of the Independent Board Member

The following is the statement of independence by Himmet KARADAĞ, who was elected an Independent Board Member at the Ordinary General Assembly in May 27, 2019:

“To: The Corporate Governance Committee of T. Halk Bankası A.Ş.,

I am a candidate to serve as an independent member for the Board of Directors of T. Halk Bankası A.Ş., and I hereby state the following;

- a) “There is no employment relationship between myself, my wife and my relatives by blood and affinity up to the second degree, in a managerial position who will assume important duties and responsibilities in the last five years, with the Bank’s partnerships in which the Bank has management control or significant influence, and shareholders who hold the management control of the Bank or have significant influence in the Bank, and legal entities over which these partners have management control, and I do not own more than 5% of the capital or voting rights or privileged shares, together or alone, or have no significant commercial relations,
- b) I am not a partner (5% or more), a manager who will assume important duties and responsibilities, or a member of the board of directors in companies which the Bank has purchased or sold significant services or products in accordance with the agreements signed particularly in the audit (including tax audit, legal audit, internal audit), rating and consultancy of the Bank, during the periods when services or products are purchased or sold in the last five years,
- c) I have the professional education, knowledge and experience to properly fulfill the duties I will undertake as an independent member of the board of directors,
- d) I will not work full-time in public institutions and organizations if I am elected a member,
- e) I am a resident of Turkey according to the Income Tax Law dated 31.12.1960 and numbered 193,
- f) I have strong ethical standards, professional reputation and experience that can contribute positively to the Bank’s activities, maintain my impartiality in conflicts of interest between the Bank and the shareholders, and decide freely by taking into account the rights of stakeholders,
- g) I can spare the time adequate for the Bank’s affairs, to follow the operation of the Bank’s activities and fully fulfill the requirements of the duties I will undertake,
- h) I have not been a Member of the Board of Directors of the Bank for more than 6 years in the last 10 years,
- i) I have not served as an independent member of the board of directors in more than three of the companies where the same person, the Bank or the shareholders holding the management control of the Bank have management control, and in more than five of the companies traded in the stock exchange in total,
- j) I have not been registered and announced on behalf of the legal entity elected as a member of the board of directors.”

#### Financial Benefits

In accordance with Article 23 of the Bank’s Articles of Association, the Bank pays a monthly salary to the Members of the Board of Directors. The amount of such monthly salary is determined by the General Assembly. In this context, a gross payment of TRY 13.4 million was made to the Members of the Board of Directors and Senior Executives of the Bank in 2021. On the other hand, taking the banking sector practices into account; remuneration and all other benefits granted to the Members of the Board of Directors and to the managers who have administrative responsibilities are not announced on individual basis.

#### Other Issues

On October 15, 2019, the United States Attorney for the Southern District of New York filed a criminal lawsuit against Halkbank for violating Iranian sanctions at the United States District Court for the Southern District of New York. The appeal process initiated by our bank regarding the dismissal of the criminal case under the Foreign State Immunity (FSIA) Law continues before the Second Court of Appeal.

In addition, a civil lawsuit was filed against the Bank by plaintiffs at the United States District Court for the Southern District of New York on March 27, 2020, claiming that they were unable to collect their receivables from Iran due to the sanctions violations and seeking compensation of their damages. On February 16, 2021 the Court conditionally dismissed plaintiffs’ claims on the basis of forums non conveniens. The appeal filed by the complainants is pending before the Second Court of Appeal.

The court cases are still ongoing. The Bank is utilizing all of the rights it has under the U.S. law and monitoring the legal proceedings closely. The Bank has not received any penalties, sanctions or judgements as a result of these cases.

There have not been any administrative or legal sanctions imposed on the members of the Bank’s Board of Directors for practices in breach of applicable legal or regulatory provisions.

There have not been any administrative or legal sanctions imposed on the Bank for practices in breach of applicable legal or regulatory provisions.

The amount of donations and aids made by Halkbank in 2021 is TRY 5.3 million, and the total amount of donations and aids including consolidated partnerships is TRY 7.4 million.

## SUSTAINABILITY PRINCIPLES COMPLIANCE FRAME

### A. General Principles

#### A1. Strategy, Policy and Objectives

- The Board of Directors identifies ESG material issues, risks and opportunities and establishes appropriate ESG policies. In order to implement these policies effectively, an internal directive, business procedures, etc. may be prepared. These policies are based on the resolutions of the Board of Directors and disclosed to the public. The Company Strategy is defined in compliance with the ESG policies, risks and opportunities. The shareholding strategy and short- and long-term goals in line with the ESG policies are defined and disclosed to the public.

The Bank's ESG Policies can be accessed from the link below.

<https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/itkeler-ve-politikalar.html>

#### A2. Implementation/Monitoring

- Committees/departments in charge of ESG policies are defined and disclosed to the public. The responsible committee/unit reports the activities carried out within the scope of the policies at least once a year and in any case, to the Board of Directors within the maximum periods determined for the disclosure of annual activity reports to the public in the relevant regulations of the Board.

It is included in the "Halkbank's Sustainability Organizational Structure and Approach" section of the report.

It is also published on our Bank's website.

<https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/surdurulebilirlik-organizasyonu.html>

- Implementation and action plans are developed in line with the short- and long-term goals defined and disclosed to the public. ESG Key Performance Indicators (KPI) are defined and disclosed based on year-on-year comparisons. If verifiable data is available, KPIs are submitted together with the local and international sector comparisons. Innovation activities improving the sustainability performance related to work processes or product and services are disclosed.

It is given in the "Halkbank's Value Creation Model" section of the report.

#### A3. Reporting

- Sustainability performance, goals and actions are reported at least once a year and disclosed to the public. It discloses the information on sustainability activities within the scope of the annual report.

Our bank announces its sustainability performance, targets and actions every year as an Integrated Annual Report. It also reports on ESG issues to national and international organizations (BIST Sustainability Index, CDP).

- It is essential to share information that is important for stakeholders to understand the position, performance and development of the partnership in a direct and concise manner. Detailed information and data can also be disclosed on the company's website, separate reports can be prepared to fulfil the requirements of different stakeholders. Maximum attention is placed to the preparation of the report in terms of transparency and reliability. As part of a balanced approach, developments regarding the material issues are objectively disclosed in the announcements and reporting. Information on which activities are related to which United Nations (UN) 2030 Sustainable Development Goals is provided. Information on the lawsuits filed and/or concluded against the company on ESG issues is also disclosed.

Information is provided through the Integrated Annual Report and CPD Climate Change reports.

<https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/raporlar-ve-etkinlikler.html>

### A4. Verification

- Sustainable performance measurements verified by the independent third parties (independent sustainability assurance providers) are disclosed to the public and efforts are put to increase the related verification processes.

Independent verification audit of 2021 ESG data is provided as Limited Assurance Statement. It is included in the "Limited Assurance Statement" section of the report.

### B. Environmental Principles

- Policies and practices in environmental management, action plans, environmental management systems (referred to as ISO 14001) and programs are disclosed.

ISO 14001:2015 Environmental Energy Management System and ISO 50001:2018 Energy Management System Standards, Integrated Management System Directive are applied in all service locations of our Bank. Details are available in the "Natural Capital" section of the report.

It is also published on our Bank's website.

<https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/cevre-ve-enerji.html>

- Environment-related laws and other related regulations are adopted and disclosed.

Within the scope of our Bank's Integrated Management System Directive, legal and other requirements are followed, their up-to-datedness is monitored and the activities carried out within the scope of compliance with the legislation are reported to the Sustainability Committee at annual Management Review meetings.

- It explains the limitations of the environmental report to be included in the report to be prepared within the scope of the Sustainability Principles, reporting period, reporting date, data collection process and reporting conditions.

The environmental report for the period 01.01.2021-31.12.2021 is included in the Integrated Activity Report for 2021, which is prepared in accordance with the GRI (Global Reporting Initiative) Core "Basic" standards and the Integrated Reporting International Framework. The environmental report is prepared according to the limitations of GRI 300: Environmental Standards. Environmental data is taken from all service locations of our Bank as software and consolidated.

- The highest-level person in charge of the environment and climate change in the partnership, related committees and their duties are disclosed.

It is given in the "Halkbank's Sustainability Organizational Structure and Approach" section of the report.

It is also published on our Bank's website.

<https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/surdurulebilirlik-organizasyonu.html>

- Incentives offered for the management of environmental issues including achieving the goals are disclosed. The integration of environmental issues into business goals and strategies are explained. Sustainability performance and sustainability performance improving activities related to work processes or product and services are disclosed. The management of environmental issues not only in direct operations, but also throughout the partnership's value chain and the integration of suppliers and customers into the strategies are explained.

## SUSTAINABILITY PRINCIPLES COMPLIANCE FRAME

It is included in the "Natural Capital" section of the report.

- Whether or not being included in the policy development processes related to environmental issues (sector-based, regional, national and international); environment-related associations being a member of, collaborations with related institutions and NGOs and tasks undertaken and activities supported, if any, are disclosed. Information regarding the environmental impacts considering the Environmental Indicators (GHG Emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect))1, air quality, energy management, water and wastewater management, waste management, biodiversity impacts) are periodically and comparably reported.

It is included in the "Environmental Performance Indicators" section of the report.

- The standards, protocols, methodology and reference year details used to collect and calculate data is disclosed.

It is included in the "Reporting Guidelines Guide" section of the report.

- The status of the environmental indicators in the report years is disclosed in comparison with the previous years (increase or decrease). Short- and long-term targets to mitigate the environmental impacts are defined and disclosed to the public. These targets are advised to be defined as Science-Based Targets suggested by the United Nations Climate Change Conference Parties. In the event of any improvements in the report year according to the previously defined targets, information is provided. The strategy and actions to tackle the climate crisis are revealed. Programs or procedures to mitigate or minimize the potential adverse impacts of the products and/or services provided are disclosed; actions taken to enable third parties to reduce their GHG emissions are disclosed. Actions taken to mitigate the environmental impacts, projects carried out and total number of initiatives and the resulting environmental benefits/advantages and cost conservation are disclosed.

It is included in the "Natural Capital" section of the report.

- Total energy consumption data (excluding raw materials) is reported and energy consumption is disclosed in terms of Scope-1 and Scope-2. Information on produced and consumed electricity, heat, vapor and cooling is provided for the report year. Activities are carried out to increase renewable energy use, transition to zero or low carbon electricity and information related to these activities is disclosed. Renewable energy production and usage data is revealed.

It is included in the "Natural Capital" and "Environmental Performance Indicators" sections of the report.

- Energy efficiency projects are carried out; and, thanks to these projects, energy consumption and emission reduction figures are disclosed.

It is included in the "Natural Capital" and "Environmental Performance Indicators" sections of the report.

- Drawn, used, recycled and discharged water amounts from surface water and groundwater, their resources and procedures (Total water drawn per resource, water resources affected from water drawn; percentage and total volume of the recycled and reused water, etc.) are reported.

It is included in the "Natural Capital" and "Environmental Performance Indicators" sections of the report.

- Whether or not the operations or activities are included to any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax) is disclosed.

No carbon pricing system has been included in the banking operations.

- Accumulated or purchased carbon credit during the reporting period is disclosed.

The Managers Meeting, which is the most attended meeting of our Bank, has been held carbon neutral since 2014 and the emissions are offset by obtaining carbon credits as a result of the event. It is included in the "Natural Capital" section of the report.

Carbon Neutral Efficiency reports are available on our Bank's website.

<https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/raporlar-ve-etkinlikler.html>

- If carbon pricing is applied in the company, details are disclosed.

Not applied.

- All mandatory and voluntary platforms that the company discloses its environmental information are disclosed.

It is included in the "Natural Capital" section of the report.

### C. Social Principles

#### C1. Human Rights and Employee Rights

- Corporate Human Rights and Employees Rights Policy, which includes commitment to full compliance to Universal Declaration of Human Rights, ILO conventions that Turkey is a party to and legal frame and legislation regulating the human rights and employee rights in Turkey, is developed. Roles and responsibilities related to the subject policy and implementation of the policy is disclosed to the public. Equal opportunity is assured during recruitment. Considering supply and value chain impacts, the policy covers fair labor, improvement of working standards, women's employment and inclusion (no discrimination based on sex, sexual orientation, religious belief, language, race, ethnicity, age, disability, immigration status, etc.) issues. Measures taken throughout the value chain to consider the rights/equal opportunities to minorities or to people susceptible to specific economic, environmental, social factors (people with low incomes, women, etc.) are disclosed. Developments on preventive and corrective practices regarding discrimination, inequality, human rights violations, forced and compulsory labor are reported. Regulations that prohibit child labor are released. Policies regarding investments in employees (training, development policies), compensation, fringe benefits, right to union, work/life balance solutions and skills management are disclosed. Establishes mechanisms for employee complaints and dispute resolution and determines dispute resolution processes. Activities related to employee satisfaction are regularly disclosed.

It is included in the "Human Capital" section of the report.

The relevant policy(s) is available on our Bank's website.

<https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html>

- Occupational health and safety policies are developed and disclosed to the public. Explains the precautions taken to prevent work accidents and to protect health and the accident statistics.

It is included in the "Human Capital" section of the report.

The relevant policy(s) is available on our Bank's website.

<https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html>

- Protection of personal data and data security policies are developed and disclosed to the public.

## SUSTAINABILITY PRINCIPLES COMPLIANCE FRAME

The relevant policy(s) is available on our Bank's website.

<https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html>

- Ethics policy (including activities related to work, professional ethics, adaptation processes, advertisement and marketing ethics, disclosure, etc.) is developed and disclosed to the public.

The relevant policy(s) is available on our Bank's website.

<https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html>

- Activities regarding social investment, social responsibility, financial inclusion, access to financing are revealed.

It is included in the "Social and Relational" section of the report.

- Informative meetings and training programs on ESG policies and practices are delivered.

It is included in the "Human Capital" and "Natural Capital" sections of the report.

### C2. Stakeholders, International Standards and Initiatives

- Sustainability activities are carried out considering the requirements and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, governmental and nongovernmental organizations, etc.).

It is included in the "Material Sustainability Issues of Halkbank" section of the report.

- A customer satisfaction policy is prepared regarding customer satisfaction management and resolution; and the policy is disclosed to the public.

The relevant policy(s) is available on our Bank's website.

<https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html>

- Stakeholder communication is maintained in a continuous and transparent manner; which stakeholders are communicated how frequently for which purpose and on which issues as well as developments in sustainability activities are disclosed.

It is included in the "Relations of Halkbank with its Stakeholders" section of the report.

- International Reporting Standards adopted (Carbon Disclosure Policy (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD) etc.) are disclosed to the public.

It is included in the "Reporting Guidelines Guide" section of the report.

- International organizations or principles that the company has ratified or is a member of (Equator Principles, United Nations Environment Programme Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.) and the international principles adopted (International Capital Market Association (ICMA) Green/Sustainable Bond Principles, etc.) are disclosed to the public.

None.

- Substantial efforts are put to be listed in the Borsa Istanbul Sustainability Index and the international sustainability indexes (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indexes, etc.).

Our bank is included in the BIST Sustainability Index.

### D. Corporate Governance Principles

All efforts are put to adapt to the Corporate Governance principles that shall be abided as part of Capital Markets Board Corporate Governance Communiqué II-17.1 as well as all other Corporate Governance principles.

- Sustainability, environmental impacts of the operations and related principles are considered while defining corporate governance strategy. As stated in Corporate Governance Principles, necessary measures are taken to comply with the principles related to beneficiaries and strengthen the communication with beneficiaries. Beneficiaries are consulted while defining the measures and strategies in sustainability. It works on social responsibility projects, related events and training programs to raise awareness on sustainability and its importance. Efforts are put to become a member of international standards and initiatives regarding sustainability and contribute to their activities. Explains policies and programs for the fight against bribery and corruption and the principle of tax integrity.

The Bank pays utmost attention to Corporate Governance Principles and is included in the BIST Corporate Governance Index. These studies are disclosed in the Annual Report and the Corporate Governance Principles Compliance Report and Corporate Management Information Form in the Public Disclosure Platform.

## TÜRKİYE HALK BANKASI A.Ş. REPORT OF THE SUPERVISORY BOARD IN 2021

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.

**Prof. Dr. Yılmaz ÇOLAK**  
Member of the Supervisory Board

**Faruk ÖZÇELİK**  
Member of the Supervisory Board

\*Excluding rediscount.

## FINANCIAL STANDING, PROFITABILITY AND DEBT-SERVICING CAPABILITY

### Composition of Assets

As a result of its operations in 2021, the Bank's total assets increased by 32.5% and reached TRY 901,217 million.

Important items of bank placements are loans amounting to TRY 539,588 million with a share of 59.9%, securities amounting to TRY 223,301 million with a 24.8% share, liquid assets amounting to TRY 126,959 million with a 14.1% share and other placements with a 1.2% share.

As of the end of 2021, a significant increase compared to the previous period was observed in cash loans with TRY 89,843 million and securities with TRY 64,101 million.

As of the end of 2021, the Bank increased its cash loans by 20%. And the conversion rate of deposit to loan was realized as 86.2%.

As of the end of 2021, non-performing loans stood at TRY 16,297 million while the ratio of non-performing loans/ total cash loans were 3.02%.

### Composition of Liabilities

A significant part of the Bank's resources consisted of deposit accounts amounting to TRY 625,904 million with a share of 69.5%, non-deposit resources amounting to TRY 159,267 million with a 17.7% share, shareholders' equity of TRY 43,500 million with a 4.8% share and other resources with a 8% share.

As of the end of 2021, significant increases compared to the previous period were observed in deposits with TRY 168,618 million.

When analyzed in terms of deposit types which are the most important source of the Bank, it is observed that the foreign currency deposits increased by 46.8% with a share of TRY 134,686 million in total deposits, savings deposits increased by TRY 18,826 million with a 17.3% share, and commercial deposits with a 13.1% share of TRY 16,287 million decrease, banks deposits increased by TRY 28,678 million with a 10.2% share, precious metal deposits increased by TRY 11,515 million with a 5.4% share, and official institutions deposits decreased by TRY 6,215 million with a 2.5% share.

41.5% of the deposits consisted of TRY accounts and 58.5% of them were foreign currency accounts. The share of demand deposits in total deposits was 26.9%.

### Composition of Profits

The Bank completed the operating period of 2021 with a net profit of TRY 1,508 million. The major income and expense items that constituted the profit for the period are discussed below.

Interest income from placements is the Bank's most important source of income. At the end of the year, it was realized as TRY 88,778 million.

TRY 54,196 million of interest income was obtained from loans with a 61% share, and TRY 33,089 million with a 37.3% share from securities. The most significant increase compared to the previous period was realized in the interest revenue from securities, as TRY 17,189 million.

When the accounts that make up the interest expenses are analyzed, it is observed that the biggest amount is the interests paid to deposits, with a share of 66% and TRY 42,009 million. Interest expenses paid on deposits were the main expense item of the Bank in 2021. Total interest expenses amounted to TRY 63,618 million, along with other interest expenses that amounted to TRY 21,609 million.

The Bank's net interest income as of the end of the year was TRY 25,160 million.

Net fee and commission income increased by 56.3% compared to the previous period, amounting to TRY 4,088 million.

The Bank has set aside an expected loss provision of TRY 11,885 million for its operations in 2021.

Personnel expenses which have a significant share in operating expenses, increased by 20.4% compared to the previous period and amounted to TRY 4,309 million.

As the result of the activities in 2021, a profit before tax of TRY 1,406 million was obtained, and the year-end profit was realized as TRY 1,508 million after TRY 102 million of tax provision was set aside. The Bank maintained its sustainable profitability in 2021.

### Solvency

The widespread and strong deposit base which is the most important resource for the Bank acted as an efficient instrument for covering short-term debts. The existing customer base is the most important factor the Bank relies on for the procurement of the necessary resources.

The Bank's 2021 year-end capital adequacy ratio was 14.47%, above the minimum legal rate. The strong equity structure is at a level to compensate for increases in the loan exposure amounts.

Halkbank is a Turkish government debt securities market maker and with the help of its strong capital and financial structure, it has a special position in the sector with regard to borrowing and fund procurement.

With many years of banking experience, Halkbank has a respectable position both in Turkey and in international markets. The Bank's relations with nearly one thousand correspondent banks, presence abroad and extensive branch network across Turkey show the strength of its strong organizational structure in terms of fund procurement.

In 2021, Halkbank continued its efforts to increase the quality of its assets while diversifying its existing and alternative funding sources.

## 5-YEAR SUMMARY FINANCIAL INFORMATION

ACTIVE (TRY million)	2017	2018	2019	2020	2021
Liquid Assets	43,726	40,084	38,229	66,032	126,959
Securities	48,903	74,557	102,734	159,200	223,301
Cash Loans	202,137	259,074	309,208	449,725	539,588
Equity Investments	3,960	4,771	3,750	6,249	8,963
Fixed Assets	3,008	3,645	8,055	8,804	9,191
Other	3,617	4,750	6,481	6,679	15,629
Expected Credit Loss (-)	-	8,473	11,421	16,663	22,414
<b>Total Assets</b>	<b>305,351</b>	<b>378,422</b>	<b>457,045</b>	<b>680,026</b>	<b>901,217</b>
LIABILITIES (TRY million)	2017	2018	2019	2020	2021
Deposits	193,227	248,855	297,734	457,286	625,904
Money Markets	34,608	38,162	53,201	103,956	139,170
Funds Borrowed	17,018	11,916	11,017	10,387	13,545
Funds	2,725	2,874	3,209	3,617	139
Securities Issued	11,355	15,048	17,591	13,195	6,143
Other	21,041	32,546	42,096	48,654	72,816
Shareholders' Equity	25,377	29,021	32,197	42,931	43,500
Net Profit/Loss for the Period	3,725	2,522	1,720	2,600	1,508
<b>Total Liabilities</b>	<b>305,351</b>	<b>378,422</b>	<b>457,045</b>	<b>680,026</b>	<b>901,217</b>

# TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Unconsolidated  
Financial Statements  
As of 31 December 2021  
With Auditors' Report Thereon  
(Convenience Translation of Unconsolidated Financial  
Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)



**Deloitte.**

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

**1) Qualified Opinion**

We have audited the financial statements of Türkiye Halk Bankası A.Ş. ("the Bank"), which comprise the unconsolidated balance sheet as at 31 December 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

#### Impairment of loans in accordance with TFRS 9 "Financial Instruments Standard"

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.

The Bank recognizes provisions for impairment in accordance with the TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. Applied accounting policies are explained in detail in the Section 3 Note VIII. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

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.

### How the matter was addressed in the audit

As part of our audit work, the following procedures were performed:

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.

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.

### Key Audit Matter

#### Valuation of Pension Fund Obligations

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").

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.

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.

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.

### How the matter was addressed in the audit

Our audit work included the following procedures:

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.

It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used.

In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Bank's actuary.

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.



### Key Audit Matter

#### 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.

### How the matter was addressed in the audit

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.

## Deloitte.

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, SMMM  
Partner

Istanbul, 14 February 2022

## TÜRKİYE HALK BANKASI AŞ THE UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

1. The Bank's Headquarter Address:  
Barbaros Mahallesi Şebboy Sokak No:4/1 Ataşehir/İstanbul
2. The Bank's Contact Phone and Facsimile:  
Phone : 0216 503 70 70  
Facsimile : 0212 340 93 99
3. The Bank's Website and E-mail Address:  
Website: www.halkbank.com.tr  
E-mail Address: halkbank.ir@halkbank.com.tr

The unconsolidated year end financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures consists of the sections listed below:

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

The unconsolidated financial statements for the year ended 31 December 2021 and related disclosures and footnotes that are subject to audit and are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in **thousands of Turkish Lira**.

Istanbul, 14 February 2022

#### R. Süleyman Özdil

Chairman of the  
Board of Directors,  
Chairman of the  
Audit Committee

#### Osman Arslan

Member of the  
Board of Directors  
Chief Executive  
Officer

#### Mevlüt Uysal

Independent Member  
of the Board of  
Directors, Member of the  
Audit Committee

#### Yusuf Duran Ocak

Financial  
Management and  
Planning Vice Chief  
Executive Officer

#### Osman Bektaş

Financial  
Accounting  
Department  
Head

For any questions regarding this financial report, contact details of the personnel in charge is given below:

Name/Title : Arman Acar / Manager  
Tel : 0216 503 57 19  
Fax No : 0212 340 09 90

<b>SECTION ONE</b>		
<b>General Information About the Bank</b>		Page No
I.	Establishment Date of the Bank, Initial Articles of Association, History of the Bank Including The Changes of These Articles	201
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	201
III.	Explanations Regarding the Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents and Their Shares Attributable to the Bank, if any	201
IV.	Information About the Persons and Institutions that Have Qualified Shares Attributable to the Bank	202
V.	Explanations on the Bank's Functions and Lines of Activity	202
VI.	Differences Between the Communiqué 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	204
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	204
<b>SECTION TWO</b>		
<b>Unconsolidated Financial Statements</b>		
I.	Balance Sheet (Statement of Financial Position)	206
II.	Statement of Off-Balance Sheet Items	208
III.	Statement of Profit or Loss	209
IV.	Statement of Profit or Loss and Other Comprehensive Income	210
V.	Statement of Changes in Shareholders' Equity	211
VI.	Statement of Cash Flows	212
VII.	Statement of Profit Distribution	213
<b>SECTION THREE</b>		
<b>Explanations on Accounting Policies</b>		
I.	Explanations on Basis of Presentation	214
II.	Explanations on the Strategy of Use of Financial Instruments and Foreign Currency Transactions	216
III.	Explanations on Associates, Subsidiaries and Joint Ventures	217
IV.	Explanations on Forward and Option Contracts and Derivative Products	217
V.	Explanations on Interest Income and Expenses	217
VI.	Explanations on Fee and Commission Income and Expenses	217
VII.	Explanations on Financial Assets	217
VIII.	Explanations on Impairment of Financial Assets	221
IX.	Explanations on Offsetting Financial Instruments	224
X.	Explanations on Sales and Repurchase Agreements (Repos) and Transactions on Securities Loaned	224
XI.	Explanations on Assets Held For Sale, Assets of Discontinued Operations and Related Liabilities	224
XII.	Explanations on Goodwill and Other Intangible Assets	225
XIII.	Explanations on Property, Plant and Equipment	225
XIV.	Explanations on Investment Properties	226
XV.	Explanations on Leasing Transactions	226
XVI.	Explanations on Provisions and Contingent Liabilities	227
XVII.	Explanations on Employee Benefit Liabilities	228
XVIII.	Explanations on Taxation	229
XIX.	Additional Explanations on Borrowings	230
XX.	Explanations on Shares Issued	230
XXI.	Explanations on Bill Guarantees and Acceptances	231
XXII.	Explanations on Government Incentives	231
XXIII.	Explanations on Segment Reporting	231
XXIV.	Explanations on Other Matters	231
<b>SECTION FOUR</b>		
<b>Information Related to Financial Position and Risk Management of the Bank</b>		
I.	Explanations on Capital	232
II.	Explanations on Credit Risk	236
III.	Explanations on Currency Risk	246
IV.	Explanations on Interest Rate Risk	248
V.	Explanations on Position Risk of Shares	252
VI.	Explanations on Liquidity Risk Management and Liquidity Coverage Ratio	253
VII.	Explanations on Leverage Ratio	259
VIII.	Explanations on Business Segmentation	260
IX.	Explanations on Presentation of Financial Assets and Liabilities at Fair Value	263
X.	Explanations on Transactions Made on Behalf of Others and Transactions Based on Trust	265
XI.	Explanations on Risk Management and Risk Weighted Amounts	266
XII.	Explanations on Remuneration Policies	278
<b>SECTION FIVE</b>		
<b>Explanations and Notes Related to the Unconsolidated Financial Statements</b>		
I.	Explanation and Notes Related to the Assets	280
II.	Explanation and Notes Related to the Liabilities	298
III.	Explanation and Notes Related to the Off-Balance Sheet Items	307
IV.	Explanation and Notes Related To The Statement of Profit or Loss	311
V.	Explanation and Notes Related to the Statement of Changes in Shareholders' Equity	315
VI.	Explanation and Notes Related to the Cash Flow Statements	316
VII.	Explanations Related to the Risk Group of the Bank	317
VIII.	Explanation and Notes Related to the Banks' domestic, foreign, coastal banking regions or subsidiaries and foreign representations	319
IX.	Fees Related with the Services Provided by Independent Auditors/Independent Audit Agencies	320
X.	Explanations Related to the Subsequent Events	320
<b>SECTION SIX</b>		
<b>Other Explanations</b>		
I.	Other Explanations on the Banks' Activity	321
<b>SECTION SEVEN</b>		
<b>Auditor's Report</b>		
I.	Explanations on Independent Auditor's Report	322
II.	Explanations and Notes Prepared by the Independent Auditors	322

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

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

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

As of 31 December 2021 the shareholders' structure and their respective ownerships are summarized as follows:

Shareholders	31 December 2021	%	31 December 2020	%
Türkiye Varlık Fonu <sup>(1)</sup>	1.862.602	75,29	1.862.602	75,29
Public shares <sup>(1)</sup>	611.094	24,70	611.094	24,70
Other shareholders <sup>(2)</sup>	80	0,01	80	0,01
<b>Total</b>	<b>2.473.776</b>	<b>100,00</b>	<b>2.473.776</b>	<b>100,00</b>

<sup>(1)</sup> The shares of the Türkiye Varlık Fonu amounting to TRY 1.224.326 can be publicly traded.

<sup>(2)</sup> TRY 80 of the shares included in the "Other Shareholders" group belong to shareholders whose shares do not trade on the exchange.

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

##### 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, Chairman of the Audit Committee
Himmet KARADAĞ	Vice Chairman of the Board of Directors, Independent Member of the Board 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
Maksut SERİM	Member of the Board of Directors
Ebubekir ŞAHİN	Member of the Board of Directors
Sezai UÇARMAK	Member of the Board of Directors
Mevlüt UYSAL	Independent Member of the Board of Directors, Member of the Audit Committee
Yılmaz ÇOLAK	Member of the Supervisory Board
Faruk ÖZÇELİK	Member of the Supervisory Board
Olçay ATLIOĞLU	Executive Vice President, Information Technologies(P.P.)
İlhan BÖLÜKBAŞ	Executive Vice President, Loan Allocation and Management
Celal CANDAN	Executive Vice President, Credit Risk Monitoring and Legal Proceedings
Ergin KAYA	Executive Vice President, Banking Operations and Support Services
Yalçın MADENCİ	Executive Vice President, Corporate and Commercial Marketing
Yusuf Duran OCAK	Executive Vice President, Financial Management and Planning
Ali ŞÖNER	Executive Vice President, Treasury Management and International Banking(P.P.)
Hasan TUNÇAY	Executive Vice President, Retail Banking

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

a) The Bank's top management members who have assigned to their position in 2021 are listed with titles and dates of assignment

Title	Name and Surname	Beginning Date
Member of the Board of Directors	Şeref AKSAÇ	26 March 2021
Executive Vice President(P.P.)	Olcay ATLIOĞLU	28 July 2021
Executive Vice President(P.P.)	Ali ŞÖNER	28 July 2021

b) The Bank's top management members who have left their position in 2021 are listed with titles and dates of leaving.

Title	Name and Surname	Leaving Date
Member of the Board of Directors	Kerem ALKİN	26 March 2021
Executive Vice President	Serdar ŞÜRER	7 July 2021

#### 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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.

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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 3) The Bank's service activities and operating areas:

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

As of 31 December 2021, the Bank operates with a total of 1023 branches consisting of 1018 domestic and 5 foreign branches that are 4 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 33 satellite branches. The Bank has also 3 representative offices in England, Iran and Singapore. (Singapore Representative activities were terminated on December 31, 2021.)

#### 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

There is no difference for the Bank in terms of consolidated subsidiaries between the consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Financial Statements.

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

Demir-Halkbank NV ("Demir Halk Bank") and Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ which are qualified as investments in associates, are included in the financial statements based on equity method of accounting. Associates are the domestic or foreign subsidiaries which the 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

There is no immediate transfer of the equity between the Bank and its subsidiaries. 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 A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS

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

## TÜRKİYE HALK BANKASI A.Ş.

### UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021

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

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

ASSETS	Note	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. FINANCIAL ASSETS (NET)</b>		<b>87.048.030</b>	<b>139.311.735</b>	<b>226.359.765</b>	<b>62.699.185</b>	<b>80.238.698</b>	<b>142.937.883</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>19.823.744</b>	<b>107.100.482</b>	<b>126.924.226</b>	<b>8.625.349</b>	<b>57.386.694</b>	<b>66.012.043</b>
1.1.1 Cash and Balances with Central Bank	(1)	19.513.681	103.910.654	123.424.335	8.395.918	55.080.301	63.476.219
1.1.2 Banks	(3)	344.437	3.189.828	3.534.265	249.183	2.306.393	2.555.576
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Loss Provision (-)		34.374	-	34.374	19.752	-	19.752
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(2)</b>	<b>25.137.951</b>	<b>725</b>	<b>25.138.676</b>	<b>15.676.172</b>	<b>1.349</b>	<b>15.677.521</b>
1.2.1 Government Debt Securities		24.869.639	725	24.870.364	15.501.780	1.349	15.503.129
1.2.2 Equity Instruments		145.601	-	145.601	145.601	-	145.601
1.2.3 Other Financial Assets		122.711	-	122.711	28.791	-	28.791
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(4)</b>	<b>39.347.469</b>	<b>25.960.864</b>	<b>65.308.333</b>	<b>38.391.911</b>	<b>20.509.219</b>	<b>58.901.130</b>
1.3.1 Government Debt Securities		38.593.800	25.623.561	64.217.361	37.528.538	20.326.567	57.855.105
1.3.2 Equity Instruments		228.886	337.303	566.189	271.890	182.652	454.542
1.3.3 Other Financial Assets		524.783	-	524.783	591.483	-	591.483
<b>1.4 Derivative Financial Assets</b>	<b>(2)(11)</b>	<b>2.738.866</b>	<b>6.249.664</b>	<b>8.988.530</b>	<b>5.753</b>	<b>2.341.436</b>	<b>2.347.189</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		2.738.866	6.249.664	8.988.530	5.753	2.341.436	2.347.189
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>458.596.867</b>	<b>191.464.935</b>	<b>650.061.802</b>	<b>400.270.755</b>	<b>117.452.546</b>	<b>517.723.301</b>
<b>2.1 Loans</b>	<b>(5)</b>	<b>390.846.238</b>	<b>148.741.790</b>	<b>539.588.028</b>	<b>356.070.320</b>	<b>93.674.895</b>	<b>449.745.215</b>
<b>2.2 Lease Receivables</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	<b>(6)</b>	<b>90.130.549</b>	<b>42.723.145</b>	<b>132.853.694</b>	<b>60.843.380</b>	<b>23.777.651</b>	<b>84.621.031</b>
2.4.1 Government Debt Securities		90.080.026	42.723.145	132.803.171	60.792.861	23.777.651	84.570.512
2.4.2 Other Financial Assets		50.523	-	50.523	50.519	-	50.519
<b>2.5 Expected Credit Loss (-)</b>	<b>-</b>	<b>22.379.920</b>	<b>-</b>	<b>22.379.920</b>	<b>16.642.945</b>	<b>-</b>	<b>16.642.945</b>
<b>III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale		-	-	-	-	-	-
3.2 Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>3.158.133</b>	<b>5.804.528</b>	<b>8.962.661</b>	<b>3.434.503</b>	<b>2.814.889</b>	<b>6.249.392</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(7)</b>	<b>78.073</b>	<b>1.218.924</b>	<b>1.296.997</b>	<b>78.073</b>	<b>674.237</b>	<b>752.310</b>
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		78.073	1.218.924	1.296.997	78.073	674.237	752.310
<b>4.2 Subsidiaries (Net)</b>	<b>(8)</b>	<b>3.080.060</b>	<b>4.585.604</b>	<b>7.665.664</b>	<b>3.356.430</b>	<b>2.140.652</b>	<b>5.497.082</b>
4.2.1 Unconsolidated Financial Subsidiaries		3.080.060	4.585.604	7.665.664	3.356.430	2.140.652	5.497.082
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>	<b>(12)</b>	<b>8.317.159</b>	<b>378</b>	<b>8.317.537</b>	<b>7.877.038</b>	<b>255</b>	<b>7.877.293</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(13)</b>	<b>513.936</b>	<b>-</b>	<b>513.936</b>	<b>572.925</b>	<b>-</b>	<b>572.925</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		513.936	-	513.936	572.925	-	572.925
<b>VII. INVESTMENT PROPERTIES (Net)</b>	<b>(14)</b>	<b>359.752</b>	<b>-</b>	<b>359.752</b>	<b>353.647</b>	<b>-</b>	<b>353.647</b>
<b>VIII. CURRENT TAX ASSET</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>326.239</b>	<b>-</b>	<b>326.239</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(15)</b>	<b>157.394</b>	<b>-</b>	<b>157.394</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X. OTHER ASSETS (Net)</b>	<b>(17)</b>	<b>6.268.677</b>	<b>215.069</b>	<b>6.483.746</b>	<b>3.757.863</b>	<b>227.552</b>	<b>3.985.415</b>
<b>TOTAL ASSETS</b>		<b>564.419.948</b>	<b>336.796.645</b>	<b>901.216.593</b>	<b>479.292.155</b>	<b>200.733.940</b>	<b>680.026.095</b>

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

## TÜRKİYE HALK BANKASI A.Ş.

### UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021

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

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

LIABILITIES	Note	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. DEPOSITS</b>	<b>(1)</b>	<b>259.839.714</b>	<b>366.064.757</b>	<b>625.904.471</b>	<b>262.090.112</b>	<b>195.196.183</b>	<b>457.286.295</b>
<b>II. FUNDS BORROWED</b>	<b>(3)</b>	<b>498.522</b>	<b>13.046.818</b>	<b>13.545.340</b>	<b>380.664</b>	<b>10.006.335</b>	<b>10.386.999</b>
<b>III. MONEY MARKETS</b>	<b>-</b>	<b>136.525.331</b>	<b>2.644.672</b>	<b>139.170.003</b>	<b>102.841.789</b>	<b>1.114.631</b>	<b>103.956.420</b>
<b>IV. SECURITIES ISSUED (Net)</b>	<b>(4)</b>	<b>6.413.302</b>	<b>-</b>	<b>6.413.302</b>	<b>5,641,402</b>	<b>7,553,277</b>	<b>13,194,679</b>
4.1 Bills		4.694.698	-	4.694.698	3,551,547	-	3,551,547
4.2 Assets Backed Securities		1,011,622	-	1,011,622	1,011,622	-	1,011,622
4.3 Bonds		706,982	-	706,982	1,078,233	7,553,277	8,631,510
<b>V. FUNDS</b>	<b>(5)</b>	<b>138.541</b>	<b>-</b>	<b>138.541</b>	<b>3,617,303</b>	<b>-</b>	<b>3,617,303</b>
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		138.541	-	138.541	3,617,303	-	3,617,303
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(2)(8)</b>	<b>18.187</b>	<b>2,452,064</b>	<b>2,470,251</b>	<b>20,113</b>	<b>513,928</b>	<b>534,041</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		18,187	2,452,064	2,470,251	20,113	513,928	534,041
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. LEASE LIABILITIES</b>	<b>(7)</b>	<b>854.471</b>	<b>12.112</b>	<b>866.583</b>	<b>760.766</b>	<b>22.120</b>	<b>782.886</b>
<b>X. PROVISIONS</b>	<b>(9)</b>	<b>3,408,469</b>	<b>-</b>	<b>3,408,469</b>	<b>2,084,453</b>	<b>-</b>	<b>2,084,453</b>
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		2,246,923	-	2,246,923	1,469,151	-	1,469,151
10.3 Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4 Other Provisions		1,161,546	-	1,161,546	615,302	-	615,302
<b>XI. CURRENT TAX LIABILITY</b>	<b>(10)</b>	<b>859.868</b>	<b>30</b>	<b>859.898</b>	<b>741.197</b>	<b>59</b>	<b>741.256</b>
<b>XII. DEFERRED TAX LIABILITIES</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>331.752</b>	<b>-</b>	<b>331.752</b>
<b>XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	<b>(12)</b>	<b>6,051,459</b>	<b>15,591,893</b>	<b>21,643,352</b>	<b>6,036,525</b>	<b>8,824,063</b>	<b>14,860,588</b>
14.1 Loans		-	15,591,893	15,591,893	-	8,824,063	8,824,063
14.2 Other Debt Instruments		6,051,459	-	6,051,459	6,036,525	-	6,036,525
<b>XV. OTHER LIABILITIES</b>	<b>(6)</b>	<b>41,129,481</b>	<b>2,166,547</b>	<b>43,296,028</b>	<b>27,856,164</b>	<b>1,462,755</b>	<b>29,318,919</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>(13)</b>	<b>42,044,998</b>	<b>1,455,357</b>	<b>43,500,355</b>	<b>42,299,664</b>	<b>630,840</b>	<b>42,930,504</b>
16.1 Paid-in Capital		2,473,776	-	2,473,776	2,473,776	-	2,473,776
16.2 Capital Reserves		6,963,056	294,687	7,257,743	6,745,068	164,993	6,910,061
16.2.1 Share Premium		5,776,224	-	5,776,224	5,776,224	-	5,776,224
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1,186,832	294,687	1,481,519	968,844	164,993	1,133,837
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		4,810,662	1,350,460	6,161,122	5,136,475	696,265	5,832,740
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(1,732,203)	(189,790)	(1,921,993)	(77,633)	(230,418)	(308,051)
<b>16.5 Profit Reserves</b>	<b>(17)</b>	<b>28,021,978</b>	<b>-</b>	<b>28,021,978</b>	<b>25,421,933</b>	<b>-</b>	<b>25,421,933</b>
16.5.1 Legal Reserves		2,548,763	-	2,548,763	2,418,760	-	2,418,760
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		25,426,034	-	25,426,034	22,955,992	-	22,955,992
16.5.4 Other Profit Reserves		47,181	-	47,181	47,181	-	47,181
<b>16.6 Income or (Loss)</b>	<b>-</b>	<b>1,507,729</b>	<b>-</b>	<b>1,507,729</b>	<b>2,600,045</b>	<b>-</b>	<b>2,600,045</b>
16.6.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Income or (Loss)		1,507,729	-	1,507,729	2,600,045	-	2,600,045
<b>16.7 Minority Shares</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>497,782,343</b>	<b>403,434,250</b>	<b>901,216,593</b>	<b>454,701,904</b>	<b>225,324,191</b>	<b>680,026,095</b>

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



## TÜRKİYE HALK BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2021

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

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

OFF-BALANCE SHEET	Note	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>A. COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>177.195.784</b>	<b>263.127.030</b>	<b>440.322.814</b>	<b>115.469.508</b>	<b>122.345.534</b>	<b>237.815.042</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(1)</b>	<b>82.028.060</b>	<b>108.912.740</b>	<b>190.940.800</b>	<b>55.280.784</b>	<b>59.274.553</b>	<b>114.555.337</b>
11 Letters of guarantee		71.425.233	91.526.108	162.951.341	50.275.455	50.551.647	100.827.102
11.1 Guarantees subject to public procurement law		4.022.784	9.819.863	13.842.647	2.868.957	6.032.807	8.901.764
11.2 Guarantees given for foreign trade operations		188.413	18.874.330	19.062.743	151.890	10.982.989	11.134.879
11.3 Other letters of guarantee		67.214.036	62.831.915	130.045.951	47.254.608	33.535.851	80.790.459
12 Bank loans		1.079.481	10.501.763	11.581.244	185.902	6.309.693	6.495.595
12.1 Import acceptances		-	272.303	272.303	-	161.040	161.040
12.2 Other bank acceptances		1.079.481	10.229.460	11.308.941	185.902	6.148.653	6.334.555
13 Letters of credit		22.275	6.842.406	6.864.681	55.249	2.352.972	2.408.221
13.1 Documentary letters of credit		22.275	6.842.406	6.864.681	55.249	2.352.972	2.408.221
13.2 Other letters of credit		-	-	-	-	-	-
14 Guaranteed refinancing		-	-	-	-	-	-
15 Endorsements		-	-	-	-	-	-
15.1 Endorsements to Central Bank of the Republic of Turkey		-	-	-	-	-	-
15.2 Other Endorsements		-	-	-	-	-	-
16 Purchase guarantees on marketable security issuance		-	-	-	-	-	-
17 Factoring guarantees		-	-	-	-	-	-
18 Other guarantees		9.501.071	42.463	9.543.534	4.764.178	60.241	4.824.419
19 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>38.457.173</b>	<b>10.799.643</b>	<b>49.256.816</b>	<b>42.401.518</b>	<b>4.054.304</b>	<b>46.455.822</b>
21 Irrevocable commitments	(1)	37.152.475	6.988.133	44.140.608	41.793.629	2.136.956	43.930.585
21.1 Forward asset purchase commitments		3.206.791	5.837.543	9.044.334	371.052	1.455.693	1.826.745
21.2 Forward deposit purchase and sale commitments		-	-	-	-	-	-
21.3 Capital commitments to subsidiaries and associates		-	-	-	-	-	-
21.4 Loan granting commitments		5.086.550	1.150.590	6.237.140	3.912.914	681.263	4.594.177
21.5 Securities underwriting commitments		-	-	-	-	-	-
21.6 Payment commitments for reserve deposits		-	-	-	-	-	-
21.7 Payment commitments for Cheques	(3)	6.146.359	-	6.146.359	4.472.298	-	4.472.298
21.8 Tax and fund liabilities from export commitments		106.220	-	106.220	124.240	-	124.240
21.9 Commitments for credit card expenditure limits		17.272.727	-	17.272.727	27.941.932	-	27.941.932
21.10 Commitments for credit cards and banking services promotions		27.584	-	27.584	22.752	-	22.752
21.11 Receivables from short sale commitments		-	-	-	-	-	-
21.12 Payables for short sale commitments		-	-	-	-	-	-
21.13 Other irrevocable commitments		5.306.244	-	5.306.244	4.948.441	-	4.948.441
22 Revocable commitments		1.304.698	3.811.510	5.116.208	607.889	1.917.348	2.525.237
22.1 Revocable loan granting commitments		-	-	-	-	-	-
22.2 Other revocable commitments		1.304.698	3.811.510	5.116.208	607.889	1.917.348	2.525.237
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(2)</b>	<b>56.710.551</b>	<b>143.414.647</b>	<b>200.125.198</b>	<b>17.787.206</b>	<b>59.016.677</b>	<b>76.803.883</b>
31 Derivative financial instruments held for risk management		-	-	-	-	-	-
31.1 Fair value risk hedging transactions		-	-	-	-	-	-
31.2 Cash flow risk hedging transactions		-	-	-	-	-	-
31.3 Net foreign investment risk hedging transactions		-	-	-	-	-	-
32 Transactions for trading		56.710.551	143.414.647	200.125.198	17.787.206	59.016.677	76.803.883
32.1 Forward foreign currency buy/sell transactions		1.524.482	14.931.282	16.455.764	203.227	2.589.660	2.793.387
32.1.1 Forward foreign currency transactions-buy		770.538	9.871.952	10.642.490	114.039	2.395.844	2.509.883
32.1.2 Forward foreign currency transactions-sell		753.944	5.059.330	5.813.274	89.688	193.816	283.504
32.2 Currency and interest rate swaps		54.300.111	93.946.423	148.246.534	17.149.875	47.177.049	64.326.924
32.2.1 Currency swap-buy		-	44.940.478	44.940.478	-	18.445.551	18.445.551
32.2.2 Currency swap-sell		53.790.111	5.539.715	59.329.826	15.739.875	4.575.468	20.315.343
32.2.3 Interest rate swap-buy		255.000	21.733.115	21.988.115	705.000	12.078.015	12.783.015
32.2.4 Interest rate swap-sell		255.000	21.733.115	21.988.115	705.000	12.078.015	12.783.015
32.3 Currency, interest rate and marketable securities options		895.958	3.591.388	4.477.346	433.604	3.440.442	3.874.046
32.3.1 Currency call options		442.917	1.795.760	2.238.677	218.802	1.720.219	1.937.021
32.3.2 Currency put options		443.041	1.795.628	2.238.669	216.802	1.720.223	1.937.025
32.3.3 Interest rate call options		-	-	-	-	-	-
32.3.4 Interest rate put options		-	-	-	-	-	-
32.3.5 Marketable securities call options		-	-	-	-	-	-
32.3.6 Marketable securities put options		-	-	-	-	-	-
32.4 Currency futures		-	-	-	-	-	-
32.4.1 Currency futures-buy		-	-	-	-	-	-
32.4.2 Currency futures-sell		-	-	-	-	-	-
32.5 Interest rate buy/sell futures		-	-	-	-	-	-
32.5.1 Interest rate futures-buy		-	-	-	-	-	-
32.5.2 Interest rate futures-sell		-	-	-	-	-	-
32.6 Other		-	30.945.554	30.945.554	-	5.809.526	5.809.526
<b>B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)</b>		<b>1.734.577.963</b>	<b>846.016.382</b>	<b>2.580.594.345</b>	<b>1.491.710.972</b>	<b>495.489.123</b>	<b>1.987.200.095</b>
<b>IV. CUSTODIES</b>		<b>709.088.827</b>	<b>95.722.399</b>	<b>804.811.226</b>	<b>626.949.054</b>	<b>61.067.078</b>	<b>688.016.132</b>
41 Assets under management		-	-	-	-	-	-
42 Custody marketable securities		134.858.276	5.684.265	140.542.541	123.005.587	2.619.679	125.625.266
43 Cheques in collection process		34.365.778	63.365.000	97.730.778	20.519.482	44.502.496	65.021.978
44 Commercial notes in collection process		494.216.428	19.065.722	513.282.150	427.042.837	9.150.085	436.192.922
45 Other assets in collection process		-	-	-	-	-	-
46 Underwritten securities		-	-	-	-	-	-
47 Other custodies		870.946	1.702.098	2.573.044	2.318.514	1.143.741	3.462.255
48 Custodians		44.777.399	5.905.314	50.682.713	54.062.634	3.651.077	57.713.711
<b>V. PLEDGED ASSETS</b>		<b>1.025.489.136</b>	<b>750.293.983</b>	<b>1.775.783.119</b>	<b>864.761.918</b>	<b>434.422.045</b>	<b>1.299.183.963</b>
51 Marketable securities		8.458.409	2.277.338	10.735.747	6.448.999	1.582.195	8.031.194
52 Collateral notes		15.652.676	3.014.547	18.667.223	7.863.081	1.575.367	9.438.448
53 Commodity		25.812	-	25.812	25.813	-	25.813
54 Warranty		-	-	-	-	-	-
55 Land and buildings		778.975.982	570.877.545	1.349.853.527	650.415.346	333.631.298	984.046.644
56 Other pledged assets		171.863.800	112.178.608	284.042.408	169.327.906	56.874.518	226.202.424
57 Pledges		50.512.457	61.945.945	112.458.402	30.680.773	40.758.667	71.439.440
<b>VI. ACCEPTED BILL GUARANTEES AND SURETIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)</b>		<b>1.911.773.747</b>	<b>1.109.143.412</b>	<b>3.020.917.159</b>	<b>1.607.180.480</b>	<b>617.834.657</b>	<b>2.225.015.137</b>

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

## TÜRKİYE HALK BANKASI A.Ş.

### UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### III. STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSES	Note	Audited Current Period 1 January - 31 December 2021	Audited Prior Period 1 January - 31 December 2020
<b>I. INTEREST INCOME</b>	<b>(1)</b>	<b>88.777.857</b>	<b>53.738.351</b>
1.1 Interest on Loans		54.195.894	38.123.042
1.2 Interest on Reserve Requirements		2.924	1.073
1.3 Interest on Banks		1.270.079	272.044
1.4 Interest on Money Market Transactions		-	-
1.5 Interest on Marketable Securities Portfolio		33.088.587	15.269.392
1.5.1 Fair Value Through Profit or Loss		10.862	2.870
1.5.2 Fair Value Through Other Comprehensive Income		8.285.326	4.532.819
1.5.3 Measured at Amortized Cost		24.792.399	10.733.703
1.6 Financial Lease Interest Income		-	-
1.7 Other Interest Income		220.373	72.800
<b>II. INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>63.618.009</b>	<b>34.985.167</b>
2.1 Interest on Deposits		42.009.351	22.435.747
2.2 Interest on Funds Borrowed		218.010	250.746
2.3 Interest Expense on Money Market Transactions		17.535.025	8.715.752
2.4 Interest on Securities Issued		3.268.444	2.467.474
2.5 Interest on Leases		117.254	74.760
2.6 Other Interest Expenses		469.925	1.040.688
<b>III. NET INTEREST INCOME (I - II)</b>		<b>25.159.848</b>	<b>18.753.184</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>4.087.789</b>	<b>2.614.865</b>
4.1 Fees and Commissions Received		5.682.775	3.577.368
4.1.1 Non - cash Loans		1.327.309	944.331
4.1.2 Other	(12)	4.355.466	2.633.037
4.2 Fees and Commissions Paid (-)		1.594.986	962.503
4.2.1 Non - cash Loans		134	269
4.2.2 Other	(12)	1.594.852	962.234
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>192.637</b>	<b>511.111</b>
<b>VI. TRADING INCOME / LOSS (Net)</b>	<b>(4)</b>	<b>(12.718.250)</b>	<b>(5.281.418)</b>
6.1 Trading Gains / (Losses) on Securities		38.439	55.922
6.2 Gains / (Losses) on Derivate Financial Transactions		18.518.810	2.725.944
6.3 Foreign Exchange Gains / (Losses)		(31.275.499)	(8.063.284)
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>6.266.854</b>	<b>1.441.217</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>22.988.878</b>	<b>18.038.959</b>
<b>IX. EXPECTED LOSS PROVISIONS (-)</b>	<b>(6)</b>	<b>11.884.553</b>	<b>6.830.591</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>(6)</b>	<b>27.988</b>	<b>17.408</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>4.308.398</b>	<b>3.578.795</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>5.361.846</b>	<b>4.382.265</b>
<b>XIII. NET OPERATING INCOME / LOSS (IX-X-XI)</b>		<b>1.406.093</b>	<b>3.229.900</b>
<b>XIV. INCOME AFTER MERGER</b>		-	-
<b>XV. INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-
<b>XVI. INCOME / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVII. PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	<b>(8)</b>	<b>1.406.093</b>	<b>3.229.900</b>
<b>XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>101.636</b>	<b>(629.855)</b>
18.1 Current Tax Provision		19.615	491.513
18.2 Deferred Tax Income Effect (+)		4.698.320	848.133
18.3 Deferred Tax Expense Effect (-)		4.819.571	709.791
<b>XIX. CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(10)</b>	<b>1.507.729</b>	<b>2.600.045</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
20.1 Income from Non-Current Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
<b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-



**TÜRKİYE HALK BANKASI A.Ş.****UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**VI. STATEMENT OF CASH FLOWS**

	Note	Audited	Audited
		Current Period 1 January - 31 December 2021	Prior Period 1 January - 31 December 2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>(31.313.536)</b>	<b>2.490.712</b>
1.1.1 Interest received		65.198.167	44.671.033
1.1.2 Interest paid		(61.711.718)	(34.527.954)
1.1.3 Dividend received		192.637	511.111
1.1.4 Fees and commissions received		5.332.938	4.205.664
1.1.5 Other income		3.051.435	666.102
1.1.6 Collections from previously written off loans		2.327.529	1.768.110
1.1.7 Cash payments to personnel and service suppliers		(4.361.149)	(3.620.623)
1.1.8 Taxes paid		(479.700)	(1.109.345)
1.1.9 Other	(1)	(40.863.675)	(10.073.386)
<b>1.2 Changes in Assets and Liabilities Subject to Banking Operations</b>		<b>50.470.735</b>	<b>58.331.078</b>
1.2.1 Net Increase / decrease in financial assets at fair value through profit or loss		(9.457.426)	588.726
1.2.2 Net (increase) / decrease in due from banks		-	-
1.2.3 Net (increase) / decrease in loans		(20.971.350)	(145.672.767)
1.2.4 Net (increase) / decrease in other assets		(42.408.273)	(11.315.803)
1.2.5 Net increase / (decrease) in bank deposits		16.166.118	7.390.796
1.2.6 Net increase / (decrease) in other deposits		55.210.132	152.208.641
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		1.995.544	(1.066.966)
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities	(1)	49.935.990	56.198.451
<b>I. Net cash provided from banking operations</b>		<b>19.157.199</b>	<b>60.821.790</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II. Net cash provided from/ (used in) investing activities</b>		<b>(16.703.161)</b>	<b>(42.973.467)</b>
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		(564.184)	(183.498)
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries		-	225.190
2.3 Fixed assets purchases		(357.740)	(324.188)
2.4 Fixed assets sales		2.668.822	1.820.236
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(8.332.600)	(52.675.154)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		3.005.980	10.726.224
2.7 Cash paid for purchase of investment securities		(20.528.083)	(15.691.928)
2.8 Cash obtained from sale of investment securities		7.493.789	13.636.481
2.9 Other		(89.145)	(506.830)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>(5.783.371)</b>	<b>1.262.487</b>
3.1 Cash obtained from loans borrowed and securities issued		13.123.150	9.668.550
3.2 Cash used for repayment of loans borrowed and securities issued		(18.639.746)	(15.150.013)
3.3 Bonds issued		-	7.000.000
3.4 Dividends paid		-	-
3.5 Payments for leases		(266.775)	(256.050)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(1)	<b>23.367.773</b>	<b>(1.317.260)</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>20.038.440</b>	<b>17.793.550</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	(4)	<b>42.081.011</b>	<b>24.287.461</b>
<b>VII. Cash and cash equivalents at end of the period</b>	(5)	<b>62.119.451</b>	<b>42.081.011</b>

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

**TÜRKİYE HALK BANKASI A.Ş.****UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**VII. STATEMENT OF PROFIT DISTRIBUTION**

	Audited	Audited
	Current Period * 31 December 2021	Prior Period 31 December 2020
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT</b>		
1.1 Current Period Profit	1.406.093	3.229.900
1.2 Taxes and Legal Duties Payables (-)	101.636	(629.855)
1.2.1 Corporate Tax (Income Tax)	(19.615)	(491.513)
1.2.2 Withholding Tax	-	-
1.2.3 Other Taxes and Duties	121.251	(138.342)
<b>A. Net Profit For The Period (1.1-1.2)</b>	<b>1.507.729</b>	<b>2.600.045</b>
1.3 Accumulated Losses (-)	-	-
1.4 First Legal Reserves (-)	-	130.002
1.5 Other Statutory Reserves (-)	-	-
<b>B. Net Profit Available for Distribution [(A-(1.3+1.4+1.5))]**</b>	<b>-</b>	<b>2.470.043</b>
1.6 First Dividend to shareholders (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Redeemed Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 Dividends to personnel (-)	-	-
1.8 Dividends to Board of Directors (-)	-	-
1.9 Second Dividend to Shareholders (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Redeemed Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders Of Profit And Loss Sharing Certificates	-	-
1.10 Second Legal Reserves (-)	-	-
1.11 Status Reserves (-)	-	2.470.043
1.12 Extraordinary Reserves(2)	-	-
1.13 Other Reserves	-	1.163.178
<b>II. Distribution of Reserves</b>		
2.1 Appropriated Reserves	-	-
2.2 Second Legal Reserves (-)	-	-
2.2.1 Dividends to Shareholders (-)	-	-
2.2.2 To Owners of Ordinary Shares	-	-
2.2.3 To Owners of Privileged Shares	-	-
2.2.4 To Profit Sharing Bonds	-	-
2.2.5 To Holders of Profit and Loss Sharing Certificates	-	-
2.3 Dividends to Personnel (-)	-	-
2.4 Dividends to the Boards of Directors (-)	-	-
<b>III. Earnings per Share</b>		
3.1 To Owners of Ordinary Shares	0,6094849	1,051043
3.2 To Owners of Ordinary Shares (%)	%60,95	%105,10
3.3 To Owners of Privileged Shares	-	-
3.4 To Owners of Privileged Shares (%)	-	-
<b>IV. Dividend per Share</b>		
4.1 To Owners of Ordinary Shares	-	-
4.2 To Owners of Ordinary Shares (%)	-	-
4.3 To Owners of Privileged Shares	-	-
4.4 To Owners of Privileged Shares (%)	-	-

(\*) As of 31 December 2021 financial reporting date, General Assembly has not been held yet.

(\*\*) Under the TFRS-9 standard, returns on the sales of partnerships reported at fair value are put down in the equities account. The 75% exception to these returns, as provided by Article 5/1/e, Corporate Tax no. 5520, accounts to TRY 1.163.178 and this will continue to be put down in the special funds account.

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(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.

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. Therefore, no inflation adjustment has been made for TAS 29 in the financial statements as of 31 December 2021.

In accordance with the Bank's statement of financial position dated 31 December 2021 prepared in accordance with the uniform chart of accounts that entered into force on January 1, 2021, collaterals given over derivative transactions with foreign banks is reclassified into cash and cash equivalents from other assets amounting TRY 409,925 in the statement of financial position dated 31 December 2020. The effects of this classification on the cash flow statement have also been updated. Collaterals in institutions other than foreign banks continue to be monitored in the other assets item. This reclassification did not have any impact on the Bank's statement of financial position and the performance.

##### Effects of COVID-19

In December 2019, a new type of coronavirus (COVID-19) which emerged in Wuhan city of China, caused fatal respiratory diseases all over the world and named as global outbreak by the World Health Organization on 11 March 2020. Various measures have been taken all over the world in order to avoid the negative effects of the disease that has become a pandemic, and due to the measures taken, there have been a recession in economies.

In order to be protected from the effects of the pandemic, Banking Regulation and Supervision Agency ("BRSA"), Central Bank of Republic of Turkey ("CBRT"), Capital Markets Board of Turkey ("CMB") and The Banks Association of Turkey ("TBA") have taken various decisions regarding the banking sector in our country. These measures, which closely concern the banking sector, are listed below in general.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

1. With the regulation made by the BRSA on 17 March 2020 in Regulation on Provisions, the delinquency period for the classification of loans as non-performing has been extended from 90 days to 180 days until 31 December 2020 and Expected Credit Loss provisions for the loans classified as Second Group Loans Under Close Monitoring within the scope of TFRS 9 are decided to be continued according to the banks' own risk models. According to decision made by the BRSA on 8 December 2020 and 17 June 2021, the period for the classification of loans has been extended to 30 September 2021. With the decision of the Banking Regulation and Supervision Agency dated September 16, 2021, it was decided to terminate the related application as of the end of September 30, 2021, however, the aforementioned application will continue in the same way for loans with a delay period of more than 91 days and not exceeding 180 days as of October 1, 2021. As of 31 December 2021, the above mentioned application was terminated and the due day period became 90 days for all loans.

2. With the regulation made by the CBRT on March 17, 2020, the FX Reserve Requirement ratios were reduced by 500 basis points for banks that meet the real loan growth conditions. With the regulation made by the CBRT on 27 November 2020, the loan growth rate conditions were abolished as of the establishment date of 25 December 2020, and the same rates were applied to all banks.

3. With the decision made by the TBA on 19 March 2020, it has been recommended that loan demands of the affected firms should be swiftly evaluated and met, credit access and terms should be improved, credit channels should be maintained, and a certain flexibility should be introduced in terms of due dates, installments and assurances regarding the clients whose income-expenditure balance is affected by the pandemic outbreak.

4. In the regulation issued on 23 March 2020 by BRSA, it is stated that negative valuation differences arising related to securities at Fair Value through Other Comprehensive Income which obtained before 23 March 2020 may not be taken into account in the equity calculation to be used in the CAR calculation, and impairment provisions arising from the securities owned by Banks may not be taken into account in the foreign currency net general position calculation, as effective until 31 December 2020. In accordance with the regulation dated 8 December 2020 by BRSA, the effective period of these applications is extended to 30 June 2021. With the BRSA Board Decision dated 17 June 2021, it was stated that the relevant regulations were terminated after 30 June 2021.

According to the BRSA Board Decision dated December 21, 2021, in case the net valuation differences of the securities held in the portfolio of Securities at Fair Value Through Other Comprehensive Income as of December 21, 2021 are negative, these differences may not be taken into consideration in the calculation of equity to be used in the calculation of CAR.

5. With the decision of the BRSA dated 26 March 2020, it has been decided to exempt Banks from their obligations to meet the Liquidity Coverage Ratio. With the decision of the BRSA dated 8 December 2020, it has been decided to terminate the relevant exemption as of 31 December 2020.

6. With the amendments made by the BRSA on the Regulation on Provisions on 27 March 2020, classification period to loans under close monitoring has been extended from 30 days to 90 days until 31 December 2020 and Expected Credit Loss provisions for the loans classified as First Group Loans within the scope of TFRS 9 are decided to be continued according to the banks' own risk models. According to order made by the BRSA on 8 December 2020 and 17 June 2021, the ending date of the related regulation has been extended to 30 September 2021. Banking Regulation and Supervision Agency Decision dated September 16, 2021, it was decided to terminate the related application as of the end of September 30, 2021, but to continue the application in the same way for loans with a delay period of more than 31 days and not exceeding 90 days as of October 1, 2021.

As of 31 December 2021, the relevant regulations were terminated and classification period to loans under close monitoring has become 30 days for all loans.

7. With the Board Resolution dated 16 April 2020 issued by the BRSA, it has been decided that 0% risk weight can be applied to the foreign currency denominated receivables of the Banks from the Republic of Turkey Central Management within the scope of CAR regulation.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

8. With the decision to be valid until December 31, 2020, made by the BRSA on 23 March 2020, banks were entitled to use the buying exchange rate used in preparation of financial statements as of 31 December 2019 when calculating the amount subject to credit risk for calculating the revalued amounts as per the Turkish Accounting Standards and related specific reserves, excluding the foreign currency assets measured at historical cost. With the Board Resolution dated 8 December 2020 issued by BRSA, by terminating the previous regulation, a new practice has been issued regarding this calculation to enable using the simple arithmetic average of buying exchange rates of the Central Bank for the last 252 days before the calculation date, and the effective period is extended to 30 June 2021. In accordance with the letter of BRSA dated 14 December 2020, it has been decided that this application is effective as of the date of the Board Resolution dated 8 December 2020. With the BRSA Board Decision dated 17 June 2021, it was stated that the relevant regulations were terminated as of 30 September 2021. BRSA Decision dated September 16, 2021, it was decided to continue the implementation until a BRSA Decision to the contrary is taken.

With the BRSA Board Decision dated 21 December 2021, it has been decided to use the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of 31 December 2021 starting from January 1, 2022, until a Board decision is taken to the contrary.

9. With the resolution numbered 8998 dated 16 April 2020 by BRSA, banks have been exempted from the obligations to meet 20% legal limit regarding the IRRBB ratio until 31 December 2020. Mentioned exemption has been terminated as of 31 December 2020 with the resolution numbered 9312 dated 8 December 2020.

The Bank has regulated its activities within the scope of the above mentioned decisions.

As regards to the consideration of macroeconomic factors, the Bank regularly evaluates scenario weights and macroeconomic factors in its model and if deemed necessary, makes additional provision through individual assessment due to the fact that the effects of the pandemic are still being experienced.

The possible effects of the outbreak on the Bank's financial statements are regularly monitored by the relevant Units and the Bank Management.

### 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 firms. 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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 A.D. Beograd (subsidiary), Halk Banka A.D. Skopje (subsidiary), Demirhalkbank NV (associate), foreign investments that are recognized under fair value accounting as hedged item, in compliance with TAS 39 standard. Accordingly, the effective portion of the foreign exchange differences is recorded under statement of profit or loss in the current period.

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

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

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

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

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

### V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

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

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

Banking service income is recorded in the income in the period when 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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.

#### 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 3. Other Business Models:

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

#### Measurement Categories of Financial Assets and Liabilities

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

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

In addition, the Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Bank's expectations is updated during the year when deemed necessary. As of December 31, 2021, the valuation of the related assets was made according to the actual annual inflation of 36.08%.

#### 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 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 Other Comprehensive Income

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

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

#### Cash Equivalents and Banks

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

#### Loans and Receivables

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

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

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### Associates and subsidiaries

The Bank accounted its subsidiaries and affiliates 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 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 1), 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%.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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.

“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 and 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:

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



## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### The Rules of 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.

#### 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 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 except buildings 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 and is recognized in profit or loss.

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 determined by independent appraisal companies are reflected to the financial statements. 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 (Year)	Depreciation rate
Buildings	50	% 2
Safes	50	% 2
Other movable properties	3-25	% 33,33-4
Assets held under financial leases	4-5	% 25-20

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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### Classification of Investment Properties:

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

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

#### XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

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

Investment properties in the attached unconsolidated financial statements 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. Investment properties are amortized by using the straight line method during their useful lives. Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

#### XV. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portions of the payables are recognized as a deferred amount of interest. Assets held under financial leases are recognized under the property, 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.

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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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;

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- 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:

- Increasing the carrying amount to reflect interest on the lease liability,
- Reducing the book value to reflect the lease payments made,
- 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.

#### 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 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, 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 2021 no technical deficit has been reported.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### XVIII. EXPLANATIONS ON TAXATION

In accordance with the temporary article 13 added to the Corporate Tax Law No. 5520, the 20% rate in the first paragraph of Article 32 of the Corporate Tax Law is, 25% for the corporate earnings of the corporations for the 2021 taxation period, and 23% for the corporate earnings of the 2022 taxation period. In accordance with the relevant law, provisional tax is calculated quarterly according to the principles specified in the Income Tax Law and at the rate of corporate tax, and the accrued temporary corporate tax is paid. The provisional tax payments in question are deducted from the corporate tax of the current taxation period.

As the tax rate used in the calculation of deferred tax assets and liabilities; 23% for temporary timing differences expected to occur within 2022, and 20% for temporary timing differences expected to occur after 2022, is used.

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, the financial statements for the 2021 will not be 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 and will not be subjected tax calculation.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 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.

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.

First period advance corporate tax return for the period of 1 January 2021 – 31 March 2021 is accrued and paid in May 2021, Second period advance corporate tax return for the period 1 April 2021 - 30 June 2021 is accrued and paid in August. Third period advance corporate tax return for the period 1 July 2021 - 30 September 2021 is accrued and paid in November. Forth period advance corporate tax return for the period 1 October 2021 - 31 December 2021 will be issued in February 2022, and paid following its assessment date.

##### Bahrain

Banks in Bahrain are not subject to tax 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 25% 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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.

In accordance with the decision of the Board of Directors of the Bank dated 11 May 2020, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 7.000.000, 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 14 May 2020. Accordingly, the recognition of the capital increase of TRY 1.223.776 on 20 May 2020 was realized on 21 May 2020, based on the permission obtained from the BRSA. The change made to the relevant Articles of Association was registered on 10 June 2020, and it was announced in the Trade Registry Gazette dated 15 June 2020 and numbered 10097. After the increase, TRY 1.223.776 of nominal and TRY 5.776.224 of share premium, totaling a capital increase of TRY 7.000.000, were recognized in the financial statements. Mentioned capital increase was made by the Bank's main shareholder Türkiye Varlık Fonu.

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

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

#### **XXII. EXPLANATIONS ON GOVERNMENT INCENTIVES**

There are no government incentives utilized by the Bank.

#### **XXIII. EXPLANATIONS ON SEGMENT REPORTING**

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

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

#### **XXIV. EXPLANATIONS ON OTHER MATTERS**

None.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

##### I. EXPLANATIONS ON CAPITAL

Equity amount and capital adequacy standard ratio calculation is made within the framework of "Regulation on Equities of the Banks" and "Regulation on Measurement and Evaluation of Banks' Capital Adequacy" and in accordance with the amendments announced by the BRSA in the resolution dated 16 September 2021 and 21 December 2021.

According to the related regulation, As of 31 December 2021, the calculation of the amount subject to credit risk with the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date, and in case the net valuation differences of the securities held in the portfolio of Securities at Fair Value Through Other Comprehensive Income as of December 21, 2021 are negative, these differences may not be taken into consideration in the calculation of equity to be used in the calculation of CAR.

As of 31 December 2021, the capital adequacy ratio and the capital amount of the Bank were realized as 14,47% (31 December 2020: 15,23%) and TRY 69.894.389 (31 December 2020: TRY 61.044.888) which were calculated within the scope of the above-mentioned regulation amendments.

##### (1) Information on Equity Items:

	Current Period	Prior Period
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	3.694.227	3.694.227
Share Premium	5.776.224	5.776.224
Reserves	28.021.978	25.421.933
Other Comprehensive Income according to TAS	7.310.664	6.255.348
Profit	1.507.729	2.600.045
Current Period Profit	1.507.729	2.600.045
Prior Period Profit	-	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	474.327	261.028
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>46.785.149</b>	<b>44.008.805</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	1.191.568	611.148
Leasehold Improvements on Operational Leases (-)	190.465	107.985
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	513.936	572.925
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 (-)	351.767	351.767
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 (-)	-	-

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

	Current Period	Prior Period
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 (-)	-	-
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 (-)	-	-
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 (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>2.247.736</b>	<b>1.643.825</b>
<b>Total Common Equity Tier I Capital</b>	<b>44.537.413</b>	<b>42.364.980</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	13.807.080	8.175.150
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>13.807.080</b>	<b>8.175.150</b>
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>13.807.080</b>	<b>8.175.150</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>58.344.493</b>	<b>50.540.130</b>
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	5.929.795	5.929.795
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	5.630.027	4.579.261
<b>Tier II Capital Before Deductions</b>	<b>11.559.822</b>	<b>10.509.056</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>11.559.822</b>	<b>10.509.056</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>69.904.315</b>	<b>61.049.186</b>
<b>Total Tier I and Tier II Capital (Total Equity)</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	9.926	4.298

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

	Current Period	Prior Period
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance. The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
<b>TOTAL CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	69.894.389	61.044.888
Total Risk Weighted Assets	483.026.446	400.934.749
<b>Capital Adequacy Ratios</b>		
CET1 Capital Ratio (%)	9,22	10,57
Tier I Capital Ratio (%)	12,08	12,61
Capital Adequacy Ratio (%)	14,47	15,23
<b>BUFFERS</b>		
Bank-specific total CET1 Capital Ratio (a+b+c)	2,508	2,508
a) Capital Conservation Buffer Ratio (%)	2,500	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,008	0,008
c) Systemic significant bank buffer ratio %	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	4,720	6,067
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	247.146	147.261
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	1.230.441	685.755
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	3.467.077	1.894.476
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	11.169.768	5.919.770
General Loan Provisions for Exposures in Standard Approach Limited by 125% of Risk Weighted Assets	5.630.027	4.579.261
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018-1 January 2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

(2) Within the scope of the “Regulation on Banks’ Equity” (Regulation), the equity that is the basis for the capital adequacy standard ratio calculation is calculated after deducting the values to be deducted from the equity from the total capital and supplementary capital. The main difference between the “Equity” in the balance sheet and the equity calculated within the scope of the Regulation arises from the stage1 and stage2 expected credit loss allowances in the Tier II capital, and the subordinated debt instruments included in the su Tier II capital capital. In addition, within the scope of the BRSA’s Board Decision dated December 21, 2021, in case the net valuation differences of the securities in the portfolio of “Securities at Fair Value through Other Comprehensive Income” as of December 21, 2021 are negative, these differences may not taken into account in the calculated equity amount. 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. 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

<b>Details on Subordinated Liabilities:</b>				
Issuer	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	Türkiye Varlık Fonu
Unique identifier (CUSIP, ISIN etc.)	TRSTHAL2716	TRSTHAL62811	TRSTHAL92826	-
Governing Law(s) of the instrument	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA Legislation
<b>Regulatory treatment</b>				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated / consolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	1.000	1.950	2.980	13.807
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
Perpetual or dated	Dated	Dated	Dated	Perpetual
Original maturity date	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Issuer call subject to prior supervisory approval	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
<b>Coupons / dividends</b>				
Fixed or floating dividend/coupon	Floating Coupon Government Debt Security for 5 years +350 base points	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	-	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
<b>Convertible or non-convertible</b>				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
<b>Write-down feature</b>				
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 incompliance 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### II. EXPLANATIONS ON CREDIT RISK

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

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

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

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

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

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

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

The Bank's largest 100 and 200 cash loan customers compose 30,41% and 35,83% of the total cash loan portfolio, respectively.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

The Bank's largest 100 and 200 non-cash loan customers compose 41,82% and 52,69% of the total non-cash loan portfolio, respectively.

The Bank's largest 100 and 200 cash and non-cash loan customers represent 18,82% and 23,44% of the total "on and off balance sheet" assets, respectively.

Stage I and Stage II expected losses for credit risks of the Bank is TRY 10.488.846 (31 December 2020: TRY 5.583.058).

Exposure Categories:	Credit Risk Amount <sup>(1)</sup>	Current Period Average Risk Amount	Credit Risk Amount <sup>(1)</sup>	Prior Period Average Risk Amount
Conditional and unconditional exposures to central governments or central banks	262.977.997	206.075.933	190.998.990	149.674.233
Conditional and unconditional exposures to regional governments or local authorities	1.956.089	2.171.111	2.487.551	2.811.085
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	2.249.287	2.059.419	1.819.365	1.112.566
Conditional and unconditional exposures to multilateral development banks	358	16.501	25.119	36.069
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	4.365.503	4.742.401	6.255.886	5.784.488
Conditional and unconditional exposures to corporates	245.901.120	216.084.292	194.726.399	179.575.532
Conditional and unconditional retail exposures	163.497.801	148.848.852	140.427.761	122.093.638
Conditional and unconditional exposures secured by real estate property	111.048.694	100.166.259	93.926.112	83.930.576
Past due items	3.955.905	5.575.620	5.711.373	6.087.632
Items in regulatory high-risk categories	5.052.594	1.410.918	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Stock Investments	8.805.055	6.818.925	6.389.475	4.739.228
Other Receivables	26.079.388	22.040.660	22.407.015	21.724.204

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

# TÜRKİYE HALK BANKASI A.Ş.

## EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

### Profile of significant exposures in major regions:

Current Period	Risk Classification <sup>(1)</sup>												
	Conditional and unconditional exposures to central banks	Conditional and unconditional exposures to governments or local authorities	Conditional and unconditional exposures to regional bodies and non-commercial undertakings	Conditional and unconditional exposures to Banks	Conditional and unconditional exposures to Multilateral Development Brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to real estate property	Past due receivables	Stock Investments	Other Receivables	Total		
1. Domestic	262.977.973	1.956.089	2.249.287	358	2.009.620	245.595.396	163.486.467	110.870.047	3.955.863	5.049.925	-	260.652.113	824.216.238
2. European Union (EU) Countries <sup>(2)</sup>	12	-	-	-	1.147.058	245.157	6.876	12.290	27	404	-	-	1.411.824
3. OECD Countries <sup>(2)</sup>	-	-	-	-	399.408	-	50	1.457	4	-	-	-	400.919
4. Off-Shore Banking Regions	-	-	-	-	1.437	60.567	236	1.031	-	1.880	-	-	65.151
5. USA, Canada	4	-	-	-	132.879	-	1.394	46	-	280	-	-	134.603
6. Other Countries	8	-	-	-	675.101	-	2.778	163.823	11	105	-	-	856.001
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	8.805.055
<b>8. Unallocated Assets/Liabilities (3)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>262.977.997</b>	<b>1.956.089</b>	<b>2.249.287</b>	<b>358</b>	<b>4.365.503</b>	<b>245.901.120</b>	<b>163.497.801</b>	<b>111.048.694</b>	<b>3.955.905</b>	<b>5.052.594</b>	<b>8.805.055</b>	<b>26.079.388</b>	<b>835.889.791</b>
Prior Period													
1. Domestic	190.998.963	2.487.551	1.819.365	25.119	2.666.745	193.760.723	140.414.876	93.770.838	5.711.308	-	-	22.406.639	654.082.127
2. European Union (EU) Countries <sup>(2)</sup>	17	-	-	-	2.531.258	199.802	6.743	8.888	42	-	-	84	2.746.834
3. OECD Countries <sup>(2)</sup>	-	-	-	-	136.002	-	498	1.590	-	-	-	-	138.090
4. Off-Shore Banking Regions	-	-	-	-	298	47.562	10.20	-	-	-	-	-	48.880
5. USA, Canada	10	-	-	-	251.115	-	973	446	-	-	-	-	252.534
6. Other Countries	-	-	-	-	650.468	718.312	3.651	144.350	23	-	-	292	1.517.106
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	6.389.475
<b>8. Unallocated Assets/Liabilities (3)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>190.998.990</b>	<b>2.487.551</b>	<b>1.819.365</b>	<b>25.119</b>	<b>6.255.886</b>	<b>194.726.399</b>	<b>140.427.761</b>	<b>93.926.112</b>	<b>5.711.373</b>	-	-	<b>6.389.475</b>	<b>22.407.015</b>

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

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

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

# TÜRKİYE HALK BANKASI A.Ş.

## EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

### Profile of significant exposures by sectors:

Current Period	Risk Classification <sup>(1)</sup>												
	Conditional and unconditional exposures to governments or central banks	Conditional and unconditional exposures to regional administrative or local authorities	Conditional and unconditional exposures to non-commercial undertakings	Conditional and unconditional exposures to Banks	Conditional and unconditional exposures to Multilateral Development Brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to real estate property	Past due receivables	Stock Investments	Other Receivables	Total		
Agriculture	194.840	-	1.693	-	631.358	1.228.261	408.278	27.124	-	66	1.997.822	493.798	2.491.620
Farming and Stockbreeding	84.400	-	1.688	-	259.353	598.924	150.689	7.919	-	26	950.225	152.774	1.102.999
Forestry	66.938	-	5	-	87.832	564.587	223.644	10.881	-	37	802.875	151.049	953.924
Fishery	43.502	-	-	-	284.173	64.750	33.945	8.324	-	3	244.722	189.975	434.697
Manufacturing	10.289.979	-	59.391	-	92.015.603	24.464.838	21.803.529	10.310.994	-	536	93.786.221	55.868.749	149.654.970
Mining and Quarrying	204.352	-	59.391	-	4.608.624	377.233	332.837	23.466	-	22	1.886.596	3.659.938	5.546.534
Production	9.963.696	-	59.391	-	68.727.532	23.894.014	20.563.593	774.652	-	514	87.111.477	36.871.915	123.983.392
Electricity, Gas and Water	121.931	-	-	-	18.679.447	183.591	907.099	232.976	-	-	4.788.148	15.336.896	20.125.044
Construction	2.875.216	-	-	-	32.628.098	5.220.111	11.839.031	671.210	-	10	41.602.981	110.306.695	53.233.676
Services	160.888.652	19.27.388	2.187.041	358	3.597.441	76.280.934	84.743.594	34.834.845	1.451.529	-	10.018.269	470.595	96.451.205
Wholesale and Retail Trade	9.279.377	-	6.857	-	34.426.972	53.563.141	16.129.438	805.312	-	-	1.253	102.647.059	11.565.649
Accommodation and Dining	2.197.576	10	-	-	12.507.295	4.553.739	10.378.808	141.079	-	-	30	10.131.002	19.647.535
Transportation and Telecom	560.121	-	5	-	10.011.630	21.043.156	14,009.933	107.799	-	-	71	24,132.320	8,991.395
Financial Institutions	53.118	-	-	-	3,597,441	7,539,423	1,196,333	1,253	-	-	5,866	9,240,934	3,278,877
Real Estate and Rental Services	330.503	-	48	-	6,304,307	1,987,523	2,962,588	40,309	-	-	10	7,370,814	4,254,474
Professional Services	167.425	-	-	-	29	2,132,149	202,588	11,069	-	-	192	2,513,297	155
Educational Services	236.091	-	1,329,555	-	452,764	507,154	683,799	327,446	-	-	12	3,178,260	3,536,821
Health and Social Services	148,064,441	1,927,378	850,576	-	5,038,514	830,355	1,880,358	17,262	-	-	2,584	110,256,909	48,354,559
Other	887,293,310	28,701	1,162	-	768,062	44,345,127	47,850,987	42,163,011	774,948	5,052,594	8,805,055	26,068,758	153,330,992
<b>Total</b>	<b>262.977.997</b>	<b>1.956.089</b>	<b>2.249.287</b>	<b>358</b>	<b>4.365.503</b>	<b>245.901.120</b>	<b>163.497.801</b>	<b>111.048.694</b>	<b>3.955.905</b>	<b>5.052.594</b>	<b>8.805.055</b>	<b>26.079.388</b>	<b>835.889.791</b>

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



# TÜRKİYE HALK BANKASI A.Ş.

## EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

### Profile of significant exposures by sectors

Prior Period	Risk Classifications <sup>(1)</sup>												FC	Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments	Other Receivables	TRY		
Agriculture	300.091	-	1.314	-	571.226	851.555	222.575	28.789	-	19.1570	19.22.107	245.013	2.167.120	
Farming and Stockbreeding	129.371	-	1.313	-	260.439	420.899	119.594	9.691	-	119.739	9.44.322	116.724	1.061.046	
Forestry	99.382	-	1	-	38.726	388.437	76.029	9.150	-	7.1827	676.940	6.612	683.552	
Fishery	71.338	-	-	-	272.061	42.219	26.952	9.948	-	4	300.845	121.677	422.522	
Manufacturing	16.029.929	-	24.989	12.294	72.711.202	17.604.190	18.133.801	1.808.543	-	45.930	831.282.860	43.615.598	126.743.878	
Mining and Quarrying	331.183	-	-	172	3.699.242	250.040	295.373	28.556	-	22	1.931.111	3.073.477	4.604.588	
Production	16.029.615	-	24.989	12.122	53.429.628	17.224.835	17.034.129	1.862.047	-	45.908	76.798.104	38.202.169	103.032.72	
Electricity, Gas and Water	202.131	-	-	-	15.582.332	129.315	804.299	317.540	-	-	4.799.965	12.256.952	17.036.017	
Construction	4.345.495	-	-	9.093	23.335.047	3.508.545	8.368.073	1.786.801	-	93.398	32.396.694	9.049.758	41.446.452	
Services	107.767.299	2.429.705	1.792.305	3.517	91.542.810	68.231.803	29.570.684	2.010.189	-	2.886.855	216.596.473	94.739.100	311.335.573	
Wholesale and Retail Trade	14.751.065	107	2.554	2.352	24.287.290	40.666.745	12.416.145	1.047.561	-	16.463	85.974.865	7.215.917	93.190.282	
Accommodation and Dining	2.417.068	10	-	-	9.912.455	3.920.248	8.622.706	19.113	-	95	9.274.003	15.789.693	25.063.696	
Transportation and Telecom.	862.094	-	4	38	9.767.522	17.188.047	1.127.121	102.999	-	539	20.312.135	8.736.229	29.048.364	
Financial Institutions	862.679	-	9	1127	7.253.496	96.457	4.003.828	597.454	-	6.699	8.945.307	5.261.459	14.206.766	
Real Estate and Rental Services	1.097.033	-	87	-	37.739.360	3.514.492	4.003.828	597.454	-	110.684	14.964.621	31.539.444	46.504.065	
Professional Services	26.664.5	-	-	-	48	1.847.216	184.868	4.166	-	407	2.303.228	122	2.303.350	
Educational Services	346.566	-	-	-	427.765	386.040	637.050	33.817	-	11	2.357.302	610.404	2.967.706	
Health and Social Services	87.161.149	2.429.588	652.214	-	2.714.854	613.557	1.693.328	31.697	-	2.751.957	72.465.512	25.585.832	98.051.344	
Other	61.983.176	57.846	757	215	1.155.480	6.566.114	3.763.979	277.051	-	6.389.475	19.189.262	124.878.030	58.603.993	
<b>Total</b>	<b>190.998.990</b>	<b>2.497.551</b>	<b>1.819.365</b>	<b>25.119</b>	<b>6.255.866</b>	<b>194.726.399</b>	<b>140.427.761</b>	<b>93.826.112</b>	<b>5.711.373</b>	<b>6.389.475</b>	<b>22.407.015</b>	<b>458.921.584</b>	<b>206.235.462</b>	

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

# TÜRKİYE HALK BANKASI A.Ş.

## EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

### Analysis of maturity-bearing exposures according to remaining maturities<sup>(1)</sup>:

Current Period Exposure Categories	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
1. Conditional and unconditional exposures to central governments or central banks	87.951.370	3.704.591	3.575.482	3.685.821	164.060.733
2. Conditional and unconditional exposures to regional governments or local authorities	40.971	17.623	18.242	96.410	1.782.843
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	206.536	97.061	41.333	157.464	1.746.893
4. Conditional and unconditional exposures to Multilateral Development Banks	358	-	-	-	-
5. Conditional and unconditional exposures to banks and brokerage houses	3.733.967	119.834	15.422	190.059	306.221
6. Conditional and unconditional exposures to corporates	27.256.564	16.868.519	19.940.501	44.808.072	137.027.464
7. Conditional and unconditional retail exposures	21.619.469	3.942.151	6.726.681	22.302.010	108.907.490
8. Conditional and unconditional exposures secured by real estate property	6.273.531	2.731.220	4.910.123	16.487.531	80.646.289
9. Past due items	3.927.948	65	27	173	27.692
10. Items in Regulatory High-Risk Categories	16	44	34	135.547	4.916.953
11. Stock Investments	8.805.055	-	-	-	-
12. Other Receivables	26.070.974	30	2.387	4.550	1.447
<b>Total</b>	<b>185.886.759</b>	<b>27.481.138</b>	<b>35.230.232</b>	<b>87.867.637</b>	<b>499.424.025</b>

<sup>(1)</sup> Includes risk amounts after the effect of credit risk mitigation and after the credit conversions.

Prior Period Exposure Categories	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
1. Conditional and unconditional exposures to central governments or central banks	58.155.999	2.898.457	3.884.004	3.777.154	122.283.376
2. Conditional and unconditional exposures to regional governments or local authorities	39.761	24.177	14.905	142.068	2.266.640
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	118.707	64.206	11.396	122.869	1.502.187
4. Conditional and unconditional exposures to Multilateral Development Banks	408	150	4.377	5.813	14.371
5. Conditional and unconditional exposures to banks and brokerage houses	4.039.611	60.663	466.714	33.145	1.655.753
6. Conditional and unconditional exposures to corporates	22.608.260	12.693.537	11.446.823	30.658.730	117.319.049
7. Conditional and unconditional retail exposures	15.513.485	2.969.760	4.775.864	12.158.371	105.010.281
8. Conditional and unconditional exposures secured by real estate property	4.194.330	2.104.435	2.573.258	8.134.840	76.919.249
9. Past due items	5.711.373	-	-	-	-
10. Items in Regulatory High-Risk Categories	-	-	-	-	-
11. Stock Investments	6.389.475	-	-	-	-
12. Other Receivables	18.987.356	48	71	208.312	3.211.228
<b>Total</b>	<b>135.758.765</b>	<b>20.815.433</b>	<b>23.177.412</b>	<b>55.241.302</b>	<b>430.182.134</b>

<sup>(1)</sup> Includes risk amounts after the effect of credit risk mitigation and after the credit conversions.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

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

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

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

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

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

The national long-term local currency ratings given by JCR-Euroasia are used to determine the risk weights of companies in the corporate receivables category that have Turkish Lira.

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

Credit Quality Grade	Credit Quality Grade and Rating Matching Table										
	IIRA		Fitch					JCR Euroasia			
	Rating	Exposures to Central Governments or Central Banks	Exposures to administrative bodies and other non-commercial undertakings		Other Public Institutions and Organizations	Exposures to Banks and Brokerage Houses		Exposures to Corporates	Rating	Exposures to Corporates (TRY)	
1			AAA AA+ AA AA- A+ A A-	0%		AAA AA+ AA AA- A+ A A-	0%				20%
2	BBB+ BBB BBB- BB+ BB BB- B+ B B- CCC+ CCC CC C D	20%	BBB+ BBB BBB- BB+ BB BB- B+ B B- CCC+ CCC CC C D	20%	50%	Exposures with Original Maturities Less Than 90 Days	20%	50%	50%	BBB+ BBB BBB- BB+ BB BB- B+ B B- CCC+ CCC CC C D	50%
3	AAA AA+ AA AA- A+ A A-	50%	AAA AA+ AA AA- A+ A A-	50%	100%	Exposures with Original Maturities Less Than 90 Days	20%	50%	100%	BBB+ BBB BBB- BB+ BB BB- B+ B B- CCC+ CCC CC C D	100%
4	AAA AA+ AA AA- A+ A A-	100%	AAA AA+ AA AA- A+ A A-	100%	100%	Exposures with Original Maturities Less Than 90 Days	50%	100%	100%	BBB+ BBB BBB- BB+ BB BB- B+ B B- CCC+ CCC CC C D	100%
5	AAA AA+ AA AA- A+ A A-	100%	AAA AA+ AA AA- A+ A A-	100%	100%	Exposures with Original Maturities Less Than 90 Days	50%	100%	150%	BBB+ BBB BBB- BB+ BB BB- B+ B B- CCC+ CCC CC C D	150%
6	AAA AA+ AA AA- A+ A A-	150%	AAA AA+ AA AA- A+ A A-	150%	150%	Exposures with Original Maturities Less Than 90 Days	150%	150%	150%	BBB+ BBB BBB- BB+ BB BB- B+ B B- CCC+ CCC CC C D	150%

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

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
TURKEY	412.114.768	-	412.114.768
CYPRUS	788.757	-	788.757
MALTA	245.137	-	245.137
KYRGYZSTAN	79.076	-	79.076
MARSHALL ISLANDS	60.223	-	60.223
OTHER(*)	761	-	761

\* Risk-Weighted Assets below TRY 5.000 are grouped under other headings.

#### Exposures by risk weights:

Current Period	Risk Weights											Deductions from Equity	
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	4%	
1. Exposures before Credit Risk Mitigation	247.261.679	-	10.165.649	-	13.632.050	305.271.284	351.234.927	5.809.701	-	839.243	-	-	9.926
2. Exposures after Credit Risk Mitigation	277.941.807	-	8.662.681	64.970.542	52.648.957	162.027.798	263.578.486	5.220.277	-	839.243	-	-	9.926
Prior Period	Risk Weights											Deductions from Equity	
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	4%	
1. Exposures before Credit Risk Mitigation	155.633.165	-	4.772.527	-	7.619.303	238.980.710	267.412.036	509.154	-	605.354	1.275	-	4.298
2. Exposures after Credit Risk Mitigation	204.408.232	-	4.772.527	56.545.200	39.677.097	140.589.010	218.125.450	450.901	-	605.354	1.275	-	4.298

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**Information by major sectors and type of counterparties:**

Current Period	Credits		
	Significant Increase in Credit Risk (Stage II) <sup>(1)</sup>	Credit – Impaired Losses (Stage III) <sup>(2)</sup>	Expected Credit Loss (TFRS 9) <sup>(3)</sup>
<b>Major Sectors /Counterparties</b>			
<b>Agriculture</b>	<b>371.211</b>	<b>115.598</b>	<b>144.751</b>
Farming and Stockbreeding	367.524	86.746	123.502
Forestry	1.230	510	552
Fishery	2.457	28.342	20.697
<b>Manufacturing</b>	<b>12.434.210</b>	<b>3.840.986</b>	<b>4.462.011</b>
Mining and Quarrying	72.667	194.660	165.860
Production	5.367.316	3.126.352	2.983.915
Electricity, Gas and Water	6.994.227	519.974	1.312.236
<b>Construction</b>	<b>4.689.186</b>	<b>3.168.045</b>	<b>3.651.655</b>
<b>Services</b>	<b>23.531.574</b>	<b>5.216.975</b>	<b>7.485.879</b>
Wholesale and Retail Trade	5.249.857	2.933.134	2.727.751
Accommodation and Dining	11.022.954	495.356	2.468.158
Transportation and Telecommunication	750.465	245.710	194.795
Financial Institutions	306.177	9.878	128.512
Real Estate and Rental Services	5.490.101	988.848	1.517.926
Professional Services	96.527	15.901	14.723
Educational Services	250.013	430.222	276.900
Health and Social Services	365.480	97.926	157.114
<b>Other</b>	<b>3.738.732</b>	<b>1.975.218</b>	<b>1.315.506</b>
<b>Total</b>	<b>44.764.913</b>	<b>14.316.822</b>	<b>17.059.802</b>

<sup>(1)</sup> Income accruals amounting to TRY 2.202.624 are not included in the table.<sup>(2)</sup> Income accruals amounting to TRY 1.980.360 are not included in the table.<sup>(3)</sup> The provision for accruals of stage three loans amounting to TRY 1.573.013 and the provision for accruals of stage two loans amounting to TRY 83.467 are not included in the table.

Prior Period	Credits		
	Significant Increase in Credit Risk (Stage II) <sup>(1)</sup>	Credit – Impaired Losses (Stage III) <sup>(2)</sup>	Expected Credit Loss (TFRS 9) <sup>(3)</sup>
<b>Major Sectors /Counterparties</b>			
<b>Agriculture</b>	<b>264.649</b>	<b>112.441</b>	<b>139.170</b>
Farming and Stockbreeding	255.784	84.361	119.720
Forestry	670	459	484
Fishery	8.195	27.621	18.966
<b>Manufacturing</b>	<b>8.535.878</b>	<b>5.195.136</b>	<b>4.385.759</b>
Mining and Quarrying	75.786	188.147	155.357
Production	3.908.378	4.463.067	3.506.005
Electricity, Gas and Water	4.551.714	543.922	724.397
<b>Construction</b>	<b>4.712.383</b>	<b>3.061.414</b>	<b>1.946.817</b>
<b>Services</b>	<b>18.374.864</b>	<b>5.282.493</b>	<b>5.119.887</b>
Wholesale and Retail Trade	4.707.806	2.921.974	2.314.323
Accommodation and Dining	6.153.667	584.237	893.538
Transportation and Telecommunication	464.061	221.995	151.229
Financial Institutions	548.796	9.070	96.182
Real Estate and Rental Services	6.138.164	986.770	1.141.788
Professional Services	51.947	10.451	10.132
Educational Services	84.500	433.084	406.993
Health and Social Services	225.923	114.912	105.702
<b>Other</b>	<b>4.079.849</b>	<b>1.080.902</b>	<b>1.120.191</b>
<b>Total</b>	<b>35.967.623</b>	<b>14.732.386</b>	<b>12.711.824</b>

<sup>(1)</sup> Income accruals amounting to TRY 1.785.069 are not included in the table.<sup>(2)</sup> Income accruals amounting to TRY 2.185.408 are not included in the table.<sup>(3)</sup> The provision for accruals of stage three loans amounting to TRY 1.508.764 and the provision for accruals of stage two loans amounting to TRY 147.070 are not included in the table.**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**Movements in value adjustments and provisions:**

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage III expected credit loss	11.049.150	4.039.729	(3.214.513)	-	11.874.366
2. Stage I and Stage II expected credit loss	5.583.058	7.272.561	(2.366.773)	-	10.488.846
<b>Prior Period</b>	<b>Opening Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Other Adjustments</b>	<b>Closing Balance</b>
1. Stage III expected credit loss	8.882.662	3.521.415	(1.354.927)	-	11.049.150
2. Stage I and Stage II expected credit loss	2.519.002	3.100.833	(36.777)	-	5.583.058

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

Collateral Types	Net Value of Collateral Current Period <sup>(1)</sup>
Real estate mortgage	8.455.446
Salary pledge, vehicle pledge, pledge of commercial undertaking	414.838
CGF	3.122.178
Cheque / bills	81.677
Sureties	23.648.633
Other <sup>(2)</sup>	9.042.141
<b>Total</b>	<b>44.764.913</b>

<sup>(1)</sup> Income accruals amounting TRY 2.202.624 are not included in the table.<sup>(2)</sup> Comprised of share certificates, blockage on receivables, uncollateralized etc.

Collateral Types	Net Value of Collateral Prior Period <sup>(1)</sup>
Real estate mortgage	8.794.443
Salary pledge, vehicle pledge, pledge of commercial undertaking	343.278
CGF	2.814.323
Cheque / bills	74.687
Sureties	16.347.357
Other <sup>(2)</sup>	7.593.535
<b>Total</b>	<b>35.967.623</b>

<sup>(1)</sup> Income accruals amounting to TRY 1.785.069 are not included in the table.<sup>(2)</sup> Comprised of share certificates, blockage on receivables, uncollateralized etc.

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

Collateral Types	Net Value of Collateral Prior Period <sup>(2)</sup>
Cash	11.028
Mortgage	2.895.781
Pledge	145.563
Cheque / bills	369
Sureties	7.508.954
Other <sup>(1)</sup>	3.755.127
<b>Total</b>	<b>14.316.822</b>

<sup>(1)</sup> Comprised of share certificates, blockage on receivables, uncollateralized etc.<sup>(2)</sup> Income accruals amounting to TRY 1.980.360 are not included in the table.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

Collateral Types	Net Value of Collateral Prior Period <sup>(2)</sup>
Cash	5.324
Mortgage	3.487.992
Pledge	403.656
Cheque / bills	430
Sureties	7.838.793
Other <sup>(1)</sup>	2.996.191
<b>Total</b>	<b>14.732.386</b>

<sup>(1)</sup> Comprised of share certificates, blockage on receivables and salaries, uncollateralized, etc.<sup>(2)</sup> Income accruals amounting to TRY 2.185.408 are not included in the table.**III. EXPLANATIONS ON CURRENCY RISK**

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

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

Announced current foreign exchange buying rates of the Bank as at financial statement date and the previous five working days in full TRY are as follows:

	24.12.2021	27.12.2021	28.12.2021	29.12.2021	30.12.2021	31.12.2021
USD	11,6000000	11,3182000	11,7550000	12,5388000	12,9750000	13,5165000
CHF	12,6035000	12,2973000	12,7942000	13,6778000	14,1714000	14,7880000
GBP	15,5265000	15,1815000	15,7862000	16,8500000	17,4990000	18,2455000
JPY	0,1011076	0,0983419	0,1020660	0,1088716	0,1123557	0,1170854
EUR	13,1324000	12,8122000	13,2973000	14,2096000	14,6968000	15,3412000

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before the financial statement date are as follows:

	Monthly Average Buying Rate of Exchange
USD	13,5516000
CHF	14,7000261
GBP	18,0191130
JPY	0,1186376
EUR	15,3216043

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**Information related to currency risk:**

Current Period	EUR	USD	OTHER FC	TOTAL
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	47.311.031	50.296.907	6.302.716	103.910.654
Banks	1.690.075	573.001	926.752	3.189.828
Financial assets at fair value through profit and loss	-	725	-	725
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	6.328.994	19.631.870	-	25.960.864
Loans <sup>(2)</sup>	85.675.501	60.900.576	2.180.266	148.756.343
Subsidiaries, associates and entities under common control (joint ventures)	1.218.924	-	4.585.604	5.804.528
Financial assets measured at amortised cost <sup>(5)</sup>	15.591.892	27.131.253	12.233.685	54.956.830
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	378	378
Intangible assets	-	-	-	-
Other assets <sup>(3)</sup>	116.114	886.012	637	1.002.763
<b>Total assets</b>	<b>157.932.531</b>	<b>159.420.344</b>	<b>26.230.038</b>	<b>343.582.913</b>

Liabilities	EUR	USD	OTHER FC	TOTAL
Bank deposits	30.601.222	6.304.185	2.533.513	39.438.920
Foreign currency deposits	121.476.176	168.349.195	36.800.466	326.625.837
Money market balances	-	2.644.672	-	2.644.672
Funds provided from other financial institutions	7.418.295	5.628.523	-	13.046.818
Bonds issued	-	-	-	-
Sundry creditors	40.932	1.091.756	552	1.133.240
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities <sup>(3)</sup>	16.042.165	1.168.959	141.475	17.352.599
<b>Total liabilities</b>	<b>175.578.790</b>	<b>185.187.290</b>	<b>39.476.006</b>	<b>400.242.086</b>

**Net balance sheet position** (17.646.259) (25.766.946) (13.245.968) (56.659.173)

Net off-balance sheet position	EUR	USD	OTHER FC	TOTAL
Financial derivative assets <sup>(4)</sup>	19.120.011	34.712.221	27.384.630	81.216.862
Financial derivative liabilities <sup>(4)</sup>	4.395.619	10.701.456	9.460.663	24.557.738
Non-cash loans <sup>(1)</sup>	62.257.794	42.338.922	4.316.024	108.912.740

Prior period	EUR	USD	OTHER FC	TOTAL
Total assets	84.478.476	97.255.975	23.339.454	205.073.905
Total liabilities	91.333.160	108.979.609	24.380.582	224.693.351
<b>Net balance sheet position</b>	<b>(6.854.684)</b>	<b>(11.723.634)</b>	<b>(1.041.128)</b>	<b>(19.619.446)</b>

Net off-balance sheet position	EUR	USD	OTHER FC	TOTAL
Financial derivative assets	7.325.960	14.550.855	4.749.937	26.626.752
Financial derivative liabilities	1.063.207	5.248.540	3.377.841	9.689.588
Non-cash loans <sup>(1)</sup>	36.659.770	19.919.355	2.695.428	59.274.553

<sup>(1)</sup> Non-cash loans are not included in the off-balance sheet position items.<sup>(2)</sup> Includes TRY 14.553 of foreign currency indexed loans and their accruals. (31 December 2020: TRY 45.321)<sup>(3)</sup> In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Foreign currency intangible assets, prepaid expenses, derivative financial instruments foreign currency income discounts, equity and derivative financial instruments foreign currency expense discounts in liabilities are not taken into consideration in the currency risk measurement.<sup>(4)</sup> Financial derivative assets include forward precious metal purchase transactions amounted to TRY 2.662.154 and swap precious metal purchase transactions amounted to TRY 20.706.499. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 7.576.901 Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.<sup>(5)</sup> Includes gold indexed bonds.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### IV. EXPLANATIONS ON INTEREST RATE RISK

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

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	15.896.619	-	-	-	-	107.527.716	123.424.335
Banks	1.066.303	181.023	-	-	-	2.286.939	3.534.265
Financial assets at fair value through profit and loss	9.964	26.706	86.529	373	395	25.014.709	25.138.676
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	9.540.354	7.007.086	17.200.740	29.253.506	1.740.458	566.189	65.308.333
Loans	99.102.254	139.648.744	125.206.672	97.673.172	52.772.187	25.184.999	539.588.028
Financial assets measured at amortised cost	27.899.732	14.938.562	22.718.709	33.161.900	34.134.791	-	132.853.694
Other assets <sup>(4)</sup>	8.989.776	3.799	7.807	63.104	65.432	2.239.344	11.369.262
<b>Total assets</b>	<b>162.505.002</b>	<b>161.805.920</b>	<b>165.220.457</b>	<b>160.152.055</b>	<b>88.713.263</b>	<b>162.819.896</b>	<b>901.216.593</b>
<b>Liabilities</b>							
Bank deposits	33.012.352	2.215.041	73.419	-	-	28.358.547	63.659.359
Other deposits	295.687.615	99.795.645	24.053.594	558.433	-	142.149.825	562.245.112
Money market balances	136.989.961	1.351.650	676.861	-	-	151.531	139.170.003
Miscellaneous payables	5.231.921	-	-	-	-	6.632.799	11.864.720
Bonds issued	2.044.000	3.334.000	-	1.000.000	-	35.302	6.413.302
Funds provided from other financial institutions <sup>(3)</sup>	286.538	6.924.408	2.554.766	2.922.025	781.320	76.283	13.545.340
Other liabilities <sup>(2)</sup>	1.000.000	-	24.869.108	13.807.080	4.929.795	59.712.774	104.318.757
<b>Total liabilities</b>	<b>474.252.387</b>	<b>113.620.744</b>	<b>52.227.748</b>	<b>18.287.538</b>	<b>5.711.115</b>	<b>237.117.061</b>	<b>901.216.593</b>
Balance sheet long position	-	48.185.176	112.992.709	141.864.517	83.002.148	-	386.044.550
Balance sheet short position	(311.747.385)	-	-	-	-	(74.297.165)	(386.044.550)
Off-balance sheet long position	70.376.213	7.426.570	14.609.201	1.519.795	9.246.541	-	103.178.320
Off-balance sheet short position	(63.310.766)	(8.167.529)	(14.702.247)	(1.519.795)	(9.246.541)	-	(96.946.878)
<b>Total position</b>	<b>(304.681.938)</b>	<b>47.444.217</b>	<b>112.899.663</b>	<b>141.864.517</b>	<b>83.002.148</b>	<b>(74.297.165)</b>	<b>6.231.442</b>

<sup>(1)</sup> TRY 157.394 of net deferred tax assets is disclosed under the non-bearing interest column in other assets.

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	6.746.564	-	-	-	-	56.729.655	63.476.219
Banks	1.365.610	-	-	-	-	1.189.966	2.555.576
Financial assets at fair value through profit and loss	-	3	31.047	998	248	15.645.225	15.677.521
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	4.610.223	13.672.230	24.746.697	13.783.850	1.633.588	454.542	58.901.130
Loans	65.965.653	88.121.057	126.945.155	112.472.087	30.883.227	25.358.036	449.745.215
Financial assets measured at amortised cost	398.529	29.081.839	7.125.477	16.984.428	31.030.758	-	84.621.031
Other assets <sup>(4)</sup>	2.557	3.514	7.982	22.707	-	5.012.643	5.049.403
<b>Total assets</b>	<b>79.089.136</b>	<b>130.878.643</b>	<b>158.856.358</b>	<b>143.264.070</b>	<b>63.547.821</b>	<b>104.390.067</b>	<b>680.026.095</b>
<b>Liabilities</b>							
Bank deposits	21.151.261	4.168.538	-	-	-	9.661.988	34.981.787
Other deposits	239.070.343	86.949.641	15.745.027	591.030	-	79.948.467	422.304.508
Money market balances	103.086.844	740.000	-	-	-	129.576	103.956.420
Miscellaneous payables	4.446.355	-	-	-	-	4.496.131	8.942.486
Bonds issued	647.000	7.081.452	4.280.000	1.000.000	-	186.227	13.194.679
Funds provided from other financial institutions <sup>(3)</sup>	284.731	4.807.253	2.332.423	2.212.957	700.215	49.420	10.386.999
Other liabilities <sup>(1)(2)</sup>	1.000.000	-	15.499.625	8.175.150	4.929.795	56.654.646	86.259.216
<b>Total liabilities</b>	<b>369.686.534</b>	<b>103.746.884</b>	<b>37.857.075</b>	<b>11.979.137</b>	<b>5.630.010</b>	<b>151.126.455</b>	<b>680.026.095</b>
Balance sheet long position	-	27.131.759	120.999.283	131.284.933	57.917.811	-	337.333.786
Balance sheet short position	(290.597.398)	-	-	-	-	(46.736.388)	(337.333.786)
Off-balance sheet long position	16.716.872	9.555.803	6.740.958	243.667	5.940.341	-	39.197.641
Off-balance sheet short position	(16.039.228)	(7.691.802)	(7.051.134)	(883.737)	(5.940.341)	-	(37.606.242)
<b>Total position</b>	<b>(289.919.754)</b>	<b>28.995.760</b>	<b>120.689.107</b>	<b>130.644.863</b>	<b>57.917.811</b>	<b>(46.736.388)</b>	<b>1.591.399</b>

#### Liabilities

Bank deposits	21.151.261	4.168.538	-	-	-	9.661.988	34.981.787
Other deposits	239.070.343	86.949.641	15.745.027	591.030	-	79.948.467	422.304.508
Money market balances	103.086.844	740.000	-	-	-	129.576	103.956.420
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Bonds issued	647.000	7.081.452	4.280.000	1.000.000	-	186.227	13.194.679
Funds provided from other financial institutions <sup>(3)</sup>	284.731	4.807.253	2.332.423	2.212.957	700.215	49.420	10.386.999
Other liabilities <sup>(1)(2)</sup>	1.000.000	-	15.499.625	8.175.150	4.929.795	56.654.646	86.259.216
<b>Total liabilities</b>	<b>369.686.534</b>	<b>103.746.884</b>	<b>37.857.075</b>	<b>11.979.137</b>	<b>5.630.010</b>	<b>151.126.455</b>	<b>680.026.095</b>

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<b>Total position</b>	<b>(289.919.754)</b>	<b>28.995.760</b>	<b>120.689.107</b>	<b>130.644.863</b>	<b>57.917.811</b>	<b>(46.736.388)</b>	<b>1.591.399</b>

<sup>(1)</sup> TRY 331.752 of net deferred tax liability is disclosed under the non-bearing interest column in other liabilities.

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

Current Period	EUR	USD	JPY	TRY
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT <sup>(5)</sup>	-	-	-	8,50
Due from banks <sup>(1)</sup>	1,05	0,50	-	15,66
Financial assets at fair value through profit and loss <sup>(6)</sup>	-	6,95	-	16,55
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,01	3,37	-	19,71
Loans <sup>(2)</sup>	4,89	5,62	-	15,14
Financial assets measured at amortised cost	4,76	5,97	-	24,19
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,13	0,87	-	17,05
Other deposits <sup>(4)</sup>	0,38	1,00	-	13,82
Money market borrowings	-	4,19	-	14,04
Miscellaneous payables <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	-	-	15,03
Funds provided from other financial institutions	0,88	1,35	-	15,87

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

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

<sup>(3)</sup> Declared TRY deposits interest rate with a maturity of twelve months as of 31 December 2021.

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

<sup>(5)</sup> Average interest rates for reserve requirements of the CBRT as of the balance sheet date.

<sup>(6)</sup> Borrowed securities are not included in the average interest rate calculation.

Prior Period	EUR	USD	JPY	TRY
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT <sup>(5)</sup>	-	-	-	12,00
Due from banks <sup>(1)</sup>	0,19	0,75	-	15,80
Financial assets at fair value through profit and loss <sup>(6)</sup>	1,56	4,12	-	8,92
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	2,28	2,94	-	13,84
Loans <sup>(2)</sup>	5,11	5,98	-	11,31
Financial assets measured at amortised cost	4,87	5,62	-	17,56
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,94	1,61	-	17,42
Other deposits <sup>(4)</sup>	0,99	2,40	0,01	14,05
Money market borrowings	-	5,11	-	17,40
Miscellaneous payables <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	4,75	-	14,11
Funds provided from other financial institutions	0,92	1,54	-	10,70

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

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

<sup>(3)</sup> Declared TRY deposits interest rate with a maturity of twelve months as of 31 December 2020.

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

<sup>(5)</sup> Average interest rates for reserve requirements of the CBRT as of the balance sheet date.

<sup>(6)</sup> Borrowed securities are not included in the average interest rate calculation.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

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

As part of the measures taken against the Covid-19 pandemic which occurred in 2020, banks have been exempted from the obligations to meet 20% legal limit regarding the IRRBB ratio until 31 December 2020 with the resolution numbered 8998 dated 16 April 2020 by BRSA. Mentioned exemption has been terminated as of 31 December 2020 with the resolution numbered 9312 dated 8 December 2020.

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

Current Period		Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity -Losses/ Shareholders' Equities
1	TRY	500	(6.403.406)	(%9,27)
		(400)	6.092.718	%8,82
2	EUR*	200	2.488.313	%3,60
		(200)	(3.672.243)	(%5,31)
3	USD	200	(3.359.452)	(%4,86)
		(200)	4.467.812	%6,47
<b>Total (For negative shocks)</b>			<b>6.888.287</b>	<b>%9,97</b>
<b>Total (For positive shocks)</b>			<b>(7.274.545)</b>	<b>(%10,53)</b>
Prior Period		Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity -Losses/ Shareholders' Equities
1	TRY	500	(11.814.957)	(%19,34)
		(400)	11.722.450	%19,19
2	EUR*	200	2.798.078	%4,58
		(200)	(4.088.887)	(%6,69)
3	USD	200	(2.050.333)	(%3,36)
		(200)	2.830.762	%4,63
<b>Total (For negative shocks)</b>			<b>10.464.325</b>	<b>%17,13</b>
<b>Total (For positive shocks)</b>			<b>(11.067.212)</b>	<b>(%18,12)</b>

<sup>(\*)</sup> Other currencies are shown under EUR.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### IV. EXPLANATIONS ON POSITION RISK OF SHARES

Information about position risk of shares:

Equities	Carrying Value	Comparison		Capital Requirements
		Fair Value Change <sup>(2)</sup>	Market Value	
Investment in Shares-Grade A	1.710.255	1.710.255	1.710.255	136.820
Quoted Securities <sup>(1)</sup>	1.710.255	1.710.255	1.710.255	136.820
Investment in Shares-Grade B	-	-	-	-
Quoted Securities	-	-	-	-
Investment in Shares-Grade C	-	-	-	-
Quoted Securities	-	-	-	-
Investment in Shares- Grade D	-	-	-	-
Other	7.444.279	7.174.333	-	743.195

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

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

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

Portfolio	Realized gains/ losses in the current period	Realized gains/ losses in the current period		Unrealized gains and losses		
		Total	Included To Total Core Capital	Total	Included To Total Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted on a stock exchange <sup>(1)</sup>	-	976.156	976.156	-	-	-
3. Other share certificates	-	2.093.468	2.093.468	-	-	-
<b>Total</b>	<b>-</b>	<b>3.069.624</b>	<b>3.069.624</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### IV. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

The liquidity risks of the Bank are managed within the framework of risk and transaction limits approved by the Board of Directors, and the written duties and responsibilities of the units related to liquidity risk management is established. On the other hand, for 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 (gap analysis, core deposit reports, etc.) are conducted on a daily 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.

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 and Liquidity Risk Committee have been established.

The extension of the maturity structure of term deposits which reflects the primary funding source for the Bank, the development of new products encouraging savings and the protection of core deposit levels have been implemented as a strategic objective. Limits have been determined for issuing bonds based on Turkish Lira to provide long term funding resource for the purposes of extending maturity structure of liabilities besides deposits.

For the purposes of utilizing advantage of the new borrowing facilities in line with the needs of the Bank, alternative funding resources are evaluated in parallel with the close monitoring of price/cost movements in international capital markets and with convenient conditions. Adequate liquidity buffer is maintained by the Bank to meet its intraday liquidity and short-term liquidity needs.

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.

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, it 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

As part of the important developments regarding liquidity risk; the Parent Bank's loan volume has increased significantly with the loan support provided to customers during the Covid-19 outbreak, and loan payment deferral opportunities has been offered to loan customers. Within this scope, the Parent Bank has taken measures to reduce liquidity risks and to provide the necessary liquidity buffer by effectively using the necessary deposit and fund resources.

High quality liquid assets are composed of 55,67% accounts held by the CBRT and the Central Banks of the foreign branches, 41,30% securities considered as high quality liquid assets and 3,03% 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. 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 852.650.

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.

Early warning levels and limits related to the liquidity coverage ratio and the liquidity metrics determined within the scope of the "Liquidity Emergency Action Plan" of the Bank are calculated on a daily basis and the changes in these ratios are reported to the Bank's Audit Committee, Asset-Liability Committee and related business units regularly. Additionally the metrics related to the liquidity status and liquidity risk are regularly evaluated by the Liquidity Risk Committee.

The Bank's minimum and maximum FC and TRY+FC liquidity coverage ratios calculated based on weekly 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	(%)
Maximum	08.11.2021 - 14.11.2021	510,41	13.12.2021 - 19.12.2021	148,69
Minimum	27.12.2021 - 02.01.2022	219,82	20.12.2021 - 26.12.2021	117,46

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### Liquidity Coverage Ratio:

Current Period	Total Unweighted Value (average) <sup>(1)</sup>		Total Weighted Value (average) <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			174.645.804	101.799.881
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	304.650.469	158.714.984	27.986.033	15.871.498
Stable Deposits	49.580.283	-	2.479.014	-
Less Stable Deposits	255.070.186	158.714.984	25.507.019	15.871.498
Unsecured wholesale funding, of which;	234.232.795	131.629.429	110.939.712	54.420.632
Operational Deposits	46.006.459	24.300.157	11.501.615	6.075.039
Non-operational Deposits	170.264.042	103.636.852	83.195.300	44.909.875
Other Unsecured Funding	17.962.294	3.692.420	16.242.797	3.435.718
Secured Funding			-	-
Other cash outflows, of which	10.060.916	6.522.188	6.934.997	4.621.687
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.057.409	1.882.014	2.057.409	1.882.014
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.003.507	4.640.174	4.877.588	2.739.673
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	193.545.852	84.351.714	13.867.294	6.096.305
<b>Total Cash Outflows</b>			<b>159.728.036</b>	<b>81.010.122</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	46.424.384	16.077.879	32.016.742	14.277.301
Other Cash Inflows	1.959.914	37.899.273	1.959.914	37.899.273
<b>Total Cash Inflows</b>	<b>48.384.298</b>	<b>53.977.152</b>	<b>33.976.656</b>	<b>52.176.574</b>
			<b>Total Adjusted Value</b>	
<b>Total HQLA Stock</b>			<b>174.645.804</b>	<b>101.799.881</b>
<b>Total Net Cash Outflows</b>			<b>125.751.380</b>	<b>29.903.884</b>
<b>Liquidity Coverage Ratio</b>			<b>139,22%</b>	<b>387,10%</b>

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



**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

Prior Period	Total Unweighted Value (average) <sup>(1)</sup>		Total Weighted Value (average) <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			97.157.857	53.229.316
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	214.617.526	108.065.692	19.509.278	10.806.569
Stable Deposits	39.049.482	-	1.952.474	-
Less Stable Deposits	175.568.044	108.065.692	17.556.804	10.806.569
Unsecured wholesale funding , of which;	201.001.358	72.362.195	91.225.447	32.527.508
Operational Deposits	35.013.841	9.020.372	8.753.460	2.255.093
Non-operational Deposits	160.030.877	60.784.114	77.462.446	27.794.458
Other Unsecured Funding	5.956.640	2.557.709	5.009.541	2.477.957
Secured Funding			-	-
Other cash outflows, of which;	11.507.266	6.795.634	5.695.885	3.566.414
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	828.276	893.579	828.276	893.579
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	10.678.990	5.902.055	4.867.609	2.672.835
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	143.576.337	55.747.381	11.317.079	4.713.310
<b>Total Cash Outflows</b>			<b>127.747.689</b>	<b>51.613.801</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	33.462.760	11.637.431	21.161.935	8.543.201
Other Cash Inflows	159.799	2.940.010	159.799	2.940.010
<b>Total Cash Inflows</b>	<b>33.622.559</b>	<b>14.577.441</b>	<b>21.321.734</b>	<b>11.483.211</b>
			<b>Total Adjusted Value</b>	
<b>Total HQLA Stock</b>			<b>97.157.857</b>	<b>53.229.316</b>
<b>Total Net Cash Outflows</b>			<b>106.425.955</b>	<b>40.130.590</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>0,9165</b>	<b>1,3642</b>

<sup>(1)</sup> Calculated by simple arithmetic average, weekly average calculated for the last three months of the values.**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

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

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
<b>Assets</b>								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	8.832.426	114.591.909	-	-	-	-	-	123.424.335
Banks	2.284.348	1.068.813	181.104	-	-	-	-	3.534.265
Financial assets at fair value through profit and loss	-	9.964	21.706	24.960.637	373	395	145.601	25.138.676
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	2.555.464	1.651.366	10.141.456	43.220.891	7.172.967	566.189	65.308.333
Loans	18.469.042	33.844.073	34.931.672	157.895.338	211.221.403	83.226.500	-	539.588.028
Financial assets measured at amortised cost	-	8.901.787	10.244.263	11.246.838	49.446.436	53.014.370	-	132.853.694
Other assets <sup>(2)</sup>	1.646	6.774.132	20.435	757.618	1.459.282	118.451	2.237.698	11.369.262
<b>Total assets</b>	<b>29.587.462</b>	<b>167.746.142</b>	<b>47.050.546</b>	<b>205.001.887</b>	<b>305.348.385</b>	<b>143.532.683</b>	<b>2.949.488</b>	<b>901.216.593</b>
<b>Liabilities</b>								
Bank deposits	28.311.953	33.054.095	2.219.892	73.419	-	-	-	63.659.359
Other deposits	139.823.111	293.596.715	99.272.422	28.859.477	691.294	2.093	-	562.245.112
Funds provided from other financial institutions <sup>(3)</sup>	-	84.890	299.447	1.251.532	3.695.377	8.214.094	-	13.545.340
Money market balances	-	137.131.513	7.315	679.525	-	1.351.650	-	139.170.003
Bonds issued	-	1.751.368	2.943.330	184.223	1.534.381	-	-	6.413.302
Sundry creditors	36.541	5.806.352	286.364	1.228.111	3.534.286	17.104	955.962	11.864.720
Other liabilities <sup>(1)</sup>	-	9.077.353	745.391	25.248.613	16.024.631	6.354.058	46.868.711	104.318.757
<b>Total liabilities</b>	<b>168.171.605</b>	<b>480.502.286</b>	<b>105.774.161</b>	<b>57.524.900</b>	<b>25.479.969</b>	<b>15.938.999</b>	<b>47.824.673</b>	<b>901.216.593</b>
<b>Liquidity Gap</b>	<b>(138.584.143)</b>	<b>(312.756.144)</b>	<b>(58.723.615)</b>	<b>147.476.987</b>	<b>279.868.416</b>	<b>127.593.684</b>	<b>(44.875.185)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>7.065.447</b>	<b>(65.889)</b>	<b>(269.186)</b>	<b>(498.930)</b>	<b>-</b>	<b>-</b>	<b>6.231.442</b>
Derivative Financial Assets	-	70.366.213	6.680.745	4.598.687	3.039.590	18.493.085	-	103.178.320
Derivative Financial Liabilities	-	(63.300.766)	(6.746.634)	(4.867.873)	(3.538.520)	(18.493.085)	-	(96.946.878)
<b>Non-Cash Loans</b>	<b>56.129.404</b>	<b>6.174.002</b>	<b>18.142.880</b>	<b>71.518.355</b>	<b>32.462.332</b>	<b>6.513.827</b>	<b>-</b>	<b>190.940.800</b>
<b>Prior Period</b>								
Total Assets	26.681.326	96.023.414	44.872.172	155.266.253	253.509.684	100.417.654	3.255.592	680.026.095
Total Liabilities	88.027.378	374.149.259	93.609.904	44.978.069	18.269.620	14.869.087	46.122.778	680.026.095
<b>Liquidity Gap</b>	<b>(61.346.052)</b>	<b>(278.125.845)</b>	<b>(48.737.732)</b>	<b>110.288.184</b>	<b>235.240.064</b>	<b>85.548.567</b>	<b>(42.867.186)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>(2.355)</b>	<b>620.001</b>	<b>464.823</b>	<b>508.930</b>	<b>-</b>	<b>-</b>	<b>1.591.399</b>
Derivative Financial Assets	-	15.936.873	7.826.803	1.916.950	1.636.333	11.880.682	-	39.197.641
Derivative Financial Liabilities	-	(15.939.228)	(7.206.802)	(1.452.127)	(1.127.403)	(11.880.682)	-	(37.606.242)
<b>Non-Cash Loans</b>	<b>35.214.740</b>	<b>2.627.378</b>	<b>9.898.398</b>	<b>39.915.526</b>	<b>24.440.044</b>	<b>2.459.251</b>	<b>-</b>	<b>114.555.337</b>

<sup>(1)</sup> Shareholders' equity is disclosed in other liabilities line under the undistributed column.<sup>(2)</sup> Other asset items which are not expected to be converted into cash in short term but required for continuity of banking operations like tangible and intangible assets, office supply inventory, associates and subsidiaries, prepaid expenses are disclosed in other assets under the undistributed column.<sup>(3)</sup> Funds provided from other financial institutions include borrowings.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

Current Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments <sup>(1)</sup>	Total
<b>Liabilities</b>							
Deposits	495.605.017	103.133.001	29.843.795	736.091	2.305	(3.415.738)	625.904.471
Funds provided from other financial intuitions	85.483	326.024	1.368.950	4.056.900	8.404.193	(696.210)	13.545.340
Money market borrowings	137.513.927	14.200	687.353	42.599	1.365.850	(453.926)	139.170.003
Securities issued	1.833.929	3.169.850	344.532	1.636.759	-	(571.768)	6.413.302
Funds	14.403	25.540	71.923	26.675	-	-	138.541
<b>Total</b>	<b>635.052.759</b>	<b>106.668.615</b>	<b>32.316.553</b>	<b>6.499.024</b>	<b>9.772.348</b>	<b>(5.137.642)</b>	<b>785.171.657</b>

Prior Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments <sup>(1)</sup>	Total
<b>Liabilities</b>							
Deposits	349.232.291	88.051.439	21.888.862	796.641	1.338	(2.684.276)	457.286.295
Funds provided from other financial intuitions	69.559	187.245	1.492.255	3.728.963	5.636.116	(727.139)	10.386.999
Money market borrowings	103.347.915	4.526	-	-	747.982	(144.003)	103.956.420
Securities issued	791.522	6.353.168	5.065.376	1.531.819	-	(547.206)	13.194.679
<b>Funds</b>	<b>7.800</b>	<b>35</b>	<b>211.490</b>	<b>617.046</b>	<b>3.317.615</b>	<b>(536.683)</b>	<b>3.617.303</b>
<b>Total</b>	<b>453.449.087</b>	<b>94.596.413</b>	<b>28.657.983</b>	<b>6.674.469</b>	<b>9.703.051</b>	<b>(4.639.307)</b>	<b>588.441.696</b>

<sup>(1)</sup> Adjustments column represents the difference between the total expected cash flows and the carrying values of non-derivative financial liabilities.**Analysis of Bank's derivative financial instruments according to their remaining maturities:**

Current Period <sup>(1)</sup>	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forwards Contracts- Buy	6.661.532	3.825.069	2.440.822	-	-	12.927.423
Forward Contracts - Sell	5.827.327	1.550.887	741.433	-	-	8.119.647
Swaps - Buy	43.306.910	-	2.308.629	1.486.815	-	47.102.354
Swaps - Sell	57.828.260	1.420.455	1.861.972	498.930	-	61.609.617
Credit Default Swap - Buy	-	-	-	-	-	-
Credit Default Swap - Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	1.539.559	1.122.595	-	-	-	2.662.154
Forward Precious Metal - Sell	2.427.766	3.409.729	1.739.406	-	-	7.576.901
Money Buy Options	1.728.930	345.130	164.617	-	-	2.238.677
Money Sell Options	1.728.922	345.130	164.617	-	-	2.238.669
Swaps Interest - Buy	10.000	85.000	360.440	3.039.591	18.493.084	21.988.115
Swaps Interest - Sell	10.000	85.000	360.440	3.039.591	18.493.084	21.988.115
Swaps Precious Metal - Buy	19.325.276	1.381.223	-	-	-	20.706.499
Swaps Precious Metal - Sell	-	-	-	-	-	-
<b>Total</b>	<b>140.394.482</b>	<b>13.570.218</b>	<b>10.142.376</b>	<b>8.064.927</b>	<b>36.986.168</b>	<b>209.158.171</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

Prior Period: <sup>(2)</sup>	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forwards Contracts- Buy	1.734.998	1.241.034	34.708	-	-	3.010.740
Forward Contracts - Sell	631.159	161.002	34.069	-	-	826.230
Swaps - Buy	10.153.294	5.772.068	1.707.242	1.184.000	-	18.816.604
Swaps - Sell	13.412.571	5.354.643	1.243.058	675.070	-	20.685.342
Credit Default Swap - Buy	-	-	-	-	-	-
Credit Default Swap - Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	84.221	-	-	-	-	84.221
Forward Precious Metal - Sell	1.184.714	1.102.641	-	-	-	2.287.355
Money Buy Options	1.467.840	469.181	-	-	-	1.937.021
Money Sell Options	1.468.509	468.516	-	-	-	1.937.025
Swaps Interest - Buy	155.000	120.000	175.000	452.333	11.880.682	12.783.015
Swaps Interest - Sell	155.000	120.000	175.000	452.333	11.880.682	12.783.015
Swaps Precious Metal - Buy	3.255.540	224.520	-	-	-	3.480.060
Swaps Precious Metal - Sell	-	-	-	-	-	-
<b>Total</b>	<b>33.702.846</b>	<b>15.033.605</b>	<b>3.369.077</b>	<b>2.763.736</b>	<b>23.761.364</b>	<b>78.630.628</b>

<sup>(1)</sup> Foreign exchange purchase and sale commitments of TRY 9.032.973 are included in the table.<sup>(2)</sup> Foreign exchange purchase and sale commitments of TRY 1.784.635 and precious metal purchase commitments of TRY 42.110 are included in the table.**VII. EXPLANATIONS ON LEVERAGE RATIO**

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

	Current Period <sup>(1)</sup>	Prior Period <sup>(1)</sup>
<b>On-Balance Sheet Assets</b>		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	833.852.381	675.612.548
2.Assets That Are Deducted from Core Capital	(672.609)	(665.184)
3.Total on Balance Sheet Exposures(Sum of rows 1 and 2)	833.179.772	674.947.364
<b>Derivative Exposures And Credit Derivatives</b>		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	6.077.022	2.968.464
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	1.023.770	509.366
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives (Sum of rows 4 and 5)	7.100.792	3.477.830
<b>Investment Securities Or Commodity Collateral Financing Transactions</b>		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	2.432.628	1.770.902
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions(Sum of rows 7 and 8)	2.432.628	1.770.902
<b>Off -Balance Sheet Items</b>		
10.Gross Notional Amount of Off-Balance Sheet Items	215.292.430	161.158.994
11.(Adjustments for Conversion to Credit Equivalent Amounts)	(4.156.782)	(2.315.652)
12.The Total Risk of Off-Balance Sheet Items (Sum of rows 10 and 11)	211.135.648	158.843.342
<b>Capital And Total Exposures</b>		
13.Tier 1 Capital	54.704.177	49.675.826
14.Total Exposures (Sum of rows 3,6,9 and 12)	1.053.848.840	839.039.438
<b>Leverage Ratio</b>		
15.Leverage Ratio	%5,19	%5,92

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### VIII. EXPLANATIONS ON BUSINESS SEGMENTATION

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

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

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

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

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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.

Details of the segment information prepared in accordance with the Act on "Disclosure of Financial Statements of Banks and The Related Presentations and Notes" as of 31 December 2021 are presented in the table below.

Current Period	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
<b>1 January -31 December 2021</b>				
<b>OPERATING INCOME / EXPENSES</b>				
Interest Income	16.028.295	38.342.805	34.406.757	88.777.857
Interest on Loans	15.856.304	38.083.916	255.674	54.195.894
Interest Income on Marketable Securities	-	232.578	32.856.009	33.088.587
Interest Received from Banks	-	-	1.270.079	1.270.079
Other Interest Income	171.991	26.311	24.995	223.297
Interest Expense	15.598.361	24.415.122	23.604.526	63.618.009
Interest on Deposits	15.541.973	23.901.163	2.566.215	42.009.351
Interest on Borrowings	18.839	70.226	128.945	218.010
Interest on Money Market Borrowings	-	55.063	17.479.962	17.535.025
Interest on Marketable Bonds Issued	-	-	3.268.444	3.268.444
Other Interest Expense	37.549	388.670	160.960	587.179
Net Interest Income	429.934	13.927.683	10.802.231	25.159.848
Net Fees and Commissions Income	1.291.317	2.417.278	379.194	4.087.789
Net Trading Profit / (Loss)	22.916	7.038.059	(19.779.225)	(12.718.250)
Dividend Income	-	-	192.637	192.637
Other Income	1.923.901	1.098.521	3.244.432	6.266.854
Expected Loss Provisions	611.460	1.484.600	9.788.493	11.884.553
Other Expenses	391.184	4.853.884	4.453.164	9.698.232
<b>Income Before Taxes</b>	<b>2.665.424</b>	<b>18.143.057</b>	<b>(19.402.388)</b>	<b>1.406.093</b>
Income Tax Provision	-	-	101.636	101.636
<b>Net Profit For The Period</b>	<b>2.665.424</b>	<b>18.143.057</b>	<b>(19.300.752)</b>	<b>1.507.729</b>
<b>SEGMENT ASSETS</b>				
<b>31 December 2021</b>				
Marketable Securities <sup>(1)</sup>	-	4.994.370	218.289.625	223.283.995
Derivative Financial Assets	-	447.113	8.541.417	8.988.530
Banks and Money Market Receivables	-	287.484	3.245.555	3.533.039
Associates and Subsidiaries (Net)	-	-	8.962.661	8.962.661
Loans <sup>(1)</sup>	195.044.001	321.749.042	431.773	517.224.816
Other Assets	3.472.032	4.900.834	130.850.686	139.223.552
<b>TOTAL ASSETS</b>	<b>198.516.033</b>	<b>332.378.843</b>	<b>370.321.717</b>	<b>901.216.593</b>
<b>SEGMENT LIABILITIES</b>				
<b>31 December 2021</b>				
Deposits	193.946.913	383.390.584	48.566.974	625.904.471
Derivative Financial Liabilities	-	316.628	2.153.623	2.470.251
Money Market Balances	-	2.644.672	136.525.331	139.170.003
Borrowing Funding Loans	521.718	1.141.076	11.882.546	13.545.340
Bonds Issued	-	-	6.413.302	6.413.302
Other Liabilities	3.556.364	9.148.230	53.239.910	65.944.504
Provisions and Tax Payable	178.534	368.158	3.721.675	4.268.367
Shareholders' Equity	6.132.788	19.601.597	17.765.970	43.500.355
<b>TOTAL LIABILITIES</b>	<b>204.336.317</b>	<b>416.610.945</b>	<b>280.269.331</b>	<b>901.216.593</b>
<b>OFF-BALANCE SHEET ITEMS</b>				
<b>31 December 2021</b>				
Guarantees and Sureties	99.775.617	59.372.678	31.792.505	190.940.800
Commitments	932.320	15.722.466	32.602.030	49.256.816
Derivative Financial Instruments	-	24.817.046	175.308.152	200.125.198
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>	<b>100.707.937</b>	<b>99.912.190</b>	<b>239.702.687</b>	<b>440.322.814</b>

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

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

Prior Period	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
<b>1 January -31 December 2020</b>				
<b>OPERATING INCOME / EXPENSES</b>				
Interest Income	12.228.868	25.712.589	15.796.894	53.738.351
Interest on Loans	12.174.758	25.610.947	337.337	38.123.042
Interest Income on Marketable Securities	-	84.220	15.185.172	15.269.392
Interest Received from Banks	-	-	272.044	272.044
Other Interest Income	54.110	17.422	2.341	73.873
Interest Expense	10.765.060	11.228.426	12.991.681	34.985.167
Interest on Deposits	10.194.276	10.857.240	1.384.231	22.435.747
Interest on Borrowings	39.204	66.802	144.740	250.746
Interest on Money Market Borrowings	-	38.529	8.677.223	8.715.752
Interest on Marketable Bonds Issued	-	-	2.467.474	2.467.474
Other Interest Expense	531.580	265.855	318.013	1.115.448
Net Interest Income	1.463.808	14.484.163	2.805.213	18.753.184
Net Fees and Commissions Income	976.093	1.542.501	96.271	2.614.865
Net Trading Profit / (Loss)	12.426	1.728.209	(7.022.053)	(5.281.418)
Dividend Income	-	-	511.111	511.111
Other Income	322.020	706.039	413.158	1.441.217
Expected Loss Provisions	2.118.715	1.234.783	3.477.093	6.830.591
Other Expenses	397.264	3.430.025	4.151.179	7.978.468
<b>Income Before Taxes</b>	<b>258.368</b>	<b>13.796.104</b>	<b>(10.824.572)</b>	<b>3.229.900</b>
Income Tax Provision	-	-	(629.855)	(629.855)
<b>Net Profit For The Period</b>	<b>258.368</b>	<b>13.796.104</b>	<b>(11.454.427)</b>	<b>2.600.045</b>

**SEGMENT ASSETS****31 December 2020**

Marketable Securities <sup>(1)</sup>	-	2.005.568	157.183.377	159.188.945
Derivative Financial Assets	-	447.253	1.899.936	2.347.189
Banks and Money Market Receivables	-	284	2.555.125	2.555.409
Associates and Subsidiaries (Net)	-	-	6.249.392	6.249.392
Loans <sup>(1)</sup>	145.410.763	285.849.473	1.852.771	433.113.007
Other Assets	3.836.074	4.737.307	67.998.772	76.572.153
<b>TOTAL ASSETS</b>	<b>149.246.837</b>	<b>293.039.885</b>	<b>237.739.373</b>	<b>680.026.095</b>

**SEGMENT LIABILITIES****31 December 2020**

Deposits	172.945.135	259.510.901	24.830.259	457.286.295
Derivative Financial Liabilities	-	309.375	224.666	534.041
Money Market Balances	-	1.114.631	102.841.789	103.956.420
Borrowing Funding Loans	675.438	868.174	8.843.387	10.386.999
Bonds Issued	-	-	13.194.679	13.194.679
Other Liabilities	2.273.342	11.535.395	34.770.959	48.579.696
Provisions and Tax Payable	247.237	239.340	2.670.884	3.157.461
Shareholders' Equity	1.159.958	14.033.456	27.737.090	42.930.504
<b>TOTAL LIABILITIES</b>	<b>177.301.110</b>	<b>287.611.272</b>	<b>215.113.713</b>	<b>680.026.095</b>

**OFF-BALANCE SHEET ITEMS****31 December 2020**

Guarantees and Sureties	60.975.156	37.275.102	16.305.079	114.555.337
Commitments	862.674	12.634.337	32.958.811	46.455.822
Derivative Financial Instruments	-	13.586.811	63.217.072	76.803.883
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>	<b>61.837.830</b>	<b>63.496.250</b>	<b>112.480.962</b>	<b>237.815.042</b>

<sup>(1)</sup> TFRS 9 Expected Credit Loss provisions are presented in related lines.**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

	Current Period		Prior Period	
	Book Value	Fair Value	Book Value	Fair Value
<b>Financial Assets</b>	<b>848.366.457</b>	<b>813.605.080</b>	<b>642.340.232</b>	<b>620.533.872</b>
Cash and Balances with the Central Bank of Turkey	123.424.335	123.424.335	63.476.219	63.476.219
Financial assets at fair value through P&L <sup>(3) (4)</sup>	1.256	1.256	3.504	3.504
Banks	3.534.265	3.533.879	2.555.576	2.554.190
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income <sup>(1)</sup>	65.262.061	65.262.061	58.856.481	58.856.481
Other Financial Assets Measured at Amortised Cost	132.853.694	109.649.876	84.621.031	79.295.045
Loans <sup>(2)</sup>	523.290.846	511.733.673	432.827.421	416.348.433
<b>Financial Liabilities</b>	<b>800.234.673</b>	<b>798.718.976</b>	<b>595.083.806</b>	<b>595.225.672</b>
Deposits	625.904.471	624.129.496	457.286.295	457.401.311
Derivative financial liabilities held for trading	2.470.251	2.470.251	534.041	534.041
Funds provided from other financial institutions	13.545.340	13.798.863	10.386.999	10.703.195
Money market borrowings	139.170.003	139.173.972	103.956.420	103.851.631
Securities issued	6.413.302	6.415.088	13.194.679	13.010.122
Miscellaneous payables	11.864.723	11.864.723	8.942.486	8.942.486
Leasing payables	866.583	866.583	782.886	782.886

<sup>(1)</sup> As of 31 December 2021, TRY 46.272 (31 December 2020: TRY 44.649) of "equity investments not quoted on stock exchange" followed in financial assets at fair value through other comprehensive income are not included.<sup>(2)</sup> Non-performing loans has not been included in the table above.<sup>(3)</sup> As of 31 December 2021, marketable securities amounting to TRY 268.312 (31 December 2020: TRY 174.392) that are not valued with market price, are not included in financial assets at fair value through Profit and Loss.<sup>(4)</sup> Securities lending transactions amounting to TRY 24.869.108 (31 December 2020: TRY 15.499.625) is not included in the financial assets at fair value through P&L.

As of 31 December 2021, fair values of Associates and Subsidiaries are shown at section 5 footnote 7 and 8. The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### Classification of Fair Value Measurement

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

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

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

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

Classification requires using observable market data if possible.

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

Current Period	Level 1	Level 2	Level 3	Total
<b>Financial Assets Measured at Fair Value:</b>				
Financial Assets Measured at Fair Value through Profit/Loss <sup>(2) (4)</sup>	1.256	-	-	1.256
Derivative financial assets	-	8.988.530	-	8.988.530
Financial Assets at Fair Value through Other Comprehensive Income <sup>(1)</sup>	65.262.061	-	-	65.262.061
Subsidiaries	1.710.255	-	5.955.409	7.665.664
Associates <sup>(3)</sup>	-	-	1.218.924	1.218.924
Non-Current Assets Held For Sale and Discontinued Operations	-	-	-	-
<b>Total Financial Assets</b>	<b>66.973.572</b>	<b>8.988.530</b>	<b>7.174.333</b>	<b>83.136.435</b>
<b>Financial Liabilities Measured at Fair Value:</b>				
Derivative financial liabilities	-	2.470.251	-	2.470.251
<b>Total Financial Liabilities</b>	<b>-</b>	<b>2.470.251</b>	<b>-</b>	<b>2.470.251</b>

<sup>(1)</sup> As of 31 December 2021, share certificates amounting to TRY 46.272 of "securities not quoted on the stock exchange" in financial assets at fair value through other comprehensive income are not included in the above table.

<sup>(2)</sup> As of 31 December 2021, marketable securities amounting to TRY 268.312 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

<sup>(3)</sup> Bank's associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. (TRY 11.518), Bileşim Finansal Teknolojiler ve Odeme Sis. A.Ş. (TRY 62.989), Kredi Kayıt Bürosu A.Ş. (TRY 2.516) and Platform Ortak Katlı Sistemler A.Ş. (TRY 1.050) are not included in the table.

<sup>(4)</sup> As of 31 December 2021, the securities lending transactions amounting to TRY 24.869.108 followed in financial assets at fair value through profit or loss are not included in the table.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

Prior Period	Level 1	Level 2	Level 3	Total
<b>Financial Assets Measured at Fair Value:</b>				
Financial Assets Measured at Fair Value through Profit/Loss <sup>(2) (4)</sup>	3.504	-	-	3.504
Derivative financial assets	-	2.347.189	-	2.347.189
Financial Assets at Fair Value through Other Comprehensive Income <sup>(1)</sup>	58.856.481	-	-	58.856.481
Subsidiaries	2.240.689	-	3.256.393	5.497.082
Associates <sup>(3)</sup>	-	-	674.237	674.237
Non-Current Assets Held For Sale and Discontinued Operations	-	-	-	-
<b>Total Financial Assets</b>	<b>61.100.674</b>	<b>2.347.189</b>	<b>3.930.630</b>	<b>67.378.493</b>
<b>Financial Liabilities Measured at Fair Value:</b>				
Derivative financial liabilities	-	534.041	-	534.041
<b>Total Financial Liabilities</b>	<b>-</b>	<b>534.041</b>	<b>-</b>	<b>534.041</b>

<sup>(1)</sup> As of 31 December 2020, share certificates amounting to TRY 44.649 of "securities not quoted on the stock exchange" in financial assets at fair value through other comprehensive income are not included in the above table.

<sup>(2)</sup> As of 31 December 2020, marketable securities amounting to TRY 174.392 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

<sup>(3)</sup> Bank's associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. (TRY 11.518), Bileşim Finansal Teknolojiler ve Odeme Sis. A.Ş. (TRY 62.989), Kredi Kayıt Bürosu A.Ş. (TRY 2.516) and Platform Ortak Katlı Sistemler A.Ş. (TRY 1.050) and Keskinöğlü Tavukçuluk ve Damızlık A.Ş. are not included in the table.

<sup>(4)</sup> As of 31 December 2020, the securities lending transactions amounting to TRY 15.499.625 followed in financial assets at fair value through profit or loss are not included in the table.

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

	Current Period
Balance at the beginning of the period	3.930.630
Purchases during the year	506.941
Non-paid up shares	46.000
Valuation difference	2.690.762
Transfers	-
Redemption or sales	-
<b>Period End Balance</b>	<b>7.174.333</b>
	Prior Period
Balance at the beginning of the period	4.909.740
Purchases during the year	148.506
Non-paid up shares	-
Valuation difference	956.384
Transfers	(27.997)
Redemption or sales	(2.056.003)
<b>Period End Balance</b>	<b>3.930.630</b>

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

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

The Bank does not engage in fiduciary transactions.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

##### Explanations Related To Risk Management

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

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

The structure of the internal systems determines the level of risk by identifying the risks that the bank is exposed to. 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

		Risk Weighted Amounts		Minimum Capital Requirements	
		Current Period	Prior Period	Current Period	Prior Period
1	Credit risk (excluding counterparty credit risk) (CCR) (**)	443.726.454	360.766.586	35.498.116	28.861.327
2	Standardized approach (SA)	443.726.454	360.766.586	35.498.116	28.861.327
3	Internal rating-based (IRB) approach	-	-	-	-
4	Counterparty credit risk (**)	4.577.631	4.060.871	366.210	324.870
5	Standardized approach for counterparty credit risk (SA-CCR)	4.577.631	4.060.871	366.210	324.870
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	8.764.625	14.804.413	701.170	1.184.353
17	Standardized approach (SA)	8.764.625	14.804.413	701.170	1.184.353
18	Internal model approaches (IMM)	-	-	-	-
19	Operational Risk	23.859.627	19.789.493	1.908.770	1.583.159
20	Basic Indicator Approach	23.859.627	19.789.493	1.908.770	1.583.159
21	Standard Approach	-	-	-	-
22	Advanced measurement approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	2.098.109	1.513.386	167.849	121.071
24	Floor adjustment	-	-	-	-
<b>25</b>	<b>Total ( 1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>483.026.446</b>	<b>400.934.749</b>	<b>38.642.115</b>	<b>32.074.780</b>

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

(\*\*) According to the BRSA's decisions dated 8 December 2020 and 16 September 2021 simple arithmetic average of Central Bank buying exchange rates of the last 252 business days as of the calculation date were used in the calculation of the amount subject to credit risk.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

Carrying values of items in accordance with Turkish Accounting Standards						
	Carrying values in financial statements prepared as per TAS	Credit Risk	Counterparty credit risk	Securitization positions	Market Risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>						
Cash and Balances with the Central Bank	123.408.587	123.408.587	-	-	-	-
Derivative Financial Assets	8.988.530	-	8.988.530	-	581.948	-
Financial assets at fair value through profit and loss	25.138.676	268.312	-	-	1.255	24.869.109
Banks	3.533.039	3.533.039	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-
Financial assets at fair value through OCI (net)	65.308.333	31.909.576	-	-	33.398.757	-
Loans	517.224.816	517.214.889	-	-	-	9.926
Receivables from factoring	-	-	-	-	-	-
Financial assets measured at amortised cost (net)	132.836.986	132.836.987	-	-	-	-
Subsidiaries (net)	1.296.997	1.296.997	-	-	-	-
Associates (net)	7.665.664	7.665.664	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Tangible Assets (net)	8.317.537	8.127.072	-	-	-	190.465
Intangible Assets (net)	513.936	-	-	-	-	513.936
Real estate for investment purpose (net)	359.752	359.752	-	-	-	-
Tax asset	-	-	-	-	-	-
Deferred Tax Assets	157.394	-	-	-	-	157.394
Assets Held For Sale and Discontinued Operations (net)	-	-	-	-	-	-
Other assets	6.466.346	6.465.654	-	-	692	-
<b>Total Assets</b>	<b>901.216.593</b>	<b>833.086.529</b>	<b>8.988.530</b>	<b>-</b>	<b>33.982.652</b>	<b>25.740.830</b>
<b>Liabilities</b>						
Deposits	625.904.471	-	-	-	-	625.904.471
Derivative financial liabilities	2.470.251	-	-	-	281.710	2.188.541
Loans	13.545.340	-	-	-	-	13.545.340
Money market borrowings	139.170.003	-	33.378.975	-	-	105.791.028
Securities issued	6.413.302	-	-	-	-	6.413.302
Funds	138.541	-	-	-	-	138.541
Other liabilities	43.296.028	-	-	-	17.483	43.278.545
Factoring payables	-	-	-	-	-	-
Finance lease payables	866.583	-	-	-	-	866.583
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Provisions	3.408.469	-	-	-	-	3.408.469
Tax Liability	859.898	-	-	-	-	859.898
Deffered Tax Liability	-	-	-	-	-	-
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated Loans	21.643.352	-	-	-	-	21.643.352
Shareholders' equity	43.500.355	-	-	-	-	43.500.355
<b>Total Liabilities</b>	<b>901.216.593</b>	<b>-</b>	<b>33.378.975</b>	<b>-</b>	<b>299.193</b>	<b>867.538.425</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

	Total	Credit risk	Securitization positions	Counterparty credit risk	Market Risk
1 Asset carrying value amount under scope of regulatory consolidation	875.475.763	833.086.529	-	8.988.530	33.982.652
2 Liabilities carrying value amount under regulatory scope of consolidation	33.678.168	-	-	33.378.975	299.193
3 Total net amount under regulatory scope of consolidation	841.797.595	833.086.529	-	-24.390.445	33.683.459
4 Off-balance Sheet Amounts <sup>(*)</sup>	440.322.814	134.043.916	-	10.161.453	15.180.562
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, (other than those already included in row 2)	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences due to prudential filters	-	-	-	-	-
<b>9 Differences due to risk reduction</b>	<b>-</b>	<b>967.130.445</b>	<b>-</b>	<b>(14.228.992)</b>	<b>48.864.021</b>

**Explanations of differences between accounting and regulatory exposure amounts:**

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

**Explanations Related to Counterparty Credit Risk**

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

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

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

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

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

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

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

	Replacement cost	Potential Future exposure	EEPE(*)	Alpha used for computing regulatory EAD	EAD post-CRM	Risk Weighted Assets
Standardised Approach - CCR (for derivatives)	6.860.439	914.641		1,4	7.775.080	1.851.866
Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	2.519.511	2.073.459
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
<b>Total</b>					<b>10.294.591</b>	<b>3.925.325</b>

\* Expected effective positive risk amount

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

	EAD post-CRM	Risk weighted amount
Total portfolios subject to the Advanced CVA capital obligation	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the Standardised CVA capital obligation	7.775.080	652.277
<b>Total subject to the CVA capital obligation</b>	<b>7.775.080</b>	<b>652.277</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

Risk weight / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	2%	4%	Total Credit Risk
Claims on sovereigns and Central Banks	5.200.631	-	-	-	-	-	-	-	-	5.200.631
Claims on regional governments or local authorities	-	-	-	36	-	-	-	-	-	36
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	218	-	-	-	218
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	979.963	749.404	-	1.119.512	-	-	-	2.848.879
Claims on corporates	-	-	2.427	-	-	2.210.383	-	-	-	2.212.810
Claims included in the regulatory retail portfolios	-	-	-	-	32.018	-	-	-	-	32.018
Claims secured by residential property	-	-	-	-	-	-	-	-	-	-
Overdue loans	-	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	652.277	-	-	-	652.277
<b>Total</b>	<b>5.200.631</b>	<b>-</b>	<b>982.390</b>	<b>749.440</b>	<b>32.018</b>	<b>3.982.390</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.946.869</b>

**Collaterals for Counterparty Credit Risk:**

	Collateral for derivative transactions				Collateral for other transactions	
	Received Collaterals		Given Collaterals		Received Collaterals	Given Collaterals
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	-	796.653	-
Cash-foreign currency	-	916.419	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>916.419</b>	<b>-</b>	<b>-</b>	<b>796.653</b>	<b>-</b>

**Counterparty Credit Risk-Credit Derivatives:**

None.



## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

	Exposure post-CRM	RWA
Total Exposure to Qualified Central Counterparties (QCCPs)		29
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	800	16
(i) Over the counter derivative financial instruments	800	16
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	168	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	500	13
Unfunded guarantee fund contributions	-	-
Total Exposures to Non-QCCPs		-
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	-	-
(i) Over the counter derivative financial instruments	-	-
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	-	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	-	-
Unfunded guarantee fund contributions	-	-

#### Explanations on securization:

None.

#### Qualitative Disclosure on Credit Risk:

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

#### Credit Quality of Assets

	Gross carrying value as per TAS		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-Defaulted		
1 Loans	16.297.182	523.290.846	22.363.212	517.224.816
2 Debt Securities <sup>(*)</sup>	-	200.184.948	1.770.061	198.414.887
3 Off-balance sheet exposures	-	240.197.616	967.146	239.230.470
<b>4 Total</b>	<b>16.297.182</b>	<b>963.673.410</b>	<b>25.100.419</b>	<b>954.870.173</b>

(\*) As of 31 December 2021, TRY 24.869.108 of borrowed securities is not included in Financial Assets at Fair Value through profit or loss.

#### Changes in Stock of Defaulted Loans and Debt Securities

1 Defaulted loans and debt securities at end of the previous reporting period	16.917.794
2 Loans and debt securities defaulted since the last reporting period	3.706.996
3 Receivables back to performing status	735.496
4 Amounts written off	8.113
5 Other changes	(3.583.999)
<b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>16.297.182</b>

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

##### Breakdown According to Maturity:

31 December 2021	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Over	Total
Loans	18.469.042	33.844.073	34.931.672	157.895.338	211.221.403	83.226.500	539.588.028

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### Exposures Provisioned Against By Major Regions:

31 December 2021	Non-Performing Loans	ECL (Stage 3)
Domestic	16.228.282	11.845.346
European Union (EU) Countries	124	97
OECD Countries	23	19
Off-Shore Banking Regions	-	-
USA, Canada	15	12
Other Countries	68.738	28.892
<b>Total</b>	<b>16.297.182</b>	<b>11.874.366</b>

#### Exposures Provisioned Against By Sectors:

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

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

31 December 2021	
30-60 days overdue	2.387.141
60-90 days overdue	1.184.730
<b>Total</b>	<b>3.571.871</b>

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

31 December 2021(*)	
Loans Structured from Standard Loans	745.401
Loans Composed of Follow-up Loans	22.445.925
Loans Restructured from Non-Performing Loans	1.609.789

(\*) Accruals are included in the amount.

#### Qualitative Disclosure on Credit Risk Mitigation Techniques

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

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

Concentration checks are conducted on guarantors and collateral providers.

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

#### Credit Risk Mitigation Techniques- Overview

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans <sup>(2)</sup>	269.260.123	247.964.693	147.730.739	38.538.724	30.938.509	-	-
2 Debt Instruments <sup>(1)</sup>	198.414.887	-	-	-	-	-	-
3 Total	467.675.010	247.964.693	147.730.739	38.538.724	30.938.509	-	-
4 Of which defaulted	2.056.975	2.365.841	2.121.929	1.056.227	1.021.307	-	-

<sup>(1)</sup> As of 31 December 2021, TRY 24.869.108 of borrowed securities is not included in Financial Assets at Fair Value through Profit or Loss.

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

#### Standardised Approach- Credit Risk Exposure and Credit Risk Mitigation Techniques

Risk Classification	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on sovereigns and Central Banks	231.729.705	526.143	261.904.554	1.073.443	256.334	0,10%
Claims on regional governments or local authorities	1.913.701	124.888	1.905.989	50.100	978.045	50,00%
Claims on administrative bodies and other non-commercial undertakings	2.068.976	486.020	2.031.827	217.460	2.249.287	100,00%
Claims on multilateral development banks	-	-	358	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	2.596.445	2.913.350	2.596.350	1.769.153	2.255.536	51,67%
Claims on corporates	180.155.977	117.570.111	167.646.720	78.254.400	236.351.158	96,12%
Claims included in the regulatory retail portfolios	176.810.578	51.639.337	149.846.269	13.651.532	123.030.426	75,25%
Claims secured by residential property	62.437.233	4.912.408	62.437.233	2.533.309	22.739.689	35,00%
Claims secured by commercial property	40.185.727	8.436.437	40.185.727	5.892.425	26.015.736	56,46%
Overdue loans	4.693.232	1.057.875	3.658.677	297.228	2.916.831	73,73%
Higher risk categories decided by the Board	5.223.722	-	5.052.594	-	7.578.892	150,00%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Equity share investments	7.965.812	-	7.965.812	-	7.965.812	100,00%
Other receivables	26.057.261	3.870.352	26.057.262	22.126	11.388.708	43,67%
<b>Total</b>	<b>741.838.369</b>	<b>191.536.921</b>	<b>731.289.372</b>	<b>103.761.176</b>	<b>443.726.454</b>	<b>53,14%</b>

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

Risk Classification	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	4%	Total risk amount (pt-CCF and CRM)
Claims on sovereigns and Central Banks	262.707.019	-	18.304	-	-	-	252.674	-	-	-	-	-	262.977.997
Claims on regional governments or local authorities	-	-	-	-	1.956.089	-	-	-	-	-	-	-	1.956.089
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	2.249.287	-	-	-	-	-	2.249.287
Claims on multilateral development banks	358	-	-	-	-	-	-	-	-	-	-	-	358
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	8.840	-	2.113.345	-	820.902	-	1.422.416	-	-	-	-	-	4.365.503
Claims on corporates	2.425.001	-	4.217.884	-	7.515.002	4	231.729.530	13.699	-	-	-	-	245.901.120
Claims included in the regulatory retail portfolios	-	-	-	-	-	161.869.500	1.628.301	-	-	-	-	-	163.497.801
Claims secured by residential property	-	-	-	64.970.542	-	-	-	-	-	-	-	-	64.970.542
Claims secured by commercial property	-	-	-	40.124.832	-	-	5.953.320	-	-	-	-	-	46.078.152
Overdue loans	-	-	-	2.232.132	-	1.569.789	153.984	-	-	-	-	-	3.955.905
Higher risk categories decided by the Board	-	-	-	-	-	-	5.052.594	-	-	-	-	-	5.052.594
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	7.965.812	-	-	-	-	-	7.965.812
Other receivables	12.800.589	-	2.313.148	-	-	158.294	10.807.357	-	-	-	-	-	26.079.388
<b>Total</b>	<b>277.941.807</b>	<b>-</b>	<b>8.662.681</b>	<b>64.970.542</b>	<b>52.648.957</b>	<b>162.027.798</b>	<b>263.578.486</b>	<b>5.220.277</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>835.050.548</b>

#### Publicly Announced Qualitative Disclosure on Market Risk

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

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

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### Market Risk: Standardised approach

	RWA
<b>Outright products</b>	
Interest rate risk (general and specific)	2.747.538
Equity risk (general and specific)	1.039.825
Foreign exchange risk	4.811.413
Commodity risk	-
<b>Options</b>	
Simplified approach	-
Delta-plus method	165.849
Scenario approach	-
Securitization	-
<b>Total</b>	<b>8.764.625</b>

#### Information related to Operational Risk

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

	2 PP Amount	1 PP Amount	CP Amount	Total/ No. Of Years of Positive Gross	Rate (%)	Total
Gross Income	10.771.098	10.681.283	16.723.023	12.725.135	15	1.908.770
<b>Amount at Operational Risk (Total * 12,5)</b>						<b>23.859.627</b>

## XII. EXPLANATIONS ON REMUNERATION POLICIES

### 1. Disclosures related with Remuneration Committee

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

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

As of the end of 2021, the number of critical key personnel is 25.

### 2. Information on the design and structure of remuneration process

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

Remuneration Committee at its meeting in December 2021 has reviewed the remuneration policy and practices. It has been observed that, total benefits paid in 2021 to the members of the Bank's Board of Directors, senior management and other staff are in line with the Bank's ethical values, internal balances and strategic objectives. Regardless of the performance of the units that are audited by internal audit, the benefits of are determined on the basis of the general wage increase rate set by the Bank..

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

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

### 4. Evaluation about how the Bank associates variable remunerations with performance

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

### 5. Evaluation about the bank's methods to adjust remunerations according to long-term performance

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 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 Turkey and information on balances with the Central Bank of the Republic of Turkey

###### a) Cash and Central Bank of the Republic of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and foreign currency	1.899.965	4.958.954	1.736.896	3.042.808
CBRT	17.613.716	98.951.673	6.659.022	52.037.405
Other	-	27	-	88
<b>Total</b>	<b>19.513.681</b>	<b>103.910.654</b>	<b>8.395.918</b>	<b>55.080.301</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand unrestricted amount <sup>(1)</sup>	17.211.303	34.517.548	6.502.868	19.937.084
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	8.307.240
Other <sup>(2)</sup>	402.413	64.434.125	156.154	23.793.081
<b>Total</b>	<b>17.613.716</b>	<b>98.951.673</b>	<b>6.659.022</b>	<b>52.037.405</b>

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

<sup>(2)</sup> Blocked reserve deposits kept in the CBRT and Central Bank of TRNC.

As per the Communiqué no. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Turkey (CBRT), banks operating in Turkey keep reserve deposits for their TRY liabilities held at TRY, US Dollar, Euro and/or standard gold and/or scrap gold with reserve deposit rates between 3%-8% varied according to their maturity compositions, for their FC liabilities at TRY, US Dollar, Euro and/or standard gold with reserve deposit rates between 5%-26% varied according to their maturity compositions.

With the decision No.1072 dated 27 December 2019 of the Central Bank of the TRNC, reserve requirement ratio is applied between 5% to 8% for the Turkish currency and foreign currency liabilities.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

None (31 December 2020: None).

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury bills, government bonds and similar securities	24.112.751	-	15.026.478	-
<b>Total</b>	<b>24.112.751</b>	<b>-</b>	<b>15.026.478</b>	<b>-</b>

###### 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	-	195.839	-	16.265
Swap transactions	2.721.424	6.017.405	5.418	2.324.636
Futures transactions	-	-	-	-
Options	17.442	36.420	335	535
Other	-	-	-	-
<b>Total</b>	<b>2.738.866</b>	<b>6.249.664</b>	<b>5.753</b>	<b>2.341.436</b>

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

###### a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	220.083	115.757	145.365	111.752
Foreign banks	124.354	3.074.071	103.818	2.194.641
Branches and offices abroad	-	-	-	-
<b>Total</b>	<b>344.437</b>	<b>3.189.828</b>	<b>249.183</b>	<b>2.306.393</b>

###### b) Information on foreign banks:

	Unrestricted Balance	Restricted Balance
	Current Period	Current Period
EU Countries	380.765	1.487
USA and Canada	203.339	-
OECD Countries <sup>(1)</sup>	889.314	298.911
Offshore Banking Regions	1.009	-
Other	1.423.600	-
<b>Total</b>	<b>2.898.027</b>	<b>300.398</b>

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

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

	Unrestricted Balance	Restricted Balance
	Current Period	Prior Period
EU Countries	397.523	-
USA and Canada	265.812	-
OECD Countries <sup>(1)</sup>	555.430	-
Offshore Banking Regions	167	-
Other	1.079.527	-
<b>Total</b>	<b>2.298.459</b>	<b>-</b>

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada.**4) Information on financial assets at fair value through other comprehensive income:****a) Financial assets at fair value through other comprehensive income 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
Treasury bills, government bonds and similar securities	11.765.216	25.351.058	6.842.329	20.028.890
<b>Total</b>	<b>11.765.216</b>	<b>25.351.058</b>	<b>6.842.329</b>	<b>20.028.890</b>

**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
Treasury bills, government bonds and similar securities	56.683	-	245.865	-
<b>Total</b>	<b>56.683</b>	<b>-</b>	<b>245.865</b>	<b>-</b>

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

	Current Period	Prior Period
Debt securities	66.476.611	58.644.550
<i>Quoted on a stock exchange</i>	66.476.611	58.644.550
<i>Not quoted</i>	-	-
Equity Securities	585.047	471.823
<i>Quoted on a stock exchange</i>	521.493	409.893
<i>Not quoted</i>	63.554	61.930
Impairment provision (-)	1.753.325	215.243
<b>Total</b>	<b>65.308.333</b>	<b>58.901.130</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**(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	625.041	-	522.920	-
<b>Total</b>	<b>625.041</b>	<b>-</b>	<b>522.920</b>	<b>-</b>

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

	Loans Under Close Monitoring			
	Restructured Loans			
	Cash Loans	Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Loans with Revised Refinance
Non-specialized loans	391.448.768	18.289.167	19.117	22.426.776
<i>Corporation loans</i>	248.895.778	13.188.529	-	22.423.266
<i>Export loans</i>	13.369.951	216.574	-	-
<i>Import loans</i>	-	-	-	-
<i>Loans given to financial sector</i>	5.192.384	150.707	-	-
<i>Consumer loan</i>	73.980.571	1.122.479	18.421	948
<i>Credit cards</i>	18.771.583	1.011.194	696	-
<i>Other</i>	31.238.501	2.599.684	-	2.562
Specialized lending	78.410.084	4.029.821	-	32
Other receivables	-	-	-	-
Accruals	6.464.457	988.591	719	1.213.314
<b>Total</b>	<b>476.323.309</b>	<b>23.307.579</b>	<b>19.836</b>	<b>23.640.122</b>

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	3.646.930	2.264.550	-	-
Significant Increase in Credit Risk	-	-	6.841.916	3.318.508

In the current period, the increase in the Bank's expected loss provisions balance is due to the increase in the balance of standard loans and loans under close monitoring, as well as the increase in the risk levels of some customers.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**c) Distribution of cash loans by maturity structure:**

Current Period	Loans under close monitoring		
	Standard Loans	Loans Not Subject To Restructuring	Restructured
Short Term Loans	101.064.514	2.981.702	264.214
Medium and Long Term Loans	375.258.795	20.325.877	23.395.744
<b>Prior Period</b>			
Short Term Loans	56.308.961	2.549.067	53.215
Medium and Long Term Loans	338.765.768	20.584.746	14.565.664

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	652.739	72.350.733	73.003.472
Real estate loans	11.622	50.187.192	50.198.814
Automobile loans	1.802	353.149	354.951
Consumer loans	639.315	21.810.392	22.449.707
Other	-	-	-
Consumer loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans- FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual credit cards-TRY	5.331.244	691	5.331.935
Installment	1.755.708	691	1.756.399
Non-installment	3.575.536	-	3.575.536
Individual credit cards-FC	328	-	328
Installment	-	-	-
Non-installment	328	-	328
Personnel loans-TRY	35.077	372.386	407.463
Real estate loans	-	74	74
Automobile loans	-	-	-
Consumer loans	35.077	372.312	407.389
Other	-	-	-
Personnel loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TRY	174.695	-	174.695
Installment	52.881	-	52.881
Non-installment	121.814	-	121.814
Personnel credit cards-FC	129	-	129
Installment	-	-	-
Non-installment	129	-	129
Overdraft accounts-TRY (Retail customers)**	1.711.484	-	1.711.484
Overdraft accounts-FC (Retail customers)	-	-	-
<b>Total</b>	<b>7.905.696</b>	<b>72.723.810</b>	<b>80.629.506</b>

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

(\*\*) TRY 42.754 of the overdraft account consists of loans given to personnel

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	482.483	74.674.956	75.157.439
Real estate loans	6.782	48.574.630	48.581.412
Automobile loans	1.816	511.311	513.127
Consumer loans	473.885	25.589.015	26.062.900
Other	-	-	-
Consumer loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans- FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual credit cards-TRY	4.353.228	871	4.354.099
Installment	1.740.821	871	1.741.692
Non-installment	2.612.407	-	2.612.407
Individual credit cards-FC	214	-	214
Installment	-	-	-
Non-installment	214	-	214
Personnel loans-TRY	20.915	343.481	364.396
Real estate loans	-	102	102
Automobile loans	-	-	-
Consumer loans	20.915	343.379	364.294
Other	-	-	-
Personnel loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TRY	131.241	-	131.241
Installment	46.527	-	46.527
Non-installment	84.714	-	84.714
Personnel credit cards-FC	43	-	43
Installment	-	-	-
Non-installment	43	-	43
Overdraft accounts-TRY (Retail customers)**	1.318.207	-	1.318.207
Overdraft accounts-FC (Retail customers)	-	-	-
<b>Total</b>	<b>6.306.331</b>	<b>75.019.308</b>	<b>81.325.639</b>

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

(\*\*) TRY 27.240 of the overdraft account consists of loans given to personnel

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	1.520.962	36.567.506	38.088.468
<i>Business premises loans</i>	3.550	787.833	791.383
<i>Automobile loans</i>	32.484	969.733	1.002.217
<i>Consumer loans</i>	1.484.928	34.809.940	36.294.868
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	-	2.056	2.056
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	2.056	2.056
<i>Other</i>	-	-	-
Commercial installment loans - FC	312.007	58.444.333	58.756.340
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	312.007	58.444.333	58.756.340
<i>Other</i>	-	-	-
Corporate credit cards-TRY	14.274.775	-	14.274.775
<i>Installment</i>	6.228.064	-	6.228.064
<i>Non-installment</i>	8.046.711	-	8.046.711
Corporate credit cards-FC	1.611	-	1.611
<i>Installment</i>	-	-	-
<i>Non-installment</i>	1.611	-	1.611
Overdraft accounts-TRY (Commercial customers)	5.341.578	-	5.341.578
Overdraft accounts-FC (Commercial customers)	-	-	-
<b>Total</b>	<b>21.450.933</b>	<b>95.013.895</b>	<b>116.464.828</b>

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

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	479.625	38.139.826	38.619.451
<i>Business premises loans</i>	4.416	805.467	809.883
<i>Automobile loans</i>	26.881	1.002.576	1.029.457
<i>Consumer loans</i>	448.328	36.331.783	36.780.111
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	-	14.990	14.990
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	14.990	14.990
<i>Other</i>	-	-	-
Commercial installment loans - FC	28.217	27.519.321	27.547.538
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	28.217	27.519.321	27.547.538
<i>Other</i>	-	-	-
Corporate credit cards-TRY	10.484.279	-	10.484.279
<i>Installment</i>	4.495.889	-	4.495.889
<i>Non-installment</i>	5.988.390	-	5.988.390
Corporate credit cards-FC	203	-	203
<i>Installment</i>	-	-	-
<i>Non-installment</i>	203	-	203
Overdraft accounts-TRY (Commercial customers)	3.227.895	-	3.227.895
Overdraft accounts-FC (Commercial customers)	-	-	-
<b>Total</b>	<b>14.220.219</b>	<b>65.674.137</b>	<b>79.894.356</b>

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

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**f) Loans by customers:**

	Current Period	Current Period
Public	12.298.807	6.842.975
Private	510.992.039	425.984.446
<b>Total</b>	<b>523.290.846</b>	<b>432.827.421</b>

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

**g) Domestic and foreign loans(\*):**

	Current Period	Prior Period
Domestic loans	521.958.708	431.848.690
Foreign loans	1.332.138	978.731
<b>Total</b>	<b>523.290.846</b>	<b>432.827.421</b>

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

**h) Loans granted to subsidiaries and associates:**

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	2.916.786	3.164.527
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>2.916.786</b>	<b>3.164.527</b>

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

	Current Period	Prior Period
Loans with Limited Collectability	1.049.450	799.164
Loans with Doubtful Collectability	312.066	270.090
Uncollectible Loans	10.512.850	9.979.896
<b>Total</b>	<b>11.874.366</b>	<b>11.049.150</b>

The increase in the expected loan loss provision balance allocated for stage 3 loans is caused by the effect of the non performing loans in stock due to the fact that the ratio of exposure at default increases as the period in non performing loans class extends according to ECL model applied, as well as the increase in the risk levels of some customers.

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
<b>Current period</b>			
<b>Gross amounts before the specific provisions</b>	<b>420.581</b>	<b>66.242</b>	<b>1.122.966</b>
<i>Restructured loans</i>	420.581	66.242	1.122.966
<b>Prior period</b>			
<b>Gross amounts before the specific provisions</b>	<b>332.359</b>	<b>73.605</b>	<b>2.041.846</b>
<i>Restructured loans</i>	332.359	73.605	2.041.846

(\*) Accruals are not included.



**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
<b>Current Period</b>			
Current period end balance	2.333.051	637.011	13.947.732
Additions (+)	3.453.191	58.177	195.628
Transfers from other categories of loans under non-performing (+)	-	1.861.949	2.358.256
Transfers to other categories of loans under non-performing (-)	2.751.725	1.468.480	-
Collections (-)*	609.880	379.728	3.329.887
Write-offs (-)	-	-	8.113
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Current period end balance</b>	<b>2.424.637</b>	<b>708.929</b>	<b>13.163.616</b>
Provision (-)	1.049.450	312.066	10.512.850
<b>Net balance on balance sheet</b>	<b>1.375.187</b>	<b>396.863</b>	<b>2.650.766</b>
<b>Prior Period</b>			
Prior period end balance	2.811.379	4.508.885	8.599.817
Additions (+)	3.530.141	148.504	1.630.758
Transfers from other categories of loans under non-performing (+)	-	2.314.879	5.820.793
Transfers to other categories of loans under non-performing (-)	3.181.201	4.954.471	-
Collections (-)*	827.268	1.380.786	1.510.321
Write-offs (-)	-	-	593.315
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Current period end balance</b>	<b>2.333.051</b>	<b>637.011</b>	<b>13.947.732</b>
Provision (-)	799.164	270.090	9.979.896
<b>Net balance on balance sheet</b>	<b>1.533.887</b>	<b>366.921</b>	<b>3.967.836</b>

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

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
<b>Current period</b>			
Balance at the end of the period	364.813	31.810	3.688.441
Provisions(-)	319.850	13.697	3.551.380
<b>Net balance in the balance sheet</b>	<b>44.963</b>	<b>18.113</b>	<b>137.061</b>
<b>Prior period</b>			
Balance at the end of the period	924.035	79.645	4.218.214
Provisions(-)	296.121	34.662	3.466.879
<b>Net balance in the balance sheet</b>	<b>627.914</b>	<b>44.983</b>	<b>751.335</b>

(\*) Accruals are not included.

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
<b>Current period (Net)</b>	<b>1.375.187</b>	<b>396.863</b>	<b>2.650.766</b>
Loans to granted real persons and legal entities (Gross)	2.424.637	708.929	13.163.616
Provisions (-)	1.049.450	312.066	10.512.850
<b>Loans to granted real persons and legal entities (Net)</b>	<b>1.375.187</b>	<b>396.863</b>	<b>2.650.766</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior period (Net)</b>	<b>1.533.887</b>	<b>366.921</b>	<b>3.967.836</b>
Loans to granted real persons and legal entities (Gross)	2.333.051	637.011	13.947.732
Specific provisions (-)	799.164	270.090	9.979.896
<b>Loans to granted real persons and legal entities (Net)</b>	<b>1.533.887</b>	<b>366.921</b>	<b>3.967.836</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

	III. Group		IV. Group		V. Group	
	Loans with Limited Collectability	Loans with Doubtful Collectability	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans	Uncollectible Loans
<b>Current Period (Net)</b>	<b>6.533</b>	<b>1.765</b>	<b>6.533</b>	<b>1.765</b>	<b>399.049</b>	<b>399.049</b>
Interest Accruals and Valuation Differences	12.261	15.101	12.261	15.101	1.952.998	1.952.998
Provision (-)	5.728	13.336	5.728	13.336	1.553.949	1.553.949
<b>Prior Period (Net)</b>	<b>10.059</b>	<b>7.549</b>	<b>10.059</b>	<b>7.549</b>	<b>659.036</b>	<b>659.036</b>
Interest Accruals and Valuation Differences	23.383	25.850	23.383	25.850	2.136.175	2.136.175
Provision (-)	13.324	18.301	13.324	18.301	1.477.139	1.477.139

The Bank liquidates its uncollectible receivables through three methods. These are by signing financial restructuring contract under the Law No: 4743, 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.

**l) Explanations on write-off policy:**

As per the provisions of TFRS 9 Financial Instruments Standard and the Provisions Communique of the BRSB 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.

The Bank derecognised a 5th group non-performing loan amounting to TRY 8.113 due to lack of reasonable expectations in the current period, and this derecognition has no effect on the NPL ratio. (In the previous period, the Bank derecognised the 5th group non-performing loan amounting to TRY 593.315 on the grounds that there was no reasonable expectation, and the Bank's non-performing loan ratio decreased from 3.89% to 3.76% after the loans were written off in accordance with the related the Regulation of Allowance.)

**(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
Bills	-	-	-	-
Government bonds and other securities	67.423.060	37.437.038	31.097.699	20.519.825
<b>Total</b>	<b>67.423.060</b>	<b>37.437.038</b>	<b>31.097.699</b>	<b>20.519.825</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury bills, government bonds and similar	8.858.706	4.975.643	18.884.916	1.995.236
<b>Total</b>	<b>8.858.706</b>	<b>4.975.643</b>	<b>18.884.916</b>	<b>1.995.236</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	132.010.297	-	83.751.989	-
Treasury bills	-	-	-	-
Other public sector debt securities	792.874	-	818.523	-
<b>Total</b>	<b>132.803.171</b>	<b>-</b>	<b>84.570.512</b>	<b>-</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities	132.853.694	-	84.621.031	-
Quoted on a stock exchange	132.853.694	-	84.621.031	-
Not quoted	-	-	-	-
Impairment provision (-)	-	-	-	-
<b>Total</b>	<b>132.853.694</b>	<b>-</b>	<b>84.621.031</b>	<b>-</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Beginning balance	84.621.031	-	72.208.355	-
Foreign currency differences on monetary assets	17.795.411	-	5.473.915	-
Purchases during the year <sup>(1)</sup>	37.931.041	-	20.575.242	-
Disposals through sales and redemptions	(7.493.789)	-	(13.636.481)	-
Impairment provision (-)	-	-	-	-
<b>Balance at the end of the period</b>	<b>132.853.694</b>	<b>-</b>	<b>84.621.031</b>	<b>-</b>

<sup>(1)</sup> The difference between the discount amount of TRY 31.918.103 as of December 31, 2021 and the amount of discount amount of TRY 14.515.145 as of 31 December 2020 is shown in the line disposed by purchases during the year.

**(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. Demir-Halkbank NV <sup>(1)</sup>	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ <sup>(1)</sup>	Ankara	31,47	33,12
3. Kredi Kayıt Bürosu AŞ <sup>(2)</sup>	Istanbul	18,18	18,18
4. Platform Ortak Kartlı Sistemler AŞ <sup>(4)</sup>	Istanbul	20,00	20,00
5. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ <sup>(2)</sup>	Istanbul	33,33	33,33

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**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.	27.661.534	3.694.652	54.246	432.742	5.670	106.321	76.543	1.218.924
2.	67.462	66.435	40	6.620	-	13.794	(506)	-
3.	546.191	288.958	231.347	49.389	-	58.105	55.857	-
4.	5.714	5.685	41	1.263	-	922	(464)	-
5.	201.576	151.991	104.115	15.830	-	(5.804)	2.989	-

<sup>(1)</sup> The financial data is obtained from 31 December 2021 financial statements used in consolidation.<sup>(2)</sup> The financial data is obtained from unaudited 31 December 2021 financial statement.<sup>(3)</sup> Financial information about the fair value of Demir Halkbank NV has been obtained from valuation report as of 31 December 2021.<sup>(4)</sup> Financial information is taken from the financial statements as of 31 December 2021.**c) Movement of associates:**

	Current Period	Prior Period
Balance at the beginning of the period	752.310	507.786
Movements during the period	544.687	244.524
Purchases	57.243	34.992
Bonus shares obtained profit from current year's share	-	12.709
Dividends from current year income	-	-
Sales	-	(5.112)
Transfers	(57.243)	10.369
Revaluation decrease (-) / increase	544.687	191.566
Impairment provisions (-) / reversals	-	-
<b>Balance at the end of the period</b>	<b>1.296.997</b>	<b>752.310</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

**d) Sectorial information and related carrying amounts of associates:**

	Current Period	Prior Period
Banks	1.218.924	674.237
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	11.518	11.518
Other non- financial investments	66.555	66.555

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**e) Associates quoted on a stock exchange:**

None.

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

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ
<b>COMMON EQUITY TIER I CAPITAL</b>							
Paid in Capital	150.000	1.020.000	323.000	799.036	96.000	356.373	100
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-
Share premium	-	49.945	-	11.633	-	256.281	-
Reserves	72.504	54.657	18.181	1.794.003	108.020	1.470.902	2.238
Other Comprehensive Income according to TAS	4.558	1.298.324	2.071	1.396	10	(83.157)	-
<b>Profit / Loss</b>	<b>197.868</b>	<b>40.160</b>	<b>70.149</b>	<b>1.104</b>	<b>79.022</b>	<b>83.117</b>	<b>850</b>
Net Profit	197.868	40.160	75.184	38.472	67.633	83.117	850
Prior Period Profit/Loss	-	-	(5.035)	(37.368)	11.389	-	-
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 (-)	-	-	-	613	-	1.617	-
Leasehold Improvements (-)	-	498	-	22.226	-	12.708	-
Intangible Assets (-)	6.419	787	1.295	47.565	2.809	92.124	-
<b>Total Core Capital</b>	<b>418.511</b>	<b>2.461.801</b>	<b>412.106</b>	<b>2.536.768</b>	<b>280.243</b>	<b>1.977.067</b>	<b>3.188</b>
<b>SUPPLEMENTARY CAPITAL</b>	<b>-</b>	<b>-</b>	<b>99.083</b>	<b>63.975</b>	<b>8.050</b>	<b>28.380</b>	<b>-</b>
<b>CAPITAL</b>	<b>418.511</b>	<b>2.461.801</b>	<b>511.189</b>	<b>2.600.743</b>	<b>288.293</b>	<b>2.005.447</b>	<b>3.188</b>
<b>NET AVAILABLE CAPITAL</b>	<b>418.511</b>	<b>2.461.801</b>	<b>511.189</b>	<b>2.600.743</b>	<b>288.293</b>	<b>2.005.447</b>	<b>3.188</b>

<sup>(1)</sup> The information is presented from companies' financial statements as of 31 December 2021.

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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 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	Istanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ <sup>(2)(3)</sup>	Istanbul	79,33	79,36
3. Halk Finansal Kiralama AŞ	Istanbul	100,00	100,00
4. Halk Banka AD, Skopje	Macedonia	99,48	99,48
5. Halk Faktoring AŞ	Istanbul	100,00	100,00
6. Halkbank A.D. Beograd	Serbia	100,00	100,00
7. Halk Varlık Kiralama AŞ	Istanbul	100,00	100,00

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	855.425	424.930	20.335	191.464	15.571	197.868	186.876	532.217
2.	3.718.363	2.434.330	2.495.347	9.596	-	40.160	32.549	1.710.255
3.	5.148.218	413.401	5.027	440.970	-	75.184	72.427	471.661
4.	18.044.672	2.606.559	709.698	378.136	16.185	38.472	76.005	2.665.965
5.	1.809.660	283.052	5.725	306.095	-	67.633	100.943	362.348
6.	12.845.355	2.081.899	282.578	272.501	41.245	83.117	35.600	1.919.639
7.	1.571.463	3.188	5	-	-	850	546	3.579

<sup>(1)</sup> The financial data is obtained from 31 December 2021 financial statements used in consolidation.

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

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

#### d) Movement of the subsidiaries:

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>5.497.082</b>	<b>3.241.881</b>
Movements during the period	2.168.582	2.255.201
Purchase <sup>(1)(2)(3)(4)</sup>	506.941	148.506
Bonus shares obtained profit from current year's share	81.981	30.224
Dividends from current year income	-	-
Sales	-	(56.003)
Transfer	-	(27.997)
Revaluation increase/decrease	1.579.660	2.160.471
Impairment Provisions (-)/ Reversals	-	-
<b>Balance at the end of the period</b>	<b>7.665.664</b>	<b>5.497.082</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

<sup>(1)</sup> In the current period, the Bank has increased its share ratio to 100% by purchasing 0.04% of Halk Yatırım Menkul Değerler AŞ for a price of TRY 159.

<sup>(2)</sup> As a result of the paid capital increase, the Bank paid TRY 198.304 and increased its shareholding in Halk Banka AD, Skopje, located in Macedonia, to 99.48%.

<sup>(3)</sup> The Bank made a payment of 300.255 TRY due to the capital increase of Halk Banka A.D., located in Serbia, Beograd.

<sup>(4)</sup> In the current period, the Bank has purchased 2.5% of Halk Faktoring AŞ for TRY 8.223 and increased its share to 100%.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

	Current Period	Prior Period
Banks	4.585.604	2.140.652
Insurance companies	-	-
Factoring companies	362.348	320.679
Leasing companies	471.661	395.629
Financing companies	-	-
Other financial subsidiaries	2.246.051	2.640.122
Other non-financial subsidiaries	-	-

#### f) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock <sup>(1)</sup>	1.710.255	2.240.689
Quoted foreign stock exchange	-	-

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

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

None.

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

None.

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

None.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**(12) Information on tangible assets:**

Current Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
<b>Cost:</b>						
Immovable	2.124.315	95.352	579.331	42.323	-	2.756.675
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	1.051.315	494.755	-	295.545	-	1.250.525
Office machines	983.641	92.925	-	57.075	-	1.019.491
Fixed assets obtained due to non-performing loans	4.680.512	1.889.572	-	2.007.823	-	4.562.261
Lease hold improvements costs	262.577	124.468	-	-	-	387.045
Other	355.715	35.563	-	16.974	-	374.304
<b>Total Cost</b>	<b>9.458.075</b>	<b>2.732.635</b>	<b>579.331</b>	<b>2.419.740</b>	<b>-</b>	<b>10.350.301</b>
<b>Accumulated depreciation (-)</b>						
Immovable	253.984	11.716	139.675	3.926	-	401.449
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	309.272	223.906	-	63.582	-	469.596
Office machines	550.671	142.568	-	34.599	-	658.640
Fixed assets obtained due to non-performing loans	23.299	16.373	-	17.598	-	22.074
Lease hold improvements costs	154.592	42.192	-	-	-	196.784
Other	271.835	21.732	-	29.026	-	264.541
<b>Total Accumulated Depreciation</b>	<b>1.563.653</b>	<b>458.487</b>	<b>139.675</b>	<b>148.731</b>	<b>-</b>	<b>2.013.084</b>
<b>Provision for impairment (-)</b>						
Immovable	12.774	-	3.023	472	-	15.325
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	-	-	-	-	-	-
Fixed assets obtained due to non-performing loans	4.355	-	-	-	-	4.355
<b>Total provision for impairment (-)</b>	<b>17.129</b>	<b>-</b>	<b>3.023</b>	<b>472</b>	<b>-</b>	<b>19.680</b>
<b>Net Book Value</b>	<b>7.877.293</b>	<b>2.274.148</b>	<b>436.633</b>	<b>2.270.537</b>	<b>-</b>	<b>8.317.537</b>

Prior Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
<b>Cost:</b>						
Immovable	1.796.012	40.055	310.409	22.161	-	2.124.315
Tangible assets purchased through financial lease	24.111	-	-	4.340	(19.771)	-
Right of Use Assets	734.098	520.428	-	203.211	-	1.051.315
Office machines	815.306	188.302	-	19.967	-	983.641
Fixed assets obtained due to non-performing loans	4.883.164	1.197.322	-	1.364.780	(35.194)	4.680.512
Lease hold improvements costs	202.803	59.774	-	-	-	262.577
Other	308.840	35.182	-	8.078	19.771	355.715
<b>Total Cost</b>	<b>8.764.334</b>	<b>2.041.063</b>	<b>310.409</b>	<b>1.622.537</b>	<b>(35.194)</b>	<b>9.458.075</b>
<b>Accumulated depreciation (-)</b>						
Immovable	188.578	8.574	59.012	2.180	-	253.984
Tangible assets purchased through financial lease	23.958	-	-	4.537	(19.421)	-
Right of Use Assets	169.306	204.042	-	64.076	-	309.272
Office machines	446.048	125.010	-	20.387	-	550.671
Fixed assets obtained due to non-performing loans	22.525	19.265	-	18.491	-	23.299
Lease hold improvements costs	123.404	31.188	-	-	-	154.592
Other	241.635	17.337	-	6.558	19.421	271.835
<b>Total Accumulated Depreciation</b>	<b>1.215.454</b>	<b>405.416</b>	<b>59.012</b>	<b>116.229</b>	<b>-</b>	<b>1.563.653</b>
<b>Provision for impairment (-)</b>						
Immovable	6.671	-	6.103	-	-	12.774
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	-	-	-	-	-	-
Fixed assets obtained due to non-performing loans	4.963	-	-	608	-	4.355
<b>Total provision for impairment (-)</b>	<b>11.634</b>	<b>-</b>	<b>6.103</b>	<b>608</b>	<b>-</b>	<b>17.129</b>
<b>Net Book Value</b>	<b>7.537.246</b>	<b>1.635.647</b>	<b>245.294</b>	<b>1.505.700</b>	<b>(35.194)</b>	<b>8.317.293</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**(13) Information on intangible assets:**

Current Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
<b>Cost:</b>					
Other intangible assets	834.820	89.147	-	-	923.967
<b>Total Cost</b>	<b>834.820</b>	<b>89.147</b>	<b>-</b>	<b>-</b>	<b>923.967</b>
<b>Accumulated Depreciation (-)</b>					
Other intangible assets	261.895	148.136	-	-	410.031
<b>Total Accumulated Depreciation</b>	<b>261.895</b>	<b>148.136</b>	<b>-</b>	<b>-</b>	<b>410.031</b>
<b>Net Book Value</b>	<b>572.925</b>	<b>(58.989)</b>	<b>-</b>	<b>-</b>	<b>513.936</b>

Prior Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
<b>Cost:</b>					
Other intangible assets	327.991	511.169	4.340	-	834.820
<b>Total Cost</b>	<b>327.991</b>	<b>511.169</b>	<b>4.340</b>	<b>-</b>	<b>834.820</b>
<b>Accumulated Depreciation (-)</b>					
Other intangible assets	165.938	95.957	-	-	261.895
<b>Total Accumulated Depreciation</b>	<b>165.938</b>	<b>95.957</b>	<b>-</b>	<b>-</b>	<b>261.895</b>
<b>Net Book Value</b>	<b>162.053</b>	<b>415.212</b>	<b>4.340</b>	<b>-</b>	<b>572.925</b>

**(14) Information on investment property:**

	Current Period	Prior Period
<b>Cost:</b>		
Opening Balance	435.639	434.764
Acquisitions	9.432	875
Transfer	-	-
Disposals	-	-
Impairment Charge/Reversal	-	-
<b>Ending Balance</b>	<b>445.071</b>	<b>435.639</b>
<b>Accumulated Depreciation (-)</b>		
Opening Balance	81.992	78.737
Amortization Charge	3.327	3.255
Transfer	-	-
Disposals	-	-
Impairment Provisions	-	-
<b>Total Accumulated Depreciation (-)</b>	<b>85.319</b>	<b>81.992</b>
<b>Net Book Value</b>	<b>359.752</b>	<b>353.647</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**(15) Information on tax assets:**

	Current Period	Prior Period
<b>Deferred Tax Asset /(Liability)</b>		
Provisions <sup>(1)</sup>	3.214.984	1.501.262
Revaluation of Financial Assets	(5.527.489)	(1.324.198)
Other	2.469.899	(508.816)
<b>Deferred Tax Asset /(Liability):</b>	<b>157.394</b>	<b>(331.752)</b>
<b>Deferred tax accounted under shareholders' equity</b>	<b>280.925</b>	<b>(86.970)</b>
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	379.540	53.300
Actuarial gains/losses	117.935	34.772
Valuation of subsidiaries	(216.550)	(175.042)

<sup>(1)</sup> Includes reserve for employee benefits and other provisions.**(16) Information on assets held for sale and held from discontinued operations:**

None.

**(17) Information on other assets:**

Other assets balance in the balance sheet amounts to TRY 6.483.746 and does not exceed 10% of the balance sheet total (31 December 2020: TRY 3.985.415).

**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	14.770.570	-	9.301.522	61.536.172	16.277.055	2.544.494	3.720.806	132.027.108	282.646
Foreign currency deposits	70.781.423	-	37.579.282	158.239.770	7.306.978	6.458.451	12.284.973	20.344	292.671.221
Residents in Turkey	64.071.897	-	36.689.100	153.563.705	6.800.758	4.983.025	8.309.005	19.744	274.437.234
Residents abroad	6.709.526	-	890.182	4.676.065	506.220	1.475.426	3.975.968	600	18.233.987
Public sector deposits	5.162.007	-	5.159.673	4.843.268	535.623	53.068	15.044	-	15.768.683
Commercial inst. deposits	19.347.805	-	24.818.251	32.649.249	1.582.430	1.414.218	2.042.503	-	81.854.456
Other inst. deposits	1.532.264	-	3.505.395	13.905.284	2.023.206	2.673.524	6.073.817	-	29.713.490
Precious metals	28.229.042	-	197.454	4.914.191	243.446	136.356	234.127	-	33.954.616
Interbank deposits	28.311.953	-	19.703.212	15.570.775	73.419	-	-	-	63.659.359
CBRT	27.637	-	-	-	-	-	-	-	27.637
Domestic banks	377.832	-	19.480.597	10.091.593	73.419	-	-	-	30.023.441
Foreign banks	27.906.484	-	222.615	5.479.182	-	-	-	-	33.608.281
Participation banks	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>168.135.064</b>	<b>-</b>	<b>100.264.789</b>	<b>291.658.709</b>	<b>28.042.157</b>	<b>13.280.111</b>	<b>24.371.270</b>	<b>152.371</b>	<b>625.904.471</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**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	11.028.158	-	10.547.317	61.271.001	4.063.473	894.825	1.528.413	123.289	89.456.476
Foreign currency deposits	32.388.126	-	14.493.218	96.236.799	4.090.991	3.154.734	7.608.486	13.273	157.985.627
Residents in Turkey	28.386.432	-	14.179.996	92.415.789	3.611.688	1.929.613	4.390.421	12.693	144.926.632
Residents abroad	4.001.694	-	313.222	3.821.010	479.303	1.225.121	3.218.065	580	13.058.995
Public sector deposits	3.708.109	-	13.485.208	4.173.024	442.413	161.066	13.676	-	21.983.496
Commercial inst. deposits	11.820.116	-	32.587.470	49.309.349	825.344	604.306	2.994.737	-	98.141.322
Other inst. deposits	1.105.021	-	3.660.760	20.127.802	2.481.584	452.782	4.469.915	-	32.297.864
Precious metals	18.324.815	-	134.150	3.375.240	382.651	75.080	147.787	-	22.439.723
Interbank deposits	9.601.355	-	14.584.786	10.645.338	150.308	-	-	-	34.981.787
CBRT	-	-	-	-	-	-	-	-	-
Domestic banks	86.802	-	12.009.319	7.107.240	150.308	-	-	-	19.353.669
Foreign banks	7.035.553	-	111.316	3.315.793	-	-	-	-	10.462.662
Participation banks	2.479.000	-	2.464.151	222.305	-	-	-	-	5.165.456
<b>Total</b>	<b>87.975.700</b>	<b>-</b>	<b>89.492.909</b>	<b>245.138.553</b>	<b>12.436.764</b>	<b>5.342.793</b>	<b>16.763.014</b>	<b>136.562</b>	<b>457.286.295</b>

**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	45.658.688	40.394.097	62.400.473	48.828.336
Foreign currency saving deposits	38.102.218	28.680.997	134.235.893	66.880.922
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	535.794	410.927	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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	395.337	235.014
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	3.899	3.213
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 Turkey	-	-

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**(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	-	287.630	-	26.206
Swap transactions	357	2.154.315	19.744	480.510
Future transactions	-	-	-	-
Options	17.830	10.119	369	7.212
Other	-	-	-	-
<b>Total</b>	<b>18.187</b>	<b>2.452.064</b>	<b>20.113</b>	<b>513.928</b>

**(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	498.522	1.781.127	380.664	1.564.665
Foreign banks, institutions and funds	-	11.265.691	-	8.441.670
<b>Total</b>	<b>498.522</b>	<b>13.046.818</b>	<b>380.664</b>	<b>10.006.335</b>

**b) Maturity structure of funds borrowed:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	363.399	277.642	380.359	212.013
Medium and long-term	135.123	12.769.176	305	9.794.322
<b>Total</b>	<b>498.522</b>	<b>13.046.818</b>	<b>380.664</b>	<b>10.006.335</b>

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

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

Main liability of the Bank is deposits, which is composed of 17,30% of saving deposits and 46,76% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets.

The Bank's 61,95% of bank deposits and 58,09% of other deposits consist of foreign currency deposits.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**(4) Marketable securities issued (net):**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	4.694.698	-	3.551.547	-
Bonds	706.982	-	1.078.233	7.553.277
Assets Backed Securities	1.011.622	-	1.011.622	-
<b>Total</b>	<b>6.413.302</b>	<b>-</b>	<b>5.641.402</b>	<b>7.553.277</b>

**(5) Explanations on the funds:**

Funds are granted as loans in conformity with the protocols between the Bank and fund owner ministry or institutions.

Maturity structure of funds:

	Current Period	Prior Period
Short Term	1.350	1.201
Long Term	137.191	3.616.102
<b>Total</b>	<b>138.541</b>	<b>3.617.303</b>

**(6) Information on other liabilities:**

Other liabilities balance does not exceed 10% of the balance sheet total.  
(31 December 2021: Other liabilities balance does not exceed 10% of the balance sheet total).

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

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

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the related accounting standards.

**b) Explanation on finance lease payables:**

None (31 December 2021: None).

**c) Explanations on operational leases:**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	36.524	36.100	28.613	28.545
1 - 4 years	448.317	362.750	259.499	227.436
More than 4 years	838.939	467.733	738.599	526.905
<b>Total</b>	<b>1.323.780</b>	<b>866.583</b>	<b>1.026.711</b>	<b>782.886</b>

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

None (31 December 2021: None).

#### (9) Explanations on provisions:

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

As of 31 December 2021 the Bank does not have a provision amount of the currency differences on foreign currency indexed loans and finance lease receivables (31 December 2020: None).

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

As of 31 December 2021, the Bank's specific provision for unindemnified non-cash loans balance is TRY 337.306 (31 December 2020: TRY 150.942).

##### c) Information on other provisions:

Of the total other provisions amounting to TRY 1.161.546 (31 December 2020: TRY 615.302), TRY 337.306 is for non-cash loans that have not been compensated and turned into cash (31 December 2020: TRY 150.942), TRY 629.840 is for non-cash loans first stage and second stage It consists of expected loan loss provisions (31 December 2020: TRY 306.224), TRY 73.416 of provisions for lawsuits against the bank (31 December 2020: TRY 94.052) and TRY 120.984 of other provisions (31 December 2020: TRY 64.084).

##### d) Movement of employee termination benefits:

Severance indemnity provision as of 31 December 2021 is calculated by an independent company by using the actuarial conjectures. The amount calculated for the employee termination benefits as a result of the actuarial valuation according to TAS 19, is as follows;

	Current Period	Prior Period
Inflation Rate	%15,80	%9,50
Discount Rate	%19,10	%12,80
Estimated Real Wage Growth Rate	%30,00 <sup>(*)</sup>	%9,70

(\*) It was used 30% for 2022 and 16% for the following years.

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

	Current Period	Prior Period
As of January 1	932.665	716.240
Charge for the year	90.623	68.632
Interest Expense	117.854	85.653
Actuarial gain/loss	415.824	99.035
Prior period service cost composed current period	6.311	2.584
Payment/The limitation of benefits/ Loss (Gain) therefore discharge	1.017	5.999
Benefits paid within the period (-)	(40.172)	(45.478)
<b>Total</b>	<b>1.524.122</b>	<b>932.665</b>

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### e) Liabilities for employee benefits:

As of December 31, 2021, the Bank has unused vacations of TRY 223.018, dividends for personnel amounting to TRY 499.783, severance pay liability for Bank personnel amounting to TRY 1.464.422 and severance pay liability for subcontractors amounting to TRY 59.700. (December 31, 2020 unused leave provision: TRY 175.003, 31 December 2020 personnel dividend: TRY 361.483, 31 December 2020 severance pay for Bank personnel: TRY 896,563, 31 December 2020 severance pay for subcontractors: TRY 36.102). The Bank has been accounting for actuarial losses or gains under equity as of 1 January 2013.

The Bank accounts for actuarial gains / losses under equity commencing from 1 January 2013.

#### f) Liabilities arising from retirement benefits:

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

None.

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

Based on the results of the actuarial reports prepared as of 31 December 2021, it was determined that there is no technical deficit for Türkiye Halk Bankası AŞ Emekli Sandığı and T.C. Ziraat Bankası ve Türkiye Halk Bankası Çalışanları Emekli Sandığı Vakfı.

The above mentioned actuarial review, which was made in accordance with the principles of the related law, measures the present value of the liability as of 31 December 2021, in other words; it measures the amount to be paid to the Social Security Institution by the Bank. Actuarial assumptions used in the calculation are given below.

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

Halk Bankası Çalışanları Emekli Sandığı Vakfı, ("Fund") which was established by 20th provisional article of Social Security Law numbered 506. As of 31 December 2021, the number of personnel who benefit from the Fund is 38.816 (31 December 2020: 36.069).

Below table shows the present values of premiums and salary payments as of 31 December 2021, by taking into account the health expenses within the Social Security Institution limits.

Transferable Pension and Medical Benefits:	Current Period	Prior Period
Net Present Value of Total Liabilities Other Than Health	(4.839.389)	(3.853.779)
Net Present Value of Long Term Insurance Line Premiums	4.989.362	4.204.433
<b>Net Present Value of Total Liabilities Other Than Health</b>	<b>149.973</b>	<b>350.654</b>
Net Present Value of Health Liabilities	(1.134.467)	(838.882)
Net Present Value of Health Premiums	3.117.266	2.626.604
<b>Net Present Value of Health Liabilities</b>	<b>1.982.799</b>	<b>1.787.722</b>
<b>Pension Fund Assets</b>	<b>5.679.944</b>	<b>4.276.670</b>
General Administration Expenses (1%)	(59.739)	(46.927)
<b>Amount of Actuarial and Technical Deficit</b>	<b>7.752.977</b>	<b>6.368.119</b>



**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

Plan assets are comprised as follows:

<b>Total Assets</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	4.811.099	3.125.060
Marketable Securities	504.807	916.070
Property and Equipment	179.872	128.147
Other	184.166	107.393
<b>Total</b>	<b>5.679.944</b>	<b>4.276.670</b>

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

The sensitivity analysis of defined benefit obligation of excess liabilities and retirement indemnities are as follows:

**Change in Assumptions (%)**

<b>Assumptions</b>	<b>Death Benefits</b>	<b>Medical Benefits</b>	<b>Total</b>
Discount rate +1	(%19,20)	(%20,40)	(%20,40)
Discount rate -1	%26,10	%28,00	%28,00
Inflation rate +1	%26,10	%34,30	%34,30
Inflation rate -1	(%19,40)	(%23,90)	(%23,90)

**(10) Explanations related to tax liabilities:****a) Information on current tax liability:****a.1. Information on tax provision:**

As of 31 December 2021, the Bank's calculated current tax liability is amounting to TRY 8.025 and recognized under corporate tax provision account as of the mentioned date (31 December 2020: TRY 326.239 corporate tax asset)

**a.2. Information on taxes payable:**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate tax payable	8.025	-
Income on securities tax	409.434	475.152
Property income tax	3.049	1.136
Banking and insurance transactions tax (BITT)	246.819	153.656
Foreign exchange transactions tax	52.359	9.021
Value added tax payable	-	-
Other	74.027	51.929
<b>Total</b>	<b>793.713</b>	<b>690.894</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**a.3. Information on premiums:**

	<b>Current Period</b>	<b>Prior Period</b>
Social insurance premiums-employee	13	21
Social insurance premiums-employer	15	27
Bank social aid pension fund premium-employee	22.968	18.063
Bank social aid pension fund premium-employer	37.885	28.084
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	1.653	1.279
Unemployment insurance-employer	3.273	2.526
Other	378	362
<b>Total</b>	<b>66.185</b>	<b>50.362</b>

**b) Information on deferred tax liability:**

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

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

None. (31 December 2020: None.)

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

<b>Information on Subordinated Loans</b>	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
To be included in the calculation of additional capital borrowings instruments	-	15.591.893	-	8.824.063
<i>Subordinated loans</i>	-	15.591.893	-	8.824.063
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.051.459	-	6.036.525	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.051.459	-	6.036.525	-
<b>Total</b>	<b>6.051.459</b>	<b>15.591.893</b>	<b>6.036.525</b>	<b>8.824.063</b>

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

**(13) Information on shareholders' equity:****a) Presentation of paid-in capital:**

	<b>Current Period</b>	<b>Prior Period</b>
Common stock	2.473.776	2.473.776
Preferred stock	-	-

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**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 10.000.000.

**c) Information on share capital increases and their sources; other information on increased capital shares in the current period.**

None.

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

None.

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

None.

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

Between January 1 - December 31 2021, the Bank did not repurchase or sell any shares.

**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)	1.719.164	1.350.460	2.085.896	696.265
Valuation differences	1.719.164	1.350.460	2.085.896	696.265
Exchange rate difference	-	-	-	-
Financial assets at fair value through other comprehensive income	(1.732.203)	(189.790)	(77.633)	(230.418)
Valuation differences	(1.732.203)	(53.336)	(77.633)	(228.348)
Exchange rate difference	-	(136.454)	-	(2.070)
<b>Total</b>	<b>(13.039)</b>	<b>1.160.670</b>	<b>2.008.263</b>	<b>465.847</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**j) Information on Profit Distribution:**

The Ordinary General Assembly Meeting of the Bank was held on March 26, 2021. At the General Assembly Meeting, it was decided to transfer the remaining amount of TRY 2.470.042 to extraordinary reserves, after allocating TRY 130.003 of the unconsolidated net profit amounting to TRY 2.600.045 from the activities of the year 2020 as general legal reserves. In addition, in accordance with TFRS 9, the 75% exception amount in the article 5/1/e of the Corporate Tax Law No. 5520 of the sales gain obtained from the sales of the partnerships monitored with their fair values will continue to be monitored in the special funds account.

**k) Information on Legal Reserves**

	Current Period	Prior Period
I. Legal Reserve	1.590.043	1.463.693
II. Legal Reserve	585.488	585.488
Special Reserves	21.465	17.812
Share Buyback Reserve Fund	351.767	351.767
<b>Total</b>	<b>2.548.763</b>	<b>2.418.760</b>

**l) Information on Extraordinary Reserves:**

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	25.426.034	22.955.992
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital (-)	-	-
<b>Total</b>	<b>25.426.034</b>	<b>22.955.992</b>

**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	17.272.727	27.941.932
Payment commitments for cheques	6.146.359	4.472.298
Loan granting commitments	6.237.140	4.594.177
Forward asset purchase and sale commitments	9.044.334	1.826.745
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	27.584	22.752
Tax and fund liabilities from export commitments	106.220	124.240
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	5.306.244	4.948.441
<b>Total</b>	<b>44.140.608</b>	<b>43.930.585</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**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	6.864.681	2.408.221
Bank acceptances	11.581.244	6.495.595
Other guarantees	9.543.534	4.824.419
<b>Total</b>	<b>27.989.459</b>	<b>13.728.235</b>

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

	Current Period	Prior Period
Letters of certain guarantees	26.134.531	16.981.843
Letters of advance guarantees	7.724.693	5.104.565
Letters of tentative guarantees	1.930.929	2.215.108
Letters of guarantee given to customs offices	3.716.631	2.706.440
Other letters of guarantee	123.444.557	73.819.146
<b>Total</b>	<b>162.951.341</b>	<b>100.827.102</b>

**c) Information on non-cash loans:**

c.1. Total non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	22.991.978	12.107.654
<i>Within one year or less original maturity</i>	2.037.876	786.030
<i>Within more than one year maturity</i>	20.954.102	11.321.624
Other non-cash loans	167.948.822	102.447.683
<b>Total</b>	<b>190.940.800</b>	<b>114.555.337</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	236.420	0,28	315.516	0,29	178.288	0,32	180.941	0,30
<i>Farming and Stockbreeding</i>	183.955	0,22	18.808	0,02	127.020	0,23	13.346	0,02
<i>Forestry</i>	8.548	0,01	4.709	-	1.542	-	-	-
<i>Fishery</i>	43.917	0,05	291.999	0,27	49.726	0,09	167.595	0,28
Manufacturing	19.675.926	23,98	52.137.042	47,88	11.874.058	21,48	26.933.274	45,45
<i>Mining and Quarrying</i>	386.734	0,47	1.708.401	1,57	221.231	0,40	1.029.151	1,74
<i>Production</i>	18.195.364	22,18	47.696.899	43,80	10.066.831	18,21	24.400.533	41,17
<i>Electricity, Gas and Water</i>	1.093.828	1,33	2.731.742	2,51	1.585.996	2,87	1.503.590	2,54
Construction	24.509.366	29,88	23.862.796	21,91	17.550.791	31,75	12.737.999	21,49
Services	36.929.178	45,03	32.396.206	29,74	23.687.034	42,85	19.229.647	32,43
<i>Wholesale and Retail Trade</i>	22.727.973	27,72	13.461.503	12,36	14.830.746	26,83	6.887.229	11,62
<i>Accommodation and Dining</i>	409.621	0,50	5.774.150	5,30	315.979	0,57	3.908.626	6,59
<i>Transportation and Telecom.</i>	1.543.594	1,88	8.670.681	7,96	1.063.530	1,92	6.690.395	11,29
<i>Financial Institutions</i>	5.536.689	6,75	102.637	0,09	4.001.035	7,24	84.775	0,14
<i>Real Estate and Rental Services</i>	5.290.718	6,45	4.161.907	3,82	2.869.168	5,19	1.494.380	2,52
<i>Professional Services</i>	44.473	0,05	660	-	13.891	0,03	459	-
<i>Educational Services</i>	106.846	0,13	116.679	0,11	100.317	0,18	90.355	0,15
<i>Health and Social Services</i>	1.269.264	1,55	107.989	0,10	492.368	0,89	73.428	0,12
Other	677.170	0,83	201.180	0,18	1.990.613	3,60	192.692	0,33
<b>Total</b>	<b>82.028.060</b>	<b>100,00</b>	<b>108.912.740</b>	<b>100,00</b>	<b>55.280.784</b>	<b>100,00</b>	<b>59.274.553</b>	<b>100,00</b>

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

	Group I		Group II	
	TRY	FC	TRY	FC
Non-Cash Loans	80.122.318	105.827.668	1.905.742	3.085.072
Letters of Guarantee	69.535.982	88.500.019	1.889.251	3.026.089
Bills of Exchange and Bank Acceptances	1.079.481	10.481.052	-	20.711
Letters of Credit	5.784	6.804.134	16.491	38.272
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	9.501.071	42.463	-	-

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 2) Information on derivative financial instruments:

Types of trading transactions	Derivative transactions according to purposes			
	Trading Derivatives		Derivative Financial Instruments held for Risk Management	
	Current Period	Prior Period	Current Period	Prior Period
<b>Foreign Currency related Derivative Transactions (I):</b>	<b>125.203.414</b>	<b>45.428.327</b>	-	-
Currency Forwards-Purchases/Sales	16.455.764	2.793.387	-	-
Currency Swaps-Purchases/Sales	104.270.304	38.760.894	-	-
Currency Futures-Purchases/Sales	-	-	-	-
Currency Options-Purchases/Sales	4.477.346	3.874.046	-	-
<b>Interest Rate related Derivative Transactions (II)</b>	<b>43.976.230</b>	<b>25.566.030</b>	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Swaps-Purchases/Sales	43.976.230	25.566.030	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-
<b>Other Trading Derivatives (III) <sup>(1)</sup></b>	<b>30.945.554</b>	<b>5.809.526</b>	-	-
<b>A. Total Trading Derivatives (I+II+III)</b>	<b>200.125.198</b>	<b>76.803.883</b>	-	-
<b>Derivative Financial Instruments held for Risk Management</b>	-	-	-	-
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
FC investment in associates risk hedge	-	-	-	-
<b>B. Total Derivative Financial Instruments held for Risk Management</b>	-	-	-	-
<b>Total Derivative Transactions (A+B)</b>	<b>200.125.198</b>	<b>76.803.883</b>	-	-

<sup>(1)</sup> Other derivative transactions for trading consist of forward precious metal purchase and sale transactions amounting to TRY 2.662.154 and TRY 7.576.901, respectively and swap precious metal purchase transactions amounting to TRY 20.706.499.

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

The Bank has credit termly derivative transactions as part of its trading transactions. These transactions include credit default swaps which based on treasury of Turkish Republic's credit risk. As of 31 December 2021, the Bank has credit default conditioned cross currency swap transaction amounting to USD 160 million with 5 year maturity (1,3 years average remaining maturity) In this transactions the Bank sells protection.

#### 4) Information on contingent liabilities and assets:

Bank's commitments for the cheques given to customers are TRY 6.146.359 (31 December 2020: TRY 4.472.298).

#### 5) Services provided on behalf of others:

None.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

##### (1) Information on interest income:

##### a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Interest on loans<sup>(1)</sup></b>				
Short term loans	12.493.936	199.133	5.764.979	356.099
Medium and long term loans	34.302.569	6.840.937	26.269.402	5.333.299
Interest on non-performing loans	359.319	-	399.263	-
Premiums from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>47.155.824</b>	<b>7.040.070</b>	<b>32.433.644</b>	<b>5.689.398</b>

<sup>(1)</sup> Includes fees and commissions obtained from cash loans.

##### b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	1.211.758	-	238.787	-
Domestic banks	35.543	303	20.222	654
Foreign banks	15.271	7.204	9.876	2.505
Foreign headquarters and branches	-	-	-	-
<b>Total</b>	<b>1.262.572</b>	<b>7.507</b>	<b>268.885</b>	<b>3.159</b>

##### c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	10.813	49	2.857	13
Financial Assets at Fair Value through Other Comprehensive Income	7.594.948	690.378	4.217.753	315.066
Financial Assets Measured at Amortized Cost	22.593.324	2.199.075	9.463.980	1.269.723
<b>Total</b>	<b>30.199.085</b>	<b>2.889.502</b>	<b>13.684.590</b>	<b>1.584.802</b>

##### d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	209.133	223.288

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**(2) Information on interest expenses:****a) Information on interest expense on funds borrowed:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	58.924	131.100	45.992	181.257
CBRT	-	-	-	-
Domestic banks	58.924	29.821	45.992	58.896
Overseas banks	-	101.279	-	122.361
Overseas head office and branches	-	-	-	-
Other institutions	7	27.979	9	23.488
<b>Total</b>	<b>58.931</b>	<b>159.079</b>	<b>46.001</b>	<b>204.745</b>

(4) 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	79.013	29.348

**c) Information on interest expenses to marketable securities issued:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	2.002.114	1.266.330	1.632.761	834.713

**d) Maturity structure of interest expenses on deposits:**

Account name	Time deposits							Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Cumulative deposit	
<b>TRY</b>								
Bank deposits	1.642	2.520.061	744.308	26.874	-	-	-	3.292.885
Saving deposits	21	1.959.087	12.199.244	1.322.091	589.650	500.479	13.467	16.584.039
Public deposits	19	591.689	566.380	69.233	27.577	2.376	-	1.257.274
Commercial deposits	18	5.661.520	6.449.750	323.837	188.737	1.196.655	-	13.820.517
Other deposits	1	496.685	3.048.531	461.066	348.050	202.850	-	4.557.183
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.701</b>	<b>11.229.042</b>	<b>23.008.213</b>	<b>2.203.101</b>	<b>1.154.014</b>	<b>1.902.360</b>	<b>13.467</b>	<b>39.511.898</b>
<b>Foreign currency</b>								
Deposits	178	261.852	1.785.864	102.215	49.333	110.669	91	2.310.202
Bank deposits	-	14.009	154.022	171	-	-	-	168.202
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	596	16.133	884	416	1.020	-	19.049
<b>Total</b>	<b>178</b>	<b>276.457</b>	<b>1.956.019</b>	<b>103.270</b>	<b>49.749</b>	<b>111.689</b>	<b>91</b>	<b>2.497.453</b>
<b>Grand total</b>	<b>1.879</b>	<b>11.505.499</b>	<b>24.964.232</b>	<b>2.306.371</b>	<b>1.203.763</b>	<b>2.014.049</b>	<b>13.558</b>	<b>42.009.351</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

Account name	Demand deposits	Time deposits					Cumulative deposit	Total
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year		
<b>TRY</b>								
Bank deposits	160	1.302.671	547.428	21.060	526	-	-	1.871.845
Saving deposits	170	699.878	5.406.941	535.631	82.413	419.816	10.410	7.155.259
Public deposits	45	1.255.214	266.960	37.481	27.792	669	-	1.588.161
Commercial deposits	746	2.996.076	3.992.479	188.546	62.634	721.648	-	7.962.129
Other deposits	1	317.081	1.470.403	181.899	41.783	235.361	-	2.246.528
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.122</b>	<b>6.570.920</b>	<b>11.684.211</b>	<b>964.617</b>	<b>215.148</b>	<b>1.377.494</b>	<b>10.410</b>	<b>20.823.922</b>
<b>Foreign currency</b>								
Deposits	43	124.840	1.180.649	48.464	29.287	79.237	-	1.462.520
Bank deposits	4	135.739	-	-	-	-	-	135.743
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	719	9.596	1.835	399	1.013	-	13.562
<b>Total</b>	<b>47</b>	<b>261.298</b>	<b>1.190.245</b>	<b>50.299</b>	<b>29.686</b>	<b>80.250</b>	<b>-</b>	<b>1.611.825</b>
<b>Grand total</b>	<b>1.169</b>	<b>6.832.218</b>	<b>12.874.456</b>	<b>1.014.916</b>	<b>244.834</b>	<b>1.457.744</b>	<b>10.410</b>	<b>22.435.747</b>

**(3) Information on dividend income:**

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through other Comprehensive Income	7.787	7.276
Other	184.850	503.835
<b>Total</b>	<b>192.637</b>	<b>511.111</b>

**(4) Information on trading profit/loss:**

	Current Period	Prior Period
<b>Profit</b>	<b>210.049.625</b>	<b>67.320.643</b>
Profit from the capital market transactions	40.811	181.836
Profit on derivative financial transactions	50.580.757	10.551.518
Foreign exchange gains	159.428.057	56.587.289
<b>Loss (-)</b>	<b>222.767.875</b>	<b>72.602.061</b>
Loss from the capital market transactions	2.372	125.914
Loss from derivative financial transactions	32.061.947	7.825.574
Foreign exchange losses	190.703.556	64.650.573

Information on gain/loss from derivative financial instruments:

	Current Period	Prior Period
<b>Profit on derivative financial instruments</b>	<b>50.580.757</b>	<b>10.551.518</b>
Effect of the change in foreign exchange on profit	50.197.393	9.987.260
Effect of the change in interest rate on profit	383.364	564.258
<b>Loss on derivative financial instruments (-)</b>	<b>32.061.947</b>	<b>7.825.574</b>
Effect of the change in foreign exchange on loss	31.744.596	7.284.619
Effect of the change in interest rate on loss	317.351	540.955
<b>Profit/loss on derivative financial instruments</b>	<b>18.518.810</b>	<b>2.725.944</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**(5) Information on other operating income:**

	Current Period	Prior Period
Adjustments for prior period expenses	5.695.187	1.001.826
Income from the asset sale	404.184	314.899
Rent income	59.657	45.903
Other income	107.826	78.589
<b>Total</b>	<b>6.266.854</b>	<b>1.441.217</b>

**(6) Impairment losses on loans and other receivables:**

	Current Period	Prior Period
Expected Credit Losses	11.884.553	6.830.591
12 Month Expected Credit Loss (Stage 1)	2.301.508	1.080.400
Significant Increase in Credit Risk (Stage 2)	5.316.337	2.170.642
Non – Performing Loans (Stage 3)	4.266.708	3.579.549
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	27.988	17.408
<b>Total</b>	<b>11.912.541</b>	<b>6.847.999</b>

**(7) Information on other operating expenses:**

	Current Period	Prior Period
Reserve for employee termination benefits	175.633	117.391
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	3.023	6.103
Depreciation expenses of fixed assets	442.113	386.151
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	148.136	95.957
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	16.373	19.265
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	2.771.140	2.348.433
Leasing Expenses on TFRS 16 Exceptions	128.039	102.234
Maintenance expenses	68.120	50.079
Advertisement expenses	466.325	242.884
Other expenses	2.108.656	1.953.236
Loss on sales of assets	6.575	970
Other	1.798.853	1.407.995
<b>Total</b>	<b>5.361.846</b>	<b>4.382.265</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

The Bank's income before tax is due from continuing activities. Net interest income is TRY 25.159.848 (31 December 2020: TRY 18.753.184 net interest income) and net fees and commissions income is TRY 4.087.789 (31 December 2020: TRY 2.614.865). The gain from continuing operations before tax of the Bank is amounting to TRY 1.406.093 (31 December 2020: TRY 3.229.900 operating profit).

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

For the period then ended 31 December 2021, the Bank's tax provision income amounting to TRY 101.636 (31 December 2020: TRY 629.855 tax provision expense) consists of TRY 19.615 (31 December 2020: TRY 491.513) of current tax charge and TRY 4.698.320 (31 December 2020: TRY 848.133) of deferred tax charge, TRY 4.819.571 (31 December 2020: TRY 709.791) of deferred tax income.

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

As of 31 December 2021, the Bank's net operating income after tax is amounting to TRY 1.507.729 (31 December 2020: TRY 2.600.045)

**(11) Information on net profit/loss:**

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

There is no issue to be disclosed.

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

There is no issue to be disclosed.

**(12) Other items in the income statement:**

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

**V. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY****Explanations on inflation adjustments for equity items:**

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

The “net increase in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TRY 49.935.990 increase for the year 2021 (31 December 2020: TRY 56.198.451 increase). “Other” item in operating profit is composed of other operating expenses excluding fees and commissions expense, foreign exchange gain, other operating income and personnel expenses and decrease by TRY 40.863.675 for the year 2021 (31 December 2020: TRY 10.073.386 decrease).

For the year ended 31 December 2020, the effect of change in foreign exchange rate on cash and cash equivalents is TRY 23.367.773 increase (31 December 2020: TRY 1.317.260 decrease). The average exchange rates of last five weekdays were taken into consideration as of the balance sheet date when calculating the effect of change in the exchange rates.

##### (2) Items used in determination of cash and cash equivalents:

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

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

None.

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

	Current Period	Prior Period
Cash	63.476.219	34.488.581
Cash in TRY and foreign currency	4.779.704	3.665.767
Central Bank and others <sup>(1)</sup>	58.696.515	30.822.814
Cash equivalents	2.555.575	3.915.574
Demand and Time Deposits Up to 3 Months	2.555.575	3.915.574
Money Market Placements	-	-
<b>Cash and Banks</b>	<b>66.031.794</b>	<b>38.404.155</b>
Reserve deposits in Central Bank of Turkey	(23.830.380)	(14.096.591)
Accruals on reserve deposits in Central Bank of Turkey	(118.855)	(19.628)
Accruals on banks	(1.548)	(475)
Accruals on the money market placements	-	-
<b>Total Cash and Cash Equivalents</b>	<b>42.081.011</b>	<b>24.287.461</b>

<sup>(1)</sup> Others items include cheques received.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

	Current Period	Prior Period
Cash	123.424.335	63.476.219
Cash in TRY and foreign currency	6.858.919	4.779.704
Central Bank and others <sup>(1)</sup>	116.565.416	58.696.515
Cash equivalents	3.534.265	2.555.575
Demand and Time Deposits Up to 3 Months	3.534.265	2.555.575
Money Market Placements	-	-
<b>Cash and Banks</b>	<b>126.958.600</b>	<b>66.031.794</b>
Reserve deposits in Central Bank of Turkey	(64.476.998)	(23.830.380)
Accruals on reserve deposits in Central Bank of Turkey	(359.540)	(118.855)
Accruals on banks	(2.611)	(1,548)
Accruals on the money market placements	-	-
<b>Total Cash and Cash Equivalents</b>	<b>62.119.451</b>	<b>42.081.011</b>

<sup>(1)</sup> Others items include cheques received.

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

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

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

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
	Current Period					
Loans						
Beginning Balance	3.164.527	265.880	-	-	-	-
Closing Balance	2.916.786	244.149	-	-	-	-
Interest and commissions income	209.133	1.452	-	-	-	-
Prior Period						
Loans						
Beginning Balance	2.331.642	313.114	-	-	-	-
Closing Balance	3.164.527	265.880	-	-	-	-
Interest and commissions income	223.288	833	-	-	-	-

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**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	674.655	3.574.573	-	-	-	-
Closing Balance	861.235	674.655	-	-	-	-
Interest expense on deposits	79.013	29.348	-	-	-	-

**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	-	17.918	-	-	-	-
Closing Balance	28.466	-	-	-	-	-
Total Profit/Loss	16	(19)	-	-	-	-

**(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	2.916.786	0,54
Non-Cash Loans	244.149	0,13
Deposits	861.235	0,14
Forward and Option Contracts	28.466	0,01

Prior Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	3.164.527	0,70
Non-Cash Loans	265.880	0,23
Deposits	674.655	0,15
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.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**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 13.412 as of 31 December 2021 (31 December 2020: TRY 11.431).

**VIII. EXPLANATIONS ON THE BANK'S DOMESTIC BRANCHES, AGENCIES/BRANCHES ABROAD AND OFF-SHORE BRANCHES****(1) Explanations on the Bank's domestic branches, agencies/branches abroad and off-shore branches**

Current Period	Quantity	Number of Employees	Countries	Total Assets	Statutory Capital
Domestic Branch	1.018	20.270			
Abroad Agencies	1	2	IRAN		
	1	1	ENGLAND		
	1	1	SINGAPORE <sup>(*)</sup>		
Overseas Branch	4	62	T.R.N.C.	2.556.755	-
	1	3	BAHRAIN	43.382.845	-
Off-shore Branches					

Prior Period	Quantity	Number of Employees	Countries	Total Assets	Statutory Capital
Domestic Branch	1.007	20.098			
Abroad Agencies	1	2	IRAN		
	1	1	ENGLAND		
	1	1	SINGAPORE <sup>(*)</sup>		
Overseas Branch	5	66	T.R.N.C.	1.760.646	-
	1	3	BAHRAIN	23.411.017	-
Off-shore Branches					

<sup>(\*)</sup>Singapore Representative activities were terminated on December 31, 2021.



## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

The Bank opened 13 branches during the year 2021.

Singapore Representative activities were terminated on December 31, 2021.

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

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

	Current Period	Prior Period
Independent audit fees in the reporting period	5.006	3.081
Fees for tax advisory	-	-
Fees for other assurance services	65	-
Fees for other services except independent audit	154	130
<b>Total</b>	<b>5.225</b>	<b>3.211</b>

#### X. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

As the Bank will file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the US Court of Appeals for 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. Detailed information on the subject is given in the footnote I. of Chapter Six.

With the Bank' Board of Directors' meeting dated February 9, 2022 the Bank's TRY 2.473.776.223,78 total issued share capital, comprised of shares of TRY 0,01 nominal value each, shall be increased in a nominal capital amount to be calculated based on the share sale price to be determined in accordance with Wholesale Transactions Procedure of Borsa Istanbul A.Ş., on condition of staying within our Bank's authorized share capital of TRY 10.000.000.000. In so doing, all current shareholders' preemptive rights shall be restricted in full and the capital increase shall be conducted in cash and by way of a "private placement" as stipulated in Article 13 of the Communiqué No. VII-128.1 on Shares, and the total sales proceeds through the capital increase shall amount to TRY 13.400.000.000. The entirety of shares issued through the capital increase shall be sold to the Bank's majority shareholder Turkey Wealth Fund by way of a private placement without a public offering and through a wholesale transaction on Borsa Istanbul A.Ş.'s share market, and an application shall be made to the Capital Markets Board to receive approval for the issuance certificate to be drawn up for such purpose

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### SECTION VI: OTHER EXPLANATIONS

##### I. OTHER EXPLANATIONS ON THE BANKS' ACTIVITY

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

First, the Bank applied to the District Court on November 4, 2019 and requested a special appearance to discuss the issues of personal jurisdiction and recusal. On December 5, 2019, the District Court denied the request of special appearance. The Bank objected to the District Court's decision and appealed the decision at the Court of Appeals for 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 by the Court of Appeals for the Second Circuit on December 23, 2020.

District Court denied Bank's motion to dismiss the indictment on October 1, 2020. The Bank appealed the Court of Appeals for the Second Circuit through the motion to dismiss the indictment based on the Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On December 23, 2020, the Court of Appeals for 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 Court of Appeals for the Second Circuit, the oral argument was presented on April 12, 2021. The Court of Appeals for the Second Circuit denied Halkbank'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 will file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the US Court of Appeals for 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 till the process is completed in the US Supreme Court. The Bank will file its petition for a writ of certiorari with the US Supreme Court no later than May 13, 2022. Should the US Supreme Court grants the writ of certiorari, the case will be dismissed before it is heard on the merits. In case the writ of certiorari is denied by the US Supreme Court, the case will be returned to the District Court and the District Court will need to create a new schedule for the trials.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

In addition, a civil case was filed against the Bank on March 27, 2020 with a claim for damages by plaintiffs in the District 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 on September 25, 2020. The case was fully briefed on December 16, 2020. District Court conditionally granted Bank's motion to dismiss, filed on December 16, 2020, on the grounds of forum non conveniens. The case was closed at the District Court on March 3, 2021.

The Plaintiffs filed their appeal brief at the Court of Appeals for the Second Circuit as to the District Court's Decision on June 30, 2021. The case is fully briefed. The appeal is still ongoing at the Court of Appeals for the Second Circuit.

The proceedings of both the criminal case and civil case are closely monitored by the Bank through the law firms representing the bank.

#### SECTION VII: AUDITORS' REPORT

##### I. EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

The Bank's publicly available unconsolidated financial statements and footnotes as of 31 December 2021 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 14 February 2022 is presented in front of the financial statements.

##### II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

## TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Consolidated  
Financial Statements  
As of 31 December 2021  
With Auditors' Report Thereon  
(Convenience Translation of Consolidated Financial  
Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)



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

**INDEPENDENT AUDITOR'S REPORT**

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

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

**1) Qualified Opinion**

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

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

**2) Basis for Qualified Opinion**

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

**3) Emphasis of Matter**

As detailed in Section Six 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 the Parent 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 the Parent Bank requests an appeal on the "Foreign Sovereign Immunity Act" ("FSIA") decision. The Parent 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 Parent Bank's Management stated that there is no penalty, compensation, sanction or other measure arising from the pending criminal and civil cases against the Parent Bank. There is an uncertainty if any decisions will be made by the US authorities that may adversely affect the financial position of the Parent Bank. No provision has been made in the 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter explained in the Basis for Qualified Opinion section, the issues described below have been identified as key audit matters and are disclosed in our report.



### Key Audit Matter

#### Impairment of loans in accordance with TFRS 9 “Financial Instruments Standard”

Impairment of loans is a key area of judgement for the management. The Group has the total loans and receivables amounting to TRY 557.620.219 thousand, which comprise 60% of the Group's total assets in its consolidated financial statements and the total provision for expected credit loss amounting to TRY 22.685.903 as at 31 December 2021.

The Group recognizes provisions for impairment in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. Applied accounting policies are explained in detail in the Section 3 Note VIII. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

The Group exercises significant decisions using judgement, interpretation and assumptions over calculating loan impairments. These judgements, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans. 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 and receivables 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 and receivables are presented in Section V Note I.5.

### How the matter was addressed in the audit

As part of our audit work, the following procedures were performed:

We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.

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 Group 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 consolidated financial statements of the Group with respect to loans and receivables and related impairment provisions.

### Key Audit Matter

#### Valuation of Pension Fund Obligations

Defined benefit pension plan that the Parent Bank provides to its employees is managed by Türkiye Halk Bankası AŞ Emekli Sandığı Vakfı and T.C. Ziraat Bankası ve T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (“Plan”) which were established by the 20th provisional article of the Social Security Law numbered 506 (“Law”).

As disclosed in the Section III Note XVII to the consolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation (“SSF”) as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the 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.

As of 31 December 2021, the Parent Bank's transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.

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 a key audit matter.

### How the matter was addressed in the audit

Our audit work included the following procedures:

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.

It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used.

In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Bank's actuary.

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.



### Key Audit Matter

#### Information Technologies Audit

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

### How the matter was addressed in the audit

Procedures within the context of our information technology audit work:

- We identified and tested the Group's controls over information systems as part of our audit procedures.
- Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas:
  - 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 Consolidated Financial Statements

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

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

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

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

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

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

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

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

# Deloitte.

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

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

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

## B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January - 31 December 2021 does not comply with 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 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 consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified and reflected in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the Group's consolidated financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS.

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

Müjde Aslan, SMMM  
Partner

Istanbul, 14 February 2022

## TÜRKİYE HALK BANKASI AŞ THE CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

- The Bank's Headquarter Address:  
Barbaros Mahallesi Şebboy Sokak No: 4 Ataşehir/İstanbul
- The Bank's Contact Phone and Facsimile:  
Phone : 0216 503 70 70  
Facsimile : 0212 340 93 99
- The Bank's Website and E-mail Address:  
Website: www.halkbank.com.tr  
E-mail Address: halkbank.ir@halkbank.com.tr

The consolidated year ended financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures consists of the sections listed below:

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

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

Subsidiaries	Associates
1. Halk Yatırım Menkul Değerler AŞ	1. Demir-Halk Bank N.V.
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ	2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ
3. Halk Finansal Kiralama AŞ	
4. Halk Faktoring AŞ	
5. Halk Banka A.D., Skopje	
6. Halkbank A.D. Beograd	
7. Halk Varlık Kiralama AŞ	

The consolidated financial statements for year ended 31 December 2021 and related disclosures and footnotes that are subject to audit and are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in **thousands of Turkish Lira**.

Istanbul, 14 February 2022

<b>R. Süleyman Özdil</b> <i>Chairman of the Board of Directors, Chairman of the Audit Committee</i>	<b>Osman Arslan</b> <i>Member of the Board of Directors, Chief Executive Officer</i>	<b>Mevlüt Uysal</b> <i>Independent Member of the Board of Directors, Member of Audit Committee</i>	<b>Yusuf Duran Ocak</b> <i>Financial Management and Planning Vice Chief Executive Officer</i>	<b>Osman Bektaş</b> <i>Financial Accounting Department Head</i>
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For any questions regarding this financial report, contact details of the personnel in charge is given below:

Name/Title : Atiye Ece Gülergün / Specialist  
Tel : 0216 503 52 48  
Fax No : 0212 340 09 90

**SECTION ONE**  
**General Information About the Parent Bank**

		Page No
I.	Establishment Date of the Parent Bank, Initial Articles of Association, History of the Parent Bank Including The Changes of These Articles	333
II.	Capital Structure of the Parent Bank, Shareholders That Retain Direct or Indirect Control and Management of the Parent Bank, Solely or Together, Changes About These Issues During the Year and Disclosures About The Group	333
III.	Explanations Regarding the Parent Bank's Chairman and Members of the Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents and Their Shares Attributable to the Parent Bank, if any	333
IV.	Information About the Persons and Institutions That Have Qualified Shares Attributable to the Parent Bank	334
V.	Brief Information on the Parent Bank's Functions and Lines of Activity	334
VI.	Explanation About Companies Within The Scope Of Consolidation	335
VII.	Differences Between the Communiqué 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	336
VIII.	The Existing or Potential, Actual or Legal Obstacles on the Transfer of Shareholder's Equity Between the Parent Bank and Its Subsidiaries or the Reimbursement of Liabilities	336

**SECTION TWO**  
**Consolidated Financial Statements**

I.	Consolidated Balance Sheet (Consolidated Statement of Financial Position)	338
II.	Consolidated Statement of Off-Balance Sheet Items	340
III.	Consolidated Statement of Profit or Loss	341
IV.	Consolidated Statement of Profit or Loss and Other Comprehensive Income	342
V.	Consolidated Statement of Changes in Shareholders' Equity	343
VI.	Consolidated Statement of Cash Flows	344
VII.	Consolidated Statement of Profit Distribution	345

**SECTION THREE**  
**Explanations on Accounting Policies Applied in the Related Period**

I.	Explanations on Basis of Presentation	346
II.	Explanations on the Strategy of Use of Financial Instruments and Foreign Currency Transactions	348
III.	Information About the Consolidated Associates and Subsidiaries	349
IV.	Explanations on Forward and Option Contracts and Derivative Products	351
V.	Explanations on Interest Income and Expenses	351
VI.	Explanations on Fee and Commission Income and Expenses	351
VII.	Explanations on Financial Assets	352
VIII.	Explanations on Impairment of Financial Assets	355
IX.	Explanations on Offsetting Financial Instruments	357
X.	Explanations on Sales and Repurchase Agreements (Repos) and Transactions on Securities Loaned	358
XI.	Explanations on Assets Held For Sale, Assets of Discontinued Operations and Related Liabilities	358
XII.	Explanations on Goodwill and Other Intangible Assets	358
XIII.	Explanations on Property and Equipment	359
XIV.	Explanations on Investment Properties	360
XV.	Explanations on Leasing Transactions	360
XVI.	Explanations on Provisions and Contingent Liabilities	361
XVII.	Explanations on Employee Benefit Liabilities	361
XVIII.	Explanations on Taxation	362
XIX.	Additional Explanations on Borrowings	364
XX.	Explanations on Shares Issued	365
XXI.	Explanations on Bill Guarantees and Acceptances	365
XXII.	Explanations on Government Incentives	365
XXIII.	Explanations on Segment Reporting	365
XXIV.	Explanations on Other Matters	365

**SECTION FOUR**  
**Information Related to Financial Position and Risk Management of the Group**

I.	Explanations on Consolidated Equity	366
II.	Explanations on Consolidated Credit Risk	370
III.	Explanations on Consolidated Currency Risk	381
IV.	Explanations on Consolidated Interest Rate Risk	383
V.	Explanations on Consolidated Position Risk of Shares	386
VI.	Explanations on Consolidated Liquidity Risk and Liquidity Coverage Ratio	387
VII.	Explanations on Consolidated Leverage Ratio	393
VIII.	Explanations Related to Consolidated Business Segmentation	394
IX.	Explanations on Presentation of the Consolidated Financial Assets and Liabilities at Fair Value	398
X.	Explanations Related to Transactions Made on Behalf of Others Transactions Based on Trust	401
XI.	Explanations on Consolidated Risk Management and Risk Weighted Amounts	401
XII.	Explanations on Remuneration Policies	414

**SECTION FIVE**  
**Explanations and Notes Related to the Consolidated Financial Statements**

I.	Explanations and Notes Related to the Assets	416
II.	Explanations and Notes Related to the Liabilities	437
III.	Explanations and Notes Related to the Off-Balance Sheet Items	447
IV.	Explanations and Notes Related to the Consolidated Statement Of Profit Or Loss	450
V.	Explanations and Notes Related to the Consolidated Statement of Changes in Shareholders' Equity	457
VI.	Explanations and Notes Related to the Consolidated Cash Flow Statements	457
VII.	Explanations Related to the Risk Group of the Parent Bank	459
VIII.	Explanation on The Parent Bank's Domestic Branches, Agencies/Branches Abroad and Off-Shore Branches	461
IX.	Fees Related with the Services Provided by Independent Auditors/Independent Audit Agencies	462
X.	Explanation Related to the Subsequent Events	462

**SECTION SIX**  
**Other Explanations**

I.	Other Explanations on the Parent Bank's Operations	462
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**SECTION SEVEN**  
**Auditors' Report**

I.	Explanations on the Independent Auditor's Report	464
II.	Explanations and Notes Prepared by the Auditors	464

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

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

As of 31 December 2021 the shareholders' structure and their respective ownerships are summarized as follows:

Shareholders	31 December 2021	%	31 December 2020	%
Türkiye Varlık Fonu <sup>(1)</sup>	1.862.602	75,29	1.862.602	75,29
Public shares <sup>(1)</sup>	611.094	24,70	611.094	24,70
Other shareholders <sup>(2)</sup>	80	0,01	80	0,01
<b>Total</b>	<b>2.473.776</b>	<b>100,00</b>	<b>2.473.776</b>	<b>100,00</b>

<sup>(1)</sup>TRY 1.224.326 of the shares among the total shares of Türkiye Varlık Fonu are traded on the exchange.

<sup>(2)</sup> TRY 80 of the shares included in the "Other Shareholders" group belong to shareholders whose shares do not trade on the exchange (though these shareholders have been dematerialized in their own accounts.)

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

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

Name	Title
Recep Süleyman ÖZDİL	Chairman of the Board of Directors, Chairman of the Audit Committee
Himmet KARADAĞ	Vice Chairman of the Board of Directors, Independent Member of the Board 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
Maksut SERİM	Member of the Board of Directors
Ebubekir ŞAHİN	Member of the Board of Directors
Sezai UÇARMAK	Member of the Board of Directors
Mevlüt UYSAL	Independent Member of the Board of Directors, Member of the Audit Committee
Yılmaz ÇOLAK	Member of the Supervisory Board
Faruk ÖZÇELİK	Member of the Supervisory Board
Olcay ATLIOĞLU	Executive Vice President, Information Technologies(P.P.)
İlhan BÖLÜKBAŞ	Executive Vice President, Loan Allocation and Management
Celal CANDAN	Executive Vice President, Credit Risk Monitoring and Legal Proceedings
Ergin KAYA	Executive Vice President, Banking Operations and Support Services
Yalçın MADENCİ	Executive Vice President, Corporate and Commercial Marketing
Yusuf Duran OCAK	Executive Vice President, Financial Management and Planning
Ali ŞÖNER	Executive Vice President, Treasury Management and International Banking(P.P.)
Hasan TUNCAY	Executive Vice President, Retail Banking

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

a) The professionals to the Parent Bank's top management who have assigned to their position in 2021 are listed with titles and dates of assignment.

Title	Name and Surname	Beginning Date
Member of the Board of Directors	Şeref AKSAÇ	26 March 2021
Executive Vice President (P.P.)	Olcay ATLIOĞLU	28 July 2021
Executive Vice President (P.P.)	Ali ŞÖNER	28 July 2021

b) The professionals from the Parent Bank's top management who have left their position in 2021 are listed with titles and dates of leaving.

Title	Name and Surname	Leaving Date
Member of the Board of Directors	Kerem ALKİN	26 March 2021
Executive Vice President	Serdar SÜRER	7 July 2021

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

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

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

##### 1) General information about the Parent Bank:

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

##### 2) Restructuring process of the Parent Bank:

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

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

As of 31 December 2021, the Parent Bank operates with a total of 1.023 branches consisting of 1.018 domestic and 5 foreign branches that are 4 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 33 satellite branches. The Parent Bank has also 3 representative office in England, Iran and Singapore. (Singapore Representative activities were terminated on December 31, 2021.)

#### VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION

The Parent Bank and its subsidiaries;

- Halk Yatırım Menkul Değerler AŞ
  - Halk Gayrimenkul Yatırım Ortaklığı AŞ
  - Halk Finansal Kiralama AŞ
  - Halk Faktoring AŞ
  - Halk Banka AD Skopje
  - Halkbank AD Beograd
  - Halk Varlık Kiralama AŞ
- are consolidated "line by line" in the accompanying consolidated financial statements.

The Parent Bank's associates;

- Demir-Halk Bank N.V.
- Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ

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



## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

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

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

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

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

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

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

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

There is no difference for the Parent Bank in terms of consolidated subsidiaries between the consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Financial Statements.

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

Demir-Halk Bank NV ("Demir Halk Bank") and Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ which are qualified as investments in associates, are presented in the consolidated financial statements based on equity method of accounting. An associate is a partnership in whose capital the Parent Bank participates and over which it has no significant influence and control, established at home and abroad.

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

Immediate transfer of the shareholder's equity between the Parent Bank and its subsidiaries is not in question. Dividend distribution from shareholders' equity is done according to related regulations.

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### SECTION II: CONSOLIDATED FINANCIAL STATEMENTS

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

**TÜRKİYE HALK BANKASI A.Ş.****CONSOLIDATED BALANCE SHEET  
AS OF 31 DECEMBER 2021**

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

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

ASSETS	Note	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. FINANCIAL ASSETS (NET)</b>		<b>87.010.685</b>	<b>146.698.865</b>	<b>233.709.550</b>	<b>62.791.771</b>	<b>84.132.043</b>	<b>146.923.814</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>19.878.637</b>	<b>110.657.200</b>	<b>130.535.837</b>	<b>8.916.830</b>	<b>59.391.599</b>	<b>68.308.429</b>
1.1.1 Cash and Balances with Central Bank	(1)	19.514.354	106.515.213	126.029.567	8.396.106	56.588.336	64.984.442
1.1.2 Banks	(3)	397.656	4.142.797	4.540.453	287.479	2.803.592	3.091.071
1.1.3 Money Markets		1.001	-	1.001	252.997	-	252.997
1.1.4 Expected Loss Provision (-)		34.374	810	35.184	19.752	329	20.081
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(2)</b>	<b>25.218.576</b>	<b>29.518</b>	<b>25.248.094</b>	<b>15.704.422</b>	<b>19.241</b>	<b>15.723.663</b>
1.2.1 Government Debt Securities		24.928.717	725	24.929.442	15.529.875	1.349	15.531.224
1.2.2 Equity Instruments		167.148	28.793	195.941	145.757	17.892	163.649
1.2.3 Other Financial Assets		122.711	-	122.711	28.790	-	28.790
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(4)</b>	<b>39.174.606</b>	<b>29.762.118</b>	<b>68.936.724</b>	<b>38.164.766</b>	<b>22.379.674</b>	<b>60.544.440</b>
1.3.1 Government Debt Securities		38.593.800	29.416.308	68.010.108	37.528.538	22.192.136	59.720.674
1.3.2 Equity Instruments		56.023	345.810	401.833	44.745	187.538	232.283
1.3.3 Other Financial Assets		524.783	-	524.783	591.483	-	591.483
<b>1.4 Derivative Financial Assets</b>	<b>(2)(11)</b>	<b>2.738.866</b>	<b>6.250.029</b>	<b>8.988.895</b>	<b>5.753</b>	<b>2.341.529</b>	<b>2.347.282</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		2.738.866	6.250.029	8.988.895	5.753	2.341.529	2.347.282
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST(Net)</b>		<b>460.538.565</b>	<b>213.642.571</b>	<b>674.181.136</b>	<b>401.555.604</b>	<b>129.174.012</b>	<b>530.729.616</b>
<b>2.1 Loans</b>	<b>(5)</b>	<b>389.086.149</b>	<b>168.534.070</b>	<b>557.620.219</b>	<b>353.822.723</b>	<b>103.387.503</b>	<b>457.210.226</b>
<b>2.2 Lease Receivables</b>	<b>(10)</b>	<b>2.337.332</b>	<b>2.566.281</b>	<b>4.903.613</b>	<b>1.882.644</b>	<b>2.339.714</b>	<b>4.222.358</b>
<b>2.3 Factoring Receivables</b>		<b>1.570.484</b>	<b>184.114</b>	<b>1.754.598</b>	<b>1.810.629</b>	<b>44.496</b>	<b>1.855.125</b>
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	<b>(6)</b>	<b>90.130.549</b>	<b>43.048.115</b>	<b>133.178.664</b>	<b>60.843.380</b>	<b>23.961.309</b>	<b>84.804.689</b>
2.4.1 Government Debt Securities		90.080.026	43.048.115	133.128.141	60.792.861	23.961.309	84.754.170
2.4.2 Other Financial Assets		50.523	-	50.523	50.519	-	50.519
<b>2.5 Expected Credit Loss (-)</b>		<b>22.585.949</b>	<b>690.009</b>	<b>23.275.958</b>	<b>16.803.772</b>	<b>559.010</b>	<b>17.362.782</b>
<b>III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)</b>	<b>(16)</b>	<b>2.481</b>	<b>-</b>	<b>2.481</b>	<b>1.441</b>	<b>-</b>	<b>1.441</b>
3.1 Held for Sale		2.481	-	2.481	1.441	-	1.441
3.2 Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>87.462</b>	<b>1.108.396</b>	<b>1.195.858</b>	<b>83.121</b>	<b>681.339</b>	<b>764.460</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(7)</b>	<b>87.462</b>	<b>1.108.396</b>	<b>1.195.858</b>	<b>83.121</b>	<b>681.339</b>	<b>764.460</b>
4.1.1 Associates Valued Based on Equity Method		20.907	1.108.396	1.129.303	16.566	681.339	697.905
4.1.2 Unconsolidated Associates		66.555	-	66.555	66.555	-	66.555
<b>4.2 Subsidiaries (Net)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>	<b>(12)</b>	<b>10.813.557</b>	<b>859.307</b>	<b>11.672.864</b>	<b>9.775.477</b>	<b>503.411</b>	<b>10.278.888</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(13)</b>	<b>525.246</b>	<b>154.870</b>	<b>680.116</b>	<b>579.463</b>	<b>59.245</b>	<b>638.708</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		525.246	154.870	680.116	579.463	59.245	638.708
<b>VII. INVESTMENT PROPERTIES (Net)</b>	<b>(14)</b>	<b>1.357.537</b>	<b>16.280</b>	<b>1.373.817</b>	<b>1.197.116</b>	<b>10.145</b>	<b>1.207.261</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>2.013</b>	<b>2.013</b>	<b>339.626</b>	<b>2.897</b>	<b>342.523</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(15)</b>	<b>223.025</b>	<b>8.018</b>	<b>231.043</b>	<b>37.353</b>	<b>4.748</b>	<b>42.101</b>
<b>X. OTHER ASSETS (Net)</b>	<b>(17)</b>	<b>7.768.396</b>	<b>868.944</b>	<b>8.637.340</b>	<b>4.738.592</b>	<b>547.246</b>	<b>5.285.838</b>
<b>TOTAL ASSETS</b>		<b>568.326.954</b>	<b>363.359.264</b>	<b>931.686.218</b>	<b>481.099.564</b>	<b>215.115.086</b>	<b>696.214.650</b>

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

**TÜRKİYE HALK BANKASI A.Ş.****CONSOLIDATED BALANCE SHEET  
AS OF 31 DECEMBER 2021**

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

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

LIABILITIES	Note	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. DEPOSITS</b>	<b>(1)</b>	<b>259.451.635</b>	<b>387.977.650</b>	<b>647.429.285</b>	<b>261.818.132</b>	<b>206.243.696</b>	<b>468.061.828</b>
<b>II. FUNDS BORROWED</b>	<b>(3)</b>	<b>938.425</b>	<b>16.660.140</b>	<b>17.598.565</b>	<b>706.399</b>	<b>12.548.123</b>	<b>13.254.522</b>
<b>III. MONEY MARKETS</b>		<b>137.390.073</b>	<b>2.644.672</b>	<b>140.034.745</b>	<b>103.487.981</b>	<b>1.114.631</b>	<b>104.602.612</b>
<b>IV. SECURITIES ISSUED (Net)</b>	<b>(4)</b>	<b>8.176.772</b>	<b>-</b>	<b>8.176.772</b>	<b>6.692.145</b>	<b>7.553.277</b>	<b>14.245.422</b>
4.1 Bills		4.890.092	-	4.890.092	3.655.382	-	3.655.382
4.2 Assets Backed Securities		2.579.698	-	2.579.698	1.958.530	-	1.958.530
4.3 Bonds		706.982	-	706.982	1.078.233	7.553.277	8.631.510
<b>V. FUNDS</b>	<b>(5)</b>	<b>138.541</b>	<b>-</b>	<b>138.541</b>	<b>3.617.303</b>	<b>-</b>	<b>3.617.303</b>
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		138.541	-	138.541	3.617.303	-	3.617.303
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(2)(8)</b>	<b>18.187</b>	<b>2.452.250</b>	<b>2.470.437</b>	<b>20.113</b>	<b>514.112</b>	<b>534.225</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		18.187	2.452.250	2.470.437	20.113	514.112	534.225
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		<b>771</b>	<b>1.346</b>	<b>2.117</b>	<b>1.002</b>	<b>636</b>	<b>1.638</b>
<b>IX. LEASE LIABILITIES</b>	<b>(7)</b>	<b>867.842</b>	<b>188.993</b>	<b>1.056.835</b>	<b>768.088</b>	<b>125.686</b>	<b>893.774</b>
<b>X. PROVISIONS</b>	<b>(9)</b>	<b>3.437.997</b>	<b>275.837</b>	<b>3.713.834</b>	<b>2.116.831</b>	<b>116.754</b>	<b>2.233.585</b>
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		2.272.800	46.666	2.319.466	1.487.055	16.345	1.503.400
10.3 Insurance for Technical Provision (Net)		-	206.379	206.379	-	93.638	93.638
10.4 Other Provisions		1165.197	22.792	1.187.989	629.776	6.771	636.547
<b>XI. CURRENT TAX LIABILITY</b>	<b>(10)</b>	<b>948.351</b>	<b>673</b>	<b>949.024</b>	<b>777.424</b>	<b>989</b>	<b>778.413</b>
<b>XII. DEFERRED TAX LIABILITIES</b>	<b>(10)</b>	<b>-</b>	<b>2.152</b>	<b>2.152</b>	<b>331.752</b>	<b>2.152</b>	<b>333.904</b>
<b>XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	<b>(12)</b>	<b>6.051.459</b>	<b>15.591.893</b>	<b>21.643.352</b>	<b>6.036.525</b>	<b>8.824.063</b>	<b>14.860.588</b>
14.1 Loans		-	15.591.893	15.591.893	-	8.824.063	8.824.063
14.2 Other Debt Instruments		6.051.459	-	6.051.459	6.036.525	-	6.036.525
<b>XV. OTHER LIABILITIES</b>	<b>(6)</b>	<b>41.711.494</b>	<b>2.747.694</b>	<b>44.459.188</b>	<b>28.274.400</b>	<b>1.743.535</b>	<b>30.017.935</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	<b>(13)</b>	<b>42.439.742</b>	<b>1.571.629</b>	<b>44.011.371</b>	<b>41.839.276</b>	<b>939.625</b>	<b>42.778.901</b>
16.1 Paid-in Capital		2.473.776	-	2.473.776	2.473.776	-	2.473.776
16.2 Capital Reserves		6.844.632	150.373	6.995.005	6.708.624	82.326	6.790.950
16.2.1 Share Premium		5.815.863	-	5.815.863	5.815.863	-	5.815.863
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.028.769	150.373	1.179.142	892.761	82.326	975.087
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		3.244.094	379	3.244.473	2.998.743	4.280	3.003.023
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(1.817.314)	(278.853)	(2.096.167)	(220.937)	(218.119)	(439.056)
<b>16.5 Profit Reserves</b>		<b>28.006.515</b>	<b>1.361.322</b>	<b>29.367.837</b>	<b>25.276.429</b>	<b>601.525</b>	<b>25.877.954</b>
16.5.1 Legal Reserves		2.657.665	133.811	2.791.476	2.498.334	33.826	2.532.160
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		25.301.669	168.943	25.470.612	22.730.914	104.574	22.835.488
16.5.4 Other Profit Reserves		47.181	1.058.568	1.105.749	47.181	463.125	510.306
<b>16.6 Income or (Loss)</b>		<b>3.419.585</b>	<b>325.178</b>	<b>3.744.763</b>	<b>4.347.012</b>	<b>461.862</b>	<b>4.808.874</b>
16.6.1 Prior Periods' Income or (Loss)		1.689.647	219.145	1.908.792	796.482	327.750	1.124.232
16.6.2 Current Period Income or (Loss)		1.729.938	106.033	1.835.971	3.550.530	134.112	3.684.642
<b>16.7 Minority Shares</b>	<b>(14)</b>	<b>268.454</b>	<b>13.230</b>	<b>281.684</b>	<b>255.629</b>	<b>7.751</b>	<b>263.380</b>
<b>TOTAL LIABILITIES</b>		<b>501.571.289</b>	<b>430.114.929</b>	<b>931.686.218</b>	<b>456.487.371</b>	<b>239.727.279</b>	<b>696.214.650</b>

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

## TÜRKİYE HALK BANKASI A.Ş.

### CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2021

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

#### II. CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS

OFF-BALANCE SHEET	Note	Audited Current Period 31 December 2021		Audited Prior Period 31 December 2020			
		TRY	FC	TRY	FC		
<b>A. COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>177.033.710</b>	<b>274.567.982</b>	<b>451.601.692</b>	<b>115.245.846</b>	<b>128.240.627</b>	<b>243.486.473</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(1)</b>	<b>81.865.909</b>	<b>113.439.756</b>	<b>195.305.665</b>	<b>55.057.122</b>	<b>61.446.729</b>	<b>116.503.851</b>
11 Letters of guarantee		71.263.082	95.656.326	166.919.408	50.051.793	52.484.618	102.536.411
11.1 Guarantees subject to public procurement law		4.022.784	9.819.863	13.842.647	2.868.957	6.032.807	8.901.764
11.2 Guarantees given for foreign trade operations		188.413	18.996.368	19.184.781	151.890	11.076.113	11.228.003
11.3 Other letters of guarantee		67.051.885	66.840.095	133.891.980	47.030.946	35.375.698	82.406.644
12 Bank loans		1.079.481	10.501.763	11.581.244	185.902	6.309.693	6.495.595
12.1 Import acceptances		-	272.303	272.303	-	161.040	161.040
12.2 Other bank acceptances		1.079.481	10.229.460	11.308.941	185.902	6.148.653	6.334.555
13 Letters of credit		22.275	7.111.154	7.133.429	55.249	2.554.133	2.609.382
13.1 Documentary letters of credit		22.275	7.111.154	7.133.429	55.249	2.554.133	2.609.382
13.2 Other letters of credit		-	-	-	-	-	-
14 Guaranteed refinancing		-	-	-	-	-	-
15 Endorsements		-	-	-	-	-	-
15.1 Endorsements to Central Bank of the Republic of Turkey		-	-	-	-	-	-
15.2 Other Endorsements		-	-	-	-	-	-
16 Purchase guarantees on marketable security issuance		-	-	-	-	-	-
17 Factoring guarantees		-	-	-	-	-	-
18 Other guarantees		9.501.071	170.513	9.671.584	4.764.178	98.285	4.862.463
19 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>38.457.173</b>	<b>17.199.370</b>	<b>55.656.543</b>	<b>42.401.518</b>	<b>7.565.424</b>	<b>49.966.942</b>
21 Irrevocable commitments	(1)	37.152.475	7.892.295	45.044.770	41.793.629	2.726.999	44.520.628
21.1 Forward asset purchase commitments		3.206.791	5.837.543	9.044.334	371.052	1.455.693	1.826.745
21.2 Forward deposit purchase and sale commitments		-	-	-	-	-	-
21.3 Capital commitments to subsidiaries and associates		-	-	-	-	-	-
21.4 Loan granting commitments		5.086.550	1.315.230	6.401.780	3.912.914	808.401	4.721.315
21.5 Securities underwriting commitments		-	-	-	-	-	-
21.6 Payment commitments for reserve deposits		-	-	-	-	-	-
21.7 Payment commitments for Cheques	(3)	6.146.359	-	6.146.359	4.472.298	-	4.472.298
21.8 Tax and fund liabilities from export commitments		106.220	-	106.220	124.240	-	124.240
21.9 Commitments for credit card expenditure limits		17.272.727	192.393	17.465.120	27.941.932	90.210	28.032.142
21.10 Commitments for credit cards and banking services promotions		27.584	-	27.584	22.752	-	22.752
21.11 Receivables from short sale commitments		-	-	-	-	-	-
21.12 Payables for short sale commitments		-	-	-	-	-	-
21.13 Other irrevocable commitments		5.306.244	547.129	5.853.373	4.948.441	372.695	5.321.136
22 Revocable commitments		1.304.698	9.307.075	10.611.773	607.889	4.838.425	5.446.314
22.1 Revocable loan granting commitments		-	4.340.194	4.340.194	-	2.210.353	2.210.353
22.2 Other revocable commitments		1.304.698	4.966.881	6.271.579	607.889	2.628.072	3.235.961
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(2)</b>	<b>56.710.628</b>	<b>143.928.856</b>	<b>200.639.484</b>	<b>17.787.206</b>	<b>59.228.474</b>	<b>77.015.680</b>
31 Derivative financial instruments held for risk management		-	-	-	-	-	-
31.1 Fair value risk hedging transactions		-	-	-	-	-	-
31.2 Cash flow risk hedging transactions		-	-	-	-	-	-
31.3 Net foreign investment risk hedging transactions		-	-	-	-	-	-
32 Transactions for trading		56.710.628	143.928.856	200.639.484	17.787.206	59.228.474	77.015.680
32.1 Forward foreign currency buy/sell transactions		1.524.482	14.931.282	16.455.764	203.227	2.589.660	2.793.387
32.1.1 Forward foreign currency transactions-buy		770.538	9.871.952	10.642.490	114.039	2.395.844	2.509.883
32.1.2 Forward foreign currency transactions-sell		753.944	5.059.330	5.813.274	89.688	193.816	283.504
32.2 Currency and interest rate swaps		54.300.111	94.460.632	148.760.743	17.149.875	47.388.846	64.538.721
32.2.1 Currency swap-buy		-	45.197.519	45.197.519	-	18.551.480	18.551.480
32.2.2 Currency swap-sell		53.790.111	5.796.883	59.586.994	15.739.875	4.681.336	20.421.211
32.2.3 Interest rate swap-buy		255.000	21.733.115	21.988.115	705.000	12.078.015	12.783.015
32.2.4 Interest rate swap-sell		255.000	21.733.115	21.988.115	705.000	12.078.015	12.783.015
32.3 Currency, interest rate and marketable securities options		895.958	3.591.388	4.477.346	433.604	3.440.442	3.874.046
32.3.1 Currency call options		442.917	1.795.760	2.238.677	218.802	1.720.219	1.937.021
32.3.2 Currency put options		443.041	1.795.628	2.238.669	218.802	1.720.223	1.937.025
32.3.3 Interest rate call options		-	-	-	-	-	-
32.3.4 Interest rate put options		-	-	-	-	-	-
32.3.5 Marketable securities call options		-	-	-	-	-	-
32.3.6 Marketable securities put options		-	-	-	-	-	-
32.4 Currency futures		-	-	-	-	-	-
32.4.1 Currency futures-buy		-	-	-	-	-	-
32.4.2 Currency futures-sell		-	-	-	-	-	-
32.5 Interest rate buy/sell futures		-	-	-	-	-	-
32.5.1 Interest rate futures-buy		-	-	-	-	-	-
32.5.2 Interest rate futures-sell		-	-	-	-	-	-
32.6 Other		77	30.945.554	30.945.631	-	5.809.526	5.809.526
<b>B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)</b>		<b>1.741.759.115</b>	<b>862.522.036</b>	<b>2.604.281.151</b>	<b>1.497.151.707</b>	<b>500.356.330</b>	<b>1.997.508.037</b>
<b>IV. CUSTODIES</b>		<b>715.432.584</b>	<b>96.026.233</b>	<b>811.458.817</b>	<b>631.841.811</b>	<b>61.211.567</b>	<b>693.053.378</b>
41 Assets under management		-	-	-	-	-	-
42 Custody marketable securities		140.142.055	5.684.265	145.826.320	127.376.877	2.619.679	129.996.556
43 Cheques in collection process		35.411.665	63.657.110	99.068.775	21.031.738	44.640.396	65.672.134
44 Commercial notes in collection process		494.230.474	19.077.446	513.307.920	427.050.907	9.156.674	436.207.581
45 Other assets in collection process		-	-	-	-	-	-
46 Underwritten securities		-	-	-	-	-	-
47 Other custodians		870.991	1.702.098	2.573.089	2.319.655	1.143.741	3.463.396
48 Custodians		44.777.399	5.905.314	50.682.713	54.062.634	3.651.077	57.713.711
<b>V. PLEDGED ASSETS</b>		<b>1.026.326.531</b>	<b>766.495.803</b>	<b>1.792.822.334</b>	<b>865.309.896</b>	<b>439.144.763</b>	<b>1.304.454.659</b>
51 Marketable securities		9.295.804	2.381.421	11.677.225	6.996.977	1.733.141	8.730.118
52 Collateral notes		15.652.676	3.284.084	18.936.760	7.863.081	1.769.758	9.632.839
53 Commodity		25.812	-	25.812	-	-	25.813
54 Warranty		-	-	-	-	-	-
55 Land and buildings		778.975.982	586.021.434	1.364.997.416	650.415.346	338.008.605	988.423.951
56 Other pledged assets		171.863.800	112.178.647	284.042.447	169.327.906	56.874.541	226.202.447
57 Pledges		50.512.457	62.630.217	113.142.674	30.680.773	40.758.718	71.439.491
<b>VI. ACCEPTED BILL GUARANTEES AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)</b>		<b>1.918.792.825</b>	<b>1.137.090.018</b>	<b>3.055.882.843</b>	<b>1.612.397.553</b>	<b>628.596.957</b>	<b>2.240.994.510</b>

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

## TÜRKİYE HALK BANKASI A.Ş.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Audited Current Period 1 January - 31 December 2021	Audited Prior Period 1 January - 31 December 2020
<b>I. INCOME AND EXPENSES</b>			
<b>I. INTEREST INCOME</b>	<b>(1)</b>	<b>90.120.928</b>	<b>54.729.179</b>
1.1 Interest on Loans		54.577.733	38.299.040
1.2 Interest on Reserve Requirements		3.387	1.660
1.3 Interest on Banks		1.284.000	278.677
1.4 Interest on Money Market Transactions		106.931	47.629
<b>1.5 Interest on Marketable Securities Portfolio</b>		<b>33.160.653</b>	<b>15.337.624</b>
1.5.1 Fair Value Through Profit or Loss		26.433	29.860
1.5.2 Fair Value Through Other Comprehensive Income		8.339.941	4.570.645
1.5.3 Measured at Amortized Cost		24.794.279	10.737.119
1.6 Financial Lease Interest Income		440.076	366.211
1.7 Other Interest Income		548.148	398.338
<b>II. INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>64.079.138</b>	<b>35.197.360</b>
2.1 Interest on Deposits		42.067.453	22.370.782
2.2 Interest on Funds Borrowed		385.278	427.462
2.3 Interest Expense on Money Market Transactions		17.743.935	8.798.676
2.4 Interest on Securities Issued		3.300.097	2.480.878
2.5 Interest on Leases		110.553	77.732
2.6 Other Interest Expenses		471.822	1.041.830
<b>III. NET INTEREST INCOME (I - II)</b>		<b>26.041.790</b>	<b>19.531.819</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>4.524.121</b>	<b>2.889.949</b>
4.1 Fees and Commissions Received		6.254.189	3.922.178
4.1.1 Non - cash Loans		1.357.298	962.059
4.1.2 Other	(13)	4.896.891	2.960.119
4.2 Fees and Commissions Paid (-)		1.730.068	1.032.229
4.2.1 Non - cash Loans		6.554	4.228
4.2.2 Other	(13)	1.723.514	1.028.001
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>4.051</b>	<b>4.960</b>
<b>VI. TRADING INCOME / LOSS (Net)</b>	<b>(4)</b>	<b>(12.602.946)</b>	<b>(5.213.013)</b>
6.1 Trading Gains / (Losses) on Securities		67.410	100.666
6.2 Gains / (Losses) on Derivate Financial Transactions		18.541.329	2.731.597
6.3 Foreign Exchange Gains / (Losses)		(31.211.685)	(8.045.276)
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>6.626.116</b>	<b>1.820.064</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>24.593.132</b>	<b>19.033.779</b>
<b>IX. EXPECTED LOSS PROVISIONS (-)</b>	<b>(6)</b>	<b>12.121.844</b>	<b>6.980.823</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>(6)</b>	<b>36.283</b>	<b>18.161</b>
<b>XI. PERSONNEL EXPENSE (-)</b>		<b>4.629.937</b>	<b>3.804.543</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>5.958.346</b>	<b>4.750.152</b>
<b>XIII. NET OPERATING INCOME / LOSS (IX-X-XI)</b>		<b>1.846.712</b>	<b>3.480.100</b>
<b>XIV. INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>36.237</b>	<b>25.498</b>
<b>XV. INCOME / (LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVII. PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	<b>(8)</b>	<b>1.882.949</b>	<b>3.505.598</b>
<b>XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>(38.491)</b>	<b>(752.503)</b>
18.1 Current Tax Provision		187.703	602.783
18.2 Deferred Tax Income Effect (+)		4.705.132	865.404
18.3 Deferred Tax Expense Effect (-)		4.854.344	715.684
<b>XIX. CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(10)</b>	<b>1.844.458</b>	<b>2.753.095</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>1.481.462</b>
20.1 Income from Non-Current Assets Held for Sale		-	613.933
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures			

# TÜRKİYE HALK BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

	Audited Current Period 1 January - 31 December 2021	Audited Prior Period 1 January - 31 December 2020
<b>INCOME EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY</b>		
<b>I. CURRENT PERIOD INCOME/LOSS</b>	<b>1.844.458</b>	<b>3.691.865</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(1.415.661)</b>	<b>(341.419)</b>
2.1 Not Reclassified Through Profit or Loss	241.450	351.123
2.1.1 Property and Equipment Revaluation Increase/Decrease	619.526	448.027
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	(417.291)	(98.012)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(2.440)	4.802
2.1.5 Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	41.655	(3.694)
<b>2.2 Reclassified Through Profit or Loss</b>	<b>(1.657.111)</b>	<b>(692.542)</b>
2.2.1 Foreign Currency Translation Differences	(134.384)	3.776
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(1.852.554)	(823.049)
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	329.827	126.731
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>428.797</b>	<b>3.350.446</b>

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

# TÜRKİYE HALK BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021

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

### V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss		Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss		Other (Cash Flow Hedge Gain/ Loss, Shares of Investments Valued by Method in Other Comprehensive Income Classified Through Profit or Loss and Other Comprehensive Income Through Other Profit or Loss)		Total	
	Share Premiums	Share Cancellation	Share Premiums	Share Cancellation	Profit or Loss	Other	Profit or Loss	Other
Audited (1 January - 31 December 2020) Balance	1.250.000	39.773	975.617	5.815.863	-	-	2.473.776	5.815.863
II. Adjusted Beginning Balance	1.250.000	39.773	975.617	5.815.863	-	-	2.473.776	5.815.863
III. Total Comprehensive Income	-	-	-	-	428.797	-	428.797	428.797
IV. Total Comprehensive Income	-	-	-	-	428.797	-	428.797	428.797
V. Capital Increase by Cash	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-
VII. Paid in Capital Inflation	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share Instruments	-	-	-	-	-	-	-	-
IX. Subordinated Debt	-	-	-	-	-	-	-	-
X. Reserve / Decrease by Other Changes	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-
XII. Dividends Paid	-	-	-	-	-	-	-	-
XIII. Transfers to Reserves	-	-	-	-	-	-	-	-
XIV. Other	-	-	-	-	-	-	-	-
Period End Balance (I+II+...-X+XI)	2.473.776	5.815.863	975.087	3.090.256	(139.318)	52.085	2.473.776	5.815.863
Audited (31 December 2021) Balance	2.473.776	5.815.863	975.087	3.090.256	(139.318)	52.085	2.473.776	5.815.863

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

## TÜRKİYE HALK BANKASI A.Ş.

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### VI. CONSOLIDATED STATEMENT OF CASH FLOW

	Note	Audited	Audited
		Current Period 1 January - 31 December 2021	Prior Period 1 January - 31 December 2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>(30.624.282)</b>	<b>4.681.250</b>
1.1.1 Interest received		66.829.360	45.845.461
1.1.2 Interest paid		(62.211.565)	(34.737.175)
1.1.3 Dividend received		4.051	4.960
1.1.4 Fees and commissions received		5.904.352	4.550.474
1.1.5 Other income		3.410.697	1.044.949
1.1.6 Collections from previously written off loans		2.400.110	1.786.986
1.1.7 Cash payments to personnel and service suppliers		(4.682.688)	(3.846.371)
1.1.8 Taxes paid		(479.404)	(1.109.206)
1.1.9 Other	(1)	(41.799.195)	(8.858.828)
<b>1.2 Changes in Assets and Liabilities Subject to Banking Operations</b>		<b>50.775.271</b>	<b>64.693.769</b>
1.2.1 Net Increase / decrease in financial assets at fair value through profit or loss		(9.520.702)	581.561
1.2.2 Net (increase) / decrease in due from banks		(115.480)	-
1.2.3 Net (increase) / decrease in loans		(26.523.151)	(145.850.059)
1.2.4 Net (increase) / decrease in other assets		(46.313.725)	(10.611.237)
1.2.5 Net increase / (decrease) in bank deposits		16.477.100	7.366.126
1.2.6 Net increase / (decrease) in other deposits		65.648.431	160.055.469
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		3.181.246	(1.350.472)
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities	(1)	47.941.552	54.502.381
<b>I. Net cash provided from banking operations</b>		<b>20.150.989</b>	<b>69.375.019</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II. Net cash provided from/ (used in) investing activities</b>		<b>(18.137.234)</b>	<b>(49.553.545)</b>
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		(57.435)	(183.498)
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries		-	225.190
2.3 Fixed assets purchases		(1.463.907)	(936.919)
2.4 Fixed assets sales		2.720.721	1.852.907
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(9.217.105)	(58.930.404)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		3.189.231	10.889.499
2.7 Cash paid for purchase of investment securities		(23.878.099)	(19.468.313)
2.8 Cash obtained from sale of investment securities		10.839.704	17.561.792
2.9 Other		(270.344)	(563.799)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>(5.632.148)</b>	<b>434.302</b>
3.1 Cash obtained from loans borrowed and securities issued		12.527.707	13.855.727
3.2 Cash used for repayment of loans borrowed and securities issued		(17.927.019)	(20.198.723)
3.3 Bonds issued		-	7.000.000
3.4 Dividends paid		-	-
3.5 Payments for leases		(232.836)	(222.702)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	(1)	<b>24.031.077</b>	<b>(1.597.022)</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>20.412.684</b>	<b>18.658.754</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>	(4)	<b>43.121.553</b>	<b>24.462.799</b>
<b>VII. Cash and cash equivalents at end of the period</b>	(5)	<b>63.534.237</b>	<b>43.121.553</b>

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

## TÜRKİYE HALK BANKASI A.Ş.

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited	Audited
	Current Period * 31 December 2021	Prior Period 31 December 2020
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT</b>		
1.1 Current Period Profit	1.406.093	3.229.900
1.2 Taxes and Legal Duties Payables (-)	101.636	(629.855)
1.2.1 Corporate Tax (Income Tax)	(19.615)	(491.513)
1.2.2 Withholding Tax	-	-
1.2.3 Other Taxes and Duties	121.251	(138.342)
<b>A. Net Profit For The Period (1.1-1.2)</b>	<b>1.507.729</b>	<b>2.600.045</b>
1.3 Accumulated Losses (-)	-	-
1.4 First Legal Reserves (-)	-	130.002
1.5 Other Statutory Reserves (-)	-	-
<b>B. Net Profit Available for Distribution [(A-(1.3+1.4+1.5))]**</b>	<b>-</b>	<b>2.470.043</b>
1.6 First Dividend to shareholders (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Redeemed Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 Dividends to personnel (-)	-	-
1.8 Dividends to Board of Directors (-)	-	-
1.9 Second Dividend to Shareholders (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Redeemed Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders Of Profit And Loss Sharing Certificates	-	-
1.10 Statutory reserves (-)	-	2.470.043
1.11 General reserves	-	-
1.12 Other reserves	-	1.163.178
1.13 Special funds	-	-
<b>II. Distribution of Reserves</b>		
2.1 Appropriated Reserves	-	-
2.2 Second Legal Reserves (-)	-	-
2.2.1 Dividends to Shareholders (-)	-	-
2.2.2 To Owners of Ordinary Shares	-	-
2.2.3 To Owners of Privileged Shares	-	-
2.2.4 To Profit Sharing Bonds	-	-
2.2.5 To Holders of Profit and Loss Sharing Certificates	-	-
2.3 Dividends to Personnel (-)	-	-
2.4 Dividends to the Boards of Directors (-)	-	-
<b>III. Earnings per Share</b>		
3.1 To Owners of Ordinary Shares	0,6094849	1,051043
3.2 To Owners of Ordinary Shares (%)	%60,95	%105,10
3.3 To Owners of Privileged Shares	-	-
3.4 To Owners of Privileged Shares (%)	-	-
<b>IV. Dividend per Share</b>		
4.1 To Owners of Ordinary Shares	-	-
4.2 To Owners of Ordinary Shares (%)	-	-
4.3 To Owners of Privileged Shares	-	-
4.4 To Owners of Privileged Shares (%)	-	-

(\*) As of 31 December 2021 financial reporting date, General Assembly has not been held yet.

(\*\*) Under the TFRS-9 standard, returns on the sales of partnerships reported at fair value are put down in the equities account. The 75% exception to these returns, as provided by Article 5/1/e, Corporate Tax no. 5520, accounts to TRY 1.163.178 and this will continue to be put down in the special funds account.

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

##### I. EXPLANATIONS ON BASIS OF PRESENTATION

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

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

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

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. Therefore, no inflation adjustment has been made for TAS 29 in the financial statements as of 31 December 2021.

In accordance with the Group's statement of financial position dated 31 December 2021 prepared in accordance with the uniform chart of accounts that entered into force on January 1, 2021, in the statement of financial position dated 31 December 2020, between cash and cash equivalents and other assets, TRY 409.925 over derivative transactions with foreign banks. A reclassification process has been made for the guarantee amounts given. The effects of this classification on the cash flow statement have also been updated. Collaterals in institutions that are not foreign banks continue to be monitored in the other assets item. The related reclassification did not have any impact on the size and performance of the Group's statement of financial position.

##### Effects of COVID 19

In 2019, a new type of coronavirus (COVID-19) which emerged in Wuhan city of China, caused fatal respiratory diseases all over the world and named as a global outbreak by the World Health Organization on 11 March 2020. Various measures have been taken all over the world in order to avoid the negative effects of the disease that has become a pandemic, and due to the measures taken, there have been a recession in economies.

In order to be protected from the effects of the pandemic, BRSA, CBRT, CMB and TBA have taken various decisions regarding the banking sector in our country. These measures, which closely concern the banking sector, are listed below in general.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

1. With the regulation made by the BRSA on 17 March 2020 in Regulation on Provisions, the delinquency period for the classification of loans as non-performing has been extended from 90 days to 180 days until 31 December 2020 and Expected Credit Loss provisions for the loans classified as Second Group Loans Under Close Monitoring within the scope of TFRS 9 are decided to be continued according to the banks' own risk models. According to decision made by the BRSA on 8 December 2020 and 17 June 2021, the period for the classification of loans has been extended to 30 September 2021. With the decision of the Banking Regulation and Supervision Agency dated September 16, 2021, it was decided to terminate the related application as of the end of September 30, 2021, however, the aforementioned application will continue in the same way for loans with a delay period of more than 91 days and not exceeding 180 days as of October 1, 2021. As of 31 December 2021, the above mentioned application was terminated and the due day period became 90 days for all loans.

2. With the regulation made by the CBRT on March 17, 2020, the FX Reserve Requirement ratios were reduced by 500 basis points for banks that meet the real loan growth conditions. With the regulation made by the CBRT on 27 November 2020, the loan growth rate conditions were abolished as of the establishment date of 25 December 2020, and the same rates were applied to all banks.

3. With the decision made by the TBA on 19 March 2020, it has been recommended that loan demands of the affected firms should be swiftly evaluated and met, credit access and terms should be improved, credit channels should be maintained, and a certain flexibility should be introduced in terms of due dates, installments and assurances regarding the clients whose income-expenditure balance is affected by the pandemic outbreak.

4. In the regulation valid until 31 December 2020 and issued on 23 March 2020 by BRSA, it is stated that negative valuation differences arising related to securities at Fair Value through Other Comprehensive Income which obtained before 23 March 2020 may not be taken into account in the equity calculation to be used in the CAR calculation, and impairment provisions arising from the securities owned by Banks may not be taken into account in the foreign currency net general position calculation. In accordance with the regulation dated 8 December 2020 by BRSA, the effective period of these applications is extended to 30 June 2021. With the BRSA Board Decision dated 17 June 2021, it was stated that the relevant regulations were terminated after 30 June 2021.

According to the BRSA Board Decision dated December 21, 2021, in case the net valuation differences of the securities held in the portfolio of Securities at Fair Value Through Other Comprehensive Income as of December 21, 2021 are negative, these differences may not be taken into consideration in the calculation of equity to be used in the calculation of CAR.

5. With the decision of the BRSA dated 26 March 2020, it has been decided to exempt Banks from their obligations to meet the Liquidity Coverage Ratio. With the 9312 numbered decision of the BRSA dated 8 December 2020, it has been decided to terminate the relevant exemption as of 31 December 2020.

6. With the amendments made by the BRSA on the Regulation on Provisions on 27 March 2020, classification period to loans under close monitoring has been extended from 30 days to 90 days until 31 December 2020 and Expected Credit Loss provisions for the loans classified as First Group Loans within the scope of TFRS 9 are decided to be continued according to the banks' own risk models. According to order made by the BRSA on 8 December 2020 and 17 June 2021, the ending date of the related regulation has been extended to 30 September 2021. Banking Regulation and Supervision Agency Decision dated September 16, 2021, it was decided to terminate the related application as of the end of September 30, 2021, but to continue the application in the same way for loans with a delay period of more than 31 days and not exceeding 90 days as of October 1, 2021.

As of 31 December 2021, the relevant regulations were terminated and classification period to loans under close monitoring has become 30 days for all loans.

7. With the Board Resolution dated 16 April 2020 issued by the BRSA, it has been decided that 0% risk weight can be applied to the foreign currency denominated receivables of the Banks from the Republic of Turkey Central Management within the scope of CAR regulation.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

8. With the decision to be valid until December 31, 2020, made by the BRSA on 23 March 2020, banks were entitled to use the buying exchange rate used in preparation of financial statements as of 31 December 2019 when calculating the amount subject to credit risk for calculating the revalued amounts as per the Turkish Accounting Standards and related specific reserves, excluding the foreign currency assets measured at historical cost. With the Board Resolution dated 8 December 2020 issued by BRSA, by terminating the previous regulation, a new practice has been issued regarding this calculation to enable using the simple arithmetic average of buying exchange rates of the Central Bank for the last 252 days before the calculation date, and the effective period is extended to 30 June 2021. In accordance with the letter of BRSA dated 14 December 2020, it has been decided that this application is effective as of the date of the Board Resolution dated 8 December 2020. With the BRSA Board Decision dated 17 June 2021, it was stated that the relevant regulations were terminated as of 30 September 2021. BRSA Decision dated September 16, 2021, it was decided to continue the implementation until a BRSA Decision to the contrary is taken.

With the BRSA Board Decision dated 21 December 2021, it has been decided to use the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of 31 December 2021 starting from January 1, 2022, until a Board decision is taken to the contrary.

9. With the resolution numbered 8998 dated 16 April 2020 by BRSA, banks have been exempted from the obligations to meet 20% legal limit regarding the IRRBB ratio until 31 December 2020. Mentioned exemption has been terminated as of 31 December 2020 with the resolution numbered 9312 dated 8 December 2020.

The Parent Bank has regulated its activities within the scope of the above mentioned decisions.

As regards to the consideration of macroeconomic factors, the Parent Bank regularly evaluates scenario weights and macroeconomic factors in its model and if deemed necessary, makes additional provision through individual assessment due to the fact that the effects of the pandemic are still being experienced.

The possible effects of the outbreak on the Parent Bank's financial statements are regularly monitored by the relevant Units and the Parent Bank Management.

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

### a) The Group's strategy on financial instruments:

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

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

## III. INFORMATION ABOUT THE CONSOLIDATED ASSOCIATES AND SUBSIDIARIES

### 1. Basis of consolidation:

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

#### a. Basis of consolidation of subsidiaries:

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

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

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

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

#### b. Basis of consolidation of associates:

The Parent Bank's investments in associates, Demir-Halk Bank N.V. ("Demir Halk Bank") and Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ are presented in the accompanying financial statements based on the equity method of accounting. An associate is an entity established domestically and abroad in which the Parent Bank invests with a significant influence but no control.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

Accounting principles used by the consolidated associates accounted for at equity method, Demir-Halk Bank N.V. and Kobi Girişim Sermayesi AŞ are the same of the Parent Bank.

#### c. Basis of consolidation of joint ventures:

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

#### d. Principles applied during share transfer, merger and acquisition:

##### Accounting for business combinations

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

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

##### Acquisitions after 1 January 2010

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

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

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

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

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

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

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

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

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

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

Banking service income is recorded in the income in the period when 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.



## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

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

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

#### Assessment of Business Model

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

The Group's business model is related with how the Group manages its financial assets to generate cash flows. In other terms, the source of cash flows depends on the Group's business model whether the cash flow is generated from contractual terms or through sale of financial asset or both.

Classification of financial assets is made at initial recognition considering the aim of purchase of the financial asset. The Group's business models are classified in three main categories in accordance with TFRS 9.

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

#### 3. Other Business Models:

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

#### Measurement Categories of Financial Assets and Liabilities

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

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

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

In addition, the Parent Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Parent Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Parent Bank's expectations is updated during the year when deemed necessary. As of December 31, 2021, the valuation of the related assets was made according to the annual inflation forecast of 36.08%.

#### 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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:

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

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

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

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

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

#### Cash Equivalents and Banks

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

#### Loans and receivables

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

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

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

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

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

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

#### Calculation of expected credit losses

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

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

#### Probability of Default (PD)

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

#### Loss given Default (LGD)

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### Exposure at Default (EAD)

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

#### 12 Month Probability of Default

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

In the case of a customer or a loan that is classified under Standard Loans (Stage 1), 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 Group is considering qualitative indicators (e.g. financial commitments), if appropriate, when defining a default according to TFRS 9, for the purpose of determining the risk of business default and adopts a definition of default, consistent with the definition used for in-house credit risk management purposes for the relevant financial instruments. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

“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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

#### Low Credit Risk

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

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

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

#### The Rules of Significant Increase in Credit Risk

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

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

#### 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

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

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

Assets that meet the criteria to be classified as held for sale are measured at carrying amount and depreciation of such assets is ceased and they are presented separately in the balance sheet. In order to classify an asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer.

Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year.

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

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

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

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

As of 1 April 2015, the Group adopted the revaluation method for buildings in tangible assets in accordance with Turkish Accounting Standard No: 16 "Property, Plant and Equipment" (TAS 16). Expertise values determined by independent appraisal companies are reflected to the financial statements. Revaluation differences are recorded in "Accumulated Other Comprehensive Income or Loss Not Reclassified through Profit or Loss" under the shareholders' equity.

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

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

	Estimated Useful Lives (Year)	Depreciation rate
Buildings	50	2%
Safes	50	2%
Other movable properties	3-25	33,33-4%
Assets held under financial leases	4-5	25-20%

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

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

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

#### Classification of Investment Properties

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

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

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

#### XV. EXPLANATIONS ON LEASING TRANSACTIONS

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

The Group 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.

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

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

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

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

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

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

##### **The Lease Obligations:**

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

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

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

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

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

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

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

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

#### XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

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

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

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 SII, 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 2021 no technical deficit has been reported.

#### XVIII. EXPLANATIONS ON TAXATION

In accordance with the temporary article 13 added to the Corporate Tax Law No. 5520, the 20% rate in the first paragraph of Article 32 of the Corporate Tax Law is, 25% for the corporate earnings of the corporations for the 2021 taxation period, and %23 for the corporate earnings of the 2022 taxation period. In accordance with the relevant law, provisional tax is calculated quarterly according to the principles specified in the Income Tax Law and at the rate of corporate tax, and the accrued temporary corporate tax is paid. The provisional tax payments in question are deducted from the corporate tax of the current taxation period.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

As the tax rate used in the calculation of deferred tax assets and liabilities; 23% for temporary timing differences expected to occur within 2022, and 20% for temporary timing differences expected to occur after 2022, was used.

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 income statement 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, the financial statements for the 2021 will not be 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 and will not be subjected tax calculation.

#### 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.

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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

First period advance corporate tax return for the period of 1 January 2021 – 31 March 2021 is accrued and paid in May 2021, Second period advance corporate tax return for the period 1 April 2021 - 30 June 2021 is accrued and paid in August. Third period advance corporate tax return for the period 1 July 2021 - 30 September 2021 is accrued and paid in November. Forth period advance corporate tax return for the period 1 October 2021 - 31 December 2021 will be issued in February 2022, and paid following its assessment date.

#### [Bahrain](#)

Banks in Bahrain are not subject to tax according to the regulations of the country.

Tax practices of the consolidated subsidiaries:

#### [Halk Gayrimenkul Yatırım Ortaklığı AŞ](#)

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

#### [Halk Banka A.D. Skopje](#)

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

#### [Halk Bank A.D. Beograd](#)

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

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

#### **XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS**

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### **XX. EXPLANATIONS ON SHARES ISSUED**

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

The Parent Bank has not issued any shares in the current and prior period. In accordance with the decision of the Higher Council of Privatization dated 5 February 2007 and numbered 2007/8, the process of public offering for the 25% 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.

In accordance with the decision of the Board of Directors of the Parent Bank dated 11 May 2020, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 7.000.000, 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 14 May 2020. Accordingly, the recognition of the capital increase of TRY 1.223.776 on 20 May 2020 was realized on 21 May 2020, based on the permission obtained from the BRSA. The change made to the relevant Articles of Association was registered on 10 June 2020, and it was announced in the Trade Registry Gazette dated 15 June 2020 and numbered 10097. After the increase, TRY 1.223.776 of nominal and TRY 5.776.224 of share premium, totaling a capital increase of TRY 7.000.000, have been recognized in the financial statements. Mentioned capital increase was made by the Parent Bank's main shareholder Türkiye Varlık Fonu.

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

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

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

#### **XXII. EXPLANATIONS ON GOVERNMENT INCENTIVES**

There are no government incentives utilized by the Parent Bank in the current and prior period.

#### **XXIII. EXPLANATIONS ON SEGMENT REPORTING**

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

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

#### **XXIV. EXPLANATIONS ON OTHER MATTERS**

None.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

##### I. EXPLANATIONS ON THE CONSOLIDATED EQUITY

Equity amount and capital adequacy standard ratio calculation is made within the framework of “Regulation on Equities of the Banks” and “Regulation on Measurement and Evaluation of Banks’ Capital Adequacy” and in accordance with the amendments announced by the BRSA in the resolution dated 16 September 2021 and 21 December 2021.

According to the related regulation, As of 31 December 2021, the calculation of the amount subject to credit risk with the simple arithmetic average of the Central Bank’s foreign exchange buying rates for the last 252 business days before the calculation date, and in case the net valuation differences of the securities held in the portfolio of Securities at Fair Value Through Other Comprehensive Income as of December 21, 2021 are negative, these differences may not be taken into consideration in the calculation of equity to be used in the calculation of CAR.

As of 31 December 2021, the capital adequacy ratio and the capital amount of the Group were realized as 13,90% (31 December 2020: 14,56%) and TRY 70.103.207 (31 December 2020: TRY 60.686.958) which were calculated within the scope of the above-mentioned regulation amendments.

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

Current Period	Current Period	Prior Period
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	3.694.227	3.694.227
Share Premium	5.815.863	5.815.863
Reserves	29.367.837	25.877.954
Other Comprehensive Income according to TAS	4.226.587	3.300.002
Profit	3.744.763	4.808.874
Current Period Profit	1.835.971	3.684.642
Prior Period Profit	1.908.792	1.124.232
Bonus Shares from Associates, Affiliates and	167.434	97.763
Joint-Ventures not Accounted in Current Period's Profit	167.434	97.763
Minority Interest	3.873	2.407
<b>Common Equity Tier I Capital Before Deductions</b>	<b>47.020.584</b>	<b>43.597.090</b>
<b>Deductions From Common Equity Tier I Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	1.193.798	612.009
Leasehold Improvements on Operational Leases (-)	225.897	131.218
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	680.116	638.708
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 (-)	351.767	351.767
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 (-)	-	-

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

Current Period	Current Period	Prior Period
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 (-)	-	-
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 (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>2.451.578</b>	<b>1.733.702</b>
<b>Total Common Equity Tier I Capital</b>	<b>44.569.006</b>	<b>41.863.388</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	13.807.080	8.175.150
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>13.807.080</b>	<b>8.175.150</b>
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Items to be Deducted from Tier I Capital During the Transition Period</b>		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
<b>Total Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>13.807.080</b>	<b>8.175.150</b>
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>58.376.086</b>	<b>50.038.538</b>
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	5.929.795	5.929.795
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	5.807.252	4.722.923
<b>Tier II Capital Before Deductions</b>	<b>11.737.047</b>	<b>10.652.718</b>
<b>Deductions From Tier II Capital</b>		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in equity instruments issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	-	-
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 and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>11.737.047</b>	<b>10.652.718</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>70.113.133</b>	<b>60.691.256</b>
<b>Total Tier I Capital and Tier II Capital ( Total Equity)</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovables 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 (-)	9.926	4.298



## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

Current Period	Current Period	Prior Period
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
<b>TOTAL CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	70.103.207	60.686.958
Total Risk Weighted Assets	504.370.752	416.944.817
<b>Capital Adequacy Ratios</b>		
CET1 Capital Ratio (%)	8,84	10,04
Tier I Capital Ratio (%)	11,57	12,00
Capital Adequacy Ratio (%)	13,90	14,56
<b>BUFFERS</b>		
Bank-specific total CET1 Capital Ratio (a+b+c)	4,050	3,508
a) Capital Conservation Buffer Ratio (%)	2,500	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,050	0,008
c) Systemic significant bank buffer ratio (%)	1,500	1,000
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	4,337	5,540
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	247.146	147.261
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	1.230.441	685.755
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	3.540.726	1.936.577
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	11.369.256	6.005.337
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	5.807.252	4.722.923
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqu on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqu on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

2. Within the scope of the "Regulation on Banks' Equity" (Regulation), the equity that is the basis for the capital adequacy standard ratio calculation is calculated after deducting the values to be deducted from the equity from the total capital and supplementary capital. The main difference between the "Equity" in the balance sheet and the equity calculated within the scope of the Regulation arises from the stage1 and stage2 expected credit loss allowances in the Tier II capital, and the subordinated debt instruments included in the su Tier II capital capital. In addition, within the scope of the BRSA's Board Decision dated December 21, 2021, in case the net valuation differences of the securities in the portfolio of "Securities at Fair Value through Other Comprehensive Income" as of December 21, 2021 are negative, these differences may not taken into account in the calculated equity amount. 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. 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 3. Information about instruments to be included in the Equity Calculation :

<b>Details on Subordinated Liabilities:</b>				
Issuer	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	Türkiye Vartık Fonu
Unique identifier (CUSIP, ISIN etc.)	TRSTHALE2716	TRSTHAL62811	TRSTHAL92826	-
Governing Law(s) of the instrument	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA Legislation
<b>Regulatory treatment</b>				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated / consolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Loan
Amount recognized in regulatory capital (Currency in mil. as of most recent reporting date)	1.000	1.950	2.980	13.807
Par value of instrument	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
Perpetual or dated	Dated	Dated	Dated	Perpetual
Original maturity date	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Issuer call subject to prior supervisory approval	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
<b>Coupons / dividends</b>				
Fixed or floating dividend/coupon	Floating Coupon	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	Government Debt Security for 5 years +350 base points	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
<b>Convertible or non-convertible</b>				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
<b>Write-down feature</b>				
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 incompliance 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK

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

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

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

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

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

As prescribed in the related Communiqué, the credit worthiness of the debtors of the loans and other receivables is monitored regularly and statements of accounts taken for the loans are audited in line with the related regulations.

Guarantee factors are developed in accordance with the decision of the credit committee and updated according to the top management's initiatives and changes in the economic conditions. The Group receives sufficient collaterals in consideration of the loans and other receivables granted. Guarantees obtained are surety ships, immovable mortgages, cash blockages and customer or real person cheques.

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

The Group's largest 100 and 200 cash loan customers compose 29,04% and 34,21% of the total cash loan portfolio, respectively.

The Group's largest 100 and 200 non-cash loan customers compose 40,88% and 51,51% of the total non-cash loan portfolio, respectively.

The Group's largest 100 ve 200 cash and non-cash loan customers represent 18,11% and 22,53% of the total "on and off balance sheet" assets, respectively.

Stage I and Stage II expected losses for credit risks of the Bank is TRY 10.573.124 (31 December 2020: TRY 5.615.289).

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

Exposure Categories:	Current Period		Prior Period	
	Credit Risk Amount <sup>(1)</sup>	Average Risk Amount	Risk Amount <sup>(1)</sup>	Average Risk Amount
Conditional and unconditional exposures to central governments or central banks	265.520.773	208.288.502	192.853.810	151.164.406
Conditional and unconditional exposures to regional governments or local authorities	1.969.678	2.199.866	2.517.478	2.848.057
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	2.293.927	2.092.603	1.851.801	1.153.229
Conditional and unconditional exposures to multilateral development banks	359	16.501	25.119	36.069
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	6.469.267	6.631.104	7.772.698	6.976.275
Conditional and unconditional exposures to corporates	250.594.888	220.486.960	198.705.671	183.778.337
Conditional and unconditional retail exposures	170.364.098	154.660.589	145.294.360	125.463.573
Conditional and unconditional exposures secured by real estate property	117.013.294	104.746.973	97.492.656	85.901.048
Past due items	4.160.323	5.762.511	5.894.333	6.278.132
Items in regulatory high-risk categories	5.052.594	1.410.918	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Stock Investments	1.187.194	1.059.460	914.433	803.886
Other Receivables	31.591.874	26.635.206	26.178.751	25.086.992

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

# TÜRKİYE HALK BANKASI A.Ş.

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

### Profile of significant exposures in major regions:

Risk Classifications <sup>(1)</sup>	Risk Classifications <sup>(1)</sup>											
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures secured by real estate	Items in regulatory high-risk categories	Past due receivables	Stock Investments	Other Receivables	Total
<b>Current Period</b>												
1. Domestic	263.061.655	1.965.982	2.254.823	359	2.162.550	247.443.850	164.467.758	110.895.499	4.013.036	5.049.926	-	29.751.469
2. European Union (EU) Countries	12	-	-	-	1.520.416	382.526	7.260	18.712	27	404	-	75.276
3. OECD Countries <sup>(2)</sup>	-	-	-	-	426.176	126.367	50	3045	4	-	-	371
4. Off-Shore Banking Regions	-	-	-	-	1.437	60.567	236	1.031	-	1.880	-	65.152
5. USA, Canada	4	-	-	-	140.419	-	1.394	46	-	280	-	25
6. Other Countries	2.459.102	3.696	39.104	-	2.218.269	2.581.978	5.887.400	6.094.961	147.256	104	-	1.764.732
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	1.187.194
8. Unallocated Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>265.520.773</b>	<b>1.969.678</b>	<b>2.293.927</b>	<b>359</b>	<b>6.469.267</b>	<b>250.594.888</b>	<b>170.364.098</b>	<b>117.013.294</b>	<b>4.160.323</b>	<b>5.052.594</b>	<b>1.187.194</b>	<b>31.591.874</b>
<b>Prior Period</b>												
1. Domestic	191.081.053	2.509.764	1.827.084	25.119	2.758.246	195.324.954	141.003.496	93.854.257	5.814.200	-	-	24.922.990
2. European Union (EU) Countries	17	-	-	-	2.620.190	301.236	6.743	9.132	42	-	-	60.237
3. OECD Countries	-	-	-	-	146.148	134.555	498	2.998	-	-	-	5.288
4. Off-Shore Banking Regions	-	-	-	-	298	47.562	1.020	-	-	-	-	1
5. USA, Canada	-	-	-	-	256.443	-	973	446	-	-	-	51
6. Other Countries	1.772.740	7.714	24.717	-	1.991.373	2.897.364	4.281.630	3.625.823	80.091	-	-	1.190.184
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	914.433
8. Unallocated Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>192.853.810</b>	<b>2.517.478</b>	<b>1.851.801</b>	<b>25.119</b>	<b>7.772.698</b>	<b>198.705.671</b>	<b>146.294.360</b>	<b>97.492.656</b>	<b>5.894.333</b>	<b>-</b>	<b>914.433</b>	<b>26.178.751</b>

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

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

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

# TÜRKİYE HALK BANKASI A.Ş.

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

### Profile of significant exposures by sectors:

Risk Classifications <sup>(1)</sup>	Risk Classifications <sup>(1)</sup>											
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures secured by real estate	Items in regulatory high-risk categories	Past due receivables	Stock Investments	Other Receivables	Total
<b>Current Period</b>												
Agriculture	194.840	-	1.693	-	631.358	1.228.261	408.278	27.124	-	65	1.997.821	493.798
Farming and Stockbreeding	84.400	-	1.688	-	259.353	598.924	150.689	7.919	-	26	950.225	152.774
Forestry	66.938	-	5	-	87.832	564.587	223.644	10.881	-	36	802.874	151.049
Fishery	43.502	-	-	-	284.173	64.750	33.945	8.324	-	3	244.722	189.975
Manufacturing	10.289.979	-	59.391	-	92.016.604	24.453.838	21.803.529	1.031.095	-	536	9.378.622	55.868.750
Mining and Quarrying	204.352	-	-	-	4.608.625	377.233	332.837	23.467	-	22	1.886.597	3.659.939
Production	9.963.696	-	59.391	-	68.728.532	23.893.014	20.563.593	774.652	-	514	8.711.477	36.871.915
Electricity, Gas and Water	121.931	-	-	-	18.679.447	183.591	907.099	232.976	-	-	4.788.148	15.336.896
Construction	2.875.216	-	-	-	32.634.892	5.213.316	11.839.031	671.210	-	10	41.602.980	116.306.695
Services	160.888.652	1.927.387	2.187.041	359	2.956.488	73.652.196	84.742.951	34.834.844	1.451.529	-	10.018	267.640.470
Wholesale and Retail Trade	9.279.377	-	6.857	359	34.427.111	53.563.003	16.129.438	805.312	-	1.253	102.647.060	11.565.650
Accommodation and Dining	21.975.576	10	-	-	12.507.295	4.553.739	10.378.808	141.079	-	30	10.131.002	19.647.535
Transportation and Telecom.	560.121	-	5	-	10.012.134	210.42.651	1.400.933	107.799	-	71	24.132.319	8.991.395
Financial Institutions	531.118	-	-	-	2.956.488	4.910.042	126.377	1.196.333	1.253	-	5.866	7.410.810
Real Estate and Rental Services	330.503	-	48	-	6.304.307	1.987.523	2.962.587	40.309	-	10	7.370.814	4.254.473
Professional Services	167.425	-	-	-	29	2.132.149	202.588	11.069	-	192	2.513.297	155
Educational Services	236.091	-	1.329.555	-	452.764	507.154	683.799	327.446	-	12	3.128.260	358.561
Health and Social Services	148.054.441	1.927.377	850.576	-	5.038.514	830.355	1.880.358	17.262	-	2.584	110.256.908	48.354.559
Other	91.272.086	42.291	45.802	-	3.512.779	51.659.838	54.725.732	48.127.612	979.365	5.052.594	1.187.194	130.734.690
<b>Total</b>	<b>265.520.773</b>	<b>1.969.678</b>	<b>2.293.927</b>	<b>359</b>	<b>6.469.267</b>	<b>250.594.888</b>	<b>170.364.098</b>	<b>117.013.294</b>	<b>4.160.323</b>	<b>5.052.594</b>	<b>1.187.194</b>	<b>31.591.874</b>

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

# TÜRKİYE HALK BANKASI A.Ş.

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

Prior Period	Risk Classifications(1)										FC	Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local non-commercial authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail estate property	Conditional and unconditional exposures to secured by real estate property	Items in regulatory high-risk categories	Stock Investments		
Agriculture	300.093	1.314	-	571.226	851.555	222.574	28.788	-	191.569	1.922.106	245.013	2.167.119
Farming and Stockbreeding	129.371	1.313	-	260.439	420.899	119.594	9.691	-	119.739	944.322	116.724	1.061.046
Forestry	99.383	1	-	38.726	388.437	76.028	9.149	-	71.827	676.939	6.612	683.551
Fishery	71.339	-	-	272.061	42.219	26.952	9.948	-	3	300.945	121.677	422.622
Manufacturing	16.602.932	-	24.989	3.699.242	17.604.189	18.133.798	1.608.543	-	45.930	83.128.280	43.615.597	126.743.877
Mining and Quarrying	331.183	-	-	72.711.202	17.604.189	18.133.798	1.608.543	-	22	153.112	3.073.476	46.04.588
Production	16.069.617	-	24.989	53.429.628	17.224.834	170.34.127	1.262.047	-	45.908	76.798.103	28.305.169	105.103.272
Electricity, Gas and Water	202.132	-	-	15.582.332	429.315	804.298	317.940	-	-	4.799.065	12.236.952	17.036.017
Construction	4.345.495	-	-	23.335.047	3.508.545	8.368.073	1.766.801	-	93.398	32.396.695	90.49.758	41.446.453
Services	107.767.292	2.429.705	1.792.306	88.438.729	68.231.802	29.570.685	2.010.188	-	2.886.855	214.284.706	93.351.571	307.636.277
Wholesale and Retail Trade	14.751.065	107	2.554	24.287.290	40.665.744	12.416.145	1.047.561	-	16.463	85.974.365	7.215.917	93.190.282
Accommodation and Dining	2.417.066	10	-	9.912.455	3.920.249	8.622.707	19.111.3	-	95	9.274.002	15.789.693	25.063.695
Transportation and Telecom.	862.093	-	4	9.767.523	17.188.047	11.271.21	102.999	-	539	20.312.135	8.736.229	29.048.364
Financial Institutions	862.678	-	9	4.149.413	9.645.7	885.637	1.382	-	6.699	6.633.542	38.79.930	10.507.472
Real Estate and Rental Services	1.097.032	-	87	371.79.360	3.514.492	4.003.828	597.454	-	110.684	14.964.620	31.539.444	46.504.064
Professional Services	266.646	-	-	48	1.847.215	1.848.868	4.166	-	407	2.303.228	122	2.303.350
Educational Services	346.567	-	1.137.437	-	42.795	3.85.040	3.381.7	-	11	2.357.303	610.404	2.967.707
Health and Social Services	87.164.145	2.429.588	652.215	2.714.855	613.558	1.693.329	31.696	-	2.751.957	72.465.911	25.585.632	98.051.343
Other	63.837.998	87.773	33.192	3.267.501	13.649.467	55.098.269	41.197.526	460.013	-	914.433	22.960.999	127.546.253
Total	192.853.810	2.517.478	1.851.801	25.119	7772.698	198.705.671	145.294.360	97.492.656	5.894.333	-	914.433	261.787.51

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

# TÜRKİYE HALK BANKASI A.Ş.

## EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

### Analysis of maturity-bearing exposures according to remaining maturities<sup>(1)</sup>:

Current Period Exposure Categories	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
1. Conditional and unconditional exposures to central governments or central banks	89.250.248	3.704.773	3.576.276	3.685.950	165.303.526
2. Conditional and unconditional exposures to regional governments or local authorities	40.989	17.623	18.242	108.520	1.784.304
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	206.682	100.787	51.361	165.055	1.770.042
4. Conditional and unconditional exposures to Multilateral Development Banks	359	-	-	-	-
5. Conditional and unconditional exposures to banks and brokerage houses	5.938.688	15.714	15.940	192.080	306.845
6. Conditional and unconditional exposures to corporates	27.893.617	17.122.199	20.255.792	44.999.316	140.323.964
7. Conditional and unconditional retail exposures	21.934.281	4.234.525	7.020.159	22.850.146	114.324.987
8. Conditional and unconditional exposures secured by real estate property	6.377.366	2.785.986	5.024.893	16.863.890	85.961.159
9. Past due items	4.132.364	66	28	173	27.692
10. Items in Regulatory High-Risk Categories	15	44	34	135.548	4.916.953
11. Stock Investments	1.187.194	-	-	-	-
12. Other Items	31.578.920	938	3.638	6.022	2.356
<b>Total</b>	<b>188.540.723</b>	<b>27.982.655</b>	<b>35.966.363</b>	<b>89.006.700</b>	<b>514.721.828</b>

(1) Includes risk amounts before the effect of credit risk mitigation and after the credit conversions.

Prior Period Exposure Categories	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
1. Conditional and unconditional exposures to central governments or central banks	59.224.845	2.906.109	3.884.964	3.779.101	123.058.791
2. Conditional and unconditional exposures to regional governments or local authorities	39.766	24.177	14.905	144.595	2.294.035
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	119.676	66.584	20.298	128.317	1.516.926
4. Conditional and unconditional exposures to Multilateral Development Banks	408	150	4.377	5.813	14.371
5. Conditional and unconditional exposures to banks and brokerage houses	5.537.801	65.925	467.571	36.743	1.664.658
6. Conditional and unconditional exposures to corporates	23.962.542	12.996.730	11.574.956	30.808.791	119.362.652
7. Conditional and unconditional retail exposures	15.741.624	3.198.824	4.995.414	12.640.439	108.718.059
8. Conditional and unconditional exposures secured by real estate property	4.251.850	2.156.724	2.720.185	8.368.114	79.995.783
9. Past due items	5.894.333	-	-	-	-
10. Items in Regulatory High-Risk Categories	-	-	-	-	-
11. Stock Investments	914.433	-	-	-	-
12. Other Items	22.757.096	486	455	209.009	3.211.705
<b>Total</b>	<b>138.444.374</b>	<b>21.415.709</b>	<b>23.683.125</b>	<b>56.120.922</b>	<b>439.836.980</b>

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

If a receivable-specific rating is made pursuant to Article 8 of the Second Part of Annex-1 of the Regulation on the Measurement and Evaluation of Capital Adequacy, the relevant credit rating is used to determine the risk weight of that receivable. In cases where there is no credit-specific rating, the points in subparagraphs a, b and c of Article 9 of the Second Section of the Annex to the aforementioned Regulation are applied.

Within the scope of Article 26 of the Regulation on the Principles Regarding the Authorization and Activities of Rating Agencies, the IIRA grades given in the following matching table are used in determining the credit quality level of country ratings, receivables from central governments and central banks.

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

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

The national long-term local currency ratings given by JCR-Euroasia are used to determine the risk weights of companies in the corporate receivables category that have Turkish Lira.

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
TURKEY	405.258.958	-	405.258.958
CYPRUS	3.325.602	-	3.325.602
MALTA	3.130.155	-	3.130.155
KYRGYZSTAN	788.757	-	788.757
MARSHALL ISLANDS	245.137	-	245.137
OTHER(*)	542.223	-	542.223

\*Risk-Weighted Assets below TRY 5.000 are grouped under "other" headings.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**Exposures by Consolidated risk weights:**

Current Period													
Risk Weights	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%2	%4	Deductions from Equity
1 Exposures before Credit Risk Mitigation	248.143.069	-	10.140.911	-	14.128.204	318.514.255	363.721.203	5.862.783	-	839.243	-	-	9.926
2 Exposures after Credit Risk Mitigation	278.870.262	-	8.668.588	67.355.727	56.599.584	168.894.096	269.761.118	5.229.651	-	839.243	-	-	9.926
Prior Period													
Risk Weights	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%2	%4	Deductions from Equity
1 Exposures before Credit Risk Mitigation	155.048.907	-	4.858.022	-	7.855.111	246.023.815	275.107.961	527.025	-	605.354	2.172	-	4.298
2 Exposures after Credit Risk Mitigation	203.855.325	-	4.858.024	58.067.137	41.900.109	145.455.609	224.305.063	452.317	-	605.354	2.172	-	4.298

**Information by major sectors and type of counterparties:**

Current Period	Credits		
	Significant Increase in Credit Risk (Stage II) <sup>(1)</sup>	Credit – Impaired Losses (Stage III) <sup>(2)</sup>	Expected Credit Loss (TFRS 9) <sup>(3)</sup>
<b>Major Sectors /Counterparties</b>			
<b>Agriculture</b>	<b>467.280</b>	<b>118.801</b>	<b>147.295</b>
Farming and Stockbreeding	462.950	89.699	125.892
Forestry	1.873	760	706
Fishery	2.457	28.342	20.697
<b>Manufacturing</b>	<b>12.868.423</b>	<b>3.951.106</b>	<b>4.519.952</b>
Mining and Quarrying	93.076	195.317	166.230
Production	5.769.387	3.230.522	3.039.185
Electricity, Gas and Water	7.005.960	525.267	1.314.537
<b>Construction</b>	<b>4.903.520</b>	<b>3.272.852</b>	<b>3.704.702</b>
<b>Services</b>	<b>24.621.822</b>	<b>5.316.448</b>	<b>7.558.565</b>
Wholesale and Retail Trade	5.507.548	2.985.088	2.770.754
Accommodation and Dining	11.294.177	509.333	2.476.244
Transportation and Telecommunication	1.143.055	273.948	212.667
Financial Institutions	306.177	9.878	128.512
Real Estate and Rental Services	5.613.494	993.683	1.520.263
Professional Services	111.505	16.340	15.101
Educational Services	253.867	430.247	277.002
Health and Social Services	391.999	97.931	158.022
<b>Other</b>	<b>4.172.495</b>	<b>2.093.560</b>	<b>1.413.410</b>
<b>Total</b>	<b>47.033.540</b>	<b>14.752.767</b>	<b>17.343.924</b>

<sup>(1)</sup> Income accruals amounting to TRY 2.231.694 are not included in the table.<sup>(2)</sup> Income accruals amounting to TRY 1.997.126 are not included in the table.<sup>(3)</sup> The provision for income accruals amounting to TRY 1.672.888 is not included in the table.**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

Prior Period	Credits		
	Significant Increase in Credit Risk (Stage II) <sup>(1)</sup>	Credit – Impaired Losses (Stage III) <sup>(2)</sup>	Expected Credit Loss (TFRS 9) <sup>(3)</sup>
<b>Major Sectors /Counterparties</b>			
<b>Agriculture</b>	<b>298.230</b>	<b>114.328</b>	<b>140.327</b>
Farming and Stockbreeding	289.039	86.096	120.788
Forestry	996	611	573
Fishery	8.195	27.621	18.966
<b>Manufacturing</b>	<b>8.848.511</b>	<b>5.266.483</b>	<b>4.422.203</b>
Mining and Quarrying	84.575	188.147	155.396
Production	4.195.778	4.534.217	3.542.102
Electricity, Gas and Water	4.568.158	544.119	724.705
<b>Construction</b>	<b>4.888.986</b>	<b>3.098.413</b>	<b>1.971.249</b>
<b>Services</b>	<b>19.108.962</b>	<b>5.316.189</b>	<b>5.144.080</b>
Wholesale and Retail Trade	5.003.931	2.945.805	2.331.063
Accommodation and Dining	6.341.923	586.473	897.569
Transportation and Telecommunication	642.313	229.118	153.942
Financial Institutions	548.796	9.070	96.182
Real Estate and Rental Services	6.169.869	986.770	1.141.948
Professional Services	61.503	10.782	10.400
Educational Services	98.843	433.164	407.201
Health and Social Services	241.784	115.007	105.775
<b>Other</b>	<b>4.375.570</b>	<b>1.130.017</b>	<b>1.157.045</b>
<b>Total</b>	<b>37.520.259</b>	<b>14.925.430</b>	<b>12.834.904</b>

<sup>(1)</sup> Income accruals amounting to TRY 1.806.865 are not included in the table.<sup>(2)</sup> Income accruals amounting to TRY 2.191.734 are not included in the table.<sup>(3)</sup> The provision for income accruals amounting to TRY 1.661.544 is not included in the table.**Movements in value adjustments and provisions:**

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage III expected credit loss	11.160.055	4.183.838	(3.231.114)	-	12.112.779
2. Stage I and Stage II expected credit loss	5.615.289	7.349.558	(2.391.723)	-	10.573.124
Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage III expected credit loss	8.953.859	3.575.346	(1.369.150)	-	11.160.055
2. Stage I and Stage II expected credit loss	2.538.286	3.113.779	(36.776)	-	5.615.289

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

<b>Collateral Types</b>	<b>Net Value of Collateral Current Period <sup>(1)</sup></b>
Real estate mortgage	9.719.256
Salary pledge, vehicle pledge and pledge of commercial undertaking	524.665
CGF	3.122.178
Financial collaterals (cash, securities pledge, etc.)	86.989
Cheque / bills	129.828
Sureties	23.920.324
Other <sup>(2)</sup>	9.530.300
<b>Total</b>	<b>47.033.540</b>

<sup>(1)</sup> Income accruals amounting TRY 2.231.694 are not included in the table.<sup>(2)</sup> Comprised of share certificates, blockage on receivables, uncollateralized etc.

<b>Collateral Types</b>	<b>Net Value of Collateral Prior Period <sup>(1)</sup></b>
Real estate mortgage	9.766.161
Salary pledge, vehicle pledge and pledge of commercial undertaking	444.531
CGF	2.814.323
Financial collaterals (cash, securities pledge, etc.)	31.668
Cheque / bills	88.383
Sureties	16.484.603
Other <sup>(2)</sup>	7.890.590
<b>Total</b>	<b>37.520.259</b>

<sup>(1)</sup> Income accruals amounting to TRY 1.806.865 are not included in the table.<sup>(2)</sup> Comprised of share certificates, blockage on receivables, uncollateralized etc.

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

<b>Collateral Types</b>	<b>Net Value of Collateral Current Period <sup>(1)</sup></b>
Cash	13.013
Mortgage	3.134.765
Pledge	158.480
Cheque / bills	23.736
Sureties	7.515.646
Other <sup>(2)</sup>	3.907.127
<b>Total</b>	<b>14.752.767</b>

<sup>(1)</sup> Income accruals amounting to TRY 1.997.126 are not included in the table.<sup>(2)</sup> Comprised of share certificates, blockage on receivables, uncollateralized etc.

<b>Collateral Types</b>	<b>Net Value of Collateral Prior Period <sup>(1)</sup></b>
Cash	5.355
Mortgage	3.604.025
Pledge	405.867
Cheque / bills	13.282
Sureties	7.846.280
Other <sup>(2)</sup>	3.050.621
<b>Total</b>	<b>14.925.430</b>

<sup>(1)</sup> Income accruals amounting to TRY 2.191.734 are not included in the table.<sup>(2)</sup> Comprised of share certificates, blockage on receivables, uncollateralized etc.**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK**

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

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

Announced current foreign exchange buying rates of the Parent Bank as at financial statement date and the previous five working days in full TRY are as follows:

	<b>24.12.2021</b>	<b>27.12.2021</b>	<b>28.12.2021</b>	<b>29.12.2021</b>	<b>30.12.2021</b>	<b>31.12.2021</b>
USD	11,6000000	11,3182000	11,7550000	12,5388000	12,9750000	13,5165000
CHF	12,6035000	12,2973000	12,7942000	13,6778000	14,1714000	14,7880000
GBP	15,5265000	15,1815000	15,7862000	16,8500000	17,4990000	18,2455000
JPY	0,1011076	0,0983419	0,1020660	0,1088716	0,1123557	0,1170854
EUR	13,1324000	12,8122000	13,2973000	14,2096000	14,6968000	15,3412000

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before the financial statement date are as follows:

	<b>Monthly Average Buying Rate of Exchange</b>
USD	13,5516000
CHF	14,7000261
GBP	18,0191130
JPY	0,1186376
EUR	15,3216043

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### Information related to currency risk:

Current Period	EUR	USD	OTHER FC	TOTAL
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	48.645.895	50.308.978	7.560.340	106.515.213
Banks	1.349.451	650.860	2.142.486	4.142.797
Financial assets at fair value through profit and loss	-	725	28.793	29.518
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	6.353.525	19.631.870	3.776.723	29.762.118
Loans <sup>(2)</sup>	95.718.368	60.803.254	12.027.001	168.548.623
Subsidiaries, associates and entities under common control	1.108.396	-	-	1.108.396
Financial assets measured at amortised cost <sup>(5)</sup>	15.591.892	27.131.253	12.558.655	55.281.800
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	859.307	859.307
Intangible assets	-	-	-	-
Other assets <sup>(3)</sup>	2.109.100	1.465.797	167.993	3.742.890
<b>Total assets</b>	<b>170.876.627</b>	<b>159.992.737</b>	<b>39.121.298</b>	<b>369.990.662</b>
<b>Liabilities</b>				
Bank deposits	30.864.271	6.315.609	2.654.750	39.834.630
Foreign currency deposits	130.708.760	168.568.965	48.865.295	348.143.020
Money market balances	-	2.644.672	-	2.644.672
Funds provided from other financial institutions	10.587.141	6.062.992	10.007	16.660.140
Bonds issued	-	-	-	-
Sundry creditors	147.781	1.115.923	37.648	1.301.352
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities <sup>(3)</sup>	16.279.459	1.264.044	679.176	18.222.679
<b>Total liabilities</b>	<b>188.587.412</b>	<b>185.972.205</b>	<b>52.246.876</b>	<b>426.806.493</b>
<b>Net balance sheet position</b>	<b>(17.710.785)</b>	<b>(25.979.468)</b>	<b>(13.125.578)</b>	<b>(56.815.831)</b>
<b>Net off-balance sheet position</b>				
Financial derivative assets <sup>(4)</sup>	19.120.011	34.932.718	27.421.290	81.474.019
Financial derivative liabilities <sup>(4)</sup>	4.652.671	10.701.456	9.460.663	24.814.790
Non-cash loans <sup>(1)</sup>	64.219.309	42.320.975	6.899.472	113.439.756
<b>Prior period</b>				
Total assets	91.651.172	97.672.240	30.072.394	219.395.806
Total liabilities	98.185.337	109.397.241	31.205.076	238.787.654
<b>Net balance sheet position</b>	<b>(6.534.165)</b>	<b>(11.725.001)</b>	<b>(1.132.682)</b>	<b>(19.391.848)</b>
<b>Net off-balance sheet position</b>				
Financial derivative assets	7.325.960	14.650.743	4.755.882	26.732.585
Financial derivative liabilities	1.169.171	5.248.540	3.377.841	9.795.552
Non-cash loans <sup>(1)</sup>	37.665.288	19.910.193	3.871.248	61.446.729

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

<sup>(2)</sup> Includes TRY 14.553 of foreign currency indexed loans and their accruals. (31 December 2020: 45.321 TRY)

<sup>(3)</sup> In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Foreign currency intangible assets, prepaid expenses, derivative financial instruments foreign currency income discounts, equity and derivative financial instruments foreign currency expense discounts in liabilities are not taken into consideration in the currency risk measurement.

<sup>(4)</sup> Financial derivative assets include forward precious metal purchase transactions amounted to TRY 2.662.154 and swap precious metal purchase transactions amounted to TRY 20.706.499. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 7.576.901. Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

<sup>(5)</sup> Includes gold indexed bonds amounting

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK

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

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	15.896.619	-	-	-	-	110.132.948	126.029.567
Banks and financial institutions	742.810	27.553	83.456	-	-	3.686.634	4.540.453
Financial assets at fair value through profit and loss	68.155	27.593	86.529	373	395	25.065.049	25.248.094
Money market placements	-	1.001	-	-	-	-	1.001
Financial assets at fair value through other comprehensive income	9.662.657	7.224.988	17.922.210	30.805.434	2.919.602	401.833	68.936.724
Loans	106.012.210	141.374.991	127.822.703	102.084.145	54.522.240	25.803.930	557.620.219
Financial assets measured at amortised cost	28.156.419	14.950.805	22.755.124	33.181.525	34.134.791	-	133.178.664
Other assets <sup>(1)(4)</sup>	10.019.982	1.238.408	1.655.294	2.207.805	716.755	293.252	16.131.496
<b>Total assets</b>	<b>170.558.852</b>	<b>164.845.339</b>	<b>170.325.316</b>	<b>168.279.282</b>	<b>92.293.783</b>	<b>165.383.646</b>	<b>931.686.218</b>
<b>Liabilities</b>							
Bank deposits	33.582.812	2.215.041	73.419	-	-	28.183.136	64.054.408
Other deposits	296.634.682	100.745.931	28.715.195	4.158.491	83.851	153.036.727	583.374.877
Money market balances	137.835.902	1.370.451	676.861	-	-	151.531	140.034.745
Miscellaneous Payables	5.556.943	-	-	-	-	6.862.362	12.419.305
Bonds issued	2.252.586	4.654.492	234.392	1.000.000	-	35.302	8.176.772
Funds provided from other financial institutions <sup>(3)</sup>	893.628	7.592.241	4.714.786	3.271.718	864.575	261.617	17.598.565
Other liabilities <sup>(2)</sup>	1.000.779	1.546	24.875.066	13.808.799	4.929.795	61.411.561	106.027.546
<b>Total liabilities</b>	<b>477.757.332</b>	<b>116.579.702</b>	<b>59.289.719</b>	<b>22.239.008</b>	<b>5.878.221</b>	<b>249.942.236</b>	<b>931.686.218</b>
Balance sheet long position	-	48.265.637	111.035.597	146.040.274	86.415.562	-	391.757.070
Balance sheet short position	(307.198.480)	-	-	-	-	(84.558.590)	(391.757.070)
Off-balance sheet long position	70.599.820	7.460.045	14.609.201	1.519.795	9.246.541	-	103.435.402
Off-balance sheet short position	(63.534.565)	(8.200.934)	(14.702.247)	(1.519.795)	(9.246.541)	-	(97.204.082)
<b>Total position</b>	<b>(300.133.225)</b>	<b>47.524.748</b>	<b>110.942.551</b>	<b>146.040.274</b>	<b>86.415.562</b>	<b>(84.558.590)</b>	<b>6.231.320</b>

<sup>(1)</sup> TRY 231.043 of deferred tax assets is disclosed under the non-bearing interest column in other assets, TRY 2.152 of deferred tax liability is disclosed under the non-bearing interest column in other liabilities.

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

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

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



## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	6.746.564	-	-	-	-	58.237.878	64.984.442
Banks and financial institutions	1.578.759	31.035	34.508	5.396	-	1.441.373	3.091.071
Financial assets at fair value through profit and loss	28.070	27	31.047	998	248	15.663.273	15.723.663
Money market placements	108.213	-	-	-	-	144.784	252.997
Financial assets at fair value through other comprehensive income	4.662.839	13.804.387	25.149.794	14.392.953	2.302.184	232.283	60.544.440
Loans	69.201.918	88.839.669	128.536.576	113.482.637	31.461.527	25.687.899	457.210.226
Financial assets measured at amortised cost	555.772	29.092.955	7.129.636	16.995.568	31.030.758	-	84.804.689
Other assets <sup>(1)(4)</sup>	1.665.307	811.150	911.410	1.977.449	619.788	3.618.018	9.603.122
<b>Total assets</b>	<b>84.547.442</b>	<b>132.579.223</b>	<b>161.792.971</b>	<b>146.855.001</b>	<b>65.414.505</b>	<b>105.025.508</b>	<b>696.214.650</b>
<b>Liabilities</b>							
Bank deposits	21.213.099	4.168.538	32.818	66.496	-	9.584.903	35.065.854
Other deposits	239.625.563	87.530.460	18.243.189	2.417.905	27.076	85.151.781	432.995.974
Money market balances	103.677.703	795.333	-	-	-	129.576	104.602.612
Miscellaneous Payables	4.706.444	-	-	-	-	4.536.210	9.242.654
Bonds issued	895.864	7.796.847	4.366.484	1.000.000	-	186.227	14.245.422
Funds provided from other financial institutions <sup>(3)</sup>	839.080	5.397.838	3.653.635	2.547.328	765.962	50.679	13.254.522
Other liabilities <sup>(1)(2)</sup>	1.001.917	2.369	15.503.676	8.180.814	4.929.795	57.189.041	86.807.612
<b>Total liabilities</b>	<b>371.959.670</b>	<b>105.691.385</b>	<b>41.799.802</b>	<b>14.212.543</b>	<b>5.722.833</b>	<b>156.828.417</b>	<b>696.214.650</b>
Balance sheet long position	-	26.887.838	119.993.169	132.642.458	59.691.672	-	339.215.137
Balance sheet short position	(287.412.228)	-	-	-	-	(51.802.909)	(339.215.137)
Off-balance sheet long position	16.801.642	9.576.962	6.740.958	243.667	5.940.341	-	39.303.570
Off-balance sheet short position	(16.123.947)	(7.712.951)	(7.051.134)	(883.737)	(5.940.341)	-	(37.712.110)
<b>Total position</b>	<b>(286.734.533)</b>	<b>28.751.849</b>	<b>119.682.993</b>	<b>132.002.388</b>	<b>59.691.672</b>	<b>(51.802.909)</b>	<b>1.591.460</b>

<sup>(1)</sup> TRY 42.101 of deferred tax asset is disclosed under the non-bearing interest column in other assets and TRY 333.904 of deferred tax liability is disclosed under the non-bearing interest column in other liabilities

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

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

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

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

Current Period	EUR	USD	JPY	TRY
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT <sup>(5)</sup>	-	-	-	8,50
Banks <sup>(1)</sup>	0,20	0,50	-	15,65
Financial assets at fair value through profit and loss <sup>(6)</sup>	-	6,95	-	18,66
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,02	3,37	-	19,71
Loans <sup>(2)</sup>	4,87	5,63	-	15,16
Financial assets measured at amortised cost	4,76	5,97	-	24,19
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,15	0,87	-	17,05
Other deposits <sup>(4)</sup>	0,43	1,00	-	13,82
Money market borrowings	-	4,19	-	14,06
Sundry creditors <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	-	-	15,08
Funds provided from other financial institutions	1,32	1,56	-	16,98

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

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

<sup>(3)</sup> Declared TRY deposits interest rate with a maturity of twelve months as of 31 December 2021.

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

<sup>(5)</sup> Average interest rates for reserve requirements of the CBRT as of the balance sheet date.

<sup>(6)</sup> Borrowed securities are not included in the average interest rate calculation.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

Prior Period	EUR	USD	JPY	TRY
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT <sup>(5)</sup>	-	-	-	12,00
Banks <sup>(1)</sup>	0,19	0,75	-	15,80
Financial assets at fair value through profit and loss <sup>(6)</sup>	1,56	4,12	-	11,63
Money market placements	-	-	-	17,49
Financial assets at fair value through other comprehensive income	2,28	2,94	-	13,84
Loans <sup>(2)</sup>	5,03	5,98	-	11,31
Financial assets measured at amortised cost	4,87	5,62	-	17,56
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,93	1,61	-	17,42
Other deposits <sup>(4)</sup>	0,99	2,40	0,01	14,05
Money market borrowings	-	5,11	-	17,38
Sundry creditors <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	4,75	-	14,11
Funds provided from other financial institutions	1,31	1,77	-	14,29

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

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

<sup>(3)</sup> Declared maximum TRY deposits interest rate with a maturity of twelve months as of 31 December 2020.

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

<sup>(5)</sup> Average interest rates for reserve requirements of the CBRT as of the balance sheet date.

<sup>(6)</sup> Borrowed securities are not included in the average interest rate calculation.

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

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

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

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

As part of the measures taken against the Covid-19 pandemic which occurred in 2020, banks have been exempted from the obligations to meet 20% legal limit regarding the IRRBB ratio until 31 December 2020 with the resolution numbered 8998 dated 16 April 2020 by BRSA. Mentioned exemption has been terminated as of 31 December 2020 with the resolution numbered 9312 dated 8 December 2020.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

Current Period			
Currency	Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity – Losses/ Shareholders' Equities
1 TRY	500	(6.403.406)	(%9,27)
	(400)	6.092.718	%8,82
2 EUR*	200	2.488.313	%3,60
	(200)	(3.672.243)	(%5,31)
3 USD	200	(3.359.452)	(%4,86)
	(200)	4.467.812	%6,47
<b>Total (For negative shocks)</b>		<b>6.888.287</b>	<b>%9,97</b>
<b>Total (For positive shocks)</b>		<b>(7.274.545)</b>	<b>(%10,53)</b>
Prior Period			
Currency	Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity – Losses/ Shareholders' Equities
1 TRY	500	(11.814.957)	(%19,34)
	(400)	11.722.450	%19,19
2 EUR*	200	2.798.078	%4,58
	(200)	(4.088.887)	(%6,69)
3 USD	200	(2.050.333)	(%3,36)
	(200)	2.830.762	%4,63
<b>Total (For negative shocks)</b>		<b>10.464.325</b>	<b>%17,13</b>
<b>Total (For positive shocks)</b>		<b>(11.067.212)</b>	<b>(%18,12)</b>

(\*) Other currencies are shown under EUR.

### V. EXPLANATIONS ON THE CONSOLIDATED POSITION RISK OF SHARES

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

Equities	Comparison			The Amount of Capital Requirement
	Balance Sheet Value	Fair Value Change	Market Value	
Stock investment excluding A,B,C,D group	1.195.858 <sup>(*)</sup>	1.218.924 <sup>(**)</sup>	-	251.413

(\*) Includes TRY 66.555 of unconsolidated subsidiary, TRY 1.129.303 of associates accounted for under the equity method.

(\*\*) It represents the fair value of Demirhalk Bank N.V. It is taken from the valuation report of Demirhalk Bank N.V. prepared as of 31 December 2021.

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

Portfolio	Realized gains/ losses in the current period			Unrealized gains and losses	
	Realized gains/ losses in the current period	Total	Included To Total Core Capital	Total	Included To Total Core Supplementary Capital
1. Private equity investments	-	-	-	-	-
2. Share certificates quoted on a stock exchange	-	-	-	-	-
<b>3. Other share certificates</b>	<b>-</b>	<b>17.709</b>	<b>17.709</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>17.709</b>	<b>17.709</b>	<b>-</b>	<b>-</b>

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

The liquidity risks of the Parent Bank are managed within the framework of risk and transaction limits approved by the Board of Directors and the written duties and responsibilities of the units related to liquidity risk management is established. On the other hand, for Treasury transactions; maturity and amount limits are determined for TRY and FC 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 (GAP analysis, core deposit reports, etc.) are conducted on a daily basis and shared with the Parent Bank's top management and related departments. Periodical stress tests are performed in line with the Parent Bank's liquidity management policies.

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 and Liquidity Risk Committee have been established.

The extension of the maturity structure of term deposits which reflects the primary funding source for the Parent Bank, the development of new products encouraging savings and the protection of core deposit levels have been implemented as a strategic objective. Limits have been determined for issuing bonds based on Turkish Lira to provide long term funding resource for the purposes of extending maturity structure of liabilities besides deposits.

For the purposes of utilizing advantage of the new borrowing facilities in line with the needs of the Parent Bank, alternative funding resources are evaluated in parallel with the close monitoring of price/cost movements in international capital markets and with convenient conditions. Adequate liquidity buffer is maintained by the Parent Bank to meet its intraday liquidity and short-term liquidity needs.

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

According to the BRSA's "Regulation for Banks' Liquidity Coverage Ratio Calculations" published in the Official Gazette No. 28948 dated 21 March 2014, FC and TRY+FC liquidity coverage ratios are calculated by using high quality liquid assets divided by net cash outflows. Within this context, the Parent Bank is required to have the ability to cover net cash outflows with high quality liquid assets and its related ratios should be in compliance with the legal limits. In accordance with the relevant Regulation, it 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 part of the important developments regarding liquidity risk; the Parent Bank's loan volume has increased significantly with the loan support provided to customers during the Covid-19 outbreak, and loan payment deferral opportunities has been offered to loan customers. Within this scope, the Parent Bank has taken measures to reduce liquidity risks and to provide the necessary liquidity buffer by effectively using the necessary deposit and fund resources.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

Consolidated high quality liquid assets in TRY+FC are composed of 41,98% accounts held by the CBRT and the Central Banks of the foreign branches, 54,99% securities considered as high quality liquid assets and 3,03% cash and cash equivalents. The primary funding source for the Parent Bank is deposit. Other important funding sources are money market borrowings and securities issued.

Derivative transactions did not cause a net cash outflow that would negatively affect the liquidity position. 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 on a consolidated basis, are TRY 852.650 thousand.

There are no operational or legal restrictions on liquidity transfer to subsidiaries or foreign branches of the Parent Bank. Each of the consolidated subsidiaries manage their own liquidity risk and liquidity adequacy is ensured on a consolidated basis.

The liquidity coverage ratio calculated on a daily basis and the early warning levels and limits regarding the liquidity metrics determined within the scope of the Parent Bank's Liquidity Emergency Action Plan are calculated daily, and regularly reported to the Parent Bank's Audit Committee, Asset-Liability Committee and relevant business units. Additionally, the metrics related to the liquidity status and liquidity risk are regularly evaluated by the Liquidity Risk Committee established within the Parent Bank.

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

PERIOD	FC (%)	TRY+FC (%)
October 2021	510,60	145,00
November 2021	462,08	149,25
December 2021	283,15	139,45

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

**Liquidity Coverage Ratio:**

Current Period	Total Unweighted Value <sup>(1)</sup>		Total Weighted Value <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			180.246.769	107.378.740
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	304.650.470	158.714.980	27.986.033	15.871.498
Stable Deposits	49.580.280	-	2.479.014	-
Less Stable Deposits	255.070.190	158.714.980	25.507.019	15.871.498
Unsecured wholesale funding , of which;	234.283.740	131.261.278	111.296.119	54.173.833
Operational Deposits	46.006.460	24.300.156	11.501.615	6.075.039
Non-operational Deposits	169.754.934	103.434.599	82.991.657	44.828.974
Other Unsecured Funding	18.522.346	3.526.523	16.802.847	3.269.820
Secured Funding			-	-
Other cash outflows, of which;	10.453.268	6.766.552	7.327.348	4.866.051
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.301.774	2.126.378	2.301.774	2.126.378
Obligations related to structured financial products	147.986	-	147.986	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.003.508	4.640.174	4.877.588	2.739.673
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	193.545.849	84.351.707	13.867.294	6.096.304
<b>Total Cash Outflows</b>			<b>160.476.794</b>	<b>81.007.686</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	47.814.088	17.366.161	33.311.981	15.486.838
Other Cash Inflows	2.205.589	38.143.271	2.205.589	38.143.271
<b>Total Cash Inflows</b>	<b>50.019.677</b>	<b>55.509.432</b>	<b>35.517.570</b>	<b>53.630.109</b>
			<b>Total Adjusted Value</b>	
<b>Total HQLA Stock</b>			<b>180.246.769</b>	<b>107.378.740</b>
<b>Total Net Cash Outflows</b>			<b>124.959.224</b>	<b>28.904.201</b>
<b>Liquidity Coverage Ratio</b>			<b>%144,52</b>	<b>%418,14</b>

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

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

Prior Period	Total Unweighted Value <sup>(1)</sup>		Total Weighted Value <sup>(1)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			100.120.759	56.186.941
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	214.617.520	108.065.700	19.509.278	10.806.570
Stable Deposits	39.049.480	-	1.952.474	-
Less Stable Deposits	175.568.040	108.065.700	17.556.804	10.806.570
Unsecured wholesale funding , of which;	200.917.565	72.196.379	91.455.271	32.472.143
Operational Deposits	35.013.844	9.020.372	8.753.461	2.255.093
Non-operational Deposits	159.508.177	60.600.026	77.253.366	27.720.822
Other Unsecured Funding	6.395.544	2.575.981	5.448.444	2.496.228
Secured Funding			-	-
Other cash outflows, of which;	11.648.819	6.917.255	5.837.438	3.688.034
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	949.895	1.015.198	949.895	1.015.198
Obligations related to structured financial products	19.934	-	19.934	-
Commitments related to debts to financial markets and other off-balance sheet obligations	10.678.990	5.902.057	4.867.609	2.672.836
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	143.576.345	55.747.383	11.317.080	4.713.310
<b>Total Cash Outflows</b>			<b>128.119.067</b>	<b>51.680.057</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	34.798.391	12.945.307	22.486.276	9.840.447
Other Cash Inflows	281.378	3.061.589	281.378	3.061.589
<b>Total Cash Inflows</b>	<b>35.079.769</b>	<b>16.006.896</b>	<b>22.767.654</b>	<b>12.902.036</b>
			<b>Total Adjusted Value</b>	
<b>Total HQLA Stock</b>			<b>100.120.759</b>	<b>56.186.941</b>
<b>Total Net Cash Outflows</b>			<b>105.351.412</b>	<b>38.778.018</b>
<b>Liquidity Coverage Ratio</b>			<b>%95,40</b>	<b>%149,15</b>

<sup>(1)</sup> Calculated by simple arithmetic average, weekly average calculated for the last three months of the values.**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

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

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
<b>Assets</b>								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	10.899.719	114.591.909	-	537.939	-	-	-	126.029.567
Banks	3.743.884	622.352	27.634	123.903	-	22.680	-	4.540.453
Financial assets at fair value through profit and loss	26.398	9.964	21.706	24.960.637	59.451	395	169.543	25.248.094
Money market placements	-	1.001	-	-	-	-	-	1.001
Financial assets at fair value through other comprehensive income	-	2.670.577	1.869.268	10.863.027	44.779.010	8.353.009	401.833	68.936.724
Loans	19.028.591	34.056.824	35.449.389	159.983.017	218.457.060	90.645.338	-	557.620.219
Financial assets measured at amortised cost	-	9.158.474	10.256.506	11.283.253	49.466.061	53.014.370	-	133.178.664
Other assets <sup>(2)</sup>	538.438	7.804.338	1.255.044	2.405.105	3.603.983	769.774	(245.186)	16.131.496
<b>Total assets</b>	<b>34.237.030</b>	<b>168.915.439</b>	<b>48.879.547</b>	<b>210.156.881</b>	<b>316.365.565</b>	<b>152.805.566</b>	<b>326.190</b>	<b>931.686.218</b>
<b>Liabilities</b>								
Bank deposits	28.422.696	33.338.251	2.219.892	73.569	-	-	-	64.054.408
Other deposits	144.929.769	300.207.224	100.224.474	33.533.437	4.392.174	87.799	-	583.374.877
Funds provided from other financial institutions <sup>(3)</sup>	185.382	329.982	1.023.951	3.029.124	4.502.008	8.528.118	-	17.598.565
Money market balances	-	137.977.454	26.116	679.525	-	1.351.650	-	140.034.745
Bonds issued	-	1.959.954	4.263.822	418.615	1.534.381	-	-	8.176.772
Sundry creditors	151.758	6.186.214	286.364	1.228.111	3.534.286	17.104	1.015.468	12.419.305
Other liabilities <sup>(1)</sup>	2.853.760	9.078.132	746.937	25.254.571	16.026.350	6.354.058	45.713.738	106.027.546
<b>Total liabilities</b>	<b>176.543.365</b>	<b>489.077.211</b>	<b>108.791.556</b>	<b>64.216.952</b>	<b>29.989.199</b>	<b>16.338.729</b>	<b>46.729.206</b>	<b>931.686.218</b>
<b>Liquidity Gap</b>	<b>(142.306.335)</b>	<b>(320.161.772)</b>	<b>(59.912.009)</b>	<b>145.939.929</b>	<b>286.376.366</b>	<b>136.466.837</b>	<b>(46.403.016)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>7.065.255</b>	<b>(65.819)</b>	<b>(269.186)</b>	<b>(498.930)</b>	<b>-</b>	<b>-</b>	<b>6.231.320</b>
Derivative Financial Assets	-	70.589.820	6.714.220	4.598.687	3.039.590	18.493.085	-	103.435.402
Derivative Financial Liabilities	-	(63.524.565)	(6.780.039)	(4.867.873)	(3.538.520)	(18.493.085)	-	(97.204.082)
<b>Non-Cash Loans</b>	<b>56.312.661</b>	<b>6.267.027</b>	<b>18.625.046</b>	<b>73.407.527</b>	<b>34.027.593</b>	<b>6.514.648</b>	<b>151.163</b>	<b>195.305.665</b>
<b>Prior Period</b>								
Total Assets	28.748.119	98.522.452	46.024.987	157.556.611	257.758.720	106.201.716	1.402.045	696.214.650
Total Liabilities	92.155.035	379.014.110	95.303.102	48.389.957	20.931.306	15.354.799	45.066.341	696.214.650
<b>Liquidity Gap</b>	<b>(63.406.916)</b>	<b>(280.491.658)</b>	<b>(49.278.115)</b>	<b>109.166.654</b>	<b>236.827.414</b>	<b>90.846.917</b>	<b>(43.664.296)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>(2.304)</b>	<b>620.011</b>	<b>464.823</b>	<b>508.930</b>	<b>-</b>	<b>-</b>	<b>1.591.460</b>
Derivative Financial Assets	-	16.021.643	7.847.962	1.916.950	1.636.333	11.880.682	-	39.303.570
Derivative Financial Liabilities	-	(16.023.947)	(7.227.951)	(1.452.127)	(1.127.403)	(11.880.682)	-	(37.712.110)
<b>Non-Cash Loans</b>	<b>35.094.122</b>	<b>2.874.408</b>	<b>10.434.702</b>	<b>40.597.782</b>	<b>25.043.586</b>	<b>2.459.251</b>	<b>-</b>	<b>116.503.851</b>

<sup>(1)</sup> Shareholders' equity is disclosed in other liabilities line under the undistributed column.<sup>(2)</sup> Other asset items which are not expected to be converted into cash in short term but required for continuity of banking operations like tangible and intangible assets, office supply inventory, associates and subsidiaries, prepaid expenses are disclosed in other assets under the undistributed column.<sup>(3)</sup> Funds provided from other financial institutions include borrowings.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

Current Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments <sup>(1)</sup>	Total
<b>Liabilities</b>							
Deposits	507.717.083	104.085.053	34.517.905	4.436.971	88.011	(3.415.738)	647.429.285
Funds provided from other financial intuitions	330.575	1.050.528	3.146.542	4.863.531	8.718.217	(510.828)	17.598.565
Money market borrowings	138.359.868	33.001	687.353	42.599	1.365.850	(453.926)	140.034.745
Securities issued	2.042.515	4.490.342	578.924	1.636.759	-	(571.768)	8.176.772
Funds	14.403	25.540	71.923	26.675	-	-	138.541
<b>Total</b>	<b>648.464.444</b>	<b>109.684.464</b>	<b>39.002.647</b>	<b>11.006.535</b>	<b>10.172.078</b>	<b>(4.952.260)</b>	<b>813.377.908</b>
<b>Prior Period</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Adjustments<sup>(1)</sup></b>	<b>Total</b>
<b>Liabilities</b>							
Deposits	355.458.727	88.568.202	24.038.902	2.645.931	34.342	(2.684.276)	468.061.828
Funds provided from other financial intuitions	124.672	590.583	2.645.604	4.531.978	6.088.824	(727.139)	13.254.522
Money market borrowings	103.938.774	59.859	-	-	747.982	(144.003)	104.602.612
Securities issued	1.040.386	7.068.563	5.151.860	1.531.819	-	(547.206)	14.245.422
Funds	7.800	35	211.490	617.046	3.317.615	(536.683)	3.617.303
<b>Total</b>	<b>460.570.359</b>	<b>96.287.242</b>	<b>32.047.856</b>	<b>9.326.774</b>	<b>10.188.763</b>	<b>(4.639.307)</b>	<b>603.781.687</b>

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

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

Current Period: <sup>(1)</sup>	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forwards Contracts- Buy	6.661.532	3.825.069	2.440.822	-	-	12.927.423
Forward Contracts - Sell	5.827.327	1.550.887	741.433	-	-	8.119.647
Swaps - Buy	43.530.517	33.434	2.308.629	1.486.815	-	47.359.395
Swaps - Sell	58.052.059	1.453.824	1.861.972	498.930	-	61.866.785
Credit Default Swap - Buy	-	-	-	-	-	-
Credit Default Swap - Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	1.539.559	1.122.595	-	-	-	2.662.154
Forward Precious Metal - Sell	2.427.766	3.409.729	1.739.406	-	-	7.576.901
Money Buy Options	1.728.930	345.130	164.617	-	-	2.238.677
Money Sell Options	1.728.922	345.130	164.617	-	-	2.238.669
Swaps Interest - Buy	10.000	85.000	360.440	3.039.591	18.493.084	21.988.115
Swaps Interest - Sell	10.000	85.000	360.440	3.039.591	18.493.084	21.988.115
Swaps Precious Metal - Buy	19.325.276	1.381.223	-	-	-	20.706.499
Swaps Precious Metal - Sell	-	-	-	-	-	-
<b>Total</b>	<b>140.841.888</b>	<b>13.637.021</b>	<b>10.142.376</b>	<b>8.064.927</b>	<b>36.986.168</b>	<b>209.672.380</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

Prior Period: <sup>(2)</sup>	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forwards Contracts- Buy	1.734.998	1.241.034	34.708	-	-	3.010.740
Forward Contracts - Sell	631.159	161.002	34.069	-	-	826.230
Swaps - Buy	10.223.422	5.807.869	1.707.242	1.184.000	-	18.922.533
Swaps - Sell	13.482.734	5.390.348	1.243.058	675.070	-	20.791.210
Credit Default Swap - Buy	-	-	-	-	-	-
Credit Default Swap - Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	84.221	-	-	-	-	84.221
Forward Precious Metal - Sell	1.184.714	1.102.641	-	-	-	2.287.355
Money Buy Options	1.467.840	469.181	-	-	-	1.937.021
Money Sell Options	1.468.509	468.516	-	-	-	1.937.025
Swaps Interest - Buy	155.000	120.000	175.000	452.333	11.880.682	12.783.015
Swaps Interest - Sell	155.000	120.000	175.000	452.333	11.880.682	12.783.015
Swaps Precious Metal - Buy	3.255.540	224.520	-	-	-	3.480.060
Swaps Precious Metal - Sell	-	-	-	-	-	-
<b>Total</b>	<b>33.843.137</b>	<b>15.105.111</b>	<b>3.369.077</b>	<b>2.763.736</b>	<b>23.761.364</b>	<b>78.842.425</b>

<sup>(1)</sup> Foreign exchange purchase and sale commitments of TL 9.032.973 are included in the table.<sup>(2)</sup> Foreign exchange purchase and sale commitments of 1.784.635 TL and precious metal purchase commitments of 42.110 TL are included in the table.**VII. EXPLANATIONS ON THE CONSOLIDATED LEVERAGE RATIO**

	Current period	Prior period
Total Assets in The Consolidated Financial Statements Prepared in Accordance with TAS <sup>(1)</sup>	737.212.218	695.581.820
The difference between Total Assets in the Consolidated Financial Statements Prepared in Accordance with TAS and the Communiqué on Preparation of Consolidated Financial Statements of Banks <sup>(1)</sup>	(6.325)	(632.830)
The difference between total amount of derivative financial instruments and credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk balances of such instruments <sup>(2)</sup>	83.424.174	37.634.584
The difference between total amount of risk investment securities or commodity collateral financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such instruments <sup>(2)</sup>	30.891.069	36.567.594
The difference between total amount of off-balance sheet transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such items <sup>(2)</sup>	8.480.178	4.958.752
The other differences between amount of assets in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such items	-	-
<b>Total Risk Amount</b>	<b>1.087.097.539</b>	<b>860.229.588</b>

<sup>(1)</sup> The amounts are represented in the table as of 30 June 2021 and 31 December 2020.<sup>(2)</sup> The amounts in the table represent three-month averages.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

	Current Period <sup>(1)</sup>	Prior Period <sup>(1)</sup>
<b>On-Balance Sheet Assets</b>		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	861.562.969	692.898.165
2.Assets That Are Deducted from Core Capital	(836.302)	(756.288)
3.Total on Balance Sheet Exposures	860.726.667	692.141.877
<b>Derivative Exposures And Credit Derivatives</b>		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	6.112.940	2.979.921
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	1.062.784	549.344
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives	7.175.724	3.529.265
<b>Investment Securities Or Commodity Collateral Financing Transactions</b>		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	2.908.372	2.471.560
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions	2.908.372	2.471.560
<b>Off -Balance Sheet Items</b>		
10.Gross Notional Amount of Off-Balance Sheet Items	224.766.954	167.045.638
11.Adjustments for Conversion to Credit Equivalent Amounts	(8.480.178)	(4.958.752)
12.The Total Risk of Off-Balance Sheet Items	216.286.776	162.086.886
<b>Capital And Total Exposures</b>		
13.Tier 1 Capital	54.798.407	49.386.153
14.Total Exposures	1.087.097.539	860.229.588
<b>Leverage Ratio</b>		
15.Leverage Ratio	%5,04	%5,74

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

#### VIII. EXPLANATIONS RELATED TO THE CONSOLIDATED BUSINESS SEGMENTATION

The Group's operations are grouped under the corporate, commercial, integrated banking and treasury/investment banking categories. Branches are grouped considering the information above and are scaled according to the classification shown in the table below, with the classification reflected to the head office and branches.

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

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

Details of the segment information prepared in accordance with the Act on "Disclosure of Financial Statements of Banks and The Related Presentations and Notes" as of 31 December 2021 are presented in the table below.

Current Period 1 January -31 December 2021	Commercial/ Corporate	Integrated	Treasury/ Investment <sup>(1)</sup>	Other <sup>(1)</sup>	Total
<b>OPERATING INCOME / EXPENSES</b>					
<b>Interest Income</b>	<b>15.819.162</b>	<b>38.342.805</b>	<b>35.212.455</b>	<b>746.506</b>	<b>90.120.928</b>
Interest on Loans	15.647.171	38.083.916	846.646	-	54.577.733
Interest Income on Marketable Securities	-	232.578	32.928.075	-	33.160.653
Interest Received from Banks	-	-	1.276.051	7.949	1.284.000
Other Interest Income	171.991	26.311	161.683	738.557	1.098.542
<b>Interest Expense</b>	<b>15.536.256</b>	<b>24.415.122</b>	<b>23.823.283</b>	<b>304.477</b>	<b>64.079.138</b>
Interest on Deposits	15.490.835	23.901.163	2.675.455	-	42.067.453
Interest on Borrowings	18.839	70.226	149.042	147.171	385.278
Interest on Money Market Borrowings	-	55.063	17.564.511	124.361	17.743.935
Interest on Marketable Bonds Issued	-	-	3.267.509	32.588	3.300.097
Other Interest Expense	26.582	388.670	166.766	357	582.375
<b>Net Interest Income</b>	<b>282.906</b>	<b>13.927.683</b>	<b>11.389.172</b>	<b>442.029</b>	<b>26.041.790</b>
Net Fees and Commissions Income	1.291.317	2.417.278	816.935	(1.409)	4,524.121
Net Trading Profit / (Loss)	22.916	7,038.059	(19,725.384)	61,463	(12,602.946)
Dividend Income	-	-	4,051	-	4,051
Other Income	1,923,901	1,098,521	3,546,767	93,164	6,662,353
Expected Loss Provisions	611,460	1,484,600	9,900,322	125,462	12,121,844
Other Expenses	391,184	4,853,884	5,304,780	74,728	10,624,576
<b>Income Before Taxes</b>	<b>2,518,396</b>	<b>18,143,057</b>	<b>(19,173,561)</b>	<b>395,057</b>	<b>1,882,949</b>
Income Tax Provision	-	-	23,028	(61,519)	(38,491)
<b>Net Profit For The Period</b>	<b>2,518,396</b>	<b>18,143,057</b>	<b>(19,150,533)</b>	<b>333,538</b>	<b>1,844,458</b>
<b>SEGMENT ASSETS 31 December 2021</b>					
Marketable Securities <sup>(2)</sup>	-	4,994,370	222,351,776	628	227,346,774
Derivative Financial Assets Held for Trading	-	447,113	8,541,782	-	8,988,895
Banks and Money Market Receivables	-	287,484	4,196,188	55,854	4,539,526
Associates and Subsidiaries (Net)	-	-	1,195,858	-	1,195,858
Loans <sup>(2)</sup>	192,127,215	321,749,042	21,058,059	-	534,934,316
Other Assets <sup>(2)</sup>	3,472,032	4,900,834	139,117,296	7,190,687	154,680,849
<b>TOTAL ASSETS</b>	<b>195,599,247</b>	<b>332,378,843</b>	<b>396,460,959</b>	<b>7,247,169</b>	<b>931,686,218</b>
<b>SEGMENT LIABILITIES 31 December 2021</b>					
Deposits	192,292,442	383,390,584	71,746,259	-	647,429,285
Derivative Financial Liabilities	-	316,628	2,153,809	-	2,470,437
Money Market Balances	-	2,644,672	136,575,505	814,568	140,034,745
Borrowing Funding Loans	521,718	1,141,076	13,987,319	1,948,452	17,598,565
Bonds Issued	-	-	6,413,302	1,763,470	8,176,772
Other Liabilities	3,556,364	9,148,230	54,236,086	359,353	67,300,033
Provisions and Tax Payable	178,534	368,158	4,057,125	61,193	4,665,010
Shareholders' Equity	6,132,788	19,601,597	17,577,345	699,641	44,011,371
<b>TOTAL LIABILITIES</b>	<b>202,681,846</b>	<b>416,610,945</b>	<b>306,746,750</b>	<b>5,646,677</b>	<b>931,686,218</b>
<b>OFF-BALANCE SHEET ITEMS 31 December 2021</b>	<b>100,465,921</b>	<b>99,912,190</b>	<b>251,221,687</b>	<b>1,894</b>	<b>451,601,692</b>
Guarantees and Sureties	99,533,601	59,372,678	36,399,386	-	195,305,665
Commitments	932,320	15,722,466	38,999,863	1,894	55,656,543
Derivative Financial Instruments	-	24,817,046	175,822,438	-	200,639,484

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

<sup>(2)</sup> TFRS 9 Expected Loss Provisions presented in related lines.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

Prior Period 1 January -31 December 2020	Commercial/ Corporate	Integrated	Treasury/ Investment <sup>(1)</sup>	Other <sup>(1)</sup>	Total
<b>OPERATING INCOME / EXPENSES</b>					
<b>Interest Income</b>	<b>12.006.217</b>	<b>25.712.589</b>	<b>16.330.643</b>	<b>679.730</b>	<b>54.729.179</b>
Interest on Loans	11,952,107	25,610,947	735,986	-	38,299,040
Interest Income on Marketable Securities	-	84,220	15,253,404	-	15,337,624
Interest Received from Banks	-	-	277,296	1,381	278,677
Other Interest Income	54,110	17,422	63,957	678,349	813,838
<b>Interest Expense</b>	<b>10.626.323</b>	<b>11.228.426</b>	<b>13.154.303</b>	<b>188.308</b>	<b>35.197.360</b>
Interest on Deposits	10,055,539	10,857,240	1,458,003	-	22,370,782
Interest on Borrowings	39,204	66,802	180,030	141,426	427,462
Interest on Money Market Borrowings	-	38,529	8,730,470	29,677	8,798,676
Interest on Marketable Bonds Issued	-	-	2,463,921	16,957	2,480,878
Other Interest Expense	531,580	265,855	321,879	248	1,119,562
<b>Net Interest Income</b>	<b>1,379,894</b>	<b>14,484,163</b>	<b>3,176,340</b>	<b>491,422</b>	<b>19,531,819</b>
Net Fees and Commissions Income	976,093	1,542,501	439,994	(68,639)	2,889,949
Net Trading Profit / (Loss)	12,426	1,728,209	(6,964,405)	10,757	(5,213,013)
Dividend Income	-	-	4,196	764	4,960
Other Income	322,020	706,039	710,809	1,588,156	3,327,024
Expected Loss Provisions	2,118,715	1,234,783	3,530,941	96,384	6,980,823
Other Expenses	397,264	3,430,025	4,745,095	494,561	9,066,945
<b>Income Before Taxes</b>	<b>174,454</b>	<b>13,796,104</b>	<b>(10,909,102)</b>	<b>1,431,515</b>	<b>4,492,971</b>
Income Tax Provision	-	-	(690,897)	(110,209)	(801,106)
<b>Net Profit For The Period</b>	<b>174,454</b>	<b>13,796,104</b>	<b>(11,599,999)</b>	<b>1,321,306</b>	<b>3,691,865</b>
<b>SEGMENT ASSETS 31 December 2020</b>					
Marketable Securities <sup>(2)</sup>	-	2,005,568	159,054,669	1,818	161,062,055
Derivative Financial Assets Held for Trading	-	447,253	1,900,029	-	2,347,282
Banks and Money Market Receivables	-	284	3,304,218	39,211	3,343,713
Associates and Subsidiaries (Net)	-	-	764,460	-	764,460
Loans <sup>(2)</sup>	142,281,833	285,849,473	12,303,576	-	440,434,882
Other Assets <sup>(2)</sup>	3,836,074	4,737,307	73,357,898	6,330,979	88,262,258
<b>TOTAL ASSETS</b>	<b>146,117,907</b>	<b>293,039,885</b>	<b>250,684,850</b>	<b>6,372,008</b>	<b>696,214,650</b>
<b>SEGMENT LIABILITIES 31 December 2020</b>					
Deposits	171,817,704	259,510,901	36,733,223	-	468,061,828
Derivative Financial Liabilities	-	309,375	224,850	-	534,225
Money Market Balances	-	1,114,631	102,861,673	626,308	104,602,612
Borrowing Funding Loans	675,438	868,174	10,299,013	1,411,897	13,254,522
Bonds Issued	-	-	13,165,184	1,080,238	14,245,422
Other Liabilities	2,273,342	11,535,395	35,391,807	190,694	49,391,238
Provisions and Tax Payable	247,237	239,340	2,839,678	19,647	3,345,902
Shareholders' Equity	1,159,958	14,033,456	27,031,678	553,809	42,778,901
<b>TOTAL LIABILITIES</b>	<b>176,173,679</b>	<b>287,611,272</b>	<b>228,547,106</b>	<b>3,882,593</b>	<b>696,214,650</b>
<b>OFF-BALANCE SHEET ITEMS 31 December 2020</b>	<b>61,573,613</b>	<b>63,496,250</b>	<b>118,401,550</b>	<b>15,060</b>	<b>243,486,473</b>
Guarantees and Sureties	60,710,939	37,275,102	18,517,810	-	116,503,851
Commitments	862,674	12,634,337	36,454,871	15,060	49,966,942
Derivative Financial Instruments	-	13,586,811	63,428,869	-	77,015,680

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

<sup>(2)</sup> TFRS 9 Expected Loss Provisions presented in related lines.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

	Current Period		Prior Period	
	Book Value	Fair Value	Book Value	Fair Value
<b>Financial Assets</b>	<b>877.708.986</b>	<b>842.947.609</b>	<b>658.232.315</b>	<b>636.425.955</b>
Cash and Balances with the Central Bank of Turkey	126.029.567	126.029.567	64.984.442	64.984.442
Financial assets at fair value through P&L <sup>(3)</sup> <sup>(4)</sup>	84.276	84.276	33.217	33.217
Banks	4.540.453	4.540.067	3.091.071	3.089.685
Money market placements	1.001	1.001	252.997	252.997
Financial assets at Fair Value through OCI <sup>(1)</sup>	66.919.835	66.919.835	59.472.055	59.472.055
Financial assets measured at amortised cost	133.178.664	109.974.846	84.804.689	79.478.703
Loans <sup>(2)</sup>	540.870.326	529.313.153	440.093.062	423.614.074
Receivables from leasing transactions	4.389.595	4.389.595	3.706.703	3.706.703
Factoring receivables	1.695.269	1.695.269	1.794.079	1.794.079
<b>Financial Liabilities</b>	<b>829.185.944</b>	<b>827.670.247</b>	<b>610.835.037</b>	<b>610.976.904</b>
Deposits	647.429.285	645.654.310	468.061.828	468.176.844
Derivative financial liabilities held for trading	2.470.437	2.470.437	534.225	534.225
Funds provided from other financial intuitions	17.598.565	17.852.088	13.254.522	13.570.718
Money market borrowings	140.034.745	140.038.714	104.602.612	104.497.824
Securities issued	8.176.772	8.178.558	14.245.422	14.060.865
Miscellaneous payables	12.419.305	12.419.305	9.242.654	9.242.654
Lease payables	1.056.835	1.056.835	893.774	893.774

<sup>(1)</sup> As of 31 December 2021, TRY 2.016.889 (31 December 2020: TRY 1.072.385) of "equity investments not quoted on stock exchange" followed in financial assets at fair value through other comprehensive income are not included.

<sup>(2)</sup> Non-performing loans has not been included in the table above.

<sup>(3)</sup> As of 31 December 2021, marketable securities amounting to TRY 294.710 (31 December 2020: TRY 190.821) that are not valued with market price, are not included in financial assets at fair value through Profit and Loss.

<sup>(4)</sup> Securities lending transactions amounting to TRY 24.869.108 (31 December 2020: TRY 15.499.625) is not included in the financial assets at fair value through P&L.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

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

**Classification of Fair Value Measurement**

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.



## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

Current Period	Level 1	Level 2	Level 3	Total
<b>Financial Assets Measured at Fair Value:</b>				
Financial Assets Measured at Fair Value through Profit/Loss <sup>(2) (3)</sup>	84.276	-	-	84.276
Derivative financial assets	-	8.988.895	-	8.988.895
Financial Assets at Fair Value through Other Comprehensive Income <sup>(1)</sup>	66.919.835	-	-	66.919.835
Subsidiaries	-	-	-	-
Associates <sup>(4)</sup>	-	-	1.108.396	1.108.396
<b>Total Financial Assets</b>	<b>67.004.111</b>	<b>8.988.895</b>	<b>1.108.396</b>	<b>77.101.402</b>
<b>Financial Liabilities Measured at Fair Value:</b>				
Derivative financial liabilities	-	2.470.437	-	2.470.437
<b>Total Financial Liabilities</b>	<b>-</b>	<b>2.470.437</b>	<b>-</b>	<b>2.470.437</b>

<sup>(1)</sup> As of 31 December 2021, share certificates amounting to TRY 2.016.889 of "securities not quoted on the stock exchange" in financial assets at fair value through other comprehensive income are not included in the above table.

<sup>(2)</sup> As of 31 December 2021, marketable securities amounting to TRY 294.710 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

<sup>(3)</sup> As of 31 December 2021, the securities lending transactions amounting to TRY 24.869.108 followed in financial assets at fair value through profit or loss are not included in the table.

<sup>(4)</sup> Bank's associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. (TRY 20.907), Bileşim Finansal Teknolojiler ve Ödeme Sis. A.Ş. (TRY 62.989), Kredi Kayıt Bürosu A.Ş. (TRY 2.516) and Platform Ortak Katılı Sistemler A.Ş. (TRY 1.050) are not included in the table.

Current Period	Level 1	Level 2	Level 3	Total
<b>Financial Assets Measured at Fair Value:</b>				
Financial Assets Measured at Fair Value through Profit/Loss <sup>(2) (3)</sup>	33.217	-	-	33.217
Derivative financial assets	-	2.347.282	-	2.347.282
Financial Assets at Fair Value through Other Comprehensive Income <sup>(1)</sup>	59.472.055	-	-	59.472.055
Subsidiaries	-	-	-	-
Associates <sup>(4)</sup>	-	-	681.339	681.339
<b>Total Financial Assets</b>	<b>59.505.272</b>	<b>2.347.282</b>	<b>681.339</b>	<b>62.533.893</b>
<b>Financial Liabilities Measured at Fair Value:</b>				
Derivative financial liabilities	-	534.225	-	534.225
<b>Total Financial Liabilities</b>	<b>-</b>	<b>534.225</b>	<b>-</b>	<b>534.225</b>

<sup>(1)</sup> As of 31 December 2020, share certificates amounting to TRY 1.072.385 of "securities not quoted on the stock exchange" in financial assets at fair value through other comprehensive income are not included in the above table.

<sup>(2)</sup> As of 31 December 2020, marketable securities amounting to TRY 190.821 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

<sup>(3)</sup> As of 31 December 2020, the securities lending transactions amounting to TRY 15.499.625 followed in financial assets at fair value through profit or loss are not included in the table.

<sup>(4)</sup> Bank's associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. (TRY 16.566), Bileşim Finansal Teknolojiler ve Ödeme Sis. A.Ş. (TRY 62.989), Kredi Kayıt Bürosu A.Ş. (TRY 2.516) and Platform Ortak Katılı Sistemler A.Ş. (TRY 1.050) and Keskinöğlü Tavukçuluk ve Damızlık A.Ş. are not included in the table.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

	Current Period
Balance at the beginning of the period	681.339
Purchases during the year	-
Non-paid up shares	-
Valuation Difference	427.057
Transfers	-
Redemption or Sales	-
<b>Period End Balance</b>	<b>1.108.396</b>

	Prior Period
Balance at the beginning of the period	593.234
Purchases during the year	-
Non-paid up shares	-
Valuation Difference	183.368
Transfers	(34.833)
Redemption or Sales	(60.430)
<b>Period End Balance</b>	<b>681.339</b>

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

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

The Group does not engage in fiduciary transactions.

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

##### Explanations Related To Risk Management

The Parent Bank's business model creates a comprehensive risk profile that includes all units of the Bank. Credit risk is a key component of the risk profile. The Parent Bank effectively implements risk management policies and procedures for loan and other risks which is determined within the framework of risk capacity and appetite and approved by board of directors. Risk appetite and capacity, which are directly related to the Parent Bank's strategic objectives, are limited by legal rates therefore the 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 June 2014 and subject to the Board of Directors through the Audit Committee.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

The structure of the internal systems determines the level of risk by identifying the risks that the bank is exposed to. The Department of Compliance, another unit within the scope of internal systems, performs the compliance function of the Parent Bank's activities regarding MASAK and Anti-Money Laundering and Prevention of Terrorist Financing. In this direction, the relevant units are responsible for monitoring, controlling and reporting risks, limited to their areas of responsibility. Outside of internal systems, Top Management is directly responsible to the Board of Directors for the risks to which the Parent Bank is exposed in relation to its duties.

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

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

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

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

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

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

	Risk Weighted Amounts		Minimum Capital Requirements	
	Current Period	Prior Period	Current Period	Prior Period
1 Credit risk (excluding counterparty credit risk) (CCR) <sup>(**)</sup>	457.884.181	372.232.593	36.630.734	29.778.607
2 Standardized approach (SA)	457.884.181	372.232.593	36.630.734	29.778.607
3 Internal rating-based (IRB) approach	-	-	-	-
4 Counterparty credit risk <sup>(**)</sup>	4.597.834	4.087.852	367.827	327.028
5 Standardized approach for counterparty credit risk (SA-CCR)	4.597.834	4.087.852	367.827	327.028
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	13.829.113	16.667.625	1.106.329	1.333.410
17 Standardized approach (SA)	13.829.113	16.667.625	1.106.329	1.333.410
18 Internal model approaches (IMM)	-	-	-	-
19 Operational Risk	25.961.517	22.443.361	2.076.921	1.795.469
20 Basic Indicator Approach	25.961.517	22.443.361	2.076.921	1.795.469
21 Standard Approach	-	-	-	-
22 Advanced measurement approach	-	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	2.098.107	1.513.386	167.849	121.071
24 Floor adjustment	-	-	-	-
<b>25 Total ( 1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>504.370.752</b>	<b>416.944.817</b>	<b>40.349.660</b>	<b>33.355.585</b>

<sup>(\*)</sup> Amounts below the thresholds for deductions from capital are excluded from credit risk standard approach of RWA amount.  
<sup>(\*\*)</sup> According to the BRSA's decisions dated 8 December 2020 and 16 September 2021 simple arithmetic average of Central Bank buying exchange rates of the last 252 business days as of the calculation date were used in the calculation of the amount subject to credit risk.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### Differences and Matching Between Accounting and Regulatory Scopes of Consolidation<sup>(\*)</sup>:

	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				Not subject to capital requirements or subject to deduction from capital
		Credit Risk	Counterparty credit risk	Securitization positions	Market Risk	
<b>Assets</b>						
Cash and Balances with the Central Bank	126.013.711	126.013.711	-	-	-	-
Derivative Financial Assets	8.988.895	-	8.988.895	-	582.318	-
Financial assets at fair value through profit and loss	25.248.094	325.392	-	-	1.255	24.921.447
Banks	4.538.525	4.538.525	-	-	-	-
Receivables from Money markets	1.001	-	-	-	-	-
Financial assets at fair value through OCI (net)	68.936.724	31.745.219	-	-	37.191.505	-
Loans	534.934.316	534.924.390	-	-	-	9.926
Receivables from factoring	1.695.269	1.695.269	-	-	-	-
Financial assets measured at amortised cost (net)	133.161.956	133.161.956	-	-	-	-
Subsidiaries (net)	1.195.858	1.195.858	-	-	-	-
Associates (net)	-	-	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-
Finance lease receivables	4.389.595	4.389.595	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Tangible Assets (net)	11.672.864	11.447.229	-	-	-	225.635
Intangible Assets (net)	680.116	-	-	-	-	680.116
Real estate for investment purpose (net)	1.373.817	1.373.817	-	-	-	-
Tax asset	2.013	2.013	-	-	-	-
Deferred Tax Assets	231.043	-	-	-	-	231.043
Assets Held For Sale and Discontinued Operations (net)	2.481	2.481	-	-	-	-
Other assets	8.619.940	8.619.248	-	-	692	-
<b>Total Assets</b>	<b>931.686.218</b>	<b>859.434.703</b>	<b>8.988.895</b>	<b>-</b>	<b>37.775.770</b>	<b>26.068.167</b>
<b>Liabilities</b>						
Deposits	647.429.285	-	-	-	-	647.429.285
Derivative financial liabilities	2.470.437	-	-	-	281.524	2.188.913
Loans	17.598.565	-	-	-	-	17.598.565
Money market borrowings	140.034.745	-	33.429.150	-	-	106.605.595
Securities issued	8.176.772	-	-	-	-	8.176.772
Funds	138.541	-	-	-	-	138.541
Other liabilities	44.459.188	-	-	-	17.483	44.441.705
Factoring payables	2.117	-	-	-	-	2.117
Finance lease payables	1.056.835	-	-	-	-	1.056.835
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Provisions	3.713.834	-	-	-	-	3.713.834
Tax Liability	949.024	-	-	-	-	949.024
Deferred Tax Liability	2.152	-	-	-	-	2.152
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated Loans	21.643.352	-	-	-	-	21.643.352
Shareholders' equity	44.011.371	-	-	-	-	44.011.371
<b>Total Liabilities</b>	<b>931.686.218</b>	<b>-</b>	<b>33.429.150</b>	<b>-</b>	<b>299.007</b>	

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

	Total	Credit risk	Securitization positions	Counterparty credit risk	Market Risk
1 Asset carrying value amount under scope of regulatory consolidation	905.618.051	859.434.703	-	8.988.895	37.775.770
2 Liabilities carrying value amount under regulatory scope of consolidation	33.728.157	-	-	33.429.150	299.007
3 Total net amount under regulatory scope of consolidation	871.889.894	859.434.703	-	(24.440.255)	37.476.763
4 Off-balance Sheet Amounts(*)	451.601.692	106.638.542	-	7.800.132	37.670.801
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences due to prudential filters	-	-	-	-	-
9 Differences due to risk reduction	-	966.073.245	-	(16.640.123)	75.147.564

#### Explanations of differences between accounting and regulatory exposure amounts:

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

#### Explanations Related to Counterparty Credit Risk

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

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

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

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

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

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

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

	Replacement cost	Potential Future exposure	Alpha used for computing regulatory EAD	EAD post-CRM	Risk Weighted Assets
Standardised Approach - CCR (for derivatives)	6.860.613	916.417	1,40	7.777.030	1.853.814
Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	2.520.183	2.073.756
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-
<b>Total</b>	<b>6.860.613</b>	<b>916.417</b>	<b>1,40</b>	<b>7.777.030</b>	<b>1.853.814</b>

\* Expected effective positive risk amount

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

	EAD post-CRM	Risk weighted amount
Total portfolios subject to the Advanced CVA capital obligation	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the Standardised CVA capital obligation	7.777.030	652.279
<b>Total subject to the CVA capital obligation</b>	<b>7.777.030</b>	<b>652.279</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

Risk weight / Risk Classifications	%0	%10	%20	%50	%75	%100	%150	%2	%4	Total Credit Risk
Claims on sovereigns and Central Banks	5.200.631	-	-	-	-	-	-	-	-	5.200.631
Claims on regional governments or local authorities	-	-	-	36	-	-	-	-	-	36
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	218	-	-	-	218
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	979.963	749.404	-	1.121.461	-	-	-	2.850.828
Claims on corporates	-	-	2.804	-	-	2.210.383	-	-	-	2.213.187
Claims included in the regulatory retail portfolios	-	-	-	-	32.313	-	-	-	-	32.313
Claims secured by residential property	-	-	-	-	-	-	-	-	-	-
Overdue loans	-	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other Assets*	-	-	-	-	-	652.279	-	-	-	652.279
<b>Total</b>	<b>5.200.631</b>	<b>-</b>	<b>982.767</b>	<b>749.440</b>	<b>32.313</b>	<b>3.984.341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.949.492</b>

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

**Collaterals for Counterparty Credit Risk:**

	Collateral for derivative transactions				Collateral for other transactions	
	Received Collaterals		Given Collaterals		Received Collaterals	Given Collaterals
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	796.653	-	-
Cash-foreign currency	-	916.419	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>916.419</b>	<b>-</b>	<b>796.653</b>	<b>-</b>	<b>-</b>

**Counterparty Credit Risk-Credit Derivatives:**

None.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

	Exposure post-CRM	RWA
Total Exposure to Qualified Central Counterparties (QCCPs)		17.985
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	23.102	17.897
(i) Over the counter derivative financial instruments	800	16
(ii) Other derivative financial instruments	22.302	17.881
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	179	
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	3.139	88
Unfunded guarantee fund contributions	-	-
Total Exposures to Non-QCCPs		-
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	-	-
(i) Over the counter derivative financial instruments	-	-
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	-	
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	-	-
Unfunded guarantee fund contributions	-	-

**Securitisations:**

None.

**Qualitative Disclosure on Credit Risk:**

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

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

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

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

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

**Credit Quality of Assets:**

	Gross carrying value as per TAS		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-Defaulted		
1 Loans	16.749.893	540.870.326	22.685.903	534.934.316
2 Debt Securities(*)	-	204.247.699	1.770.033	202.477.666
3 Off-balance sheet exposures	-	250.962.208	974.413	249.987.795
<b>4 Total</b>	<b>16.749.893</b>	<b>996.080.233</b>	<b>25.430.349</b>	<b>987.399.777</b>

\* December 2021, TRY 24.869.108 of borrowed securities is not included in Financial Assets at Fair Value through profit or loss.

**Changes in Stock of Default Loans and Debt Securities:**

1	Defaulted loans and debt securities at end of the previous reporting period	17.117.164
2	Loans and debt securities defaulted since the last reporting period	4.067.935
3	Receivables back to performing status	735.496
4	Amounts written off	39.213
5	Other changes	(3.660.497)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>16.749.893</b>

**Additional Disclosure Related To The Credit Quality Of Assets:****Breakdown According to Maturity:**

31 December 2021	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Over	Total
Loans	19.028.591	34.056.824	35.449.389	159.983.017	218.457.060	90.645.338	557.620.219

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### Exposures Provisioned Against By Major Regions:

31 December 2021	Non-Performing Loans	ECL (Stage 3)
Domestic	16.228.308	11.845.362
European Union (EU) Countries	124	97
OECD Countries	811	421
Off-Shore Banking Regions	-	-
USA, Canada	15	12
Other Countries	520.635	266.887
<b>Total</b>	<b>16.749.893</b>	<b>12.112.779</b>

#### Exposures Provisioned Against By Sectors:

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

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

31 December 2021 <sup>(*)</sup>	
30-60 days overdue	2.834.135
60-90 days overdue	1.420.256
<b>Total</b>	<b>4.254.391</b>

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

31 December 2021 <sup>(*)</sup>	
Loans Structured from Standard Loans	745.401
Loans Composed of Follow-up Loans	22.611.540
Loans Restructured from Non-Performing Loans	1.772.482

\* Accruals are not included in the amount.

#### Qualitative Disclosure on Credit Risk Mitigation Techniques:

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

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

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

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

The Parent Bank's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation.

The Parent Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques.

Financial collaterals that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation. There is no on-balance sheet or off-balance sheet offsetting.

#### Credit Risk Mitigation Techniques- Overview:

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans <sup>(2)</sup>	284.422.573	256.596.607	155.334.285	38.564.965	30.962.015	-	-
2 Debt Instruments <sup>(1)</sup>	202.477.666	-	-	-	-	-	-
3 Total	486.900.239	256.596.607	155.334.285	38.564.965	30.962.015	-	-
4 Of which defaulted	2.225.560	2.486.880	2.236.943	1.059.173	1.024.241	-	-

<sup>(1)</sup> As of 31 December 2021, TRY 24.869.108 of borrowed securities is not included in Financial Assets at Fair Value through Profit or Loss.

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

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

Explained in risk classifications related to Article 6 of Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks in Section 4 Credit risk section.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### Standardised Approach- Credit Risk Exposure and Credit Risk Mitigation Techniques:

Risk Classification	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on sovereigns and Central Banks	234.254.324	526.143	264.447.330	1.073.443	256.337	%0,10
Claims on regional governments or local authorities	1.927.288	124.893	1.919.576	50.102	984.840	%50,00
Claims on administrative bodies and other non-commercial undertakings	2.103.591	566.294	2.066.417	227.510	2.293.927	%100,00
Claims on multilateral development banks	-	-	359	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	4.701.606	3.004.580	4.700.469	1.768.798	4.160.523	%64,31
Claims on corporates	184.494.837	120.959.230	171.843.677	78.751.211	243.482.758	%97,16
Claims included in the regulatory retail portfolios	183.635.961	54.399.388	156.528.438	13.835.660	128.180.150	%75,24
Claims secured by residential property	64.793.076	5.110.296	64.793.075	2.562.652	23.574.505	%35,00
Claims secured by commercial property	43.583.609	9.354.233	43.583.609	6.073.958	27.855.370	%56,09
Overdue loans	4.900.862	1.057.875	3.863.095	297.228	3.087.255	%74,21
Higher risk categories decided by the Board	5.223.722	-	5.052.594	-	7.578.892	%150,00
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Equity share investments	347.951	-	347.951	-	347.951	%100,00
Other receivables	31.570.314	3.870.352	31.569.748	22.126	16.081.673	%50,90
<b>Total</b>	<b>761.537.141</b>	<b>198.973.284</b>	<b>750.716.338</b>	<b>104.662.688</b>	<b>457.884.181</b>	<b>%53,53</b>

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

Risk Classification	%0	%10	%20	%35(*)	%50	%75	%100	%150	%200	%250	%2	%4	Total risk amount (pt-CCF and CRM)
Claims on sovereigns and Central Banks	265.249.793	-	18.304	-	-	-	252.676	-	-	-	-	-	265.520.773
Claims on regional governments or local authorities	-	-	-	-	1.969.678	-	-	-	-	-	-	-	1.969.678
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	2.293.927	-	-	-	-	-	2.293.927
Claims on multilateral development banks	359	-	-	-	-	-	-	-	-	-	-	-	359
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	2.323.168	-	900.419	-	3.245.680	-	-	-	-	-	6.469.267
Claims on corporates	-	-	4.013.968	-	7.815.599	4	238.751.618	13.699	-	-	-	-	250.594.888
Claims included in the regulatory retail portfolios	-	-	-	-	-	168.735.798	1.628.300	-	-	-	-	-	170.364.098
Claims secured by residential property	-	-	-	67.355.727	-	-	-	-	-	-	-	-	67.355.727
Claims secured by commercial property	-	-	-	-	43.604.393	-	6.053.174	-	-	-	-	-	49.657.567
Overdue loans	-	-	-	-	2.309.495	-	1.687.470	163.358	-	-	-	-	4.160.323
Higher risk categories decided by the Board	-	-	-	-	-	-	-	5.052.594	-	-	-	-	5.052.594
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	347.951	-	-	-	-	-	347.951
Other receivables	13.620.110	-	2.313.148	-	-	158.294	15.500.322	-	-	-	-	-	31.591.874
<b>Total</b>	<b>278.870.262</b>	<b>-</b>	<b>8.668.588</b>	<b>67.355.727</b>	<b>56.599.584</b>	<b>168.894.096</b>	<b>269.761.118</b>	<b>5.229.651</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>855.379.026</b>

\*Secured by real estate mortgage

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### Publicly Announced Qualitative Disclosure on Market Risk

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

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

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

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

The following table discloses the amounts that are calculated using the standard method in relation to the Group's market risk.

#### Market Risk: Standardised approach

	RWA
<b>Outright products</b>	
Interest rate risk (general and specific)	3.340.100
Equity risk (general and specific)	670.475
Foreign exchange risk	9.652.688
Commodity risk	-
<b>Options</b>	
Simplified approach	-
Delta-plus method	165.850
Scenario approach	-
Securitization	-
<b>Total</b>	<b>13.829.113</b>

#### Information related to Operational Risk:

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

	2 PP Amount	1 PP Amount	CP Amount	Total/ No. Of Years of Positive Gross	Rate (%)	Total
Gross Income	12.686.192	11.301.244	17.550.992	13.846.143	15	2.076.921
<b>Amount at Operational Risk (Total * 12,5)</b>						<b>25.961.517</b>

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### XII. EXPLANATIONS ON REMUNERATION POLICIES

##### Qualitative Explanations on Remuneration Policies:

##### 1. Disclosures related with Remuneration Committee:

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

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

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

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

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

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

As of the end of 2021, the number of critical key personnel is 25.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

#### 2. Information on the design and structure of remuneration process

Benefits to be paid to the managers and employees at all levels are in line with the Parent Bank's ethical values, internal balances and strategic objectives and cannot be associated only with the short term performance of the Parent Bank. Remuneration policy and practices are one of the important factors in ensuring employee engagement and improving performance. While determining the remuneration policy created to protect employees with high performance, sectoral data are taken into consideration by taking the internal wage balance and budget possibilities into account.

Remuneration Committee at its meeting in December 2021 has reviewed the remuneration policy and practices. It has been observed that, total benefits paid to the members of the Parent Bank's Board of Directors, senior management and other staff are in line with the Parent Bank's ethical values, internal balances and strategic objectives. Regardless of the performance of the units that are audited by internal audit, the benefits of are determined on the basis of the general wage increase rate set by the Parent Bank.

#### 3. Evaluation about how the Parent Bank's remuneration processes take the current and future risks into account

The Parent Bank follows the Risk Management Principles while implementing all the remuneration processes.

#### 4. Evaluation about how the Parent Bank associates variable remunerations with performance

Although it is possible to make payments to the senior management and other personnel of the Parent Bank depending on the Parent Bank's performance, these payments are subject to objective conditions and in a way that will positively affect the Parent Bank's corporate values.

#### 5. Evaluation about the Parent Bank's methods to adjust remunerations according to long-term performance

In the Parent Bank, there are no variable remunerations (performance premium, gesture, etc.) to be deferred due to long-term performance for the critical key personnel.

#### 6. Evaluation about the instruments used by the bank for variable remunerations and the purposes of use of such instruments

In the Parent Bank, cash and non-cash instruments are not used for the payment, wherefore no variable remunerations (performance premium, gesture, etc.) to be deferred due to long-term performance for the critical key personnel.



## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

#### SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

##### I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS

###### (1) Cash and Central Bank of the Republic of Turkey and information on balances with the Central Bank of the Republic of Turkey:

###### a) Cash and Central Bank of the Republic of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and foreign currency	1.900.638	5.512.483	1.737.084	3.325.836
CBRT	17.613.716	98.951.673	6.659.022	52.037.405
Other <sup>(1)</sup>	-	2.051.057	-	1.225.095
<b>Total</b>	<b>19.514.354</b>	<b>106.515.213</b>	<b>8.396.106</b>	<b>56.588.336</b>

<sup>(1)</sup> As of 31 December 2021, includes the reserve requirement held by the Central Bank of Macedonia Central Bank of Serbia.

###### b) Information on balances with the Central Bank of the Republic of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand unrestricted amount <sup>(1)</sup>	17.211.303	34.517.548	6.502.868	19.937.084
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	8.307.240
Other <sup>(2)</sup>	402.413	64.434.125	156.154	23.793.081
<b>Total</b>	<b>17.613.716</b>	<b>98.951.673</b>	<b>6.659.022</b>	<b>52.037.405</b>

<sup>(1)</sup> Reserve deposits kept in CBRT.

<sup>(2)</sup> Blocked reserve deposits kept in CBRT and Central Bank of TRNC.

As per the Communiqué no. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Turkey (CBRT), banks operating in Turkey keep reserve deposits for their TRY liabilities held at TRY, US Dollar, Euro and/or standard gold and/or scrap gold with reserve deposit rates between 3%-8% varied according to their maturity compositions, for their FC liabilities at TRY, US Dollar, Euro and/or standard gold with reserve deposit rates between 5%-26% varied according to their maturity compositions.

With the decision No.1072 dated 27 December 2019 of the Central Bank of the Turkish Republic of Northern Cyprus, reserve requirement ratio is applied between 5% to 8% for the Turkish currency and foreign currency liabilities.

With the Board of Directors decision No. 126/11 dated 2011 of the Central Bank of Macedonia, reserve requirement ratio is 8% for MKD currency liabilities, 15% for foreign currency liabilities and 50% for foreign indexed liabilities.

According to the Official Gazette of Serbia No. 76/2018 of the Central Bank of Serbia, banks maintain reserve requirement of 5% for short term liabilities with maturities less than two years and 0% for long term liabilities with maturities more than two years, 20% for short term foreign currency liabilities with maturities less than two years and 13% for long term foreign liabilities with maturities more than two years and 100% for foreign currency index liabilities.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

###### (2) Financial assets at fair value through profit and loss:

###### a) Financial assets at fair value through profit and loss blocked/given as collateral:

None. (31 December 2020: None.)

###### b) Financial assets at fair value through profit and loss subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury bills, government bonds and similar securities	24.163.846	-	15.046.930	-
<b>Total</b>	<b>24.163.846</b>	<b>-</b>	<b>15.046.930</b>	<b>-</b>

###### c) Financial assets at fair value through profit and loss:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward transactions	-	195.839	-	16.265
Swap transactions	2.721.424	6.017.770	5.418	2.324.729
Futures transactions	-	-	-	-
Options	17.442	36.420	335	535
Other	-	-	-	-
<b>Total</b>	<b>2.738.866</b>	<b>6.250.029</b>	<b>5.753</b>	<b>2.341.529</b>

###### (3) Information on banks and other financial institutions:

###### a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	273.302	256.026	183.661	138.589
Foreign banks	124.354	3.886.771	103.818	2.665.003
Branches and offices abroad	-	-	-	-
<b>Total</b>	<b>397.656</b>	<b>4.142.797</b>	<b>287.479</b>	<b>2.803.592</b>

###### b) Information on foreign banks:

	Unrestricted Balance	Restricted Balance
	Current Period	Current Period
EU Countries	555.808	373.545
USA and Canada	214.266	-
OECD Countries <sup>(1)</sup>	895.112	332.114
Offshore Banking Regions	1.009	-
Other	675.651	963.620
<b>Total</b>	<b>2.341.846</b>	<b>1.669.279</b>

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

	Unrestricted Balance	Restricted Balance
	Current Period	Prior Period
EU Countries	440.012	52.287
USA and Canada	271.769	-
OECD Countries <sup>(1)</sup>	566.953	4.912
Offshore Banking Regions	167	-
Other	473.884	958.837
<b>Total</b>	<b>1.752.785</b>	<b>1.016.036</b>

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada**4) Information on financial assets at fair value through other comprehensive income****a) Financial assets at fair value through other comprehensive income subject to repurchase agreements or blocked/given as collateral**

a.1. Information on financial assets at fair value through other comprehensive income and blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury bills, government bonds and similar securities	11.765.216	25.351.058	6.842.329	20.028.890
<b>Total</b>	<b>11.765.216</b>	<b>25.351.058</b>	<b>6.842.329</b>	<b>20.028.890</b>

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
Treasury bills, government bonds and similar securities	56.683	-	245.865	-
<b>Total</b>	<b>56.683</b>	<b>-</b>	<b>245.865</b>	<b>-</b>

**b) Information on financial assets at fair value through other comprehensive income:**

	Current Period	Prior Period
	Debt securities	70.269.358
<i>Quoted on a stock exchange</i>	68.309.354	59.489.397
<i>Not quoted</i>	1.960.004	1.020.722
Equity Securities	420.691	249.564
<i>Quoted on a stock exchange</i>	346.525	180.620
<i>Not quoted</i>	74.166	68.944
Impairment provision (-)	1.753.325	215.243
<b>Total</b>	<b>68.936.724</b>	<b>60.544.440</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**(5) Information on loans:****a) Information on all types of loans and advances given to shareholders and employees of the Group:**

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
<i>Corporate shareholders</i>	-	-	-	-
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	792.643	-	612.522	-
<b>Total</b>	<b>792.643</b>	<b>-</b>	<b>612.522</b>	<b>-</b>

**b) Information on the first and second group loans including loans that have been restructured or rescheduled:**

	Loans Under Close Monitoring			
	Cash Loans	Standard Loans	Loans Not Subject to Restructuring	Restructured Loans
Revised Contract Terms				Refinanc
Non-specialized loans	406.633.550	20.392.179	184.732	22.426.776
<i>Corporation loans</i>	259.138.214	14.878.264	163.975	22.423.266
<i>Export loans</i>	13.369.951	216.574	-	-
<i>Import loans</i>	-	-	-	-
<i>Loans given to financial sector</i>	2.300.556	150.707	-	-
<i>Consumer loan</i>	81.554.015	1.508.029	20.061	948
<i>Credit cards</i>	19.032.313	1.038.921	696	-
<i>Other</i>	31.238.501	2.599.684	-	2.562
Specialized lending	78.410.084	4.029.821	-	32
Other receivables	-	-	-	-
Accruals	6.561.458	1.014.787	3.593	1.213.314
<b>Total</b>	<b>491.605.092</b>	<b>25.436.787</b>	<b>188.325</b>	<b>23.640.122</b>

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	3.669.091	2.278.896	-	-
Significant Increase in Credit Risk	-	-	6.904.033	3.336.393

In the current period, the increase in the Bank's expected loss provisions balance is due to the increase in the balance of standard loans and loans under close monitoring, as well as the increase in the risk levels of some customers.

**c) Distribution of cash loans by maturity structure:**

	Loans under close monitoring			
	Current Period	Standard Loans	Loans Not Subject To Restructuring	Restructured
Short Term Loans	102.173.219	3.238.802	264.290	-
Medium and Long Term Loans	389.431.873	22.197.985	23.564.157	-
<b>Prior Period</b>				
Short Term Loans	56.690.544	2.815.671	53.612	-
Medium and Long Term Loans	344.075.394	21.829.807	14.628.034	-

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**d) Information on consumer loans, individual credit cards, personnel loans and credit cards<sup>(\*)</sup>:**

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Consumer loans-TRY	652.739	72.350.733	73.003.472
Real estate loans	11.622	50.187.192	50.198.814
Automobile loans	1.802	353.149	354.951
Consumer loans	639.315	21.810.392	22.449.707
Other	-	-	-
Consumer loans- Indexed to FC	3.233	1.082.415	1.085.648
Real estate loans	-	990.722	990.722
Automobile loans	-	18.950	18.950
Consumer loans	3.233	72.743	75.976
Other	-	-	-
Consumer loans- FC	12.699	6.489.305	6.502.004
Real estate loans	1.019	2.138.992	2.140.011
Automobile loans	77	8.990	9.067
Consumer loans	7.678	4.286.670	4.294.348
Other	3.925	54.653	58.578
Individual credit cards-TRY	5.331.244	691	5.331.935
Installment	1.755.708	691	1.756.399
Non-installment	3.575.536	-	3.575.536
Individual credit cards-FC	328	271.868	272.196
Installment	-	261.871	261.871
Non-installment	328	9.997	10.325
Personnel loans-TRY	35.077	372.386	407.463
Real estate loans	-	74	74
Automobile loans	-	-	-
Consumer loans	35.077	372.312	407.389
Other	-	-	-
Personnel loans-Indexed to FC	42	55.471	55.513
Real estate loans	-	50.948	50.948
Automobile loans	-	344	344
Consumer loans	42	4.179	4.221
Other	-	-	-
Personnel loans-FC	409	103.048	103.457
Real estate loans	48	73.687	73.735
Automobile loans	-	-	-
Consumer loans	353	28.995	29.348
Other	8	366	374
Personnel credit cards-TRY	174.695	-	174.695
Installment	52.881	-	52.881
Non-installment	121.814	-	121.814
Personnel credit cards-FC	129	6.826	6.955
Installment	-	5.999	5.999
Non-installment	129	827	956
Overdraft accounts-TRY (Retail customers) <sup>(**)</sup>	1.711.484	-	1.711.484
Overdraft accounts-FC (Retail customers) <sup>(***)</sup>	194.876	19.136	214.012
<b>Total</b>	<b>8.116.955</b>	<b>80.751.879</b>	<b>88.868.834</b>

(\*) Interest income accruals are not included in the table above.

(\*\*) TRY 42.754 of the overdraft account consists of loans given to personnel

(\*\*\*) TRY 1.806 of the overdraft account consists of loans given to personnel

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Consumer loans-TRY	482.483	74.674.956	75.157.439
Real estate loans	6.782	48.574.630	48.581.412
Automobile loans	1.816	511.311	513.127
Consumer loans	473.885	25.589.015	26.062.900
Other	-	-	-
Consumer loans- Indexed to FC	1.279	494.933	496.212
Real estate loans	-	444.872	444.872
Automobile loans	-	10.605	10.605
Consumer loans	1.279	39.456	40.735
Other	-	-	-
Consumer loans- FC	8.361	3.320.771	3.329.132
Real estate loans	645	965.423	966.068
Automobile loans	74	4.875	4.949
Consumer loans	6.096	2.292.137	2.298.233
Other	1.546	58.336	59.882
Individual credit cards-TRY	4.353.228	871	4.354.099
Installment	1.740.821	871	1.741.692
Non-installment	2.612.407	-	2.612.407
Individual credit cards-FC	215	123.446	123.661
Installment	1	123.446	123.447
Non-installment	214	-	214
Personnel loans-TRY	20.915	343.481	364.396
Real estate loans	-	102	102
Automobile loans	-	-	-
Consumer loans	20.915	343.379	364.294
Other	-	-	-
Personnel loans-Indexed to FC	18	29.352	29.370
Real estate loans	-	26.523	26.523
Automobile loans	-	162	162
Consumer loans	18	2.667	2.685
Other	-	-	-
Personnel loans-FC	294	56.142	56.436
Real estate loans	64	40.435	40.499
Automobile loans	-	-	-
Consumer loans	230	15.464	15.694
Other	-	243	243
Personnel credit cards-TRY	131.241	144	131.385
Installment	46.527	144	46.671
Non-installment	84.714	-	84.714
Personnel credit cards-FC	43	2.454	2.497
Installment	-	2.454	2.454
Non-installment	43	-	43
Overdraft accounts-TRY (Retail customers) <sup>(**)</sup>	1.318.207	-	1.318.207
Overdraft accounts-FC (Retail customers) <sup>(***)</sup>	102.863	10.515	113.378
<b>Total</b>	<b>6.419.147</b>	<b>79.057.065</b>	<b>85.476.212</b>

(\*) Interest income accruals are not included in the table above.

(\*\*) TRY 27.240 of the overdraft account consists of loans given to personnel

(\*\*\*) TRY 1.198 of the overdraft account consists of loans given to personnel

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**e) Information on commercial installments loans and corporate credit cards<sup>(\*)</sup>:**

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Commercial installment loans-TRY	1.520.962	36.567.506	38.088.468
<i>Business premises loans</i>	3.550	787.833	791.383
<i>Automobile loans</i>	32.484	969.733	1.002.217
<i>Consumer loans</i>	1.484.928	34.809.940	36.294.868
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	336.819	2.341.018	2.677.837
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	2.056	2.056
<i>Other</i>	336.819	2.338.962	2.675.781
Commercial installment loans - FC	1.940.599	66.195.326	68.135.925
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	312.007	58.444.333	58.756.340
<i>Other</i>	1.628.592	7.750.993	9.379.585
Corporate credit cards-TRY	14.274.775	-	14.274.775
<i>Installment</i>	6.228.064	-	6.228.064
<i>Non-installment</i>	8.046.711	-	8.046.711
Corporate credit cards-FC	1.611	9.763	11.374
<i>Installment</i>	-	7.535	7.535
<i>Non-installment</i>	1.611	2.228	3.839
Overdraft accounts-TRY (Commercial customers)	5.341.578	-	5.341.578
Overdraft accounts-FC (Commercial customers)	40.782	-	40.782
<b>Total</b>	<b>23.457.126</b>	<b>105.113.613</b>	<b>128.570.739</b>

<sup>(\*)</sup> Interest income accruals are not included in the table above.

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Commercial installment loans-TRY	479.625	38.139.826	38.619.451
<i>Business premises loans</i>	4.416	805.467	809.883
<i>Automobile loans</i>	26.881	1.002.576	1.029.457
<i>Consumer loans</i>	448.328	36.331.783	36.780.111
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	211.626	1.610.044	1.821.670
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	14.990	14.990
<i>Other</i>	211.626	1.595.054	1.806.680
Commercial installment loans - FC	882.645	30.924.100	31.806.745
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	28.217	27.519.321	27.547.538
<i>Other</i>	854.428	3.404.779	4.259.207
Corporate credit cards-TRY	10.484.279	-	10.484.279
<i>Installment</i>	4.495.889	-	4.495.889
<i>Non-installment</i>	5.988.390	-	5.988.390
Corporate credit cards-FC	203	3.433	3.636
<i>Installment</i>	-	3.433	3.433
<i>Non-installment</i>	203	-	203
Overdraft accounts-TRY (Commercial customers)	3.227.895	-	3.227.895
Overdraft accounts-FC (Commercial customers)	16.789	-	16.789
<b>Total</b>	<b>15.303.062</b>	<b>70.677.403</b>	<b>85.980.465</b>

<sup>(\*)</sup> Interest income accruals are not included in the table above.**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**f) Loans by customers:**

	<b>Current Period</b>	<b>Current Period</b>
Public	12.323.186	6.859.354
Private	528.547.140	433.233.708
<b>Total</b>	<b>540.870.326</b>	<b>440.093.062</b>

<sup>(\*)</sup> Non-performing loans balance is not included in the table above.**g) Domestic and foreign loans:<sup>(\*)</sup>**

	<b>Current Period</b>	<b>Prior Period</b>
Domestic loans	519.241.284	428.811.083
Foreign loans	21.629.042	11.281.979
<b>Total</b>	<b>540.870.326</b>	<b>440.093.062</b>

<sup>(\*)</sup> Non-performing loans balance is not included in the table above.**h) Loans granted to subsidiaries and associates:**

	<b>Current Period</b>	<b>Prior Period</b>
Direct loans granted to subsidiaries and associates	-	35.597
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>-</b>	<b>35.597</b>

**i) Specific provisions related to loans or credit-impaired losses (Stage III):**

	<b>Current Period</b>	<b>Prior Period</b>
Loans with Limited Collectability	1.081.673	809.513
Loans with Doubtful Collectability	332.075	277.729
Uncollectible Loans	10.699.031	10.072.813
<b>Total</b>	<b>12.112.779</b>	<b>11.160.055</b>

The increase in the expected loan loss provision balance allocated for stage 3 loans is caused by the effect of the non performing loans in stock due to the fact that the ratio of exposure at default increases as the period in non performing loans class extends according to ECL model applied, as well as the increase in the risk levels of some customers.

**j) Information on non-performing loans (Net):****j.1. Information on non-performing loans and restructured loans<sup>(\*)</sup>:**

	<b>III. Group Loans with Limited Collectability</b>	<b>IV. Group Loans with Doubtful Collectability</b>	<b>V. Group Uncollectible Loans</b>
<b>Current period</b>			
<b>Gross amounts before the specific provisions</b>	<b>503.625</b>	<b>72.765</b>	<b>1.196.092</b>
Restructured loans	503.625	72.765	1.196.092
<b>Prior period</b>			
<b>Gross amounts before the specific provisions</b>	<b>355.455</b>	<b>75.667</b>	<b>2.178.938</b>
Restructured loans	355.455	75.667	2.178.938

<sup>(\*)</sup> Accruals are not included.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

## j.2. Information on the movement of non-performing loans:

Current Period	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period end balance	2.362.520	650.741	14.103.903
Additions (+)	3.620.026	109.606	338.303
Transfers from other categories of loans under non-performing (+)	-	1.880.788	2.387.021
Transfers to other categories of loans under non-performing (-)	2.777.544	1.490.265	-
Collections (-)*	643.133	388.630	3.364.230
Write-offs (-)	-	859	38.354
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Current period end balance</b>	<b>2.561.869</b>	<b>761.381</b>	<b>13.426.643</b>
Provision (-)	1.081.673	332.075	10.699.031
<b>Net balance on balance sheet</b>	<b>1.480.196</b>	<b>429.306</b>	<b>2.727.612</b>
<b>Prior Period</b>			
	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Prior period end balance	2.837.569	4.525.448	8.714.230
Additions (+)	3.567.753	163.966	1.683.141
Transfers from other categories of loans under non-performing (+)	-	2.320.791	5.844.880
Transfers to other categories of loans under non-performing (-)	3.188.867	4.976.804	-
Collections (-)*	847.319	1.382.394	1.515.079
Write-offs (-)	4.813	266	597.002
Sold (-)	1.803	-	26.267
Corporate and Commercial Loans	1.803	-	26.229
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	38
<b>Current period end balance</b>	<b>2.362.520</b>	<b>650.741</b>	<b>14.103.903</b>
Provision (-)	809.513	277.729	10.072.813
<b>Net balance on balance sheet</b>	<b>1.553.007</b>	<b>373.012</b>	<b>4.031.090</b>

\*It also includes loan balances structured in non-performing loans and transferred to performing loan accounts during the period, as they meet the necessary conditions within the scope of the relevant articles of the Regulation of Allowance.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

## j.3. Information on foreign currency non-performing loans(\*):

Current period	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Balance at the end of the period	502.045	84.262	3.951.468
Provisions(-)	352.073	33.706	3.737.561
<b>Net balance in the balance sheet</b>	<b>149.972</b>	<b>50.556</b>	<b>213.907</b>
<b>Prior period</b>			
Balance at the end of the period	953.504	93.375	4.374.385
Provisions(-)	306.470	42.301	3.559.796
<b>Net balance in the balance sheet</b>	<b>647.034</b>	<b>51.074</b>	<b>814.589</b>

(\*) Accruals are not included.

## j.4. Gross and net amounts of non-performing loans according to user groups:

Current period (Net)	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Loans to granted real persons and legal entities (Gross)	2.561.869	761.381	13.426.643
Provisions (-)	1.081.673	332.075	10.699.031
<b>Loans to granted real persons and legal entities (Net)</b>	<b>1.480.196</b>	<b>429.306</b>	<b>2.727.612</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior period (Net)</b>			
Loans to granted real persons and legal entities (Gross)	2.362.520	650.741	14.103.903
Specific provisions (-)	809.513	277.729	10.072.813
Loans to granted real persons and legal entities (Net)	1.553.007	373.012	4.031.090
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**k) Information on interest accruals, discounts and valuation differences calculated for non-performing loans and their provisions:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>III. Group</b>				
<b>Loans with Limited Collectability</b>				
<b>IV. Group</b>				
<b>Loans with Doubtful Collectability</b>				
<b>V. Group</b>				
<b>Uncollectible Loans</b>				
<b>Current Period (Net)</b>	<b>7.400</b>	<b>1.908</b>	<b>399.497</b>	
Interest Accruals and Valuation Differences	16.817	16.841	1.963.468	
Provision (-)	9.417	14.933	1.563.971	
<b>Prior Period (Net)</b>	<b>10.391</b>	<b>7.603</b>	<b>659.545</b>	
Interest Accruals and Valuation Differences	24.315	26.478	2.140.941	
Provision (-)	13.924	18.875	1.481.396	

**l) Main guidelines of the liquidation policy about the uncollectible loans and receivables:**

The Parent Bank liquidates its uncollectible receivables through three methods. These are by signing financial restructuring contract under the Law No: 4743, 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 receivables from loans.

**m) Explanations on write-off policy:**

The Group derecognised non-performing loan amounting to TRY 39.213 due to lack of reasonable expectations in the current period, and this derecognition has no effect on the NPL ratio. (In the previous period, the Group derecognised non-performing loan amounting to TRY 602.081 on the grounds that there was no reasonable expectation, and the Group's non-performing loan ratio decreased from 3.87% to 3.74% after the loans were written off in accordance with the related the Regulation of Allowance.)

**(6) Information on financial assets measured at amortised cost:****a) Information on financial assets measured at amortised cost blocked/given as collateral or subject to repurchase agreement transactions are explained comparatively with net value:****a.1. Financial assets measured at amortised cost blocked/given as collateral:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds and other securities	67.423.060	37.437.038	31.097.699	20.519.825
<b>Total</b>	<b>67.423.060</b>	<b>37.437.038</b>	<b>31.097.699</b>	<b>20.519.825</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**a.2. Financial assets measured at amortised cost subject to repurchase agreements:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury bills, government bonds and similar	8.858.706	4.975.643	18.884.916	1.995.236
<b>Total</b>	<b>8.858.706</b>	<b>4.975.643</b>	<b>18.884.916</b>	<b>1.995.236</b>

**b) Information on public sector financial assets measured at amortised cost:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds			132.029.922	83.763.130
Treasury bills			305.345	172.517
Other public sector debt securities			792.874	818.523
<b>Total</b>			<b>133.128.141</b>	<b>84.754.170</b>

**c) Information on financial assets measured at amortised cost:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities			133.178.664	84.804.689
Quoted on a stock exchange			132.853.694	84.621.031
Not quoted			324.970	183.658
Impairment provision (-)			-	-
<b>Total</b>			<b>133.178.664</b>	<b>84.804.689</b>

**d) Movement of financial assets measured at amortised cost within the year:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Beginning balance			84.804.689	72.471.122
Foreign currency differences on monetary assets			17.932.370	5.543.919
Purchases during the year <sup>(1)</sup>			41.281.309	24.351.440
Disposals through sales and redemptions			(10.839.704)	(17.561.792)
Impairment provision (-)			-	-
<b>Balance at the end of the period</b>			<b>133.178.664</b>	<b>84.804.689</b>

<sup>(1)</sup> The difference between the discount amount of TRY 31.918.355 as of December 31, 2021 and the amount of discount amount of TRY 14.515.145 as of 31 December 2020 is shown in the line disposed by purchases during the year.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**(7) Information on associates (Net):****a) The reasons behind unconsolidated associates being out of consolidation scope:**

The non-financial investments in associates are accounted for under cost method of accounting since reliable fair values cannot be determined.

**b) Information on unconsolidated associates:**

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1) Kredi Kayıt Bürosu AŞ <sup>(1)</sup>	Istanbul	18,18	18,18
2) Platform Ortak Kartlı Sistemler AŞ <sup>(2)</sup>	Istanbul	20,00	20,00
3) Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ <sup>(1)</sup>	Istanbul	33,33	33,33

Information related to the associates as sorted above:

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value <sup>(3)</sup>
1.	546.191	288.958	231.347	49.389	-	58.105	55.857	-
2.	5.714	5.685	41	1.263	-	922	(464)	-
3.	201.576	151.991	104.115	15.830	-	(5.804)	2.989	-

<sup>(1)</sup> The financial data is obtained from unaudited 31 December 2021 financial statement .

<sup>(2)</sup> Financial information is taken from the financial statements as of 31 December 2021.

**c) Information on consolidated associates:**

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1 Demir-Halk Bank NV	The Netherlands	30,00	30,00
2 Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ	Ankara	31,47	33,12

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

Information related to the associates as sorted above: <sup>(1)</sup>

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value <sup>(3)</sup>
1.	27.661.534	3.694.652	54.246	432.742	5.670	106.321	76.543	1.218.924
2.	67.462	66.435	40	6.620	-	13.794	(506)	-

<sup>(1)</sup> The financial data is obtained from 31 December 2021 financial statements used in consolidation.

<sup>(2)</sup> Financial information on the fair value of Demir Halkbank NV has been obtained from valuation report as of 31 December.

**d) Movement of associates:**

	Current Period	Prior Period
Balance at the beginning of the period	764.460	509.234
Movements during the period	431.398	255.226
Purchases	57.243	34.992
Bonus shares obtained profit from current year's share	-	12.709
Dividends from current year income	-	-
Sales	-	(5.112)
Transfers	(57.243)	10.369
Revaluation decrease (-) / increase	431.398	202.268
Impairment provisions (-)/ reversals	-	-
<b>Balance at the end of the period</b>	<b>1.195.858</b>	<b>764.460</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

**e) Sectorial information and related carrying amounts of associates:**

	Current Period	Prior Period
Banks	1.108.396	681.339
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	20.907	16.566
Other non- financial investments	66.555	66.555

**f) Associates quoted to a stock exchange:**

None.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

#### (8) Information on subsidiaries (Net):

##### a) Information on consolidated subsidiaries <sup>(1)</sup>:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ	Halk Osiguruvanje AD, Skopje
<b>COMMON EQUITY TIER I CAPITAL</b>								
Paid in Capital	150.000	1.020.000	323.000	799.036	96.000	356.373	100	110.639
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-	-
Share premium	-	49.945	-	11.633	-	256.281	-	-
Reserves	72.504	54.657	18.181	1.794.003	108.020	1.470.902	2.238	269.839
Other Comprehensive Income according to TAS	4.558	1.298.324	2.071	1.396	10	(83.157)	-	-
<b>Profit / Loss</b>	<b>197.868</b>	<b>40.160</b>	<b>70.149</b>	<b>1.104</b>	<b>79.022</b>	<b>83.117</b>	<b>850</b>	<b>(81.183)</b>
Net Profit	197.868	40.160	75.184	38.472	67.633	83.117	850	(41.528)
Prior Period Profit/Loss	-	-	(5.035)	(37.368)	11.389	-	-	(39.655)
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 (-)	-	-	-	613	-	1.617	-	-
Leasehold Improvements (-)	-	498	-	22.226	-	12.708	-	-
Intangible Assets (-)	6.419	787	1.295	47.565	2.809	92.124	-	-
<b>Total Core Capital</b>	<b>418.511</b>	<b>2.461.801</b>	<b>412.106</b>	<b>2.536.768</b>	<b>280.243</b>	<b>1.977.067</b>	<b>3.188</b>	<b>299.295</b>
<b>SUPPLEMENTARY CAPITAL</b>	<b>-</b>	<b>-</b>	<b>99.083</b>	<b>63.975</b>	<b>8.050</b>	<b>28.380</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>418.511</b>	<b>2.461.801</b>	<b>511.189</b>	<b>2.600.743</b>	<b>288.293</b>	<b>2.005.447</b>	<b>3.188</b>	<b>299.295</b>
<b>NET AVAILABLE CAPITAL</b>	<b>418.511</b>	<b>2.461.801</b>	<b>511.189</b>	<b>2.600.743</b>	<b>288.293</b>	<b>2.005.447</b>	<b>3.188</b>	<b>299.295</b>

<sup>(1)</sup> The information is presented from companies' financial statements as of 31 December 2021.

There is no internal capital adequacy assessment approach for the subsidiaries.

Paid in capital (domestic) has been indicated as Turkish Lira in articles of incorporation and registered in trade registry.

Paid in capital (international) has been indicated as local currency 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 Turkish Commercial Code no. 6102.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

#### b) Unconsolidated subsidiaries, reasons for not consolidating if any and information on total needed shareholder's equity that is subjected to minimum capital requirements:

The accompanying consolidated financial statements are prepared in accordance with the communiqué on "Preparation of Consolidated Financial Statements of Banks" and non-financial subsidiary is not included in the consolidation.

#### c) Information on unconsolidated subsidiaries

None.

#### d) Information on consolidated subsidiaries (Net):

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1. Halk Yatırım Menkul Değerler A.Ş.	Istanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı A.Ş. <sup>(2,3)</sup>	Istanbul	79,33	79,36
3. Halk Finansal Kiralama A.Ş.	Istanbul	100,00	100,00
4. Halk Banka A.D., Skopje	Macedonia	99,48	99,48
5. Halk Faktoring A.Ş.	Istanbul	100,00	100,00
6. Halk Banka A.D. Beograd	Serbia	100,00	100,00
7. Halk Varlık Kiralama A.Ş.	Istanbul	100,00	100,00
8. Halk Osiguruvanje A.D., Skopje	Macedonia	-	99,48

Information related to the subsidiaries as sorted above <sup>(1)</sup>:

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	855.425	424.930	20.335	191.464	15.571	197.868	186.876	532.217
2.	3.718.363	2.434.330	2.495.347	9.596	-	40.160	32.549	1.710.255
3.	5.148.218	413.401	5.027	440.970	-	75.184	72.427	471.661
4.	18.044.672	2.606.559	709.698	378.136	16.185	38.472	76.005	2.665.965
5.	1.809.660	283.052	5.725	306.095	-	67.633	100.943	362.348
6.	12.845.355	2.081.899	282.578	272.501	41.245	83.117	35.600	1.919.639
7.	1.571.463	3.188	5	-	-	850	546	3.579
8.	360.580	299.295	13.374	581	188	(41.528)	3.760	-

<sup>(1)</sup> The financial data is obtained from 31 December 2021 financial statements used in consolidation.

<sup>(2)</sup> Halk Gayrimenkul Yatırım Ortaklığı AŞ is valued at stock price.

<sup>(3)</sup> The Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı AŞ was privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa Istanbul AŞ.



**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**Movement of the subsidiaries:**

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>5.516.428</b>	<b>3.261.227</b>
Movements during the period	2.216.852	2.255.201
Purchase <sup>(1) (2) (3) (4)</sup>	555.211	148.506
Bonus shares obtained profit from current year's share	81.981	30.224
Dividends from current year income	-	-
Sales	-	(56.003)
Transfer	-	(27.997)
Revaluation increase/decrease	1.579.660	2.160.471
Impairment Provisions (-)/ Reversals	-	-
<b>Share capital elimination of subsidiaries</b>	<b>(7.733.280)</b>	<b>(5.516.428)</b>
Balance at the end of the period	-	-
Capital commitments	-	-

<sup>(1)</sup> In the current period, the Bank has increased its share ratio to 100% by purchasing 0,04% of Halk Yatırım Menkul Değerler AŞ for a price of TRY 159.<sup>(2)</sup> As a result of the paid capital increase, the Bank paid TRY 198.304 and increased its shareholding in Halk Banka AD, Skopje, located in Macedonia, to 99,48%.<sup>(3)</sup> The Bank made a payment of TRY 300.255 due to the capital increase of Halk Banka A.D., located in Serbia, Beograd.<sup>(4)</sup> Halk Banka AD, Skopje, has paid TRY 48.270 due to the capital increase of its subsidiary Halk Osiguranje A.D., Skopje.<sup>(5)</sup> In the current period, the Parent Bank has purchased 2.5% of Halk Faktoring AŞ amounting to TRY 8.223 and increased its share to 100%**e) Sectorial information on subsidiaries and the related carrying amounts:**

	Current Period	Prior Period
Banks	4.585.604	2.140.652
Insurance companies	67.616	19.346
Factoring companies	362.348	320.679
Leasing companies	471.661	395.629
Financing companies	-	-
Other financial subsidiaries	2.246.051	2.640.122
Other non-financial subsidiaries	-	-

**f) Subsidiaries quoted in the stock exchange:**

	Current Period	Prior Period
Quoted to domestic stock <sup>(1)</sup>	1.710.255	2.240.689
Quoted foreign stock exchange	-	-

<sup>(1)</sup> The Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı AŞ has privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa Istanbul AŞ.**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**(9) Information on jointly controlled entities (joint ventures):**

None.

**(10) Information on finance lease receivables (Net):****a) Maturity structure of investments on financial lease:**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	2.058.860	1.626.152	1.418.220	1.074.572
1 - 4 years	2.482.054	1.901.548	2.312.601	1.728.743
More than 4 years	1.182.442	894.281	1.077.725	843.739
<b>Total</b>	<b>5.723.356</b>	<b>4.421.981</b>	<b>4.808.546</b>	<b>3.647.054</b>

**b) Information on gross investments of financial lease:**

	Current Period	Prior Period
Gross financial lease investment	5.723.356	4.808.546
Unearned revenues from financial lease	(1.301.375)	(1.161.492)
<b>Total</b>	<b>4.421.981</b>	<b>3.647.054</b>

**c) Information on receivables from non-performing loans of financial lease:**

	Current Period	Prior Period
Financial lease receivables with limited collectability	38.909	374
Financial lease receivables with doubtful collectability	23.316	8.425
Uncollectible financial lease receivables	419.407	566.505
Provisions	(414.935)	(480.598)
<b>Total</b>	<b>66.697</b>	<b>94.706</b>

**(11) Information on derivative financial assets for hedging purposes:**

None.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**(12) Information on tangible assets:**

Current Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
<b>Cost:</b>						
Immovable	4.363.469	677.157	789.128	42.323	40.352	5.827.783
Right of Used Assets	1.218.128	655.846	-	297.628	-	1.576.346
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	1.193.105	272.539	-	75.871	-	1.389.773
Fixed assets obtained due to non-performing loans	4.690.020	1.889.572	-	2.007.823	-	4.571.769
Lease hold improvements costs	325.472	168.264	-	-	-	493.736
Other	432.668	96.691	-	34.120	(7.621)	487.618
<b>Total Cost</b>	<b>12.222.862</b>	<b>3.760.069</b>	<b>789.128</b>	<b>2.457.765</b>	<b>32.731</b>	<b>14.347.025</b>
<b>Accumulated depreciation (-)</b>						
Immovable	353.193	57.716	139.675	3.926	391	547.049
Right of Used Assets	362.579	305.276	-	65.667	-	602.188
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	685.439	258.837	-	53.383	-	890.893
Fixed assets obtained due to non-performing loans	23.299	16.373	-	17.598	-	22.074
Lease hold improvements costs	191.800	72.185	-	-	-	263.985
Other	310.535	54.960	-	36.819	(384)	328.292
<b>Total Accumulated Depreciation</b>	<b>1.926.845</b>	<b>765.347</b>	<b>139.675</b>	<b>177.393</b>	<b>7</b>	<b>2.654.481</b>
<b>Provision for impairment (-)</b>						
Immovable	12.774	-	3.023	472	-	15.325
Fixed assets obtained due to non-performing loans	4.355	-	-	-	-	4.355
<b>Total provision for impairment (-)</b>	<b>17.129</b>	<b>-</b>	<b>3.023</b>	<b>472</b>	<b>-</b>	<b>19.680</b>
<b>Net Book Value</b>	<b>10.278.888</b>	<b>2.994.722</b>	<b>646.430</b>	<b>2.279.900</b>	<b>32.724</b>	<b>11.672.864</b>
<b>Prior Period</b>	<b>Balance at the end of the prior period</b>	<b>Additions</b>	<b>Revaluation Increase</b>	<b>Disposals (-)</b>	<b>Transfer</b>	<b>Balance at the end of the period</b>
<b>Cost:</b>						
Immovable	3.500.266	421.362	517.695	60.490	(15.364)	4.363.469
Right of Used Assets	817.177	606.221	-	205.270	-	1.218.128
Tangible assets purchased through financial lease	24.111	-	-	4.340	(19.771)	-
Office machines	939.133	274.165	-	20.193	-	1.193.105
Fixed assets obtained due to non-performing loans	4.892.672	1.197.322	-	1.364.780	(35.194)	4.690.020
Lease hold improvements costs	251.269	74.203	-	-	-	325.472
Other	363.240	71.928	-	9.843	7.343	432.668
<b>Total Cost</b>	<b>10.787.868</b>	<b>2.645.201</b>	<b>517.695</b>	<b>1.664.916</b>	<b>(62.986)</b>	<b>12.222.862</b>
<b>Accumulated depreciation (-)</b>						
Immovable	280.431	26.637	59.012	12.834	(53)	353.193
Right of Used Assets	189.457	238.298	-	65.176	-	362.579
Tangible assets purchased through financial lease	23.958	-	-	4.537	(19.421)	-
Office machines	534.983	171.002	-	20.546	-	685.439
Fixed assets obtained due to non-performing loans	22.525	19.265	-	18.491	-	23.299
Lease hold improvements costs	150.921	40.879	-	-	-	191.800
Other	264.985	33.480	-	7.351	19.421	310.535
<b>Total Accumulated Depreciation</b>	<b>1.467.260</b>	<b>529.561</b>	<b>59.012</b>	<b>128.935</b>	<b>(53)</b>	<b>1.926.845</b>
<b>Provision for impairment (-)</b>						
Immovable	6.670	-	6.104	-	-	12.774
Fixed assets obtained due to non-performing loans	4.965	-	-	610	-	4.355
<b>Total provision for impairment (-)</b>	<b>11.635</b>	<b>-</b>	<b>6.104</b>	<b>610</b>	<b>-</b>	<b>17.129</b>
<b>Net Book Value</b>	<b>9.308.973</b>	<b>2.115.640</b>	<b>452.579</b>	<b>1.535.371</b>	<b>(62.933)</b>	<b>10.278.888</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**(13) Information on intangible assets:**

Current Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
<b>Cost:</b>					
Other intangible assets	980.987	270.344	2.758	-	1.248.573
<b>Total Cost</b>	<b>980.987</b>	<b>270.344</b>	<b>2.758</b>	<b>-</b>	<b>1.248.573</b>
<b>Accumulated Depreciation (-)</b>					
Other intangible assets	342.279	228.538	2.360	-	568.457
<b>Total Accumulated Depreciation</b>	<b>342.279</b>	<b>228.538</b>	<b>2.360</b>	<b>-</b>	<b>568.457</b>
<b>Net Book Value</b>	<b>638.708</b>	<b>41.806</b>	<b>398</b>	<b>-</b>	<b>680.116</b>
<b>Prior Period</b>	<b>Balance at the end of the prior period</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>Transfer</b>	<b>Balance at the end of the period</b>
<b>Cost:</b>					
Other intangible assets	421.528	563.799	4.340	-	980.987
<b>Total Cost</b>	<b>421.528</b>	<b>563.799</b>	<b>4.340</b>	<b>-</b>	<b>980.987</b>
<b>Accumulated Depreciation (-)</b>					
Other intangible assets	216.269	126.010	-	-	342.279
<b>Total Accumulated Depreciation</b>	<b>216.269</b>	<b>126.010</b>	<b>-</b>	<b>-</b>	<b>342.279</b>
<b>Net Book Value</b>	<b>205.259</b>	<b>437.789</b>	<b>4.340</b>	<b>-</b>	<b>638.708</b>
<b>(14) Information on investment property:</b>					
		<b>Current Period</b>	<b>Prior Period</b>		
<b>Cost:</b>					
<b>Opening Balance</b>		<b>1.303.741</b>	<b>1.194.428</b>		
Acquisitions		251.888	95.261		
Transfer		(40.352)	15.364		
Disposals		36.780	1.312		
Impairment Charge/Reversal		-	-		
<b>Ending Balance</b>		<b>1.478.497</b>	<b>1.303.741</b>		
<b>Accumulated Depreciation (-)</b>					
<b>Opening Balance</b>		<b>96.480</b>	<b>89.965</b>		
Additions		8.835	6.503		
Disposals (-)		244	41		
Impairment Provisions (-)		-	-		
Transfer		(391)	53		
<b>Total Accumulated Depreciation (-)</b>		<b>104.680</b>	<b>96.480</b>		
<b>Net Book Value</b>		<b>1.373.817</b>	<b>1.207.261</b>		

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**(15) Information on deferred tax assets:**

	Current Period	Prior Period
<b>Deferred Tax Asset /(Liability)</b>		
Provisions <sup>(1)</sup>	3.262.334	1.529.133
Revaluation of Financial Assets	(5.524.767)	(1.322.586)
Other	2.491.324	(498.350)
<b>Deferred Tax Asset /(Liability):</b>	<b>228.891</b>	<b>(291.803)</b>
<b>Deferred tax accounted under shareholders' equity</b>	<b>359.641</b>	<b>(11.841)</b>
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	458.256	128.429
Actuarial gains/losses	117.935	34.772
Valuation of subsidiaries	(216.550)	(175.042)

<sup>(1)</sup> Includes reserve for employee benefits and other provisions.<sup>(2)</sup> Net deferred tax assets amounting to TRY 228.891 consists of deferred tax assets which amounting to TRY 231.043 and deferred tax liabilities amounting to TRY 2.152.**(16) Information on assets held for sale and held from discontinued operations:**

	Current Period	Prior Period
Cost	2.481	1.441
Accumulated Depreciation (-)	-	-
<b>Net book value</b>	<b>2.481</b>	<b>1.441</b>
<b>Opening Balance</b>	<b>1.441</b>	<b>1.076.418</b>
Acquisition	1.110	-
Transfer (Net)	-	-
Disposals (Net)	(70)	(1.074.977)
Revaluation Increase	-	-
Impairment (-) / Reversal	-	-
Depreciation (-)	-	-
<b>Closing net book value</b>	<b>2.481</b>	<b>1.441</b>

**(17) Information on other assets:**

Other assets balance in the balance sheet amounts to TRY 8.637.340 and does not exceed 10% of the balance sheet total (31 December 2020: TRY 5.285.838).

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES****(1) Information on deposit / funds collected:****a) Information on maturity structure of deposits / funds collected:**

	Current Period								
	Demand	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 <sup>(1)</sup>	14.771.332	-	9.301.522	61.536.172	16.277.055	2.544.494	3.720.806	132.027	108.283.408
Foreign currency deposits	75.970.760	-	44.444.289	159.242.063	10.295.146	8.144.243	16.071.559	20.344	314.188.404
Residents in Turkey	63.967.775	-	36.689.100	153.563.705	6.800.758	4.983.025	8.309.005	19.744	274.333.112
Residents abroad	12.002.985	-	7.755.189	5.678.358	3.494.388	3.161.218	7.762.554	600	39.855.292
Public sector deposits	5.162.007	-	5.159.673	4.843.268	535.623	53.068	15.044	-	15.768.683
Commercial inst. deposits	19.264.364	-	24.624.910	32.537.851	1.582.430	1.414.218	2.042.503	-	81.466.276
Other inst. deposits	1.532.264	-	3.505.395	13.905.284	2.023.206	2.673.524	6.073.817	-	29.713.490
Precious metals	28.229.042	-	197.454	4.914.191	243.446	136.356	234.127	-	33.954.616
Interbank deposits	28.422.696	-	19.987.368	15.570.775	73.419	150	-	-	64.054.408
CBRT	27.637	-	-	-	-	-	-	-	27.637
Domestic banks	377.832	-	19.480.597	10.091.593	73.419	-	-	-	30.023.441
Foreign banks	28.017.227	-	506.771	5.479.182	-	150	-	-	34.003.330
Participation banks	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>173.352.465</b>	<b>-</b>	<b>107.220.611</b>	<b>292.549.604</b>	<b>31.030.325</b>	<b>14.966.053</b>	<b>28.157.856</b>	<b>152.371</b>	<b>647.429.285</b>

<sup>(1)</sup> As of 31 December 2021, the Bank has a total of TRY 13.050.234 foreign exchange-protected deposit instrument within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" published by the CBRT in the Official Gazette dated 21 December 2021, opened within the scope of the announcement of the Ministry of Treasury and Finance ("Treasury") dated 24 December 2021.**Prior Period**

	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	11.028.480	-	10.547.317	61.271.001	4.063.473	894.825	1.528.413	123.289	89.456.798
Foreign currency deposits	35.168.062	-	18.113.997	96.866.133	5.253.095	4.109.940	9.424.284	13.273	168.948.784
Residents in Turkey	28.297.921	-	14.179.996	92.415.789	3.611.688	1.929.613	4.390.421	12.693	144.838.121
Residents abroad	6.870.141	-	3.934.001	4.450.344	1.641.407	2.180.327	5.033.863	580	24.110.663
Public sector deposits	3.708.109	-	13.485.208	4.173.024	442.413	161.066	13.676	-	21.983.496
Commercial inst. deposits	11.726.342	-	32.521.802	49.196.778	825.344	604.306	2.994.737	-	97.869.309
Other inst. deposits	1.105.021	-	3.660.760	20.127.802	2.481.584	452.782	4.469.915	-	32.297.864
Precious metals	18.324.815	-	134.150	3.375.240	382.651	75.080	147.787	-	22.439.723
Interbank deposits	9.514.652	-	14.656.243	10.645.338	180.835	2.291	66.495	-	35.065.854
CBRT	-	-	-	-	-	-	-	-	-
Domestic banks	86.802	-	12.009.319	7.107.240	150.308	-	-	-	19.353.669
Foreign banks	6.948.850	-	182.773	3.315.793	30.527	2.291	66.495	-	10.546.729
Participation banks	2.479.000	-	2.464.151	222.305	-	-	-	-	5.165.456
<b>Total</b>	<b>90.575.481</b>	<b>-</b>	<b>93.119.477</b>	<b>245.655.316</b>	<b>13.629.395</b>	<b>6.300.290</b>	<b>18.645.307</b>	<b>136.562</b>	<b>468.061.828</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**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	45.659.431	40.394.097	62.400.473	48.828.336
Foreign currency saving deposits	44.442.049	31.941.835	136.615.979	68.137.764
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	535.794	410.927	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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	395.337	235.014
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	16.627	10.157
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 Turkey	-	-

**(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	-	287.630	-	26.206
Swap transactions	357	2.154.501	19.744	480.694
Future transactions	-	-	-	-
Options	17.830	10.119	369	7.212
Other	-	-	-	-
<b>Total</b>	<b>18.187</b>	<b>2.452.250</b>	<b>20.113</b>	<b>514.112</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**(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	938.425	3.229.997	706.399	2.498.369
Foreign banks, institutions and funds	-	13.430.143	-	10.049.754
<b>Total</b>	<b>938.425</b>	<b>16.660.140</b>	<b>706.399</b>	<b>12.548.123</b>

**b) Maturity structure of funds borrowed:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	792.744	1.617.915	601.693	811.014
Medium and long-term	145.681	15.042.225	104.706	11.737.109
<b>Total</b>	<b>938.425</b>	<b>16.660.140</b>	<b>706.399</b>	<b>12.548.123</b>

**c) Additional disclosures related to the concentrations of the Group's major liabilities:**

Concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed:

Main liability of the Group is deposits, which is composed of 16,73% of saving deposits and 48,53% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Group borrows loans from interbank money markets.

The Group's 62,19% of bank deposits and 59,68% of other deposits consist of foreign currency deposits.

**(4) Marketable securities issued (Net):**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	4.890.092	-	3.655.382	-
Bonds	2.579.698	-	1.958.530	-
Assets Backed Securities	706.982	-	1.078.233	7.553.277
<b>Total</b>	<b>8.176.772</b>	<b>-</b>	<b>6.692.145</b>	<b>7.553.277</b>

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

#### (5) Explanations to the funds:

Funds are granted as loans in conformity with the protocols between the Parent Bank and fund owner ministry or institutions.

#### Maturity structure of funds:

	Current Period	Prior Period
Short Term	1.350	1.201
Long Term	137.191	3.616.102
<b>Total</b>	<b>138.541</b>	<b>3.617.303</b>

#### (6) Information on other liabilities:

Other liabilities balance does not exceed 10% of the balance sheet total.  
(31 December 2020: Other liabilities balance does not exceed 10% of the balance sheet total).

#### (7) Information on finance lease payables (Net):

##### a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Parent Bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the TAS.

##### b) Explanation on finance lease payables:

None (31 December 2020: None).

##### c) Explanations regarding operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	42.617	41.416	29.347	29.162
1 - 4 years	536.782	427.750	312.254	268.799
More than 4 years	959.620	587.669	826.943	595.813
<b>Total</b>	<b>1.539.019</b>	<b>1.056.835</b>	<b>1.168.544</b>	<b>893.774</b>

#### (8) Information on derivative financial liabilities for hedging purposes:

None (31 December 2020: None).

#### (9) Explanations on provisions:

##### a) Provisions for the foreign currency losses on the principal amount of foreign currency indexed loans and finance lease receivables:

As of 31 December 2021 the Group does not have a provision amount of the currency differences on foreign currency indexed loans and finance lease receivables (31 December 2020: None).

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

#### b) Specific provisions provided for unindemnified non-cash loans:

As of 31 December 2021, the Group's specific provision for unindemnified non-cash loans balance is TRY 337.306. (31 December 2020: TRY 150.942).

#### c) Information on other provisions:

Total other provision balance amounting to TRY 1.187.989 (31 December 2020: TRY 636.547) consists of TRY 337.306 for specific provisions of unindemnified and unfunded non-cash loans (31 December 2020: TRY 150.942), TRY 637.107 for stage 1 and stage 2 expected credit loss amount of non-cash loans (31 December 2020: TRY 308.709), TRY 84.445 for legal cases filed against the Group (31 December 2020: TRY 98.928), and TRY 129.131 of other provisions (31 December 2020: TRY 77.968).

#### d) Movement of employee termination benefits:

Severance indemnity provision of the Parent Bank as of 31 December 2021 is calculated by an independent company by using the actuarial conjectures.

The amount calculated for the employee termination benefits of the Parent Bank as a result of the actuarial valuation according to TAS 19, is as follows:

	Current Period	Prior Period
Inflation Rate	15,80%	9,50%
Discount Rate	19,10%	12,80%
Estimated Real Wage Growth Rate	30,00% <sup>(*)</sup>	9,70%

<sup>(\*)</sup>It was used 30% for 2022 and 16% for the following years.

Calculated amounts as a result of actuarial conjectures are as follows:

	Current Period	Prior Period
As of January 1	941.282	722.286
Charge for the year	96.220	70.613
Interest Expense	118.500	85.813
Actuarial gain/loss	416.791	99.629
Prior period service cost composed current period	6.311	2.584
Payment/The limitation of benefits/ Loss (Gain) therefore discharge	657	5.839
Benefits paid within the period (-)	(40.970)	(45.482)
<b>Total</b>	<b>1.538.791</b>	<b>941.282</b>

#### e) Liabilities for employee benefits:

As of 31 December 2021, unused vacation accruals are TRY 231.194, personnel dividend provision is TRY 549.481, severance indemnity provision for Group personnel is TRY 1.479.036 and severance indemnity provision for outsourcing firms is TRY 59.755. (31 December 2020: TRY 180.226 for unused vacation accruals; TRY 905.180 for severance indemnity provision for Group personnel; TRY 36.102 for severance indemnity provision for outsources; TRY 381.892 for personnel dividend provision).

The Group's accounts for actuarial gains / losses under equity commencing from 1 January 2013.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

#### f) Liabilities arising from retirement benefits:

##### f.1. Liabilities of pension funds founded as per the Social Security Institution:

None.

##### f.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees:

Based on the results of the actuarial reports prepared as of 31 December 2021, it was determined that there is no technical deficit for Türkiye Halk Bankası AŞ Emekli Sandığı and T.C. Ziraat Bankası ve Türkiye Halk Bankası Çalışanları Emekli Sandığı Vakfı.

The above mentioned actuarial review, which was made in accordance with the principles of the related law, measures the present value of the liability as of 31 December 2021, in other words; it measures the amount to be paid to the Social Security Institution by the Parent Bank. Actuarial assumptions used in the calculation are given below.

Assumptions	Current Period	Prior Period
Discount Rate	%9,80	%9,80
Mortality Rate	CSO 1980 women/men	CSO 1980 women/men

T. Halk Bankası Çalışanları Emekli Sandığı Vakfı, ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. As of 31 December 2021 the number of personnel who benefit from the Fund is 38.816 (31 December 2020: 38.069).

Below table shows the present values of premiums and salary payments as of 31 December 2021, by taking into account the health expenses within the Social Security Institution limits.

Transferable Pension and Medical Benefits:	Current Period	Prior Period
Net Present Value of Total Liabilities Other Than Health	(4.839.389)	(3.853.779)
Net Present Value of Long Term Insurance Line Premiums	4.989.362	4.204.433
<b>Net Present Value of Total Liabilities Other Than Health</b>	<b>149.973</b>	<b>350.654</b>
Net Present Value of Health Liabilities	(1.134.467)	(838.882)
Net Present Value of Health Premiums	3.117.266	2.626.604
<b>Net Present Value of Health Liabilities</b>	<b>1.982.799</b>	<b>1.787.722</b>
<b>Pension Fund Assets</b>	<b>5.679.944</b>	<b>4.276.670</b>
General Administration Expenses (1%)	(59.739)	(46.927)
<b>Amount of Actuarial and Technical Deficit</b>	<b>7.752.977</b>	<b>6.368.119</b>

Total Assets	Current Period	Prior Period
Banks	4.811.099	3.125.060
Marketable Securities	504.807	916.070
Property and Equipment	179.872	128.147
Other	184.166	107.393
<b>Total</b>	<b>5.679.944</b>	<b>4.276.670</b>

On the other hand, after the transfer, the currently paid health benefits will be revised within the framework of the Social Security Institution legislation and related regulations.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

The sensitivity analysis of defined benefit obligation of excess liabilities and retirement indemnities are as follows:

#### Change in Assumptions (%)

Assumptions	Death Benefits	Medical Benefits	Total
Discount rate +1%	(%19,2)	(%20,4)	(%20,4)
Discount rate (1%)	%26,1	%28,0	%28,0
Inflation rate +1%	%26,1	%34,3	%34,3
Inflation rate (1%)	(%19,4)	(%23,9)	(%23,9)

#### g) Insurance Technical Provisions (Net):

	Current Period	Prior period
Life-Mathematical Provisions	-	-
Provisions for unearned premium claims	100.423	51.174
Provision for outstanding claims	105.956	42.464
Provisions for unexpired risk reserves	-	-
Other	-	-
<b>Total</b>	<b>206.379</b>	<b>93.638</b>

#### (10) Explanations related to tax liabilities:

##### a) Information on current tax liability:

###### a.1. Information on tax provision:

As of 31 December 2021, the Group's corporate tax payable is amounting to TRY 78.491 and accounted for under corporate tax provision at the related date. (31 December 2020 corporate tax payable: TRY 4.498)

###### a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate tax payable	78.491	4.498
Income on securities tax	409.434	475.152
Property income tax	3.049	1.719
Banking and insurance transactions tax (BITT)	252.910	157.964
Foreign exchange transactions tax	52.359	9.021
Value added tax payable	3.534	4.810
Other	80.672	73.321
<b>Total</b>	<b>880.449</b>	<b>726.485</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**a.3. Information on premiums:**

	Current Period	Prior Period
Social insurance premiums-employee	341	291
Social insurance premiums-employer	1.084	830
Bank social aid pension fund premium-employee	22.968	18.063
Bank social aid pension fund premium-employer	37.885	28.084
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	1.694	1.311
Unemployment insurance-employer	3.416	2.634
Other	1.187	715
<b>Total</b>	<b>68.575</b>	<b>51.928</b>

**b) Explanations related to deferred tax liability:**

Section Five Explanations and Footnotes on the Asset Accounts of the Balance Sheet are explained in 15th footnote.

**(11) Information on liabilities regarding non-current assets held for sale and discontinued operations:**

Liabilities regarding assets held for sale and discontinued operations is none (31 December 2020: None).

**(12) Explanations on the number of subordinated loans the Group used maturity, interest rate, institutions that the loan was borrowed from, and conversion option, if any(\*):**

Information on Subordinated Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital borrowings instruments	-	15.591.893	-	8.824.063
Subordinated loans	-	15.591.893	-	8.824.063
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.051.459	-	6.036.525	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	6.051.459	-	6.036.525	-
<b>Total</b>	<b>6.051.459</b>	<b>15.591.893</b>	<b>6.036.525</b>	<b>8.824.063</b>

(\*) Detailed information is disclosed in Section Four Footnote I.

**(13) Information on shareholders' equity****a) Presentation of paid-in capital:**

	Current Period	Prior Period
Common stock	2.473.776	2.473.776
Preferred stock	-	-

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**b) Application of registered capital system and registered capital ceiling amount:**

There is an application of registered capital system in the Parent Bank and registered capital ceiling amount is TRY 10.000.000.

**c) Information on share capital increases and their sources; other information on increased capital shares in the current period:**

None.

**d) Information on additions from capital reserves to capital in the current period:**

None.

**e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments:**

None.

**f) Information on the Parent Bank's acquired shares:**

Between January 1 – December 31, 2021, the Parent Bank did not repurchase or sell any shares.

**g) Indicators of the Group's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Group's equity due to the uncertainty of these indicators:**

The Group has sustainable profitability and equity structure. There are no uncertainties that would impact the current position.

**h) Information on preferred shares:**

None.

**i) Information on marketable securities revaluation fund:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	15.040	2.669	15.040	5.107
Valuation differences	15.040	2.669	15.040	5.107
Exchange rate difference	-	-	-	-
Financial assets at fair value through other comprehensive income	(1.817.314)	(278.853)	(220.937)	(218.119)
Valuation differences	(1.817.314)	(142.399)	(220.937)	(216.049)
Exchange rate difference	-	(136.454)	-	(2.070)
<b>Total</b>	<b>(1.802.274)</b>	<b>(276.184)</b>	<b>(205.897)</b>	<b>(213.012)</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**j) Information on Profit Distribution**

The Ordinary General Assembly Meeting of the Bank was held on March 26, 2021. At the General Assembly Meeting, it was decided to transfer the remaining amount of TRY 2.470.042 to extraordinary reserves, after allocating TRY 130.003 of the unconsolidated net profit amounting to TRY 2.600.045 from the activities of the year 2020 as general legal reserves. In addition, in accordance with TFRS 9, the 75% exception amount in the article 5/1/ e of the Corporate Tax Law No. 5520 of the sales gain obtained from the sales of the partnerships monitored with their fair values will continue to be monitored in the special funds account.

**k) Information on Legal Reserves:**

	Current Period	Prior Period
I. Legal Reserve	1.661.716	1.491.581
II. Legal Reserve	636.172	621.138
Special Reserves	141.821	67.674
Share Buyback Reserve Fund	351.767	351.767
<b>Total</b>	<b>2.791.476</b>	<b>2.532.160</b>

**l) Information on Extraordinary Reserves:**

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	25.470.612	22.835.488
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital (-)	-	-
<b>Total</b>	<b>25.470.612</b>	<b>22.835.488</b>

**(14) Information on minority interest shares:**

	Current Period	Prior Period
Paid-in Capital	214.638	203.804
Export Premium	10.366	10.306
Share Cancellation Profits	(28.756)	(27.346)
Marketable Securities Revaluation Fund	7	42
Legal Reserves	6.576	5.662
Extraordinary Reserves	4.966	10.071
Retained Earnings	55.471	48.853
Other Profit Reserves	8.738	3.573
Other Capital Reserves	1.191	1.192
Net Period Profit / Loss	8.487	7.223
<b>Closing Balance</b>	<b>281.684</b>	<b>263.380</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**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	17.465.120	28.032.142
Payment commitments for cheques	6.146.359	4.472.298
Loan granting commitments	6.401.780	4.721.315
Forward asset purchase and sale commitments	9.044.334	1.826.745
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	27.584	22.752
Tax and fund liabilities from export commitments	106.220	124.240
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	5.853.373	5.321.136
<b>Total</b>	<b>45.044.770</b>	<b>44.520.628</b>

**b) Amount and nature of probable losses and commitments from the off-balance sheet items:**

b.1. Non-cash loans including bank bill guarantees and acceptances, guarantees substituting financial guarantees and other letters of credit:

	Current Period	Prior Period
Letters of credit	7.133.429	2.609.382
Bank acceptances	11.581.244	6.495.595
Other guarantees	9.671.584	4.862.463
<b>Total</b>	<b>28.386.257</b>	<b>13.967.440</b>

**b.2. Certain guarantees, tentative guarantees, sureties and similar transactions:**

	Current Period	Prior Period
Letters of certain guarantees	27.108.104	17.484.487
Letters of advance guarantees	8.238.368	5.376.409
Letters of tentative guarantees	1.981.621	2.239.074
Letters of guarantee given to customs offices	3.932.906	2.706.492
Other letters of guarantee	125.658.409	74.729.949
<b>Total</b>	<b>166.919.408</b>	<b>102.536.411</b>

**b.3. Total non-cash loans:**

	Current Period	Prior Period
Non-cash loans for providing cash loans	27.373.541	14.320.385
Within one year or less original maturity	3.763.863	1.895.645
Within more than one year maturity	23.609.678	12.424.740
Other non-cash loans	167.932.124	102.183.466
<b>Total</b>	<b>195.305.665</b>	<b>116.503.851</b>



**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**b.4. Sectoral risk concentration of non-cash loans:**

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	236.420	0,28	317.706	0,28	178.288	0,32	182.732	0,29
Farming and Stockbreeding	183.955	0,22	20.998	0,02	127.020	0,23	15.110	0,02
Forestry	8.548	0,01	4.709	-	1.542	-	27	-
Fishery	43.917	0,05	291.999	0,26	49.726	0,09	167.595	0,27
Manufacturing	19.675.926	24,04	52.963.470	46,69	11.874.058	21,56	27.334.702	44,49
Mining and Quarrying	386.734	0,47	1.712.885	1,51	221.231	0,40	1.034.911	1,68
Production	18.195.364	22,23	48.397.141	42,66	10.066.831	18,28	24.729.631	40,25
Electricity, Gas and Water	1.093.828	1,34	2.853.444	2,52	1.585.996	2,88	1.570.160	2,56
Construction	24.509.366	29,94	25.258.760	22,27	17.550.791	31,88	13.371.311	21,76
Services	36.767.027	44,91	34.346.996	30,28	23.463.372	42,61	20.194.698	32,87
Wholesale and Retail Trade	22.727.973	27,76	14.473.852	12,76	14.830.746	26,94	7.423.192	12,08
Accommodation and Dining	409.621	0,50	5.793.759	5,11	315.979	0,57	3.921.210	6,38
Transportation and Telecom.	1.543.594	1,89	9.291.420	8,19	1.063.530	1,93	6.946.739	11,31
Financial Institutions	5.374.538	6,57	197.237	0,17	3.777.373	6,86	172.834	0,28
Real Estate and Rental Services	5.290.718	6,46	4.189.939	3,69	2.869.168	5,21	1.510.509	2,46
Professional Services	44.473	0,05	142.807	0,13	13.891	0,03	43.748	0,07
Educational Services	106.846	0,13	149.930	0,13	100.317	0,18	103.009	0,17
Health and Social Services	1.269.264	1,55	108.052	0,10	492.368	0,89	73.457	0,12
Other	677.170	0,83	552.824	0,49	1.990.613	3,63	363.286	0,59
<b>Total</b>	<b>81.865.909</b>	<b>100,00</b>	<b>113.439.756</b>	<b>100,00</b>	<b>55.057.122</b>	<b>100,00</b>	<b>61.446.729</b>	<b>100,00</b>

**b.5. Non-cash loans classified under I. and II. Group**

	Group I		Group II	
	TRY	FC	TRY	FC
<b>Non-Cash Loans</b>	<b>79.960.167</b>	<b>110.324.515</b>	<b>1.905.742</b>	<b>3.115.241</b>
Letters of Guarantee	69.373.831	92.600.068	1.889.251	3.056.258
Bills of Exchange and Bank Acceptances	1.079.481	10.481.052	-	20.711
Letters of Credit	5.784	7.072.882	16.491	38.272
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	9.501.071	170.513	-	-

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**2) Information on derivative financial instruments:**

Types of trading transactions	Derivative transactions according to purposes			
	Trading Derivatives		Derivative Financial Instruments held for Risk Management	
	Current Period	Prior Period	Current Period	Prior Period
<b>Foreign Currency related Derivative Transactions (I):</b>	<b>125.717.623</b>	<b>45.640.124</b>	-	-
Currency Forwards-Purchases/Sales	16.455.764	2.793.387	-	-
Currency Swaps-Purchases/Sales	104.784.513	38.972.691	-	-
Currency Futures-Purchases/Sales	-	-	-	-
Currency Options-Purchases/Sales	4.477.346	3.874.046	-	-
<b>Interest Rate related Derivative Transactions (II)</b>	<b>43.976.230</b>	<b>25.566.030</b>	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Swaps-Purchases/Sales	43.976.230	25.566.030	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-
<b>Other Trading Derivatives (III) <sup>(1)</sup></b>	<b>30.945.631</b>	<b>5.809.526</b>	-	-
<b>A. Total Trading Derivatives (I+II+III)</b>	<b>200.639.484</b>	<b>77.015.680</b>	-	-
<b>Derivative Financial Instruments held for Risk Management</b>	-	-	-	-
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
FC investment in associates risk hedge	-	-	-	-
<b>B. Total Derivative Financial Instruments held for Risk Management</b>	-	-	-	-
<b>Total Derivative Transactions (A+B)</b>	<b>200.639.484</b>	<b>77.015.680</b>	-	-

<sup>(1)</sup> Other trading derivative transactions include forward precious metal purchase transactions amounting to TRY 2.662.154, forward precious metal sale transactions amounting to TRY 7.576.901, precious metal purchase transactions amounting to TRY 20.706.499 and forward option contract transactions amounting to TRY 77.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**3) Explanations related to credit derivatives and its risk exposures:**

The Parent Bank has credit termly derivative transactions as part of its trading transactions. These transactions include credit default swaps which based on treasury of Turkish Republic's credit risk. As of 31 December 2021, the Parent bank has credit default swap transaction amounting to USD 160 million with 5 year maturity (1,3 years average remaining maturity). In these transactions, the Parent Bank sells the protection.

**4) Information on contingent liabilities and assets:**

Group's commitments for the cheques given to customers are TRY 6.146.359 (31 December 2020: TRY 4.472.298).

**5) Services provided on behalf of others:**

None.

**IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS****(1) Information on interest income:****a) Information on interest income on loans:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Interest on loans<sup>(1)</sup></b>				
Short term loans	12.411.771	312.124	5.700.913	418.410
Medium and long term loans	34.201.398	7.290.556	26.132.241	5.647.948
Interest on non-performing loans	359.319	2.565	399.263	265
Premiums from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>46.972.488</b>	<b>7.605.245</b>	<b>32.232.417</b>	<b>6.066.623</b>

<sup>(1)</sup> Includes fees and commissions obtained from cash loans.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**b) Interest received from banks:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	1.211.758	-	238.787	-
Domestic banks	53.461	303	25.314	1.392
Foreign banks	15.271	3.207	9.876	3.308
Foreign headquarters and branches	-	-	-	-
<b>Total</b>	<b>1.280.490</b>	<b>3.510</b>	<b>273.977</b>	<b>4.700</b>

**c) Interest income on marketable securities:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	26.384	49	29.847	13
Financial Assets at Fair Value through Other Comprehensive Income	7.594.948	744.993	4.217.753	352.892
Financial Assets Measured at Amortized Cost	22.592.389	2.201.890	9.463.974	1.273.145
<b>Total</b>	<b>30.213.721</b>	<b>2.946.932</b>	<b>13.711.574</b>	<b>1.626.050</b>

**d) Interest income from subsidiaries and associates:**

None.(31 December 2020: TRY 637.)

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**(2) Information on interest expenses:****a) Information on interest expense on funds borrowed:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	152.245	205.047	147.989	255.976
CBRT	-	-	-	-
Domestic banks	152.245	52.180	147.989	83.497
Overseas banks	-	152.867	-	172.479
Overseas head office and branches	-	-	-	-
Other institutions	7	27.979	9	23.488
<b>Total</b>	<b>152.252</b>	<b>233.026</b>	<b>147.998</b>	<b>279.464</b>

<sup>(1)</sup> Includes fees and commissions obtained from cash loans.**b) Interest expenses to subsidiaries and associates:**

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	33.464	9.881

**c) Information on interest expenses to marketable securities issued:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	2.033.767	1.266.330	1.646.165	834.713

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**d) Maturity structure of interest expenses on deposits:**

Account name	Demand deposits	Time deposits					Cumulative deposit	Total
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year		
<b>Current Period</b>								
<b>TRY</b>								
Bank deposits	1.509	2.520.061	744.308	26.874	-	-	-	3.292.752
Saving deposits	21	1.959.087	12.199.244	1.322.091	589.650	500.479	13.467	16.584.039
Public deposits	19	591.689	566.380	69.233	27.577	2.376	-	1.257.274
Commercial deposits	18	5.636.196	6.429.659	323.837	188.737	1.196.655	-	13.775.102
Other deposits	1	496.685	3.048.531	461.066	348.050	202.850	-	4.557.183
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.568</b>	<b>11.203.718</b>	<b>22.988.122</b>	<b>2.203.101</b>	<b>1.154.014</b>	<b>1.902.360</b>	<b>13.467</b>	<b>39.466.350</b>
<b>Foreign currency</b>								
Deposits	2.582	288.727	1.789.000	108.693	74.720	149.534	91	2.413.347
Bank deposits	30	14.037	154.292	171	177	-	-	168.707
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	596	16.133	884	416	1.020	-	19.049
<b>Total</b>	<b>2.612</b>	<b>303.360</b>	<b>1.959.425</b>	<b>109.748</b>	<b>75.313</b>	<b>150.554</b>	<b>91</b>	<b>2.601.103</b>
<b>Grand total</b>	<b>4.180</b>	<b>11.507.078</b>	<b>24.947.547</b>	<b>2.312.849</b>	<b>1.229.327</b>	<b>2.052.914</b>	<b>13.558</b>	<b>42.067.453</b>
<b>Prior Period</b>								
<b>TRY</b>								
Bank deposits	124	1.302.671	547.428	21.060	526	-	-	1.871.809
Saving deposits	170	699.878	5.406.941	535.631	82.413	419.816	10.410	7.155.259
Public deposits	45	1.255.214	266.960	37.481	27.792	669	-	1.588.161
Commercial deposits	746	2.976.075	3.968.658	156.009	60.825	662.152	-	7.824.465
Other deposits	1	317.081	1.470.403	181.899	41.783	235.361	-	2.246.528
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1.086</b>	<b>6.550.919</b>	<b>11.660.390</b>	<b>932.080</b>	<b>213.339</b>	<b>1.317.998</b>	<b>10.410</b>	<b>20.686.222</b>
<b>Foreign currency</b>								
Deposits	1.500	146.586	1.184.177	53.121	42.480	107.257	-	1.535.121
Bank deposits	13	135.177	-	285	-	402	-	135.877
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	719	9.596	1.835	399	1.013	-	13.562
<b>Total</b>	<b>1.513</b>	<b>282.482</b>	<b>1.193.773</b>	<b>55.241</b>	<b>42.879</b>	<b>108.672</b>	<b>-</b>	<b>1.684.560</b>
<b>Grand total</b>	<b>2.599</b>	<b>6.833.401</b>	<b>12.854.163</b>	<b>987.321</b>	<b>256.218</b>	<b>1.426.670</b>	<b>10.410</b>	<b>22.370.782</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**(3) Information on dividend income:**

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	55	-
Financial Assets at Fair Value Through other Comprehensive Income	3.996	4.489
Other	-	471
<b>Total</b>	<b>4.051</b>	<b>4.960</b>

**(4) Explanations on trading profit/loss (net):**

	Current Period	Prior Period
<b>Profit</b>	<b>212.739.776</b>	<b>68.931.835</b>
Profit from the capital market transactions	70.024	227.118
Profit on derivative financial transactions	50.607.062	10.558.638
Foreign exchange gains	162.062.690	58.146.079
<b>Loss (-)</b>	<b>225.342.722</b>	<b>74.144.848</b>
Loss from the capital market transactions	2.614	126.452
Loss from derivative financial transactions	32.065.733	7.827.041
Foreign exchange losses	193.274.375	66.191.355

**Explanations on derivative financial instruments**

	Current Period	Prior Period
<b>Profit on derivative financial instruments</b>	<b>50.607.062</b>	<b>10.558.638</b>
Effect of the change in foreign exchange on profit	50.223.698	9.994.380
Effect of the change in interest rate on profit	383.364	564.258
<b>Loss on derivative financial instruments (-)</b>	<b>32.065.733</b>	<b>7.827.041</b>
Effect of the change in foreign exchange on loss	31.748.382	7.286.086
Effect of the change in interest rate on loss	317.351	540.955
<b>Profit/loss on derivative financial instruments</b>	<b>18.541.329</b>	<b>2.731.597</b>

**(5) Information on other operating income:**

	Current Period	Prior Period
Adjustments for prior period expenses	5.790.664	1.084.854
Insurance technical income	127.860	84.602
Income from the asset sale	404.285	316.265
Rent income	74.938	62.037
Other income	228.369	272.306
<b>Total</b>	<b>6.626.116</b>	<b>1.820.064</b>

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**(6) Impairment losses on loans and other receivables:**

	Current Period	Prior Period
Expected Credit Losses	12.121.844	6.980.823
12 Month Expected Credit Loss (Stage 1)	2.353.637	1.124.573
Significant Increase in Credit Risk (Stage 2)	5.379.090	2.176.110
Non – Performing Loans (Stage 3)	4.389.117	3.680.140
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	36.293	18.161
<b>Total</b>	<b>12.158.137</b>	<b>6.998.984</b>

**(7) Information on other operating expenses:**

	Current Period	Prior Period
Reserve for employee termination benefits	181.627	120.633
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	3.023	6.103
Depreciation expenses of fixed assets	507.876	427.738
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	164.135	104.179
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	16.373	19.265
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	3.082.072	2.548.420
Leasing Expenses on TFRS 16 Exceptions	157.572	83.928
Maintenance expenses	107.260	73.460
Advertisement expenses	501.187	269.608
Other expenses	2.316.053	2.121.424
Loss on sales of assets	6.575	970
Other	1.996.665	1.522.844
<b>Total</b>	<b>5.958.346</b>	<b>4.750.152</b>

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

#### (8) Information on profit/loss from continuing and discontinued operations before taxes:

The amount of profit before tax consists TRY 26.041.790 (31 December 2020: TRY 19.531.819) of net interest income and TRY 4.524.121 (31 December 2020: TRY 2.889.949) of net fees and income. The profit from continuing operations before tax is amounting to TRY 1.882.949 (31 December 2020: TRY 3.505.598).

For the accounting period ending on 31 December 2021, the Group has no profit before tax for discontinued operations. (31 December 2020: TRY 987.373).

#### (9) Information on tax provisions for continued and discontinued operations:

For the period ended 31 December 2021, the Group's tax provision from continued operations amounting to TRY 38.491 (31 December 2020: TRY 752.503) consists of TRY 187.703 (31 December 2020: TRY 602.783) of current tax charge and TRY 4.705.132 (31 December 2020: TRY 865.404) of deferred tax charge and TRY 4.854.344 (31 December 2020: TRY 715.684) of deferred tax income.

For the period ended 31 December 2021, the Group's has no tax provision from discontinued operations.(31 December 2020: TRY 48.603 consists of TRY 48.981 of current tax charge and TRY 378 of deferred tax income.)

#### (10) Information on net operating income/expense from continued and discontinued operations after tax:

As of 31 December 2021, the Group's operating income after tax from continued operations is amounting to TRY 1.844.458 (31 December 2020: TRY 2.753.095.)

As of 31 December 2021, the Group's has no income after tax from discontinued operations. (31 December 2020: TRY 938.770.)

#### (11) Information on net profit/loss:

a) If disclosure of the nature, size and recurrence rate of income and expense items arising from ordinary banking transactions is necessary to understand the bank's performance during the period, the explanation regarding the nature and amount of these items is as follows:

There is no requirement to make disclosure.

#### b) Effects of changes in accounting estimates on the current and future periods' profit/loss:

There is no requirement to make disclosure.

#### (12) Minority interest profit/losses:

	Current Period	Prior Period
Minority interest profit/losses	8.487	7.223

#### (13) Other items in the Income Statement:

The other items under Fees and Commissions Received and Fees and Commissions Paid generally consist of credit cards and other banking transaction commissions.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

#### V. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

##### Explanations on inflation adjustments for equity items:

As per the BRSA circular announced on 28 April 2005, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA decree numbered 1623 and dated 21 April 2005.

According to this circular, TRY 1.220.451 of inflation adjustment related to paid in capital was transferred to the "Other Capital Reserves" account, which was previously recognized in "Paid-in Capital Inflation Adjustment" account before 31 December 2005. However, inflation adjustments related to other equity items are presented under the related equity item.

#### VI. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED CASH FLOW STATEMENT

##### (1) Disclosures for the "other" and "the effect of foreign exchange differences on cash and cash equivalents" items of cash flow statement:

The "net increase/(decrease) in other liabilities" under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TRY 47.941.552 increase (31 December 2020: TRY 54.302.381 increase) for the year 2021. The "others" item under operating income composes of fees and commissions paid, foreign exchange gains, other operating income and other operating expenses excluding employee costs, and amounts to TRY 41.799.195 cash outflow for the year 2021 (31 December 2020: TRY 8.858.828 cash outflow).

For the year ended 31 December 2021, the effect of change in foreign exchange rate on cash and cash equivalents is TRY 24.031.077 increase (31 December 2020: TRY 1.597.022 decrease). The average exchange rates of last five weekdays were taken into consideration as of the balance sheet date when calculating the effect of change in the exchange rates.

##### (2) Items used in determination of cash and cash equivalents, accounting policies used in the determination of those items:

Cash in TRY and cash in foreign currency, Central Bank and bank deposits having maturity less than three months are defined as cash and cash equivalents.

##### (3) The effect of any change in accounting policies:

None.

**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**(4) Cash and cash equivalents balance at the beginning of the period:**

	Current Period	Prior Period
Cash	64.984.442	35.313.987
Cash in TRY and foreign currency	5.062.920	3.861.322
Central Bank and others <sup>(1)</sup>	59.921.522	31.452.665
Cash equivalents	3.312.965	4.386.772
Demand and Time Deposits Up to 3 Months	3.059.968	4.299.634
Money Market Placements	252.997	87.138
<b>Total cash and cash equivalents</b>	<b>68.297.407</b>	<b>39.700.759</b>
Reserve deposits in Central Bank of Turkey	(25.055.387)	(14.726.441)
Banks Blocked Amount	-	(490.951)
Accruals on reserve deposits in Central Bank of Turkey	(118.855)	(19.629)
Accruals on Money Markets Placements	-	-
Accruals on banks	(1.612)	(939)
<b>Total Cash and Cash Equivalents</b>	<b>43.121.553</b>	<b>24.462.799</b>

<sup>(1)</sup>Other items include cheques received and required reserves that are held at The Central Bank of Macedonia and the Central Bank of Serbia.**(5) Cash and cash equivalents balance at the end of the period:**

	Current Period	Prior Period
Cash	126.029.567	64.984.442
Cash in TRY and foreign currency	7.413.121	5.062.920
Central Bank and others <sup>(1)</sup>	118.616.446	59.921.522
Cash equivalents	4.394.871	3.312.965
Demand and Time Deposits Up to 3 Months	4.393.870	3.059.968
Money Market Placements	1.001	252.997
<b>Total cash and cash equivalents</b>	<b>130.424.438</b>	<b>68.297.407</b>
Reserve deposits in Central Bank of Turkey	(66.528.028)	(25.055.387)
Banks Blocked Amount	-	-
Accruals on reserve deposits in Central Bank of Turkey	(359.540)	(118.855)
Accruals on Money Markets Placements	0	0
Accruals on banks	(2.633)	(1.612)
<b>Total Cash and Cash Equivalents</b>	<b>63.534.237</b>	<b>43.121.553</b>

<sup>(1)</sup>Other items include cheques received and required reserves that are held at The Central Bank of Macedonia and the Central Bank of Serbia.**TÜRKİYE HALK BANKASI A.Ş.****EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**VII. EXPLANATIONS RELATED TO THE RISK GROUP OF THE PARENT BANK****(1) Volume of the Parent Bank's transactions with its risk group and outstanding loan and deposit balances as of the period-end, period income and expenses from the risk group:****a) Information on the loans of the Parent Bank's risk group:**

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	-	-	-	-	-	-
Closing Balance	-	2.133	-	-	-	-
Interest and commissions income	-	35	-	-	-	-

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	-	329	-	-	-	-
Closing Balance	-	-	-	-	-	-
Interest and commissions income	-	-	-	-	-	-

**b) Deposits held by the Parent Bank's risk group:**

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	-	50.673	-	-	-	-
Closing Balance	138.492	-	-	-	-	-
Interest expense on deposits	33.464	-	-	-	-	-

**c) Forward and option contracts and similar transactions with the Parent Bank's risk group:**

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss						
Beginning Balance	-	-	-	-	-	-
Closing Balance	28.466	-	-	-	-	-
<b>Total Profit/Loss</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

#### (2) Disclosures for risk group of the Parent Bank:

##### a) The relations of the Parent Bank with the entities controlled by the Parent Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Parent Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

The Parent Bank performs brokerage on the activities of Halk Yatırım Menkul Değerler AŞ within the scope of "the Brokerage Contract for Order Submission".

##### b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	-	-
Non-Cash Loans	2.133	-
Deposits	138.492	0,02
Forward and Option Contracts	28.466	0,01

Pricing of these transactions are in accordance with the general pricing policies of the Parent Bank and are in line with market rates.

#### (3) Benefits given to the key management personnel:

Benefits given to the key management personnel of the Group are TRY 38.609 as of 31 December 2021 (31 December 2020: TRY 30.256).

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

#### VIII. EXPLANATIONS ON THE PARENT BANK'S DOMESTIC BRANCHES, AGENCIES/BRANCHES ABROAD AND OFF-SHORE BRANCHES

##### (1) Explanations on the Parent Bank's domestic branches, agencies/branches abroad and off-shore branches

Current Period	Quantity	Number of Employees	Countries	Total Assets	Statutory Capital
Domestic Branch	1.018	20.270			
Abroad Agencies	1	2	IRAN		
	1	1	ENGLAND		
	1	1	SINGAPORE <sup>(*)</sup>		
Overseas Branch	4	62	T.R.N.C.	2.556.755	-
	1	3	BAHRAIN	43.382.845	-
Off-shore Branches					

Prior Period	Quantity	Number of Employees	Countries	Total Assets	Statutory Capital
Domestic Branch	1.007	20.098			
Abroad Agencies	1	2	IRAN		
	1	1	ENGLAND		
	1	1	SINGAPORE <sup>(*)</sup>		
Overseas Branch	5	66	T.R.N.C.	1.760.646	-
	1	3	BAHRAIN	23.411.017	-
Off-shore Branches					

<sup>(\*)</sup> Singapore Representative activities were terminated on December 31, 2021.

##### (2) Explanations on branch and agency openings or closings or other significant operational changes of the Parent Bank:

The Parent Bank opened 13 domestic branches during the year 2021.

Singapore Representative activities were terminated on December 31, 2021

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

#### IX. FEES RELATED WITH THE SERVICES PROVIDED BY INDEPENDENT AUDITORS/INDEPENDENT AUDIT AGENCIES

In accordance with the decision of the POA dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below over VAT excluded amounts.

	Current Period	Prior Period
Independent audit fees in the reporting period	7.477	4.862
Fees for tax advisory	-	-
Fees for other assurance services	65	-
Fees for other services except independent audit	154	182
<b>Total</b>	<b>7.696</b>	<b>5.044</b>

#### X. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

As the Parent Bank will file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the US Court of Appeals for 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. Detailed information on the subject is given in the footnote I. of Chapter Six.

With the Parent Bank' Board of Directors' meeting dated February 9, 2022 the Parent Bank's TRY 2.473.776.223,78 total issued share capital, comprised of shares of TRY 0,01 nominal value each, shall be increased in a nominal capital amount to be calculated based on the share sale price to be determined in accordance with Wholesale Transactions Procedure of Borsa Istanbul A.Ş., on condition of staying within our Parent Bank's authorized share capital of TRY 10.000.000.000. In so doing, all current shareholders' preemptive rights shall be restricted in full and the capital increase shall be conducted in cash and by way of a "private placement" as stipulated in Article 13 of the Communiqué No. VII-128.1 on Shares, and the total sales proceeds through the capital increase shall amount to TRY 13.400.000.000. The entirety of shares issued through the capital increase shall be sold to the Parent Bank's majority shareholder Turkey Wealth Fund by way of a private placement without a public offering and through a wholesale transaction on Borsa Istanbul A.Ş.'s share market, and an application shall be made to the Capital Markets Board to receive approval for the issuance certificate to be drawn up for such purpose

#### SECTION VI: OTHER EXPLANATIONS

##### I. OTHER EXPLANATIONS ON THE PARENT BANK'S OPERATIONS

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 Court of Appeals for 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.

## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

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 by the Court of Appeals for the Second Circuit on December 23, 2020.

District Court denied Bank's motion to dismiss the indictment on October 1, 2020. The Bank appealed the Court of Appeals for the Second Circuit through the motion to dismiss the indictment based on the Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On December 23, 2020, the Court of Appeals for 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 Court of Appeals for the Second Circuit, the oral argument was presented on April 12, 2021. The Court of Appeals for the Second Circuit denied Halkbank'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 will file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the US Court of Appeals for 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 till the process is completed in the US Supreme Court. The Bank will file its petition for a writ of certiorari with the US Supreme Court no later than May 13, 2022. Should the US Supreme Court grants the writ of certiorari, the case will be dismissed before it is heard on the merits. In case the writ of certiorari is denied by the US Supreme Court, the case will be returned to the District Court and the District Court will need to create a new schedule for the trials.

In addition, a civil case was filed against the Bank on March 27, 2020 with a claim for damages by plaintiffs in the District 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 on September 25, 2020. The case was fully briefed on December 16, 2020. District Court conditionally granted Bank's motion to dismiss, filed on December 16, 2020, on the grounds of forum non conveniens. The case was closed at the District Court on March 3, 2021.

The Plaintiffs filed their appeal brief at the Court of Appeals for the Second Circuit as to the District Court's Decision on June 30, 2021. The case is fully briefed. The appeal is still ongoing at the Court of Appeals for the Second Circuit.

The proceedings of both the criminal case and civil case are closely monitored by the Bank through the law firms representing the bank.



## TÜRKİYE HALK BANKASI A.Ş.

### EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

#### SECTION VII: AUDITORS' REPORT

##### I. EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

The Bank's publicly available unconsolidated financial statements and footnotes as of 31 December 2021 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 14 February 2022 is presented in front of the financial statements.

##### II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

## PERFORMANCE TABLES

Subject Title	Indicator		2019	2020	2021
<b>Energy consumption from the Bank's activities</b>					
Electricity Consumption	kWh		66,982,196.00	65,527,573.86	67,395,265.45
Natural Gas Consumption	m <sup>3</sup>		2,130,564.00	2,318,830.86	2,530,507.80
Fuel-Oil Consumption	lt		11,636.68	27,675.54	22,329.58
Coal Consumption	tons		194.00	155.31	141.44
Diesel Consumption (for heating)	lt		268,087.00	215,818.09	219,149.14
Diesel Consumption (for generators)	lt		68,586.00	62,416.85	65,207.97
<b>Vehicle fuel consumption</b>					
Personnel Services (Diesel)	lt		1,246,828.00	1,252,602.20	662,343.77
Company Vehicles (Diesel)	lt		2,907,009.00	2,630,165.26	2,999,327.46
Company Vehicles (Gasoline)	lt		37,759.00	38,741.86	48,911.73
<b>Total energy consumption within the organization</b>					
	GJ		485,511.00	474,827.40	481,144.71
<b>Energy consumption per employee</b>					
	GJ/person		22.53	20.60	20.51
<b>Total water withdrawal by source</b>					
Water Consumption	m <sup>3</sup>		225,414.00	202,292.45	206,234.59
<b>Paper use in banking activities</b>					
Paper Consumption	tons		1,946.00	1,913.20	1,764.82
<b>Wastes collected, sent for recycling, recovery and disposal</b>					
Domestic Waste	kg		1,189,680.00	1,265,136.49	771,622.68
Recycling Waste (Glass, Plastic, Paper, Metal)	kg		521,919.00	642,091.78	672,710.05
Electronic waste	units		N/A	1,933.00	2,377.00
Toner Waste	kg		N/A	N/A	6,444.00
<b>Emissions from the Bank's operations</b>					
Total Emissions	tCO <sub>2</sub> e		72,702.00	68,905.35	72,962.33
Scope 1 - Direct greenhouse gas (GHG) emissions	tCO <sub>2</sub> e		13,579.00	14,206.58	15,795.52
Scope 2 - Indirect energy greenhouse gas (GHG) emissions	tCO <sub>2</sub> e		31,147.00	30,542.40	31,406.19
Scope 3 - Other indirect greenhouse gas (GHG) emissions	tCO <sub>2</sub> e		27,976.00	24,156.37	25,760.61
Total emissions per employee	tCO <sub>2</sub> e/person		3.37	2.99	3.11
Total emissions per study area	tCO <sub>2</sub> e/m <sup>2</sup>		0.11	0.11	0.11

NOTE: Emissions data for 2020 have been updated due to the correction of the scope of paper consumption, which is data for scope 3.

**PERFORMANCE TABLES**

Subject Title	Indicator	2019	2020	2021	
<b>Employee demographics (Age, Education and Gender)</b>					
Senior Management - Gender Distribution	Gender Distribution	Women	2	4	5
		Men	50	55	60
Bank Employees	Gender Distribution	Women	8,287	8,937	9,060
		Men	10,680	11,233	11,279
		TOTAL	18,967	20,170	20,339
Board of Directors - Gender Distribution	Gender Distribution	Women	1	1	1
		Men	8	8	8
Educational Status of Bank Employees	PhD	Women	7	7	7
		Men	9	12	10
	Master's Degree	Women	622	672	672
		Men	778	834	830
	Bachelor's Degree	Women	6,355	6,974	7,147
		Men	7,192	7,619	7,684
	Vocational School	Women	743	776	767
		Men	578	639	677
	High School	Women	560	508	467
		Men	2,079	2,093	2,046
Elementary School	Women	0	0	0	
	Men	44	36	32	
Age Distribution of Employees	18-20	0	0	0	
	21-30	4,713	4,895	4,127	
	31-40	10,651	11,394	11,877	
	41-50	3,228	3,466	3,838	
	51-55	369	411	469	
	>55	6	4	28	
<b>Number of employees that took parental leave and returned to work after parental leave (person)</b>					
Number of Employees on Maternity Leave	New Hires	587	1,332	1,241	
	On Leave	387	244	456	
	TOTAL	974	1,576	1,697	
<b>Total number of employees, new hires, and employee turnover rate</b>					
Number of Employees Annual Average (bank + company personnel)		21,545	23,047	23,461	
New Hires	<20	Women	0	0	0
		Men	0	0	0
	21-30	Women	276	784	280
		Men	286	624	284
	31-40	Women	24	52	52
		Men	101	127	71
	41-50	Women	0	1	17
		Men	9	8	31
	>50	Women	0	0	0
		Men	3	1	1
TOTAL	Women	300	837	349	
Men	399	760	387		
Employee Turnover Rate (%)	New Employee Turnover Rate	1.00%	0.25%	1.90%	
	Total Employee Turnover Rate	2.70%	1.70%	2.79%	
<b>Average training hours (hours) by gender</b>					
Training Data	Total classroom training (hours/person)		20.45	11.57	24.95
	Total e-learning (hours/person)		98.67	74.86	183.27
	Average Training Time (hours)	Female Employees	52.43	88.30	218.58
		Male Employees	67.89	84.92	199.75
	Total Average Training Time (hours)		119.12	86.42	208.22
	Technical Trainings		100.44	78.62	197.13
	Personal Development Trainings		17.55	7.81	11.10

Subject Title	Indicator	2019	2020	2021	
OHS Indicators	Occupational accident and accident rates by type (%)	Injury Rate	0.113	0.102	0.125
		Lost Day Rate	0.265	0.728	0.564
		Accident Frequency Rate	0.563	0.508	0.626
		Accident Severity Rate	0.0013	0.004	0.003

Subject Title	Indicator	2018	2019	2020	2021
Amount of Loans Provided for Energy Efficiency and Renewable Energy Projects (TL)	<b>Renewable Energy</b>	<b>688,754,033.00</b>	617,954,319.00	332,954,509.62	653,517,000.00
	HEPP	111,442,788.00	166,774,879.00	148,482,129.62	98,275,000.00
	WPP	176,041,335.00	77,494,000.00	-	257,120,000.00
	BEP	87,250,497.00	70,400,000.00	106,500,000.00	109,734,000.00
	GPP	172,639,457.00	154,053,900.00	8,206,380.00	-
	SPP	141,379,956.00	149,231,540.00	69,766,000.00	188,388,000.00
	<b>Energy Efficiency</b>	-	-	-	-
	TOTAL	688,754,033.00	617,954,319.00	332,954,509.62	653,517,000.00

## REPORTING GUIDANCE

### 2021 Integrated Report - Reporting Guidance

This reporting guidance (“Guidance”) provides information on the data preparation and reporting methodologies of indicators within the scope of the limited audit process of Türkiye Halk Bankası A.Ş. (“Halkbank” or “Bank”) for the Halkbank 2021 Integrated Report. The indicators include social indicators, environmental indicators, sustainable finance indicators. It is the responsibility of the Bank’s management to ensure that appropriate procedures are in place to prepare the indicators mentioned above in line with, in all material respects, the Guidance.

The data included in this guidance is for the FY21, fiscal year ended December 31, 2021, and as detailed in the “Key Definitions and Reporting Scope” section, it covers the relevant operations and subsidiaries in Turkey and excludes information about subcontractors unless otherwise stated. Halkbank’s Turkey operations include Head Office and Additional Service Buildings, Regional Coordination Offices, Branches and ATMs.

### General Reporting Principles

In preparing this guidance document, consideration has been given to the following principles:

- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting – to highlight the primary principles of comparability / consistency with other data including prior year and understandability / transparency providing clarity to users.

GRI Reporting Standards: Defined indicators are reported according to the relevant GRI guidelines:

- GRI 302-1 Energy consumption within the organization
- GRI 303-1 Water withdrawal by source
- GRI 305-1 - Direct (Scope 1) GHG emissions
- GRI 305-2 - Energy indirect (Scope 2) GHG emissions
- GRI 305-3 - Other indirect (Scope 3) GHG emissions
- GRI 404-1a - Training and Education

Data preparation details can be reviewed in the indicator explanations in the table below.

### Key Definitions and Reporting Scope

For the purpose of this report, the Company defines:

Type	Indicator	Scope
<b>Social Indicators</b>	Employee Demographics	This indicator reflects the gender, age, education level and distribution of employees of the Bank (excluding subsidiaries and group companies), as well as the gender distribution of the employees in the senior management, during the reporting period. This indicator covers Bank employees and subcontractors.
	Number of Employees that Took Parental Leave and Returned to Work After Parental Leave	This indicator reflects the number of employees who took parental leave during the reporting period, and who returned to work after parental leave during the reporting period. This indicator covers Bank employees and subcontractors.
	Total Number of Employees, New Hires, and Employee Turnover Rate	This indicator reflects the total number of employees and new hires during the reporting period. It also reflects employee turnover rate which is the ratio of resignation and termination of employment to the total number of employees in the reporting period.
	Average Training Hours by Gender	This indicator reflects average hours of training by gender and by training category given to the employees during the reporting period. Training categories include in-class and e-learning training. This indicator covers the Bank employees and subcontractors.
	Trainings on Human Rights Politics and Processes	This indicator reflects the total number of employees who took training on Human Rights Politics and Processes in the reporting period. This indicator covers the Bank employees and subcontractors.
	Occupational Health and Safety	This indicator reflects number of accidents by type, ratio of incidents (%) (injury rate (IR), accident frequency rate, accident severity rate, lost day rate and absenteeism rate of employees during the reporting period. This indicator covers the Bank employees and subcontractors.
<b>Environmental Indicators</b>	<b>Energy Consumption</b>	
	Electricity Consumption (kWh)	This indicator reflects the total purchased electricity consumption used for air conditioning, lighting, electrical equipment uses and other business operations that require electricity, at the relevant locations of the Bank during the reporting period.
	Natural Gas Consumption (m <sup>3</sup> )	This indicator reflects the total purchased natural gas (volume – m <sup>3</sup> ) consumption used for heating, cooking and other business operations that require natural gas, at the relevant locations of the Bank during the reporting period.
	Coal Consumption (tonnes)	This indicator reflects the total purchased coal (by weight – tonnes) consumption used for heating at the relevant locations of the Bank during the reporting period.
	Fuel-Oil Consumption (tonnes)	This indicator reflects the total purchased fuel-oil (by weight – tonnes) consumption used for heating at the relevant locations of the Bank during the reporting period.
	Diesel Consumption (for heating) (L)	This indicator reflects the total purchased diesel (volume – L) consumption used for heating at the relevant locations of the Bank during the reporting period.
	Diesel Consumption (for generators) (L)	This indicator reflects the total purchased diesel (volume – L) consumption used for generators at the relevant locations of the Bank during the reporting period.

## REPORTING GUIDANCE

Type	Indicator	Scope
Environmental Indicators	Diesel and Gasoline Consumption (for vehicles) (l)	This indicator reflects the total purchased diesel and gasoline (volume – l) consumption used for company-owned cars and personnel services at the relevant locations of the Bank during the reporting period.
	Energy Consumption within the Organization (Total GJ)	This indicator reflects the total energy consumption (total GJ) of the Bank during its operations, during the reporting period.
	Energy consumption per employee (GJ/Employee)	This indicator reflects the total energy consumption per employee during the reporting period.
	<b>Other Environmental Performance Data</b>	
	Water Consumption (m <sup>3</sup> )	This indicator reflects the total water consumption (volume – m <sup>3</sup> ) of the Bank during its operations, during the reporting period.
	Paper Consumption (tonnes)	This indicator reflects the total paper consumption (by weight – tonnes) of the Bank during its operations, during the reporting period.
	Amount of Waste Collected and Disposed (kg)	This indicator reflects the total amount of waste (by weight – kg) by type and disposal method where the Bank's operations take place during the reporting period. It includes types of domestic waste and recycling waste (glass, plastic, paper, metal).
	Amount of Electronic Equipment Given to Licensed Companies for Recovery/Disposal (Units)	This indicator reflects the amount of waste electrical and electronic equipment (units) given by the Bank to licensed companies for recycling/disposal during the reporting period.
	<b>Scope 1, 2 and 3 Emissions</b>	
	Direct (Scope 1) Greenhouse Gas Emissions (tCO <sub>2</sub> e)	This indicator reflects the emissions of greenhouse gases due to the use of natural gas, fuel-oil, coal, diesel, gasoline consumption, and refrigerant gases and fire extinguishing devices at the relevant locations of the Bank during the reporting period.
Energy-related Indirect (Scope 2) Greenhouse Gas Emissions (tCO <sub>2</sub> e)	This indicator reflects the emissions of greenhouse gases due to the use of purchased electricity at the relevant locations of the Bank during the reporting period.	
Other Indirect (Scope 3) Greenhouse Gas Emissions (tCO <sub>2</sub> e)	This indicator reflects the emissions of greenhouse gases due to non-company and non-directly controlled sources such as employee commuting, business travel, accommodation, water consumption, paper consumption, cargo and mailing, disposal of collected wastes and other indirect emissions, during the reporting period.	
Sustainable Finance Indicators	Funded Renewable Energy and Energy Efficiency Projects by the Bank (TL)	This indicator reflects the total amount of loans (million TL) provided by the Bank to renewable energy and energy efficiency projects, during the reporting period.

### Data Preparation

#### Social Indicators

##### Employee Demographics

In the senior management gender distribution indicator, unit manager, information technology unit manager, consultant, member of the supervisory board, assistant general manager and group manager positions are included in senior management positions.

##### Employee Turnover Rate

The following formula is used to calculate the employee turnover rate.

Employee Turnover Rate= Total Number of Employees Resigned and/or Employment Contract Terminated / Total Number of Personnel \* 100

##### Occupational Health and Safety (OHS) Indicators

The following definitions and formulas are used in the calculation of OHS data. While calculating the total working hours, the number of employees in the reporting period was accepted as 18000. The number of women employees was accepted as 8000 and the number of men employees as 10000.

1. Injury Rate = Total number of accidents / Total working hours \* 200,000
2. Lost Day Rate = Total absenteeism day caused by accident / Total working hours \* 200,000
3. Accident Frequency Rate = Total number of accidents / Total working hours \* 1,000,000
4. Accident Severity Rate = Total number of lost days due to accidents / Total working hours \* 1000

#### Environmental Indicators

##### Energy Consumption

Energy consumption data are reported for electricity and primary fuel sources, which comprise of electricity, natural gas, coal, fuel-oil, diesel and gasoline.

Electricity and natural gas consumption data are obtained from supplier meters and service provider invoices. Coal and fuel-oil consumption data are obtained from service provider invoices. Diesel consumption for the use of generators, heating and company owned vehicles are obtained from service provider invoices. Gasoline consumption for the use of company owned cars data are obtained from service provider invoices.

The Bank uses the following conversion factors in its energy consumption calculations:

- Since the electricity supply unit is billed in kWh, a conversion factor of 1 kWh=0.0036 GJ is used for conversion to GJ;
- Since the natural gas supply unit is billed in m<sup>3</sup>, a conversion factor [1m<sup>3</sup> \* (0.799) kg/m<sup>3</sup> \* (44.798) MJ/kg] / 1.000 is used;
- Since the coal supply unit is billed in tonnes, a conversion factor of [1tonne \* (27.23) GJ/tonnes] is used for conversion to GJ;
- Since the fuel-oil supply unit is billed in tonnes, a conversion factor of [1tonne \* (40.658) GJ/kg] / 1000 is used for conversion to GJ;
- Since the diesel supply unit is billed in liters, the conversion factor [1l / (1190.45) l/tonnes \* (42.72) GJ/tonnes] is used for conversion to GJ;
- Since the gasoline supply unit is billed in liters, the conversion factor [1l / (1356.89) l/tonnes \* (43.86) GJ/tonnes] is used for conversion to GJ.

## REPORTING GUIDANCE

### Scope 1, 2 and 3 Emissions

Scope 1, Scope 2 and Scope 3 emissions have been calculated in accordance with ISO 14064-1, with the principle of operational control within the framework of the “Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard”. In the calculations, CO<sub>2</sub> equivalent factors consisting of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs (refrigerant gas) CO<sub>2</sub> equivalent emission factors were used. In Scope 2 emission calculations, electricity sourced emissions are calculated using the total carbon factor. In Scope 3 emission calculations, employee commuting, business travel, accommodation, water consumption, paper consumption, cargo and mailing, disposal of collected wastes and other indirect emissions are calculated by using the total carbon factor. The emission factors used are detailed in the table below.

Global Warming Potential (GWP) coefficients are from 5th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and “DEFRA (Department for Environment, Food and Rural Affairs) 2021 Emission Factors” published by the Government of United Kingdom (<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>), and the resultant kg CO<sub>2</sub>-e value is calculated by multiplying with the appropriate coefficients.

Electric energy emissions consumed from the grid are calculated using the CO<sub>2</sub> emission factors for 2018 published by the International Energy Agency.

Emission Factors – Scope 1	Total Carbon Factor (kg CO <sub>2</sub> -e)
Company Vehicles	
Gasoline (kg/l)	2.340
Diesel (kg/l)	2.706
Other Fossil Fuels	
Diesel for heating (kg/l)	2.706
Diesel for generator (kg/l)	2.706
Natural Gas (kg/m <sup>3</sup> )	2.021
Coal (kg/tonnes)	2883.30
Fuel-Oil (kg/tonnes)	3.175
Refrigerant Gases	
R22	1810
R410A	2088
R600A	3.00
Fire Extinguishers	
HFC-227 EA	3220.00
NOVEC (Pentanone)	1.00

Emission Factors – Scope 2 (kg/kWh)	kg CO <sub>2</sub> -e/kWh
Turkey Electricity Energy (Supply from Grid – IEA Turkey 2018)	0.466

Emission Factors – Scope 3	Total Carbon Factor (kg CO <sub>2</sub> -e)
Personnel Services	
Diesel (kg/l)	2.706
Travel	
Ship	0.01874
Metro	0.02813
Motorcycle	0.11355
Intercity Bus	0.11774
Bus	0.02684
Private Vehicle - Gasoline	0.17431
Private Vehicle - Diesel	0.16843
Private Vehicle - Electricity	0.05477
Private Vehicle - LPG	0.19828
Taxi (kg/km)	0.14876
Tramway	0.02813
Train (Intercity)	0.03549
Train	0.03549
Air Travel (Overseas Business Short Distance) (kg/km)	0.22652
Air Travel (Overseas Business Long Distance) (kg/km)	0.42882
Air Travel (Overseas Economy Short Distance) (kg/km)	0.15102
Air Travel (Overseas-Economy Long Distance) (kg/km)	0.14787
Air Travel (Domestic Business Short Distance) (kg/km)	0.24587
Air Travel (Domestic Economy Short Distance) (kg/km)	0.24587
Air Travel (Domestic Economy Long Distance) (kg/km)	0.24587
Air Travel -Domestic-Promotion-Short	0.24587
Paper	
Paper Consumption (kg/tonnes)	919.40
Waste	
Domestic Waste (kg/tonnes)	446.242
Recycling Waste (kg/tonnes)	21.294
Water	
Water Consumption (kg/m <sup>3</sup> )	0.4210

**REPORTING GUIDANCE**

Mail	
Mail Delivery (kg/envelope)	0.03
Mail Delivery (kg/package)	0.80
Company Vehicles – Indirect Emissions	
Gasoline (kg/L)	0.6030
Diesel (kg/L)	0.6290
Other Fossil Fuels – Indirect Emissions	
Diesel for heating (kg/L)	0.6287
Diesel for generator (kg/L)	0.6287
Natural gas (kg/m <sup>3</sup> )	0.3459
Coal (kg/tonnes)	442.79
Fuel-Oil (kg/tonnes)	0.6972
Electricity – Indirect Emissions	
Transmission and Distribution (kg/kWh)	0.0838
Generation (Well to Tank) (kg/kWh)	0.0639
Transmission and Distribution (Well to Tank) (kg/kWh)	0.0090
Emission Factors – Scope 3	
Electricity (kWh)	0.466
Natural Gas (kWh)	0.204

**Restatement**

The measuring and reporting of sustainability-related data inevitably involves a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at the Company level.

**GRI CONTENT INDEX**



"GRI has reviewed that the GRI content index is provided for the Material Disclosures service and that the references for disclosures 102-40 and 102-49 are consistent with the relevant sections of the report."

This report has been prepared in accordance with the GRI Standards: Core option.

Corporate Profile	Title	Page Number	Explanation
<b>GRI STANDARD</b>			
<b>GRI 101 FOUNDATION 2016</b>			
<b>GRI 102 GENERAL DISCLOSURES 2016</b>			
102-1	About the Report	1	
102-2	Halkbank in Brief	24	
102-3	Directory	482	
102-4	Halkbank in Brief	24	
102-5	Shareholding Structure and Halkbank's Subsidiaries and Affiliates	34-39	
102-6	Halkbank in Brief	24	
102-7	Halkbank in Figures Halkbank's Position in the Sector Key Financial Indicators and Ratios Financial Capital	20-21 25 26-27 62-85	
102-8	Human Capital	86-103	
102-9	Supplier Relations (Stakeholder Relations at Halkbank)	108-109	
102-10	Shareholding Structure and Halkbank's Subsidiaries and Affiliates	34-39	
102-11	Halkbank's Sustainability Organizational Structure and Approach, Risk Management Policies Applied by Risk Types and Risk Management Information	58-59 147-149	
102-12	Stakeholder Relations at Halkbank	106	
102-13	Stakeholder Relations at Halkbank	106	
<b>Strategy</b>			
102-14	Chairman's Assessment General Manager's Assessment	14-15 16-19	
102-15	Chairman's Assessment General Manager's Assessment Model for Creating Value Corporate Governance	14-15 16-19 54-57 140-187	
<b>Ethics and Integrity</b>			
102-16	Halkbank's Vision, Mission and Corporate Values	23	
102-17	Corporate Governance Principles Sustainability Principles Compliance Frame	162-179 180-185	
<b>Governance</b>			
102-18	Board of Directors and the Supervisory Board Executive Management Organizational Chart Committees	28-29 30-31 32-33 151-158	
102-19	Board of Directors and the Supervisory Board Executive Management Organizational Chart Committees	28-29 30-31 32-33 151-158	
102-20	Board of Directors and the Supervisory Board Executive Management Organizational Chart Committees	28-29 30-31 32-33 151-158	
102-22	Board of Directors and the Supervisory Board Executive Management Organizational Chart Committees	28-29 30-31 32-33 151-158	
102-23	Board of Directors and the Supervisory Board Executive Management Organizational Chart Committees	28-29 30-31 32-33 151-158	
102-24	Board of Directors and the Supervisory Board Executive Management Organizational Chart Committees	28-29 30-31 32-33 151-158	

## GRI CONTENT INDEX

Corporate Profile	Title	Page Number	Explanation
102-25	Corporate Governance Committee (Committees)	155-156	
102-26	Halkbank's Sustainability Organizational Structure and Approach	58-59	
102-27	Halkbank's Sustainability Organizational Structure and Approach	58-59	
102-28	Halkbank's Sustainability Organizational Structure and Approach Committees	58-59 151-158	
102-29	Halkbank's Priorities in Sustainability	60	
102-30	Halkbank's Sustainability Organizational Structure and Approach, Risk Management Policies Applied by Risk Types and Risk Management Information Committees	58-59 147-149 151-158	
102-31	Halkbank's Sustainability Organizational Structure and Approach	58-59	
102-32	Sustainability Committee (Committees)	156-157	
102-34	About the Report Halkbank's Sustainability Organizational Structure and Approach	1 58-59	
102-35	Halkbank's Identity as an Inclusive Employer	88-89	<a href="https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/PolicyonRenumeration.pdf">https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/PolicyonRenumeration.pdf</a>
102-36	Explanations and Notes Related to Unconsolidated Financial Statements (Information on Remuneration Policies) Explanations and Notes Related to Consolidated Financial Statements (Information on Remuneration Policies)	278-279 414-415	
102-38	Explanations and Notes Related to Unconsolidated Financial Statements (Explanations on Provisions) Explanations and Notes Related to Consolidated Financial Statements (Explanations on Provisions)	302 441	
<b>Stakeholder Engagement</b>			
102-40	Stakeholder Relations at Halkbank	106-109	
102-41	Halkbank's Identity as an Inclusive Employer	88-89	
102-42	Stakeholder Relations at Halkbank	106-109	
102-43	Halkbank's Priorities in Sustainability Stakeholder Relations at Halkbank	60 106-109	
102-44	Halkbank's Priorities in Sustainability	60	
<b>Reporting</b>			
102-45	Consolidated Financial Statements as of 31 December 2021 with Auditor's Report Thereon	323-464	
102-46	About the Report	1	
102-47	Halkbank's Priorities in Sustainability	60	
102-48	There are no changes.	-	
102-49	There are no changes.	-	
102-50	About the Report	1	
102-51	It is Halkbank's first Integrated Annual Report. You can access the Integrated Report for 2020 on the Halkbank website.	-	
102-52	About the Report	1	
102-53	Directory	482	
102-54	About the Report	1	
102-55	GRI Content Index	475-478	
102-56	About the Report Independent Assurance Statement	1 479-482	
<b>GRI 103 GOVERNANCE APPROACH 2016</b>			
103-1	Halkbank's Sustainability Organizational Structure and Approach Halkbank's Priorities in Sustainability	58-59 60	
103-2	Halkbank's Sustainability Organizational Structure and Approach Halkbank's Priorities in Sustainability	58-59 60	
103-3	Halkbank's Sustainability Organizational Structure and Approach Halkbank's Priorities in Sustainability	58-59 60	

Corporate Profile	Title	Page Number	Explanation
<b>GRI 200: ECONOMIC STANDARD SERIES</b>			
<b>GRI 201 ECONOMIC PERFORMANCE 2016</b>			
201-1	Key Financial Indicators and Ratios Financial Capital	26-27 62-85	
201-2	Supporting the Fight Against Climate Change	53	
201-3	Explanations and Notes Related to Unconsolidated Financial Statements (Liabilities Arising from Retirement Benefits) Explanations and Notes Related to the Consolidated Financial Statements (Liabilities Arising from Retirement Benefits)	303-304 442-443	
201-4	Explanations and Notes Related to Unconsolidated Financial Statements (Explanations on Government Incentives) Explanations and Notes Related to Unconsolidated Financial Statements (Explanations on Government Incentives)	231 365	
<b>GRI 202: MARKET PRESENCE 2016</b>			
202-1	Human Capital	86-103	
202-2	Executive Management Human Capital	30-31 86-103	
<b>GRI 203: INDIRECT ECONOMIC IMPACTS 2016</b>			
203-1	Social and Relational Capital	104-117	
203-2	Areas of Focus in 2021 Financial Capital Social and Relational Capital Intellectual Capital Natural Capital	46-53 62-85 104-117 118-127 132-139	
<b>GRI 204 RESPONSIBLE PROCUREMENT PRACTICES 2016</b>			
204-1	Supplier Relations (Halkbank's Relations with its Stakeholders)	108-109	
<b>GRI 205: ANTI-CORRUPTION 2016</b>			
205-1	Corporate Governance Principles	162-179	
205-2	Halk Academy (Human Capital) Corporate Governance Principles	96-97 162-179	
205-3	Corporate Governance Principles	162-179	
<b>GRI 300: ENVIRONMENTAL STANDARDS SERIES</b>			
<b>GRI 302: ENERGY 2016</b>			
302-1	Supporting the Fight Against Climate Crisis	136-139	
302-3	Supporting the Fight Against Climate Crisis	136-139	
302-4	Supporting the Fight Against Climate Crisis	136-139	
<b>GRI 303: WATER 2016</b>			
303-1	Supporting the Fight Against Climate Crisis	136-139	
<b>GRI 305: EMISSIONS 2016</b>			
305-1	Supporting the Fight Against Climate Crisis	136-139	
305-2	Supporting the Fight Against Climate Crisis	136-139	
305-3	Supporting the Fight Against Climate Crisis	136-139	
305-4	Supporting the Fight Against Climate Crisis	136-139	
305-5	Supporting the Fight Against Climate Crisis	136-139	
305-6	Supporting the Fight Against Climate Crisis	136-139	
<b>GRI 306: WASTE MANAGEMENT 2016</b>			
306-2	Supporting the Fight Against Climate Crisis	136-139	
306-4	Supporting the Fight Against Climate Crisis	136-139	

## GRI CONTENT INDEX

Corporate Profile	Title	Page Number	Explanation
<b>GRI 400: SOCIAL STANDARDS SERIES</b>			
<b>GRI 401: EMPLOYMENT 2016</b>			
401-1	Human Capital	86-103	
401-2	Human Capital	86-103	
	Explanations and Notes Related to Unconsolidated Financial Statements (Explanation on Remuneration Policies)	278-279	
401-2	Explanations and Notes Related to Consolidated Financial Statements (Explanation on Remuneration Policies)	414-415	
	Human Capital	86-103	
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016</b>			
403-1	Occupational Health and Safety	100-103	
403-2	Occupational Health and Safety	100-103	
403-3	Occupational Health and Safety	100-103	
403-4	Occupational Health and Safety	100-103	
<b>GRI 404: TRAINING AND EDUCATION OPPORTUNITIES 2016</b>			
404-1	Training at Halkbank	95-98	
404-2	Training at Halkbank	95-98	
404-3	Training at Halkbank	95-98	
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>			
405-1	Halkbank's Identity as an Inclusive Employer	88-89	
405-2	Halkbank's Identity as an Inclusive Employer	88-89	
<b>GRI 412: HUMAN RIGHTS</b>			
412-2	Human Capital	86-103	<a href="https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/InsanHaklariveInsanKaynaklariPolitikasi.pdf">https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/InsanHaklariveInsanKaynaklariPolitikasi.pdf</a>
<b>GRI 416: CUSTOMER HEALTH AND SAFETY</b>			
416-1	Occupational Health and Safety	100-103	
<b>GRI 418: CUSTOMER PRIVACY</b>			
418-1	Data Security and Customer Privacy (Stakeholder Relations at Halkbank)	108	

## INDEPENDENT ASSURANCE STATEMENT



**Limited Assurance Report  
To the Board of Directors of Türkiye Halk Bankası A.Ş.**

We have been engaged by the Board of Directors of Türkiye Halk Bankası A.Ş. ("Halkbank" or the "Bank") to perform an independent limited assurance engagement in respect of the Selected Sustainability Information ("Selected Information") stated in Halkbank 2021 Integrated Annual Report ("2021 Integrated Annual Report") for the year ended 31 December 2021 and listed below.

**Selected Information**

The scope of the Selected Information for the year ended 31 December 2021, which is subject to our independent limited assurance work, set out in the pages 55, 86, 89, 92, 93, 95, 101, 135, 137, 138, 139, 461, 461 and 463 of the 2021 Integrated Annual Report with the sign is summarised below:

**Social Indicators**

- Employee Demographics
- Number of Employees that Took Parental Leave and Returned to Work After Parental Leave
- Total Number of Employees, New Hires, and Employee Turnover Rate
- Average Training Hours by Gender
- Trainings on Human Rights Politics and Processes
- Occupational Health and Safety

**Environmental Indicators**

- Environmental Indicators
  - o Energy Consumption
  - o Electricity Consumption (kWh)
  - o Natural Gas Consumption (m<sup>3</sup>)
  - o Coal Consumption (tonnes)
  - o Fuel-Oil Consumption (tonnes)
  - o Diesel Consumption (for heating) (l)
  - o Diesel Consumption (for generators) (l)
  - o Diesel and Gasoline Consumption (for vehicles) (l)
  - o Energy Consumption within the Organization (Total GJ)
  - o Energy consumption per employee
- Other Environmental Performance Data
  - o Water Consumption (m<sup>3</sup>)
  - o Paper Consumption (tonnes)
  - o Amount of Waste Collected and Disposed (kg)
  - o Amount of Electronic Equipment Given to Licensed Companies for Recovery/ Disposal (Units)
- Scope 1, 2 and 3 Emissions
  - o Direct (Scope 1) Greenhouse Gas Emissions (tCO<sub>2</sub>e)
  - o Energy-related Indirect (Scope 2) Greenhouse Gas Emissions (tCO<sub>2</sub>e)
  - o Other Indirect (Scope 3) Greenhouse Gas Emissions (tCO<sub>2</sub>e)

**Sustainable Finance Indicators**

- Funded Renewable Energy and Energy Efficiency Projects by the Bank (TL)

Our assurance was with respect to the year ended 31 December 2021 information only and we have not performed any procedures with respect to earlier periods, any information other than Selected Information marked with in the 2021 Integrated Annual Report, any other elements included in the 2021 Integrated Annual Report and, therefore, do not express any conclusion thereon.



## INDEPENDENT ASSURANCE STATEMENT



### Criteria

The criteria used by the Bank to prepare the Selected Information is set out in section "Halkbank 2021 Integrated Annual Report – Reporting Guidance" (the "Reporting Guidance") on pages 464-470 of 2021 Integrated Annual Report.

### The Bank's Responsibility

The Bank is responsible for the content of 2021 Integrated Annual Report and the preparation of the Selected Information in accordance with the Reporting Guidance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

### Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Guidance.

In particular, for carbon emissions from energy used is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Guidance. Our assurance work has not included examination of the derivation of those factors and other third-party information.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our Responsibility

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Guidance. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information', and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.



The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Made inquiries of the persons responsible for the Selected Information;
- Understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- Evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- Performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Bank and;
- Undertook analytical procedures over the reported data.

### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Bank's Selected Information for the year ended 31 December 2021, is not properly prepared, in all material respects, in accordance with the Reporting Guidance.

This report, including the conclusion, has been prepared for the Directors of the Bank as a body, to assist the Directors in reporting Türkiye Halk Bankası A.Ş.'s performance and activities related to the Selected Information. We permit the disclosure of this report within the 2021 Integrated Annual Report for the year ended 31 December 2021, to enable the Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors of Türkiye Halk Bankası A.Ş. as a body and Türkiye Halk Bankası A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM Partner

Istanbul, 3 March 2022

## DIRECTORY

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Istanbul Trade Registry Office

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### Halkbank Social Media Accounts

 [www.facebook.com/halkbank](https://www.facebook.com/halkbank)

 [www.twitter.com/halkbank](https://www.twitter.com/halkbank)

 [www.instagram.com/halkbank](https://www.instagram.com/halkbank)

 [www.youtube.com/halkbank](https://www.youtube.com/halkbank)

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