



**So much we can do for
our country**

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About the Report



The Integrated Annual Report entails Halkbank's economic, social and environmental performance between January 1 and December 31, 2022.

Türkiye Halk Bankası Anonim Şirketi (Halkbank) presents the results of its operations in 2022, its financial and non-financial performance, and its forward-looking objectives to its stakeholders in its second Integrated Annual Report that was prepared in accordance with the Integrated Reporting (<IR> Framework) of the Value Reporting Foundation (VRF) and the GRI 2021 Standards Fundamental option which was revised and published by the Global Reporting Initiative (GRI).

The Integrated Annual Report entails Halkbank's economic, social and environmental performance as part of its operations performed in accordance with a sustainable development perspective between January 1 and December 31, 2022. Having embraced the Sustainable Development Goals issued by the United Nations, Halkbank associated its priority areas with the value it created. In this second 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 Report" in the Annexes section of the report.

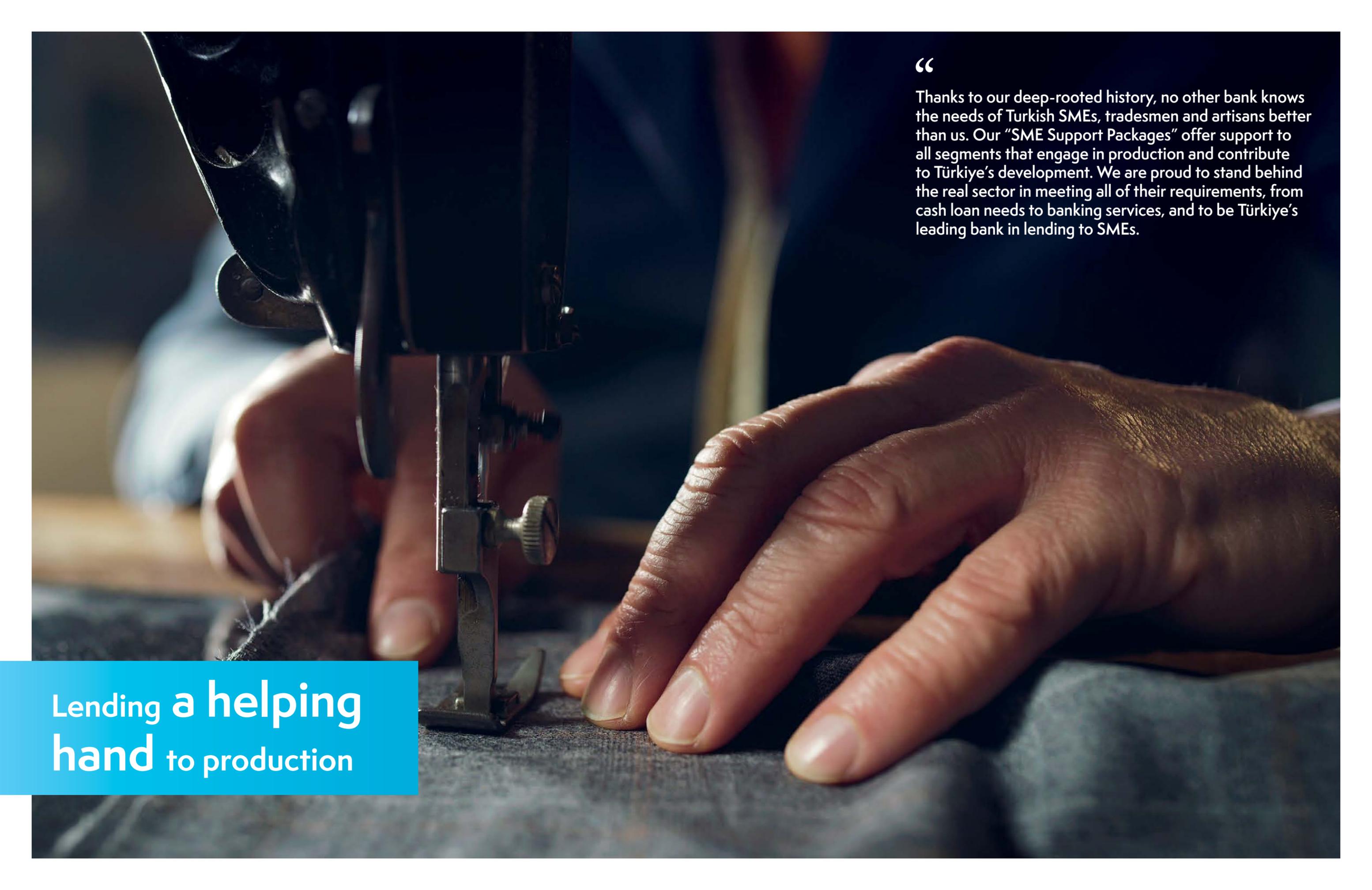
We hold our values in high regard

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We have been striving to increase national prosperity and develop the economy for 85 years while holding national values in high regard. We continuously support SMEs, tradesmen and artisans, and entrepreneurial women and young people. We target new investments by offering various services and opportunities to exporter enterprises.

Our goal is to witness a Türkiye that entails promising ventures and a new economy model in the new century of the Republic... As Halkbank, we celebrate the 100th anniversary of our Republic with our love for our work and our heartfelt commitment to Türkiye.





“

Thanks to our deep-rooted history, no other bank knows the needs of Turkish SMEs, tradesmen and artisans better than us. Our “SME Support Packages” offer support to all segments that engage in production and contribute to Türkiye’s development. We are proud to stand behind the real sector in meeting all of their requirements, from cash loan needs to banking services, and to be Türkiye’s leading bank in lending to SMEs.

Lending a helping
hand to production



“

Conducting “Producing Women Summits” in an effort to strengthen women entrepreneurs, we pay attention to what they have to say and identify their needs during their progression. We partner with women entrepreneurs in regional development through growing employment opportunities in parallel with proliferating women’s cooperatives. Meeting all needs of the cooperatives, we contribute to the proliferation of women entrepreneurs as well as their branding and empowerment through our “Producing Women’s Academy.”

**Standing together
with our women
to boost employment**

“

We support recent university graduate entrepreneurs with no professional experience who either want to start a business or have recently started a business through our “Young,” “Brave” and “Techno” loan alternatives. Further, we have established a Metaverse Department to design our products in connection with the digital world from the youth’s perspective. In our Metaverse universe, users perform their banking transactions through our robot avatar agents.

We lend a
helping hand
to young entrepreneurs



**We support
exports altogether**



“

During this period in which our exporter enterprises unearth new opportunities in the global supply chain, Halkbank offers new financial options to entrepreneurs, investors, tradesmen and artisans, and SMEs. Our Treasury-subsidized and KGF-backed loans contribute to growing exports while we support manufacturing firms and provide incentives for their new investments. We are always behind our exporters who think big and target the world markets.



“

We recognize that our accomplishments come with important responsibilities. We strive to contribute to a greener, cleaner and healthier world. Playing a pioneering role in the Turkish banking industry, we undertake trailblazing activities. We are proud to be the first Turkish bank to pledge to be “net Zero” in terms of both direct operations and portfolio emissions. We will continue to proceed on the basis of scientific principles in our fight against global climate change.

**Sustainable
accomplishments**

Chairman's Assessment

We are serving our country resolutely for the "Türkiye Century."



Esteemed stakeholders,

I would like to begin my remarks by wishing a swift recovery for our country, which experienced one of the worst disasters in its history. I send my condolences to those who lost their lives in the earthquake, and I wish a speedy recovery for the wounded. Even in the midst of this great sorrow, I am confident that our noble nation, which has overcome all challenges through solidarity, will also overcome this challenge.

Any one hitch in the global world, by affecting interconnected systems, can lead to major crisis in every aspect of life, from the economy and health to production and trade. The current state of the world is a good example of this chain reaction. The slowdown in the production of certain strategic products and the disruption of the global supply chain during the pandemic caused hardships in nearly every country in the world. While 2022 was anticipated to be the year in which this negative chain reaction would be overcome, the Russia-Ukraine tensions led to the emergence of another new economic crisis.

GRI 2-22, 3-3

“

The banking industry plays a strategic role in our country's strong growth momentum. Preparing to celebrate its 85th anniversary in 2023, Halkbank has been cognizant of this strategic role since the day it was established.

Türkiye was able to adapt to change rapidly despite global headwinds due to the fact that crisis management is one of the best known concepts in our country. Thanks to its production capacity, workforce potential, and prudent management, Türkiye continued to grow in 2022, a year in which developed economies exhibited recessionary trends. Decoupling from the industrialized economies with its strong performance and maintaining its steady progress in the last quarter of the year, Türkiye's economy registered 5.6 percent growth in 2022 on the previous year. Our country focused on growth centered on production, employment, investment and exports via the Türkiye Economy Model.

Halkbank's total loan book increased 58.5 percent on the previous year and topped TRY 1 trillion as of end-2022, representing our support for production, exports, investment and job creation. Pursuing a policy of prioritizing SMEs, tradesmen and artisans, and women and young entrepreneurs, we continued to support enterprises in every corner of Türkiye during the year. We maintain our leadership in SME loans in Türkiye with 19 percent market share.

The banking industry plays a strategic role in our country's strong growth momentum. Preparing to celebrate its 85th anniversary in 2023, Halkbank has been cognizant of this strategic role since the day it was established. Maintaining its support for every segment led by SMEs, tradesmen and artisans, and entrepreneurs, the Bank will continue to work toward the "Türkiye Century" vision in its 85th and our republic's 100th anniversary.

On behalf of all dedicated Halkbank employees working hard for our people and our country, I would like to express my deepest gratitude to our stakeholders for our invaluable partnership to date.

Respectfully,

R. Süleyman ÖZDİL
Chairman of the Board of Directors

General Manager's Assessment

We will continue to support our country's growth in 2023, the 100th year of our Republic.



Esteemed stakeholders,

I would like to open my remarks by expressing my deepest grief about the earthquake disaster epicentered on Kahramanmaraş which shook the entire country to its core. Following this devastating event, we will heal wounds and overcome these challenging times altogether. I send my condolences to those who lost their lives, and I wish a speedy recovery for the wounded.

As Halkbank Finance Group, we provided cash donations and in-kind support including basic food, medicine, shelter and similar needs in coordination with state agencies from the moment we learned about the earthquake.

In addition to these supports and as part of our debt to our people, we launched a number of financial measures geared to all customers affected by the earthquake disaster including loan payment deferrals, additional finance facilities, and credit debt forgiveness.

In addition to the dignity and solidarity exhibited by our people to mitigate the impacts of such a great disaster, the banking industry also has important functions to fulfill to strengthen our economy starting with the disaster region. While we continue to try to heal our wounds as a nation within this responsibility, I would also like to briefly mention the Bank's activities in support of Türkiye's economy in 2022, and ensure everybody that our past performance is an indication of our future performance.

We provided our SMEs with solutions that will enhance their competitive edge in the domestic and international markets, as well as TRY 386 billion worth of credit support, in 2022. The share of SME loans in Halkbank's cash loans excluding retail loans was 53.1 percent in 2022. We maintain our leadership in SME loans in Türkiye with 19 percent market share.

The number of tradesmen taking out a loan from our Bank increased 40.5 percent on the previous year to reach 344 thousand in 2022. Our total loan disbursements to tradesmen increased 173 percent, from TRY 33.2 billion in 2021 to TRY

GRI 2-22, 3-3

90.5 billion in 2022. Additionally, as part of the New Tradesman Support Package announced by our Honorable President on October 11, 2022, we disbursed over TRY 88 billion worth of loans to more than 252 thousand tradesmen. Within the frame of this package, which increased from a loan origination target of TRY 100 billion to TRY 150 billion as per the announcement of our President, we will continue supporting our tradesmen in the 100th year of our Republic.

We also maintained our resolute support for businesses as part of "Treasury Subsidized Guarantee System New Support Packages." We are increasing our support for businesses and markets through the TRY 250 billion funding package to be provided by participating banks and financial institutions in exchange for TRY 200 billion in treasury guarantees.

In an effort to support domestic production and create value for our country, we continue to support our businesses via the Central Bank of Türkiye Advance Loans Against Investment Commitment framework. As part of this package which offers investment financing support to all firms which hold an Investment Incentive Certificate for contributing to domestic, national, value-added production, we maintain our support toward our country's sustainable growth goals.

In an effort to help entrepreneurial culture take root in our country, Halkbank supports entrepreneurship in every area, with an emphasis on women and young entrepreneurs. We originated TRY 18 billion worth of loans to more than 96 thousand entrepreneurs in every age and educational attainment demographic seeking to start their own businesses since March 2022. We offer the "Techno Entrepreneur Support Loan" for firms operating, or founded to operate, in the information technology and software industry. Within this scope, loans that can be accessed for financing goods and services purchases, salary payments, operating expenses, and office supplies, equipment, software and hardware purchases against related documentation are offered up to TRY 500,000 with a six-month grace period and 60-month term.

While conducting "Producing Women Summits" in nine provinces across seven regions as well as in the Turkish Republic of Northern Cyprus as part of our special emphasis on women entrepreneurs in an effort to create awareness in this area, we have reached more than 172 thousand women entrepreneurs to date via the Women Entrepreneur Loan Support Package. With a total support of over TRY 30 billion, we contributed to establishing a strong women's presence in the business world.

We help our citizens to become homeowners by contributing to housing market support packages. After the credit support we provided under affordable repayment terms to the largest social housing project in the history of the Republic, we are now offering a housing finance package covering 100 thousand homes in 81 provinces geared to helping the middle class become homeowners. We believe that the support packages unveiled by the government will boost the strategically important construction industry and 250 associated sectors, and contribute to Türkiye's steady growth goal.

In an effort to be among the leaders in the digital transformation which the world is currently going through, we are also conducting initiatives in new generation banking and payments systems. At this point 97 percent of our banking transactions are performed through non-branch channels, as the number of transactions on these channels reached 6 million per day. Owing to our initiatives aimed at strengthening our presence in the digital arena, Halkbank gained 1 million active digital customers in 2022. Our solutions for the young people whose lives are centered on the digital are accelerating this momentum. Halkbank on Campus, our new mobile app, is aimed at being together with the youth and having them take better advantage of our services. With the "Children's Banking" system which we unveiled for facilitating a culture of accumulation and saving, we strive to equip parents and under-18 youth and children with a robust understanding of finance. In 2023 we will continue to grow our active customer base and product sales rapidly in our digital channels, through which we serve 5.5 million active customers.

Continuing to expand its service network, the Bank opened 15 new branches and raised its total number of domestic and overseas branches to 1,038 in 2022. The Bank welcomed 1,098 new employees in 2022 and continued to contribute to job creation.

Esteemed Stakeholders,

As a result of the initiatives which are listed above, the Bank's assets reached TRY 1.4 trillion at year-end 2022, up 54.5 percent on year-end 2021, while total deposits rose 69.5 percent to TRY 1.1 trillion. Cash loans increased 56.2 percent over the same period of 2021 to reach TRY 842.6 billion while total loans grew 58.5 percent to TRY 1.2 trillion. Our commercial loan book, which includes SME loans, rose 59 percent on the previous year to reach TRY 726.2 billion as of year-end 2022.

As we have done until today, we will continue to support the growth and progress of our country in 2023, which will be the Bank's 85th and our Republic's 100th year. The greatest driving force behind our efforts has been the confidence of our stakeholders. On behalf of the 25 thousand strong Halkbank family, I would like to thank you for your invaluable support and cooperation.

Respectfully,

Osman ARSLAN
General Manager



Within the frame of this package, which increased from a loan origination target of TRY 100 billion to TRY 150 billion as per the announcement of our President, we will continue supporting our tradesmen in the 100th year of our Republic.

Halkbank in Figures

Halkbank achieved strong financial results in 2022.



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In 2022, Halkbank, “the Bank of Productive Türkiye” that continues to support the Turkish economy at full speed, recorded total assets exceeding TRY 1,392.1 billion.

TRY 1,392.1 billion

Total Assets

TRY 89.8 billion

Shareholders' Equity

TRY 374.2 billion

Securities

4th Bank

In Total Assets

TRY 842.6 billion

Cash Loans

14.70%

Capital Adequacy Ratio

20,781

Total Number of Employees

3rd Bank

In Cash Loans

TRY 1,060.9 billion

Total Deposits

1,032

Domestic Branches

4,075

ATMs

3rd Bank

In Deposits

Corporate Profile



Halkbank has become one of the strongest players in the sector thanks to the confidence of the Turkish people with the principle of “We are the People first, then a Bank.”



Support to the Real Sector

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 Türkiye” leverages its expertise in SME Banking to develop products and services that meet the needs of the real economy. SMEs in Türkiye 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 Türkiye grow while growing with Türkiye for 84 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



Halkbank plays a pioneering role in the banking sector for the new century of the Republic.



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 Türkiye’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,
- Taking our country into the future with our contribution to the Turkish economy.

Halkbank in Brief



Halkbank has become a steadily growing institution that ranks among the longest established, pioneering and most respected brands in progressing Türkiye.

Established in 1938 to stand behind tradesmen and artisans and accelerate permanent economic development, Halkbank became one of the steadily growing, well-established, pioneering, and reputable brands of rising Türkiye. The Bank which has been leading the development of the Turkish banking industry for 84 years maintains its mission of supporting the real sector.

Rendering an unparalleled banking experience to its customers with 1,032 domestic branch locations, 6 overseas branches, 1 country office, 2 overseas representative offices, 4,075 ATMs, Telephone and Internet Banking channels and Mobile Banking applications as of the end of 2022, Halkbank serves with innovative products and services as part of its global vision.

Halkbank, the Bank of Productive Türkiye, 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% and allocating 53.1% of its commercial loans to SMEs, Halkbank continues to be the biggest supporter of the Turkish economy.



GRI 2-1, 2-6

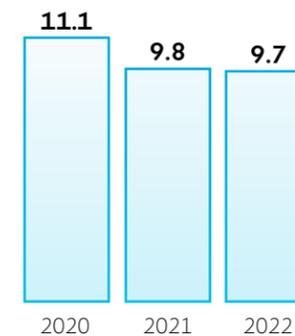
Halkbank's Position in the Sector



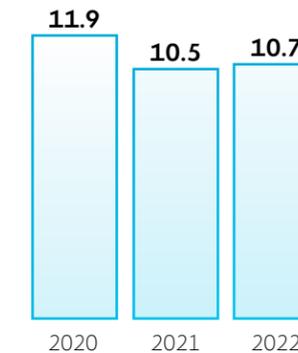
Halkbank succeeded in maintaining a strong sectoral position in 2022 as well.

Market Share (%)	2021	2022
Total Assets	9.8	9.7
Cash Loans	10.5	10.7
Securities	12.6	12.0
Deposits	11.3	11.4
Shareholders' Equity	6.1	6.4
Profit	1.6	3.4

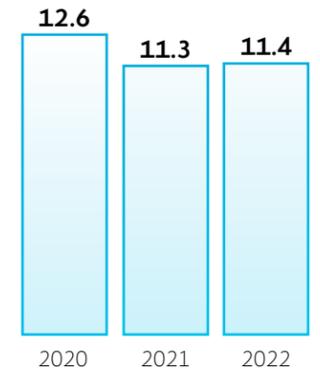
Total Assets Market Share (%)



Cash Loans Market Share (%)



Deposits Market Share (%)



* Sector data dated December 31, 2022 and featured in the report were disclosed by BRSA on January 31, 2023.

Key Financial Indicators and Ratios

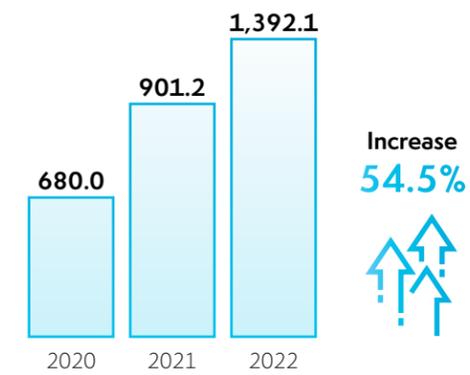


Halkbank demonstrated a successful performance in 2022.

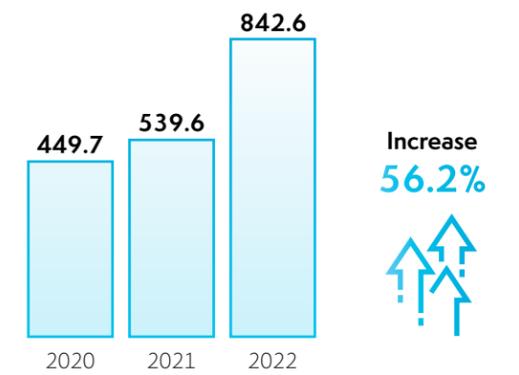
Financial Indicators (TRY Million)	2021	2022	Change (%)
Total Assets	901,217	1,392,140	54.5
Liquid Assets	126,959	166,171	30.9
Cash Loans	539,588	842,618	56.2
Securities	223,301	374,181	67.6
Total Deposits	625,904	1,060,923	69.5
Shareholders' Equity	43,500	89,844	106.5
Net Interest Income	19,860	68,245	243.6
Net Fee and Commission Income	4,088	8,462	107.0
Gross Profit	1,406	20,144	1,332.6
Net Profit	1,508	14,754	878.6

Major Ratios (%)	2021	2022
Interest Earning Assets/Total Assets	79.8	81.7
Cash Loans/Total Assets	59.9	60.5
Non-Performing Loans/Total Cash Loans (Gross)	3.02	2.21
Cash Loans/Deposits	86.2	79.4
Average Return on Assets	0.19	1.29
Average Return on Equity	3.49	22.13
Capital Adequacy Ratio	14.47	14.70

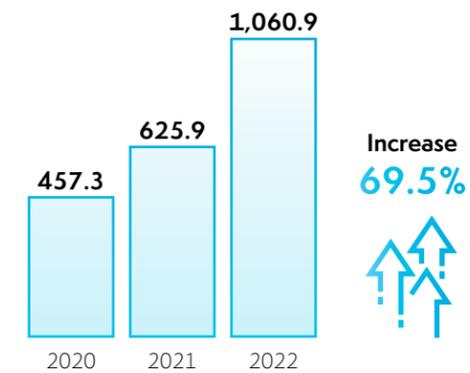
TOTAL ASSETS (TRY BILLION)



CASH LOANS (TRY BILLION)



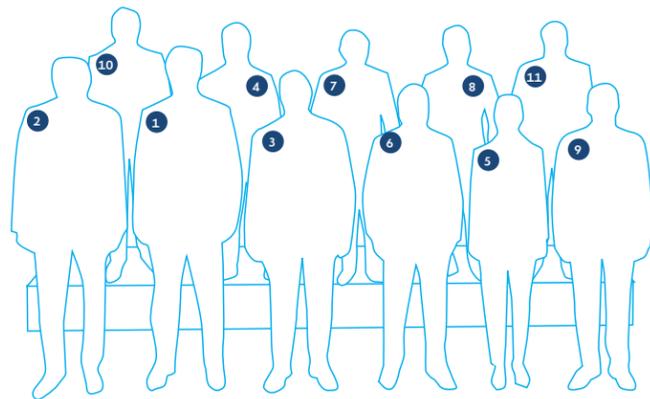
TOTAL DEPOSIT (TRY BILLION)



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In 2022, Halkbank continued to stand by Türkiye and increased its cash loan size to TRY 842.6 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 an Inspector. He worked as Specialist, Deputy Manager and Branch Manager at Albaraka Türk Özel Finans Kurumu A.Ş. from 1986 to 1993. From 1993 to 1995, he served as Financial Coordinator at a private company. Later, he worked as Deputy General Manager between 1995 and 2001 at İhlas Finans Kurumu A.Ş. and from 2001 to 2005 at Family Finans Kurumu A.Ş. Recep Süleyman Özdil was a Board Member and CEO at Birleşik Fon Bankası A.Ş. between 2005 and 2011 and Board Member at Security Deposit Insurance Fund (TMSF) from 2011 to 2014. Since August 28, 2015, Mr. Özdil has been serving as Chairman at Türkiye Halk Bankası A.Ş.

(2) Mevlüt UYSAL Vice Chairman of the Board of Directors Independent Board Member

Mevlüt Uysal was born in Antalya in 1966. He graduated from Istanbul 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 Istanbul Metropolitan Municipality at an extraordinary meeting of the Istanbul Metropolitan Municipal Council in September 2017. He has been serving as Board Member at Türkiye Halk Bankası A.Ş. since May 27, 2019.

(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 later received an MBA at the same university. 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, Department Head 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 Board Member at Halkbank since June 8, 2017.

(4) Şeref AKSAÇ Board Member

He was born in Bayburt in 1956. He graduated from the Istanbul 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 Deputy General Manager 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 March 26, 2021.

(5) Meltem TAYLAN AYDIN Board Member

She was born in Ankara in 1973. Mrs. Aydın graduated from Istanbul University, Faculty of Political Science, Department of Business Administration. She completed her graduate studies on the macroeconomic performance of emerging economies and behavioral economics. In 2014, she was admitted to Harvard 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 Board Member of Halkbank since June 8, 2017.

(6) Mesut KARAKAŞ Independent Board Member

He was born in Istanbul in 1981. He graduated from the Economics Department of Boğaziçi University. He completed his master's degree in the Department of Business Administration at the same university and his doctorate in the Department of Economics in English at Marmara University. In 2013, Karakaş started working as an Assistant Professor at Gebze Technical University and received the title of Associate Professor in 2017. Having continued his career at Yıldız Technical University since 2020 and received the title of Professor in 2022, Mesut Karakaş has been serving as a Board Member at Türkiye Halk Bankası A.Ş. since March 25, 2022.

(7) 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 Senior Adviser to the Prime Minister between 2003 and 2016. Mr. Serim currently serves as a Senior Adviser to the President and has been a Board Member of Halkbank since June 8, 2017.

(8) 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 Türkiye, 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.

(9) Sezai UÇARMAK Board Member

Sezai Uçarmak was born in Ordu in 1964. He graduated from Istanbul 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 Istanbul 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 Internal Auditors 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.

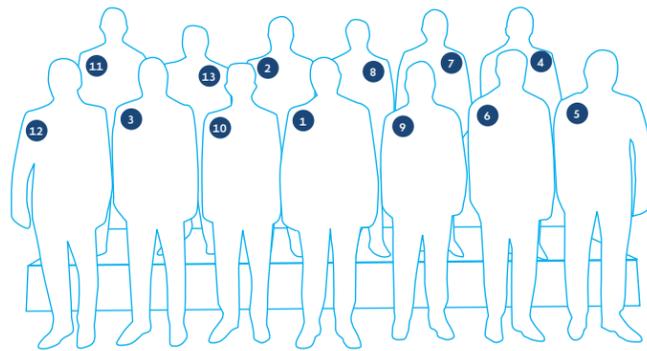
(10) Prof. Dr. Yılmaz ÇOLAK Member of the Supervisory Board

Yılmaz Çolak was born in Giresun in 1969. He completed primary and middle school in Istanbul-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 (AEPCC) since 2014. Prof. Dr. 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

He 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 27 for Mr. Osman ARSLAN's background.

(2) Yalçın MADENCİ
Deputy General Manager
Corporate and Commercial Marketing

He 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, Manager, Commercial Branch Manager, Division Manager and Department Head. He has been serving as the Bank's Deputy General Manager of Corporate and Commercial Marketing since June 11, 2019.

(3) Hasan TUNCAI
Deputy General Manager
SME Banking

He 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 and Deputy General Manager of Retail Banking at Türkiye Halk Bankası A.Ş. Mr. Tuncay has been serving as the Deputy General Manager of SME Banking since November 22, 2022.

(4) Altan TAŞKIRAN
Deputy General Manager
Retail and Digital Banking

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 Payment System in 2000 and served in Sales Representative, Marketing Manager, Marketing Director, and Head of Marketing Unit roles. After joining the Halkbank family in 2021 and serving as Department Head and Group Manager, Mr. Taşkıran has been serving as Deputy General Manager of Retail and Digital Banking since November 22, 2022. He is married with two daughters.

(5) 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 Manager. 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.

(6) Tahir DEMİRKIRAN
Deputy General Manager

Loan Policies Monitoring and Specialized Loans

He was born in Istanbul in 1967. He graduated from the Economics Department of Istanbul University. In 1991, Mr. Demirkıran started his career as a Sales Representative at Vestel Pazarlama A.Ş., and worked as Assistant Specialist and Manager at Pamukbank T.A.Ş., Department Head at Türkiye Halk Bankası A.Ş., Group Manager at T.C. Ziraat Bankası A.Ş. and Deputy General Manager at Ziraat Katılım Bankası A.Ş. Demirkıran has been serving as the Deputy General Manager responsible for Loan Policies Monitoring and Specialized Loans at Türkiye Halk Bankası A.Ş. since November 28, 2022.

(7) 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.

(8) Ali ŞÖNER
Deputy General Manager

Treasury Management and International Banking

He 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.

(9) Ergin KAYA
Deputy General Manager

Operational Transactions and Digital Transformation

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 Manager, Department Head, and Deputy General Manager of Banking Operations and Information Technologies and Deputy General Manager of Operations and Support Services at Türkiye Halk Bankası A.Ş. Mr. Kaya has been serving as the Deputy General Manager of Operational Transactions and Digital Transformation since November 11, 2022.

(10) 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 Internal Auditors, 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.

(11) Olcay ATLIOĞLU
Deputy General Manager
Information Technologies

He 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 Manager at Halkbank Information Technologies, Mr. Atlioğlu is the Deputy General Manager of Information Technologies of Türkiye Halk Bankası A.Ş. since July 28, 2021.

(12) Fatih ŞAHBAZ
Deputy General Manager

Human Resources and Support Services

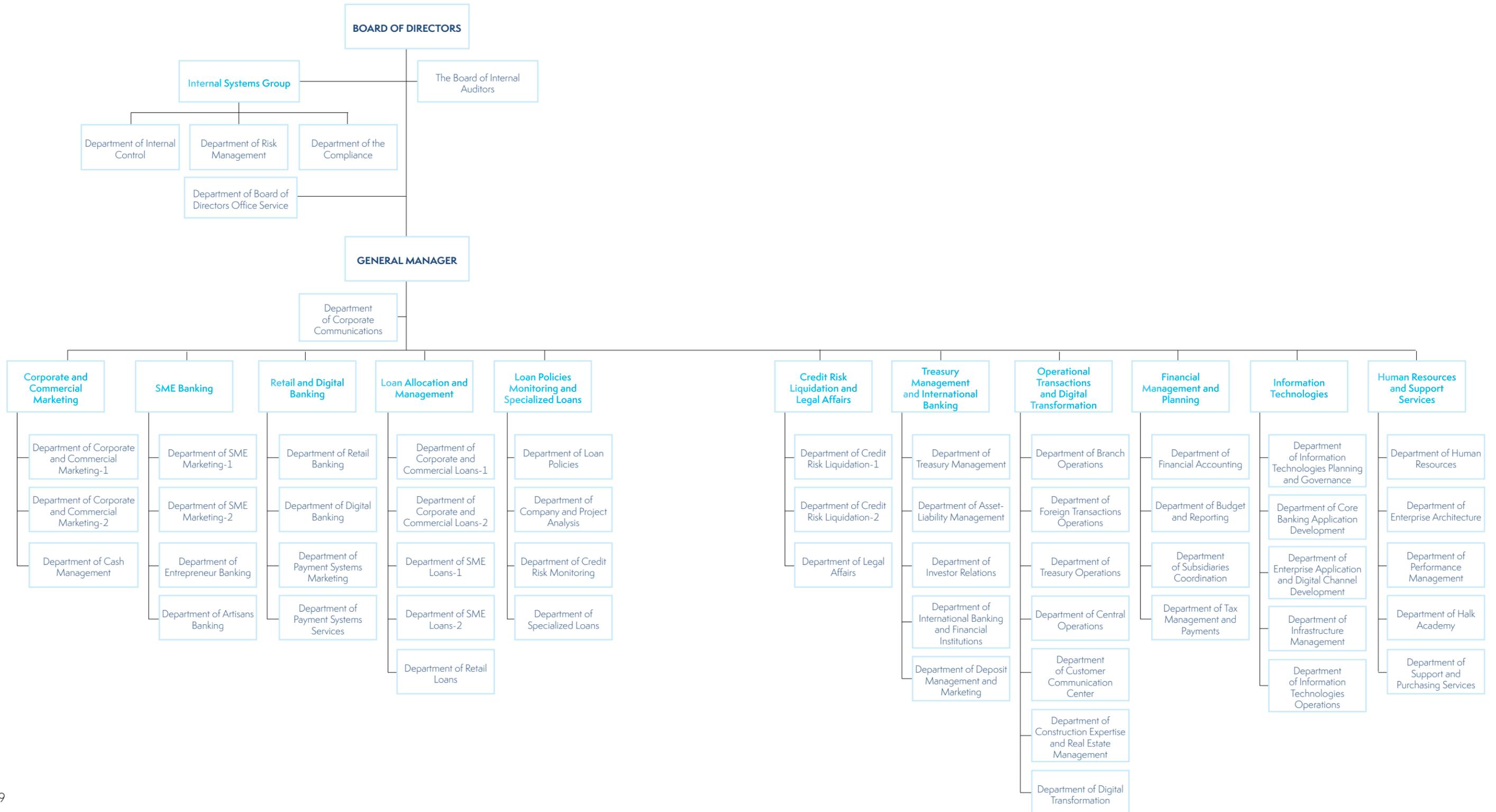
Fatih Şahbaz was born in Sorgun, Yozgat in 1981. He graduated from Selçuk University, Faculty of Economics and Administrative Sciences, Department of Economics, and from Doğuş University, School of Law. He completed his master's degree at Marmara University, Institute of Social Sciences, Department of Economics and his doctorate at Istanbul Medeniyet University, Department of Political Science and Public Administration. Mr. Şahbaz, who previously served as Specialist, Internal Controller, Division Manager, Branch Manager, Department Head and Group Manager at Türkiye Halk Bankası A.Ş., has been serving as Deputy General Manager of Human Resources and Support Services since November 22, 2022.

(13) Hamdi COŞGUN
Group Manager
Internal Systems

He was born in Aksaray Ortaköy in 1976. He graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of International Relations. Mr. Coşgun, who previously worked as Assistant Specialist, Inspector, Division Manager, Branch Manager, Department Head and Regional Coordinator at Türkiye Halk Bankası A.Ş., has been serving as the Manager of Internal Systems Group since May 24, 2022.



Organizational Chart



Shareholding Structure and Shareholder Portfolio



Halkbank reassures its stakeholder universe with its solid shareholding 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 4,969,120,730.29.

99.999996207% of the Bank's shares, originally held by the Undersecretariat of Treasury of the Prime Ministry of the Republic of Türkiye were transferred to the ownership of the Privatization Administration of Türkiye 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 Türkiye 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 Türkiye 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 Türkiye, shares held by the Privatization Administration of Türkiye were removed from the scope of the privatization program and they were transferred to the Türkiye Wealth Fund on March 10, 2017.

Finally, issued capital increased from TRY 2,473,776,223.78 to TRY 4,969,120,730.29 as a result of the capital increase that was made on March 09, 2022 through the private placement method without a public offering.

The qualified shareholder is the Türkiye Wealth Fund (Address: Muallim Naci Cad. No: 22 Ortaköy/İstanbul) with an 87.70055040% 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)	Shareholding (%)
Türkiye Wealth Fund ⁽¹⁾	4,357,946,230.29	87.70055040
Free Float ⁽¹⁾⁽²⁾	611,093,544.00	12.29782042
Other	80,956.00	0.00162918
Total	4,969,120,730.29	100.00000000

⁽¹⁾ Türkiye Wealth Fund's shares corresponding to share capital of TRY 3,719,670,662.29 are eligible to be traded on the stock exchange.

⁽²⁾ The Free Float amount includes shares corresponding to share capital of TRY 75,165,876 that were repurchased pursuant to the Bank's Board of Directors' Share Buy Back Resolutions dated August 29, 2018 and March 17, 2020, respectively.

Halkbank's Shareholder Portfolio

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



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 523 million in accordance with the decision taken at the Extraordinary General Assembly Meeting dated June 09, 2022.

The Company has a total of 9 branches, 3 in Istanbul and 1 each in Ankara, Bursa, Izmir, Adana, Konya, and Gaziantep.

HALKFAKTÖRİNG



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 Türkiye, the Company began executing transactions on December 10, 2012.

Halkbank's share ratio is 100% and the company's capital has been increased to TRY 246 million in accordance with the decision taken at the Extraordinary General Assembly Meeting dated June 09, 2022.

The Company has five branches in total, two in Istanbul and one each in Ankara, Bursa and Izmir.

HALKYATIRIM



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.

Shareholding Structure and Shareholder Portfolio



Subsidiaries



Capital
TRY 100,000,000

Halkbank's shareholding
100%

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. On April 25, 2022, Our Bank has acquired the shares of TWF and PTT A.Ş. of the Company, an affiliate of our Bank, thus increasing our Bank's shareholding from 20% to 33.33%. On June 21, 2022, T.C. Ziraat Bankası A.Ş. and Türkiye Vakıflar Bankası T.A.O. shares of the Company were also taken over by Our Bank and the Company became our subsidiary and our Bank's shareholding rate increased to 100%.



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 100,000 and Halkbank's shareholding is 100%.



Capital
RSD 10,488,940,000
(Serbian Dinars)

Halkbank's shareholding
100%

In line with the Bank's policy of increasing its presence in the Balkan region and Central Europe, on May 27th, 2015 Halkbank acquired a 76.76% stake in Cacanska Bank, a bank operating in the Cacak Region of Serbia, resulting in Cacanska Bank's inclusion into Halkbank's subsidiary portfolio.

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. The Bank operates through 39 branches in 20 cities across Serbia with a total workforce of 653.

With the purchase of share certificates traded on the stock exchange by Halkbank and the capital increases, Halkbank's share ratio among all shares including privileged share certificates, reached 100%. On October 21, 2022, the paid-in capital of the Company was increased to RSD 10,488,940,000 by the Extraordinary General Assembly Resolution dated October 21, 2022.



Capital
MKD 11,001,910,000
(Macedonian Dinars)

Halkbank's shareholding
99.56%

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 01, 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%. Halk Banka A.D. Skopje's capital was raised from MKD 9,156,910,000 to MKD 11,001,910,000 with the resolution passed at the General Assembly Meeting held on June 30, 2022. After the capital increase, the Bank's shareholding ratio reached 99.56%.

The Bank continues its activities with a total of 45 branches and a total of 714 personnel.



Capital
TRY 1,570,000,000

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 Türkiye regarding the Real Estate Investment Trusts and to invest in real estate properties, real estate-backed capital markets 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.

The Company's capital was increased from TRY 1,530 million to TRY 1,570 million in accordance with the Ordinary General Assembly resolution dated March 31, 2022.

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

Affiliates



Capital
TRY 340,000,000

Halkbank's shareholding
33.33%

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

It became an affiliate of Halkbank on July 22, 2013. On February 7, 2020, in accordance with Türkiye'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 was turned into an affiliate. With the decision passed at the Extraordinary General Assembly Meeting dated January 20, 2022, the Company's capital was increased to TRY 340 million. Halkbank currently owns 33.33% of the Company's share capital.

Shareholding Structure and Shareholder Portfolio



Affiliates



Capital
TRY 30,000,000

Halkbank's shareholding
33.33%

Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş. was established on April 12, 2022 in order to support initiatives that develop domestic and national technologies and to invest in initiatives that develop special technologies in the venture ecosystem of our country and is still in operation. The Company has a 33.33% stake in the Company with a share capital of TRY 10 million.



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.



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. It was established in Rotterdam, Netherlands to offer services particularly to Turkish companies and their partners in Western Europe.



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

Bankalararası Kart Merkezi A.Ş. Capital TRY 177,492,990 Halkbank's shareholding 9.28%	Türkiye Cumhuriyet Merkez Bankası Capital TRY 25,000 Halkbank's shareholding 1.11%	Alidaş Alanya Liman İşletmeleri Denizcilik Tur. Tic. ve San. A.Ş. Capital TRY 6,000,000 Halkbank's shareholding 0.50%
Birleşik İpotek Finansmanı A.Ş. Capital TRY 50,000,000 Halkbank's shareholding 8.34%	In liquidation Sberbank Magyarország Zrt. (Sberbank Hungary) Capital HUF 3,727,200,000 (Hungarian Forints) Halkbank's shareholding 1.07%	Borsa İstanbul A.Ş. Capital TRY 423,234,000 Halkbank's shareholding 0.00353%
Türkiye Ürün İhtisas Borsası A.Ş. Capital TRY 50,000,000 Halkbank's shareholding 3%	İstanbul Takas ve Saklama Bankası A.Ş. Capital TRY 600,000,000 Halkbank's shareholding 0.99%	Visa INC. Capital USD 16,900,000,000 Halkbank's shareholding 0.0017614%
JCR Eurasia Rating Company Capital TRY 30,000,000 Halkbank's shareholding 2.86%	İhracatı Geliştirme A.Ş. Capital TRY 1,875,558,498 Halkbank's shareholding 0.82%	
Kredi Garanti Fonu A.Ş. Capital TRY 513,134,229.53 Halkbank's shareholding 1.49%	Mesbaş Mersin Serbest Bölge İşleticisi A.Ş. Capital TRY 259,303,680 Halkbank's shareholding 0.68%	



Halkbank's Historical Development

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

Aware of the need for a balanced social structure, the young Republic of Türkiye 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 Türkiye. During this period, the commercial activities of tradesmen and artisans 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 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.

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 Türkiye 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 Türkiye 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 Türkiye 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.

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Halkbank's share flotation in 2007 generated record demand as the largest ever public offering in Türkiye at that time.

Record Demand for Public Offering

Halkbank's share flotation in 2007 generated record demand as the largest ever public offering in Türkiye 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's Historical Development



Halkbank has always prioritized the investments that support Türkiye'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 Türkiye'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 Türkiye, 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 Türkiye.

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 Türkiye); 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 Türkiye.

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 Türkiye 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 Türkiye'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 Türkiye and that burgeoning area.

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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 2022



Halkbank was awarded a total of 28 awards, including 20 “Gold Awards”, 6 “Silver Awards”, 1 “Bronze Award” and 1 “Grand Award” at the Silicon Valley-based the Globee Awards.

Halkbank was awarded a total of 29 awards, including 8 “Gold Awards”, 11 “Silver Awards” and 10 “Bronze Awards” at the “International Business Awards”, the largest award program of the Stevie Awards, one of the world’s leading award programs and known as the Oscars of the business world. The Bank also received the Grand Stevie® Award, once again bringing great pride to Türkiye.

The International Business Awards (IBA) award program, organized for the 19th time this year, recognizes achievements in all areas of business life. Halkbank has once again made its mark among the best in the world and was ranked as one of the institutions with the highest number of awards in this year’s program. Mr. Osman Arslan, CEO of Halkbank, received the “Gold Award” in the category of “Executive of the Year in Banking” for his contribution to the Bank’s success.

Halkbank achieved 2 gold and 1 silver medal in the Stevie Awards Women in Business (SAWIB) award program with the efforts in the field of women entrepreneurship, one of its focus areas, and once again made a name for itself in the international arena. The Bank received gold awards in the “Achievement in Supporting and Empowering Women” and “Event of the Year” categories and silver award in the “Achievement in Finance” category.

The Bank received 1 gold and 2 silver awards from the Stevie Awards for Great Employers (SAGE), which recognizes the world’s best employers in human resources management, training and development.

Halkbank was awarded a total of 28 awards, including 20 “Gold Awards”, 6 “Silver Awards”, 1 “Bronze Award” and 1 “Grand Award” at the Silicon Valley-based the Globee Awards.

At the Globee Awards, Mr. Osman Arslan, the General Manager of Halkbank, received 3 “Gold Awards” in the categories of “Leader of the Year-CEO Achiever”, “Innovation in Finance” and “CEO of the Year in Accounting, Banking, Finance or Insurance”.

The Bank won the “Best Award” for its “Social Responsibility Strategy and Projects” and “Environmentally Responsible Bank” projects at the Best Business Awards, one of the two programs of Awards Intelligence, the largest awards organization in the UK.

At the Global Business Excellence Awards, one of the largest award organizations in the UK, Halkbank was selected as the best in the world by the juries and received the “Best Award” in the “Fight Against Climate Change Award” category with its Environmentally Responsible Bank project.

Halkbank 2021 Integrated Annual Report won the “Gold Award” in the “Written Text” category in the “Traditional Integrated Annual Reports” group at the ARC Awards, the 36th edition of the World’s Best Annual Reports Competition. The report was also awarded the “Bronze Award” in the “Interior Design” category and the “Honorary Award” in the “Specialized Annual Report” and “Photography” categories. It was the only report to receive an award in the “Photography” category.

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

Inclusion	Name of the Award Program	Award Category	Type of Award Received
Halkbank	Stevie The International Business Awards	Best Financial Institution of the Year	Gold
Halkbank	Stevie The International Business Awards	Best Bank of the Year	Gold
Halkbank	Stevie The International Business Awards	Europe's Fastest Growing Companies	Silver
Osman Arslan	Stevie The International Business Awards	Executive of the Year in Banking	Gold
Halkbank Integrated Annual Report 2021	Stevie The International Business Awards	Best Annual Report	Gold
Supports Women Entrepreneurship	Stevie The International Business Awards	Financial Services	Gold
Supports Women Entrepreneurship	Stevie The International Business Awards	Achievement in Finance	Silver
Supports Women Entrepreneurship	Stevie The International Business Awards	Achievement in Diversity and Inclusion	Silver
Halkbank Producing Women Competition	Stevie The International Business Awards	Communication Activities Inspiring the Community	Silver
Halkbank Producing Women Competition	Stevie The International Business Awards	Project Inspiring the Community	Bronze
E-Ulak, Halka Mobil and Find Your Expert Projects	Stevie The International Business Awards	Human Resources Management Solution	Gold
E-Ulak, Halka Mobil and Find Your Expert Projects	Stevie The International Business Awards	Collaboration and Relationship Development Solution	Gold
Environmentally-Friendly Bank	Stevie The International Business Awards	Occupational Health, Safety and Environment Program of the Year in Europe	Silver
Environmentally-Friendly Bank	Stevie The International Business Awards	"Best Communications or Public Relations Campaign in the Environmental Field"	Bronze
Secure Digital Payment System and Digital Credit Platform	Stevie The International Business Awards	Financial Management Solution	Gold
Secure Digital Payment System and Digital Credit Platform	Stevie The International Business Awards	Fintech Solution	Silver
Secure Digital Payment System and Digital Credit Platform	Stevie The International Business Awards	Financial Services	Silver
Secure Digital Payment System and Digital Credit Platform	Stevie The International Business Awards	Payment Solutions	Bronze
Document Scanning, Prevention of Automatic Receipt Printing and RPA Utilization Projects	Stevie The International Business Awards	Success in Science and Technology	Bronze
Document Scanning, Prevention of Automatic Receipt Printing and RPA Utilization Projects	Stevie The International Business Awards	Achievement in Finance	Bronze
Document Scanning, Prevention of Automatic Receipt Printing and RPA Utilization Projects	Stevie The International Business Awards	Digital Process Automation Solution	Bronze
NPS Calls, Proactive Complaint Calls and Speech Analytics	Stevie The International Business Awards	Customer Service Department of the Year	Silver
NPS Calls, Proactive Complaint Calls and Speech Analytics	Stevie The International Business Awards	Customer Service Team of the Year	Silver
NPS Calls, Proactive Complaint Calls and Speech Analytics	Stevie The International Business Awards	Success in Customer Satisfaction	Bronze
Challenge Project	Stevie The International Business Awards	Achievement in Human Resources	Bronze
Halkbank Entrepreneur Loans	Stevie The International Business Awards	Financial Services	Bronze
Halkbank Entrepreneur Loans	Stevie The International Business Awards	Innovative Products	Bronze

Awards in 2022



Inclusion	Name of the Award Program	Award Category	Type of Award Received
Halkbank Social Responsibility Strategy and Projects	Stevie The International Business Awards	Communications and Public Relations Activities in the field of Community Service	Silver
Halkbank Social Responsibility Strategy and Projects	Stevie The International Business Awards	Best Corporate Social Responsibility Projects of the Year in Europe	Silver
Halkbank	Stevie The International Business Awards	Organization of the Year	Grand Award
Human Resources Management Activities and Challenge Project	Stevie Awards for Great Employers	Employer of the Year	Gold
Challenge Project	Stevie Awards for Great Employers	Best Compulsory Education Practice	Silver
E-Ulak, Halka Mobil and Find Your Expert Projects	Stevie Awards for Great Employers	Achievement in HR Technologies	Silver
Producing Women Competition	Stevie Awards Women in Business (SAWIB)	Event of the Year	Gold
Supports Women Entrepreneurship	Stevie Awards Women in Business (SAWIB)	Achievement in Supporting and Empowering Women	Gold
Supports Women Entrepreneurship	Stevie Awards Women in Business (SAWIB)	Achievement in Finance	Silver
Environmentally-Friendly Bank	Best Business Awards	Best Sustainable Product/Process	Best Award
Halkbank Social Responsibility Strategy and Projects	Best Business Awards	Best Social Contribution Practice	Best Award
Environmentally-Friendly Bank	Global Business Excellence Awards	Fight against Climate Change	Best Award
Osman Arslan	Globe Awards - Business Excellence Awards	Innovation in Finance	Gold
Environmentally-Friendly Bank	Globe Awards - Business Excellence Awards	Innovation in Energy and Sustainability Award	Silver
Document Scanning, Prevention of Automatic Receipt Printing and RPA Utilization Projects	Globe Awards - Business Excellence Awards	Innovation Award for Technology Management, Planning and Implementation	Gold
Document Scanning, Prevention of Automatic Receipt Printing and RPA Utilization Projects	Globe Awards - Business Excellence Awards	Digital Process Automation Solution	Gold
Document Scanning, Prevention of Automatic Receipt Printing and RPA Utilization Projects	Globe Awards - Business Excellence Awards	Digital Transformation	Silver
NPS Calls, Proactive Complaint Calls and Speech Analytics	Globe Awards - Business Excellence Awards	Success in Customer Satisfaction	Gold
NPS Calls, Proactive Complaint Calls and Speech Analytics	Globe Awards - Business Excellence Awards	Innovation in Customer Service Management, Planning and Implementation Award	Gold
Challenge Project	Globe Awards - Business Excellence Awards	Employer of the Year in Accounting, Banking, Finance or Insurance	Gold
E-Ulak, Halka Mobil and Find Your Expert Projects	Globe Awards - Business Excellence Awards	Excellence in the Use of HR Technology	Silver
E-Ulak, Halka Mobil and Find Your Expert Projects	Globe Awards - Business Excellence Awards	Innovation in the Use of Technology in Human Resources Award	Gold
Secure Digital Payment System and Digital Credit Platform	Globe Awards - Business Excellence Awards	Best Use of Technology	Gold
Secure Digital Payment System and Digital Credit Platform	Globe Awards - Business Excellence Awards	Payment Solutions	Silver
Entrepreneur Loans	Globe Awards - Business Excellence Awards	Innovation of the Year in Finance	Gold

Inclusion	Name of the Award Program	Award Category	Type of Award Received
Entrepreneur Loans	Globe Awards - Business Excellence Awards	Financial Services	Silver
Halkbank Social Responsibility Strategy and Projects	Globe Awards - Business Excellence Awards	Achievement in Corporate Social Responsibility Program of the Year	Bronze
Halkbank	Globe Awards - Business Excellence Awards	Best Company of the Year in Accounting, Banking, Finance or Insurance	Gold
Halkbank	Globe Awards - CEO World Awards	Grand Award	Grand Award
Halkbank	Globe Awards - CEO World Awards	Best Company of the Year in Accounting, Banking, Finance or Insurance	Gold
Osman Arslan	Globe Awards - CEO World Awards	Leader of the Year - Successful CEO	Gold
Osman Arslan	Globe Awards - CEO World Awards	CEO of the Year in Accounting, Banking, Finance or Insurance	Gold
Halkbank Integrated Annual Report 2021	Globe Awards - CEO World Awards	Best Annual Report of the Year	Gold
Environmentally-Friendly Bank	Globe Awards - CEO World Awards	Achievement in Respectful Culture	Gold
Document Scanning, Prevention of Automatic Receipt Printing and RPA Utilization Projects	Globe Awards - CEO World Awards	Achievement in Technology Adoption	Gold
Producing Women Competition	Globe Awards - CEO World Awards	Achievement in Women's Empowerment	Silver
Halkbank Social Responsibility Strategy and Projects	Globe Awards - CEO World Awards	Best Campaign of the Year in Corporate Social Responsibility	Gold
Entrepreneur Loans	Globe Awards - CEO World Awards	Best Product or Service of the Year in Accounting, Banking, Finance or Insurance	Gold
Supports Women Entrepreneurship	Globe Awards - Women World Awards	Achievement in Finance	Gold
Producing Women Competition	Globe Awards - Women World Awards	Achievement in Mentoring and Sponsoring Women	Gold
Halkbank Integrated Annual Report 2021	ARC Awards	Written Text	Gold
Halkbank Integrated Annual Report 2021	ARC Awards	Interior Design	Bronze
Halkbank Integrated Annual Report 2021	ARC Awards	Specialized Annual Report	Honor Award
Halkbank Integrated Annual Report 2021	ARC Awards	Photography	Honor Award
NPS Calls, Proactive Complaint Calls and Speech Analytics	A.C.E Awards	Public Banking	Diamond Customer Satisfaction Achievement Award
Producing Women Competition	3 rd International Zero Waste Summit	Zero Waste Social Responsibility	Zero Waste Social Responsibility Award
Halkbank	2021 Service Export Champions	Finance, Insurance and Other Financial Services	Service Export Champion
Halkbank	EOSD Global Sustainable Finance Awards	Sustainable Project Finance	Outstanding Sustainable Project Finance Award
Halkbank	SOCIALBRANDS Data Analytics Modules	Banks Category	Bronze
Paraf	SOCIALBRANDS Data Analytics Modules	Credit Cards Category	Silver
Halkbank	Climate Leaders of the Year Awards	Climate Leader	Climate Leader Award



Areas of Focus in 2022

Halkbank conducts its operations with the goal of making concrete contributions to all SDGs.

As the world experienced a number of crises simultaneously during 2022, these ever deepening problems create major hurdles against sustainable development. The uneven nature of the post-pandemic global recovery, increasing geopolitical tensions and social divisions, and large human costs of energy and food crises lead to destructive outcomes. Disasters that may result from climate change continue to be the largest threat to humanity in the long term.

The pledges made by countries and corporations and their related actions toward the United Nations Sustainable Development Goals (SDG) on the way to 2030 exhibit significant differences. The growing and complicating risk factors demonstrate the urgency of establishing an intensive plan of action through global cooperation at every level in accordance with the SDGs.

On the other hand, a new global economic order continues to emerge on the back of next generation technologies and innovation. Success in competition in the banking ecosystem requires differentiating in customer experience through maximum utilization of digitalization.

Conducting its operations with the goal of making concrete contributions to all SDGs, Halkbank continues to resolutely fulfill its share of responsibilities in critical areas for a sustainable future. In consideration of the needs and expectations of its stakeholders, the Bank identified its areas of focus for 2022 as Women Entrepreneurs, Digitalization, Creating Value for the Local Economy, and Supporting the Fight Against Climate Change.



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Women Entrepreneurs



Halkbank acts on the belief that every economically empowered woman will bring Türkiye another step closer to its goal of high-quality development.

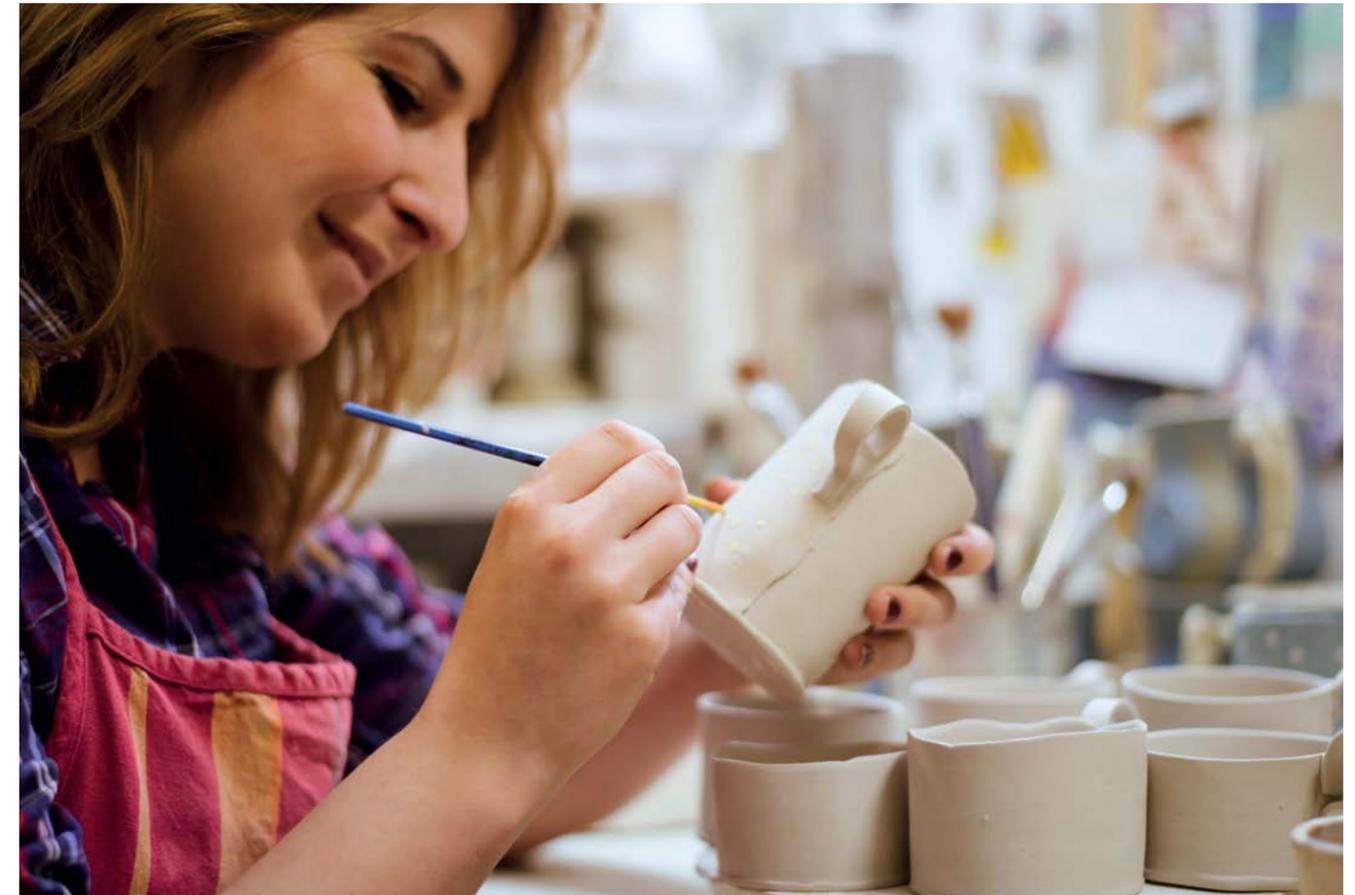
Gender equality, which is included in the United Nation's Sustainable Development Goals consisting of 17 headings, is one of the foundations for sustainable development that aims for collective prosperity.

Halkbank acts on the belief that every woman who participates in professional life and gets economically stronger will bring Türkiye, which consists of 49.9 percent women, another step closer to its goal of high-quality development. Armed with a responsible approach, Halkbank embraced progress in women entrepreneurship and employment among its strategic priorities. The Bank embraced supporting women entrepreneurs financially and socially as priority action items in 2022 and continues to create value for a sustainable future.

After establishing Turkish banking industry's first and specially planned "Women Entrepreneurs Department" in the previous reporting period, Halkbank accelerated its efforts to support women entrepreneurs in 2022.



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.



Focus Area	Halkbank's Solution	Value Created in 2022
Financing support for women entrepreneurship	Women Entrepreneur Credit Package	*TRY 22.6 billion financing support
	Digital Entrepreneur Credit	*TRY 406 million resource for 6,808 women entrepreneurs
	Pre-School Private Educational Institutions Support Package	*TRY 10.3 million credit facility for 26 companies
Supporting women's cooperatives	Women's Cooperatives Support Package	*TRY 4.1 million financing support for 21 cooperatives
Increasing diversity of products and services for women entrepreneurs	PPS Plan with Special Contribution for Women Entrepreneurs	*TRY 75 additional contributions to PPS plans for up to 60 months
	Risky Diseases Insurance Exclusively for Women Entrepreneurs	*Coverage up to TRY 50 thousand
	Paraf Producing Women Credit Card and Paraf Producing Women POS	*12,694 Paraf Producing Women Credit Cards *50% discount on monthly POS fee for women entrepreneurs
Expanding the women entrepreneurship ecosystem	Producing Women Summits	*10 separate meetings in seven different regions of Türkiye in 2022
	Producing Women Competition	*TRY 1,750 thousand cash prize - communication, promotion and training supports

Digitalization



Halkbank reached 5.5 million active digital customers while 2.2 billion transactions were performed through the Bank's digital channels.

The financial services industry tops the list of sectors in which innovation and digitalization create noticeable changes. The Turkish banking industry has become an exemplary model on a global scale thanks to its digital capability and experience focus. Halkbank continues to improve its value proposition for all stakeholders and the national economy owing to its pioneering applications in this field as well as its innovative product and service offerings that leverage technology to the maximum extent.

Focusing on remote customer acquisition, digital loan disbursement, and digital approval initiatives in 2022, the Bank facilitated easier and faster customer transactions while improving the productivity of its employees. The Bank is also reducing its paper consumption by the day thanks to the digitalizing processes.

Halkbank reached 5.5 million active digital customers as of the end of the year while 2.2 billion transactions were performed through the Bank's digital channels.

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



Focus Area	Halkbank's Solution	Value Created in 2022
Financial accessibility	Digital customer opening	*80% of new customer acquisitions are from digital channels *21 million pages of paper conservation Opportunity to become a Halkbank customer for citizens residing abroad
	Completing deficient contracts through digital approval	*More than one million customer contracts were approved digitally. *41 million pages were approved in the digital environment.
	Digital information updates	*1.4 million transactions *1.4 million pages of paper conservation
Fast and easy payment methods	Digital loan disbursement to tradesmen	*Nearly 90% of loans were finalized with digitally approved documents.
	TR QR Code Integration	*Money transfers through shared QR code accepted by all banks *Cash withdrawal, cash deposit and payment transactions via QR code at Bank ATMs
Process Optimization	Robotic Process Optimization	*32 robots in 42 processes and 677 thousand transactions - 49 thousand hours of labor savings

Creating Value for the Local Economy



In 2022 Halkbank channeled its resources to value-added local production, quality employment growth, and exports.

Focusing its operations on supporting a production-backed economic development model for 84 years, Halkbank continued to channel its resources to value-added local production, creating high-quality jobs, and exports in 2022. Growing its customer portfolio thanks to its value-oriented financing models, the Bank allocated 53.1% of its TRY 726.2 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% 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.

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



Focus Area	Halkbank's Solution	Value Created in 2022
Real sector and enterprise finance	Segment-specific products and packages for SMEs, tradesmen and artisans	*TRY 386 billion loan book and 19% SME loans banking market share *The artisan loan upper limit increased to TRY 500 thousand for individuals and TRY 1.5 million for investment loans. *Newly created or expanded support packages
	Ministry of Treasury and Finance subsidized, zero-interest loans	*Provided TRY 15 billion financing support
	KGF Partnerships	*Provided TRY 11.5 billion financing support to SMEs without adequate collateral through protocols with the KGF
Increasing financial inclusion through digital services	KOSGEB partnerships	*Zero or low interest credit facilities
	Digital Credit Platform	*TRY 2,270 million credit extended to 22 thousand entrepreneurs through the platform
Financial advisory and education	Halkbank Secured Payment System	*Facilitating commerce by minimizing risks
	Ask an Expert	*Advisory services to SMEs
	www.halkbankkobigelisim.com.tr	*SMEs' first stop in digital education
	Corporate Dialog Line	*24/7 information support

Supporting the Fight Against Climate Change



Halkbank became the first Turkish bank to declare a “net zero” goal in SBTi both for its direct operations and for its portfolio emissions.

Threatening the entire world as the humanity’s common problem, climate change put responsibilities on countries, societies, companies, and even individuals. Cognizant of its corporate and individual responsibility to the planet, Halkbank redesigned all of its business processes in accordance with a sustainability approach in an attempt to leave behind a more inhabitable world to future generations.

The Bank leverages its financial and intellectual capital to support the widespread adoption of renewable energy resources, one of the most fundamental and important areas in the fight against climate change, as well as the production of renewable energy technologies in Türkiye, energy efficiency and conservation, reduction of fossil fuel consumption and carbon emissions, electric vehicle adoption, and investments in charging stations.

While Türkiye became an official signatory to the Paris Climate Accord, Green Finance became a significant subject for the related processes including the European Union Green City Accord and the Türkiye Green Accord Action Plan. In 2022 the Bank expanded the scope of the Green Energy Credit Package that was developed as part of that effort.

Taking on a pioneering role in a number of sustainability areas, Halkbank joined the Net-Zero Banking Alliance (NZBA), a global cooperation platform established by the United Nations Environment Programme Finance Initiative (UNEP FI), in 2022. As part of this participation, the Bank committed to achieving net zero emissions in its credit and investment portfolio by 2050. Further, in the Science Based Targets Initiative (SBTi) as part of which companies declare their scientific carbon reduction targets, Halkbank became the first Turkish bank to declare a “net zero” goal both for its direct operations and its portfolio emissions.

Halkbank carries out comprehensive initiatives in strategic areas of environmental sustainability through the Sustainability Committee. The “Halkbank Climate Change Action Plan” that is currently being developed is aimed at complete integration of the initiatives against the global climate crisis with the Bank’s business processes.

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 carbon 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.



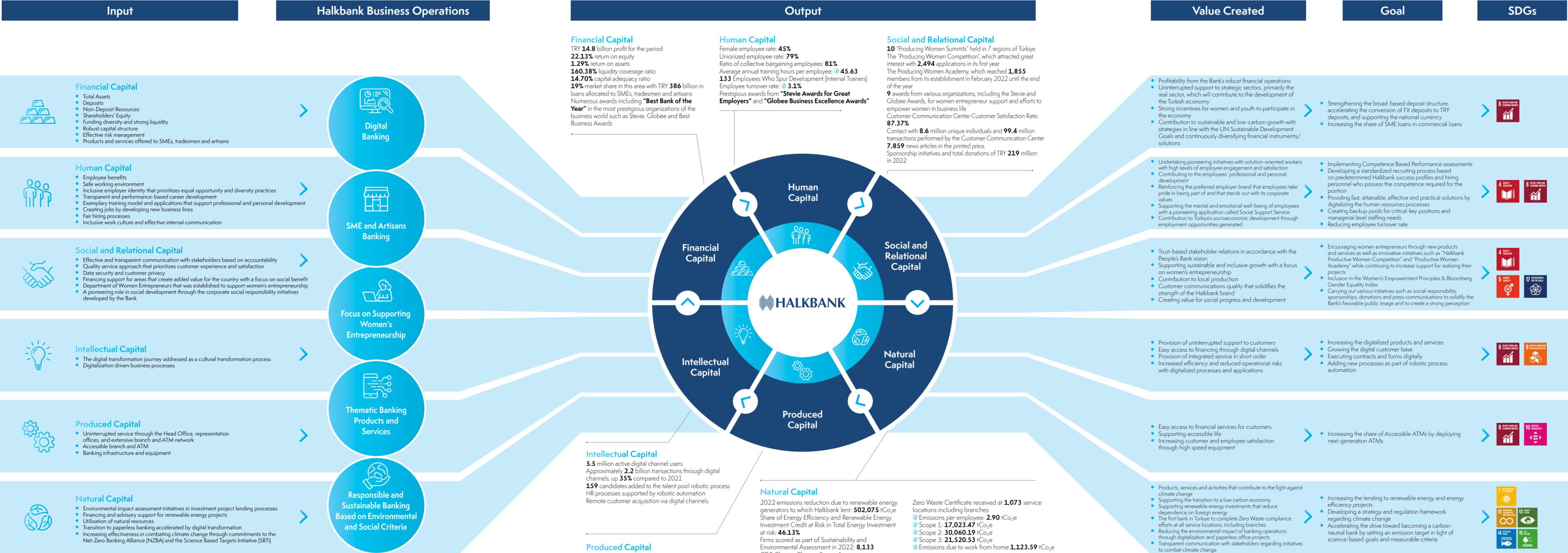
Details on the projects and initiatives undertaken by Halkbank in the fight against climate change area are available in the Financial Capital and Natural Capital sections.

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



Focus Area	Halkbank's Solution	Value Created in 2022
Responsible products and services	Renewable energy and energy efficiency loans	*Extended TRY 2.5 billion in loans *450 MW of installed capacity commenced operation
	Facilities obtained from international financial institutions	*TRY 194.2 million in clean energy resources brought to Türkiye *45,416 tCO ₂ e emission reductions through clean energy loans
	Energy Support Credit and Green Energy Credit Package	*TRY 1.1 billion in loans extended for broad-based adoption of energy efficiency and conservation
	Expanding the scope of service and accessibility of digital contact channels	*102 million pages of paper conservation
Proactive support for the fight against the climate crisis	Integration of integrated management systems with all business processes- Advanced emission, water, waste and energy efficiency management	*4,358.14 tons of CO ₂ e emission reduction in 2022 compared to the previous year *CDP Climate Change Score: “A-” *CDP Water Security Score: “A” *Zero Waste Certification covering all service locations
	Supporting international initiatives	*Participation in Net-Zero Banking Alliance (NZBA) and becoming a signatory to the Science Based Targets Initiative (SBTi) - net zero pledge by 2050

Model for Creating Value





Halkbank's Sustainability Organizational Structure and Approach

In 2022, efforts were focused on the commitments of the Net-Zero Banking Alliance and the Science Based Targets initiative and the Halkbank Climate Change Action Plan.

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 Halkbank'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.

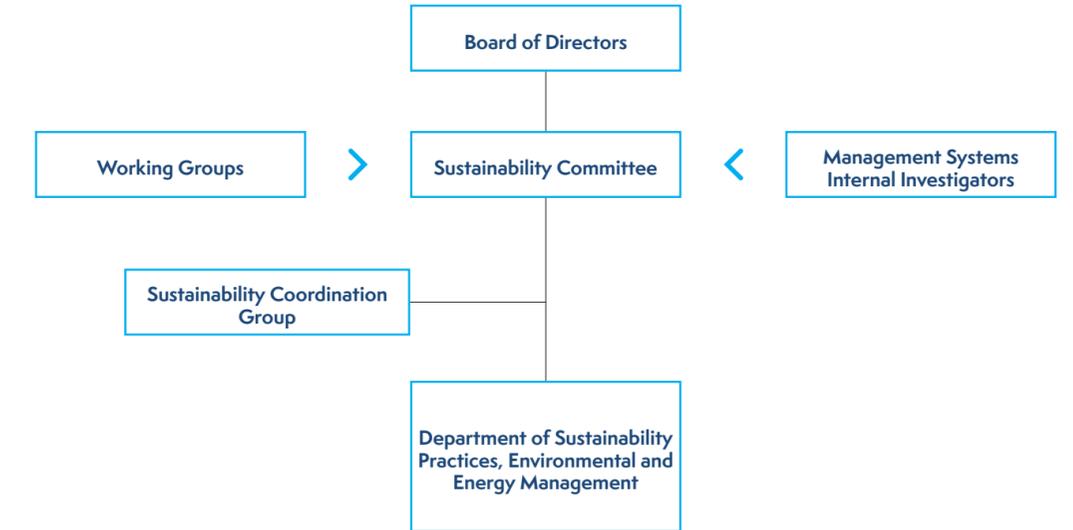
The Sustainability Committee convened 5 times in 2022, one of which was the Integrated Management System Management review Meeting. This year, efforts were focused on energy efficiency projects, commitments to the Net-Zero Banking Alliance and the Science Based Targets Initiative, and the Halkbank Climate Change Action Plan.

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.



The Sustainability Committee convened 5 times in 2022, one of which was the Integrated Management System Management review Meeting.

GRI 2-12, 2-13, 2-14, 2-17, 2-18, 2-22



The full-time Department Manager of the Department of Sustainability Practices, Environmental and Energy Management is a full member of the Coordination Group. The Division of Sustainability Practices, Environmental and Energy Management, which functionally reports to the Sustainability Committee, operates under the Deputy General Directorate of Human Resources and Support Services.

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 created by the company's operations on the elements of capital and contributing the Integrated Activity 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 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.



Working to create high added value for all stakeholders by supporting Türkiye's growth and development, Halkbank has fully integrated this mission, which is the reason for its existence, into both its business strategies and all aspects of sustainability. With this understanding, the Bank measures the value it generates in economic, environmental and social dimensions by monitoring the interaction between financial and non-financial capital elements through concrete indicators.

In its "Value Creation Model", Halkbank summarizes how it creates value for all its stakeholders in the short, medium and long term through its financial, human, social and relational, intellectual, manufactured and natural capital elements, which are treated as integrated in 2022.

Halkbank's Priorities in Sustainability



Embracing the awareness of the sustainability targets and priorities of Türkiye 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 by the key stakeholder groups for providing input such as the Sustainability Committee and the working group, as well as recommendations from advisors.

Halkbank's Sustainability Priorities were determined by the working group.

In the final stage, stakeholder views and expectations were sought on potential priority issues identified in line with the Bank's strategies, global sectoral trends, reports of global banks and recommendations of other international professional organizations, the United Nations Sustainable Development Goals (UN SDGs) and the United Nations Principles for Responsible Investment. Within the scope of the 2022 Stakeholder Analysis Study conducted for this purpose, questions were asked to internal stakeholder groups, including Halkbank management and employees, and external stakeholder groups, including customers, investors, suppliers, and media representatives, on 12 topics each. At the end of the study, surveys were collected from key stakeholder groups and Halkbank's Sustainability Priorities were determined as follows.



Priority Status	Topic	Category
Very High Priority	Information Security and Customer Privacy	Social
	Corporate Governance	Governance
	Being a Preferred Employer	Social
	Increasing Access to Financial Services	Social
High Priority	Digital Transformation	Economic
	Inclusion and Equal Opportunity	Social
	Risk and Crisis Management	Governance
Medium Priority	Customer Satisfaction	Economic
	Combatting Climate Change	Environmental
	Creating Value through SME Banking	Economic
	Supporting Social Prosperity through Social Responsibility	Social

GRI 2-14, 2-29, 3-1, 3-2, 3-3



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Within the scope of the 2022 Stakeholder Analysis Study, questions were asked to internal stakeholder groups, including Halkbank management and employees, and external stakeholder groups, including customers, investors, suppliers, and media representatives, on 12 topics each.



Our Sustainable Development Goals

Halkbank allocates its resources for the sustainable and inclusive development of our country, taking a sensitive approach to individuals, society and the environment in all its activities and business processes. The Bank demonstrates its corporate commitment to sustainability by aligning its value creation priorities with the United Nations Sustainable Development Goals (UN SDGs).

Halkbank's Priorities for 2022	The SDGs We Target
Environmental	
Combatting Climate Change	7 AFFORDABLE AND CLEAN ENERGY, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS
Social	
Information Security and Customer Privacy	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Being a Preferred Employer	8 DECENT WORK AND ECONOMIC GROWTH
Increasing Access to Financial Services	1 NO POVERTY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 10 REDUCED INEQUALITIES
Inclusion and Equal Opportunity	1 NO POVERTY, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
Supporting Social Prosperity through Social Responsibility	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH
Economic	
Digital Transformation	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Customer Satisfaction	8 DECENT WORK AND ECONOMIC GROWTH
Creating Value through SME Banking	8 DECENT WORK AND ECONOMIC GROWTH
Financial Performance and Profitability	8 DECENT WORK AND ECONOMIC GROWTH
Governance	
Corporate Governance	8 DECENT WORK AND ECONOMIC GROWTH
Risk and Crisis Management	8 DECENT WORK AND ECONOMIC GROWTH



“ Halkbank demonstrates its corporate commitment to sustainability by aligning its value creation priorities with the United Nations Sustainable Development Goals (UN SDGs). ”

FINANCIAL CAPITAL

SDGs We Contribute to



Net profit for the period

TRY **14.8** billion

9.7% active market share and

TRY **89.8** billion
in shareholders' equity

Asset size increased by 54.5% to

TRY **1,392.1** billion

Number of credit cards

6.3 million

58.5% year-over-year increase in cash and non-cash loans to

TRY **1,157.8** billion

Number of POS

493 thousand

Number of member businesses

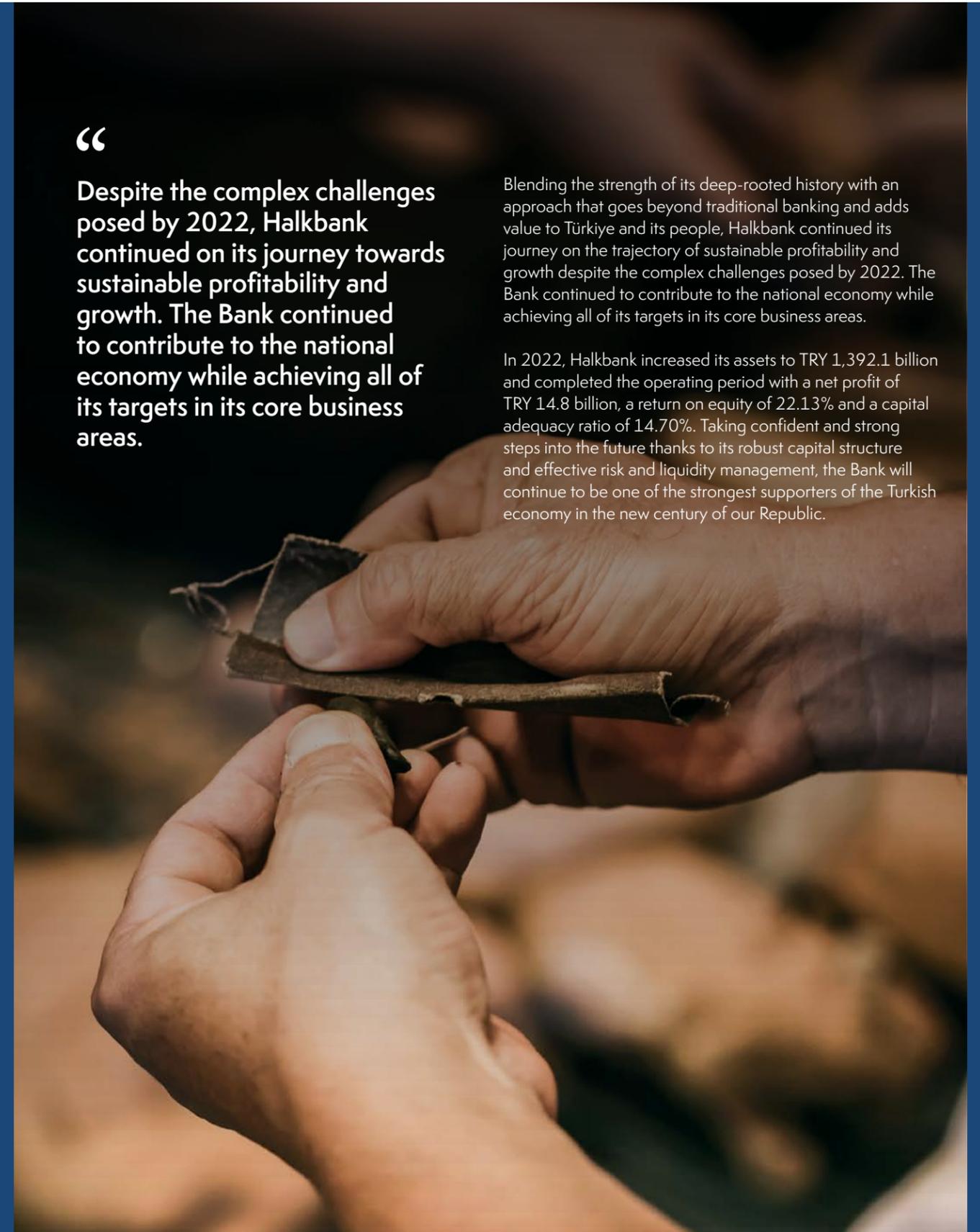
333 thousand

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Despite the complex challenges posed by 2022, Halkbank continued on its journey towards sustainable profitability and growth. The Bank continued to contribute to the national economy while achieving all of its targets in its core business areas.

Blending the strength of its deep-rooted history with an approach that goes beyond traditional banking and adds value to Türkiye and its people, Halkbank continued its journey on the trajectory of sustainable profitability and growth despite the complex challenges posed by 2022. The Bank continued to contribute to the national economy while achieving all of its targets in its core business areas.

In 2022, Halkbank increased its assets to TRY 1,392.1 billion and completed the operating period with a net profit of TRY 14.8 billion, a return on equity of 22.13% and a capital adequacy ratio of 14.70%. Taking confident and strong steps into the future thanks to its robust capital structure and effective risk and liquidity management, the Bank will continue to be one of the strongest supporters of the Turkish economy in the new century of our Republic.

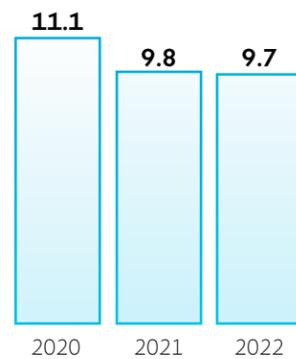


Halkbank's Position in the Sector

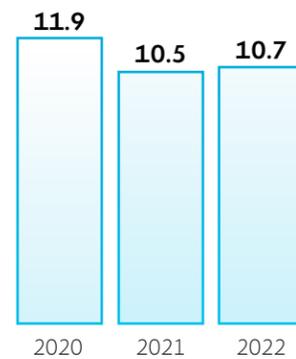


In 2022, Halkbank's total assets market share was 9.7%, cash loans market share was 10.7% and market share on deposits was 11.4%.

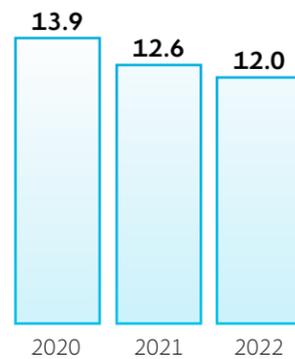
Total Assets Market Share (%)



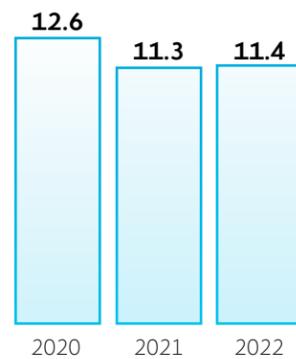
Cash Loans Market Share (%)



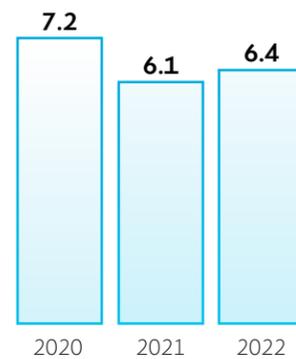
Global Securities Market Share (%)



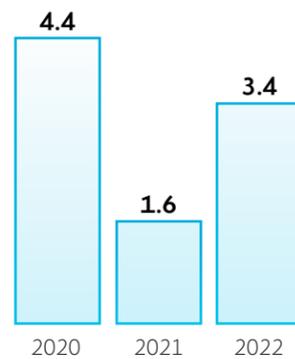
Deposits Market Share (%)



Equity Market Share (%)



Profit Market Share (%)



Direct Economic Value Generated and Distributed



The economic value created and distributed by Halkbank, the Bank of Productive Türkiye, increased by 225.5% in 2022 compared to the previous year, reaching TRY 74.8 billion.

Economic Value Created and Distributed	Unit	2020	2021	2022
Economic Value Created (Revenues)	TRY Thousand	18,038,959	22,988,878	74,830,450
Economic Value Distributed to Stakeholders				
Operating costs	TRY Thousand	7,961,060	9,670,244	17,715,979
Benefits to employees	TRY Thousand	3,578,795	4,308,398	8,220,695
Benefits to the government	TRY Thousand	491,513	19,615	16,734,654
Benefits to capital providers	TRY Thousand	0	0	0
Benefits to society	TRY Thousand	58,005	5,269	219,404
TOTAL	TRY Thousand	8,510,578	9,695,128	34,670,037
Retained Economic Value	TRY Thousand	9,528,381	13,293,750	40,160,413

Sustainable Finance



Halkbank continues to provide financing support to direct investments towards more sustainable technologies and businesses.

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. In this context, Halkbank considers the needs and expectations of all its stakeholders as well as social welfare. In line with its responsible banking approach, Halkbank is committed to a livable world where economic, social and environmental impacts are balanced, and growth is achieved in this balance. In this context, the Bank continues to provide strong financing support to SMEs, one of the most important components of our economy, in order to direct investments towards more sustainable technologies and businesses, while increasing the number of products and services to support the participation of women and young people in the economy every year.

Halkbank generates value by offering opportunities through its deep-rooted history, know-how, competent human resources, brand value associated with reliability and good reputation, a nationwide physical and digital service network, and responsible products and services. Halkbank closely aligns the products of its value creation process with the UN Sustainable Development Goals through its "People First, Bank Second" approach.

Halkbank believes that the participation of women and young entrepreneurs in the economy and increasing the female and young work-force is the key to sustainable development and pursues its efforts in this direction. In addition, by addressing the risks and opportunities created by the climate crisis together, it promotes green transformation in the economy with the influence of its regenerative power. The Bank engages in renewable energy sources, electric vehicle conversion and energy efficiency studies, which play a major role in eliminating the adverse effects of climate change on people and the environment.

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 loan 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

8,133 firms that were evaluated in 2022 were scored as part of Sustainability and Environmental Assessment.



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

	MANUFACTURING INDUSTRY	TRADE	CONSTRUCTION	SERVICE	TOURISM	TRANSPORTATION-COMMUNICATION	OTHER SOCIAL SERVICES	EDUCATION SERVICES	MINING	FINANCIAL INTERM. ACTIVITIES	PROFESSIONALS	HEALTHCARE-SOCIAL SERV.	AGRICULTURE - HUSBANDRY	GRAND TOTAL
Scored	3,285	2,255	850	860	319	123	50	40	118	74	2	74	83	8,133
Not scored	272	251	159	155	50	24	36	14	38	38		7	11	1,055
Total	3,557	2,506	1,009	1,015	369	147	86	54	156	112	2	81	94	9,188

Sustainable Finance



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

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, Halkbank, through its responsible finance approach, sees the financing of renewable energy projects, which have minimal environmental impacts, as an important opportunity to reduce Türkiye's greenhouse gas emissions.

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

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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.



Corporate and Commercial Banking



In 2022, total cash and non-cash loans in corporate and commercial loans reached TRY 599 billion.

Since the day it was founded, Halkbank has been accompanying the development journey of its corporate and commercial customers, recognizing its investments as the future of Türkiye.

Halkbank establishes a long-term relationship with its customers based on solution partnership through all contact channels designed to provide an excellent experience in corporate and commercial banking. In addition to supporting the economy and the real sector under all circumstances by placing production, investment, employment and exports at the center of its lending policy, the Bank pays utmost attention to taking part in environmentally sensitive and humanitarian projects in order to increase the positive social and environmental value it generates.

With its 7 corporate and 36 commercial branches, the Bank continues its activities in this field with financing, cash management and foreign trade service packages structured in line with the needs of its customers, as well as core banking products offered to medium and large-sized companies with a high quality, efficient and digital banking approach.

As of the end of 2022, the share of the corporate and commercial segment in the Bank's total cash loans amounted to 44.24%. In 2022, corporate and commercial cash loans increased by 49.52% compared to the end of the previous year, reaching TRY 359 billion, while total cash and non-cash loans reached TRY 599 billion. By prioritizing the financing of projects in line with its loan policies, the Bank has expanded its support for Türkiye's sustainable and high-quality development.

Shaping its goals and operations in parallel with our country's targets, 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.

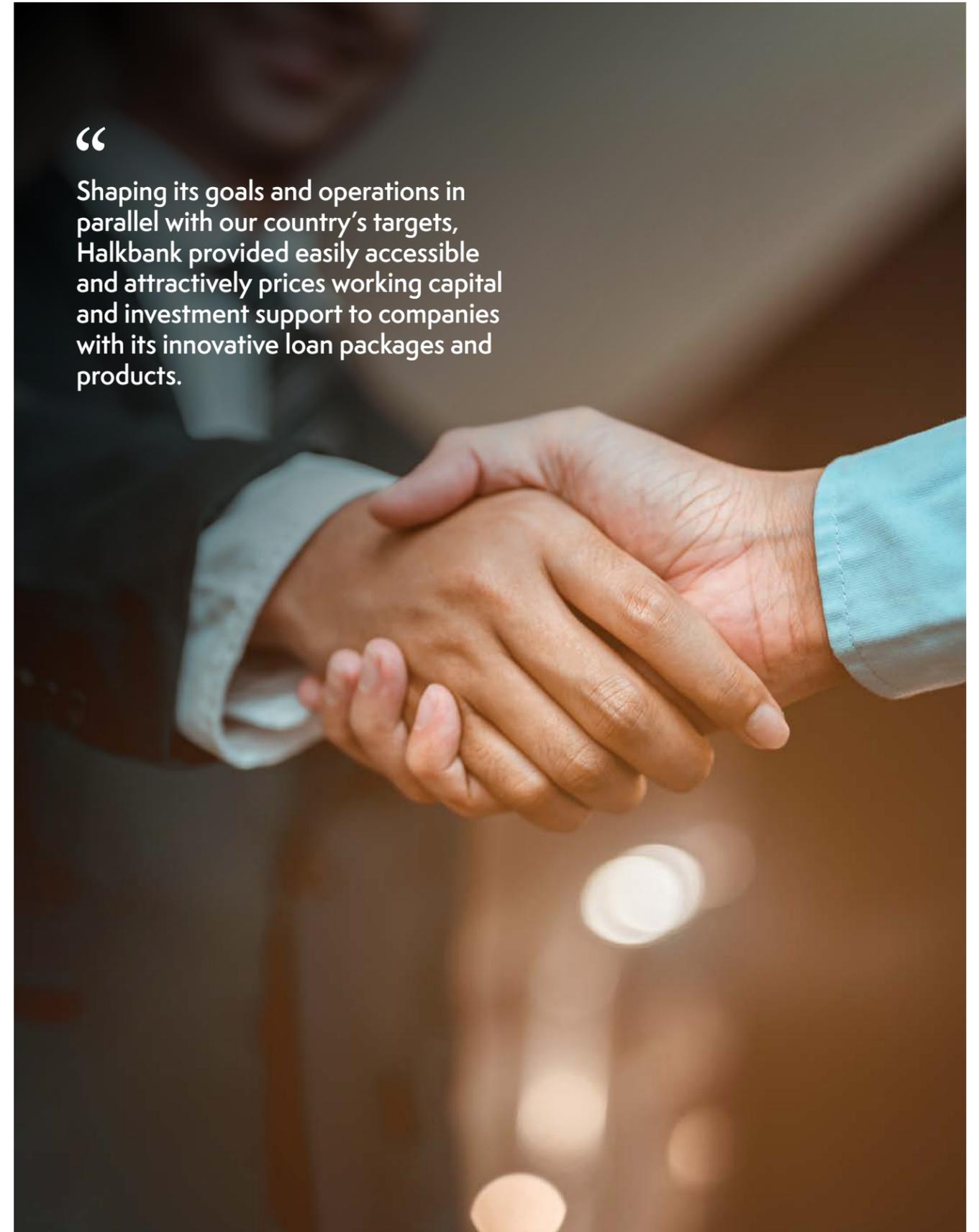
Spearheading the efforts to transmit the Eximbank and Central Bank of Türkiye resources to the market in addition to its own resources, Halkbank continued to successfully carry out its responsibility to extend credit toward the financing of exports in 2022. In 2022, the CBRT Advanced Loan Against Investment Undertaking product was developed and introduced to customers. With this product, Halkbank, within the limit allocated to the Bank by the CBRT, has supported companies that make production commitments for export or import substitution, reduce external dependency and the current account deficit in line with the sustainable development goals of our country, provide foreign currency-earning service income, produce with high productivity and added value, and invest in the manufacturing industry and tourism sector.

Despite the uncertainty in financial and real markets caused by the fluctuations in domestic and international markets, Halkbank, which derives its strength from the people, made a strong contribution to economic activities with the products it developed during this period. The Bank has embraced it as a strategic priority to design all of its products and services toward the development of Türkiye's economy in accordance with customer expectations and future trends.

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

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Shaping its goals and operations in parallel with our country's targets, Halkbank provided easily accessible and attractively priced working capital and investment support to companies with its innovative loan packages and products.



SME-Artisans Banking



Halkbank has been spearheading the banking industry's development while successfully executing its mission of supporting the real economy.

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.

Since its establishment 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 has been spearheading the banking industry's development while successfully executing its mission of supporting the real economy. The financial and non-financial needs of every tradesman, farmer, small, medium or large enterprise that produce products and create employment are supported with the products and services developed.

The Bank 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, meerscham 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 entrepreneurs under the age of 35 who completed the KOSGEB 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.

Halkbank's success in SME Banking, one of the most competitive areas in the sector, was also reflected in its performance indicators at the end of the year. In 2022, the Bank extended 53.1% of its commercial loans to SMEs, and its SME loan market share stood at 19% at the end of the period. The volume of loans extended to 1.4 million customers with SME loans reached TRY 371.3 billion. According to data from Tradesmen and Artisans Confederation of Türkiye (TESK), the Bank extends credit to 1.1 million tradesmen and artisans, out of a total of 2 million in Türkiye, representing 55% 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 90.5 billion in Ministry of Treasury and Finance interest-subsidized loans to 344,000 tradesmen and artisans in 2022. In this period, the Bank increased the upper limit for individual loans from TRY 275,000 to TRY 500,000 for business loans and from TRY 500,000 to TRY 1.5 million for investment loans, thereby expanding the financial support provided to tradesmen and artisans and continuing to contribute to the revitalization of the market and the increase in production.

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 and 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 2022 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 "Digital Loan Platform" that was unveiled through halkbankkobi.com.tr, which boasts more than 300 thousand members. Diversifying the products offered through the Digital Loan Platform, Halkbank provided SMEs and entrepreneurs with easy access to financing.



In 2022, Halkbank extended 53.1% of its commercial loans to SMEs and its SME loan market share was 19% at the end of the period.

SME-Artisans Banking



In 2022, Halkbank offered a wide range of impactful products and services based on the characteristics and needs of customers.

Uninterrupted Support for the Real Sector

Halkbank continued its uninterrupted support to the real sector with many new products and services to help enterprises stay in business, expand their businesses and maintain their current employment levels.

In 2022, Halkbank offered the following impactful products and services based on the characteristics and needs of customers:

Manufacturing Based Import Substitution Support Package

The framework of the Credit Guarantee Fund of Türkiye (KGF)-sponsored "Manufacturing Based Import Substitution Support Package", which was introduced to encourage the production of value-added goods in medium-high and high-tech sectors in Türkiye, to increase the manufacturing capacity of Türkiye and to increase the production of intermediate goods that are critical for the development of selected sectors, was expanded and support continued in this area.

Export Support Package

A KGF-sponsored "Export Support Package" was introduced to increase export volumes and the number of exporting companies by providing support to SMEs operating in exporting or foreign currency-earning sectors and to SMEs that are not currently exporters but have export potential.

Operating Expenses Support Package

In order to ensure the continuity of the business activities of SMEs and non-SMEs, to strengthen the supply chain and to meet the working capital needs of SMEs and non-SMEs, the "Operating Expenses Support Package" was launched. With this package, businesses will be given access to the financing they need thanks to KGF collateral.

With the Support Package, it is aimed to provide regular financing to SMEs through technical restrictions on the Paraf Commercial Credit Card/Debit Card, the use of loans for their intended purpose, and multiple disbursements within the limit.

Investment Support Package

The KGF-Sponsored "Investment Support Package" was established to finance the investment and investment-related working capital needs of SMEs and non-SMEs planning to invest, particularly those operating in the manufacturing industry and exporter enterprises.

By providing easier access to investment and operating loans through KGF-Sponsoring for companies that have difficulty in providing collateral for the loans they will use, it is aimed to contribute to economic growth and employment growth and to increase import substitution.

Additional Employment Support Package

Employment growth was supported with the KGF-collateralized "Additional Employment Support Package", which was created to increase the impact on employment and economic development by meeting the financing needs of companies committed to providing additional employment and maintaining the number of employments with favorable conditions.

Green Energy Loan Package

Halkbank supported for energy investments by extending the scope of 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 Türkiye's dependence on foreign energy through energy efficiency and conservation; and lower the greenhouse gas emissions.



CBRT Advanced Loan Against Investment Undertaking

Within the scope of the CBRT Advanced Loan Against Investment Undertaking Implementation Instruction, the "CBRT Advanced Loan Against Investment Undertaking" was launched for companies that are committed to completing their ongoing investments or undertaking to carry out new investments by accepting as advances the Turkish Lira denominated promissory notes drawn by the companies as debtors to Halkbank and transferred by the Bank to the Central Bank of the Republic of Türkiye with a pledge endorsement.

Construction Services Financing Support Package

The "Construction Services Financing Support Package" with KGF collateral was introduced to provide financing support for housing projects of companies operating in the construction sector that have reached a certain level of completion and sales.

Pharmacists Support Package

Within the scope of the renewed cooperation protocol between Halkbank and the Turkish Pharmacists' Association (TEB), the "Pharmacists Support Package" created for pharmacists who are members of TEB was put into service again with updated limits and new advantages.



In order to strengthen the competitiveness and sustainability of SMEs and to ensure the continuity of the support provided to SMEs in this direction, the second period of the KGF Support Loan 2 program was launched.

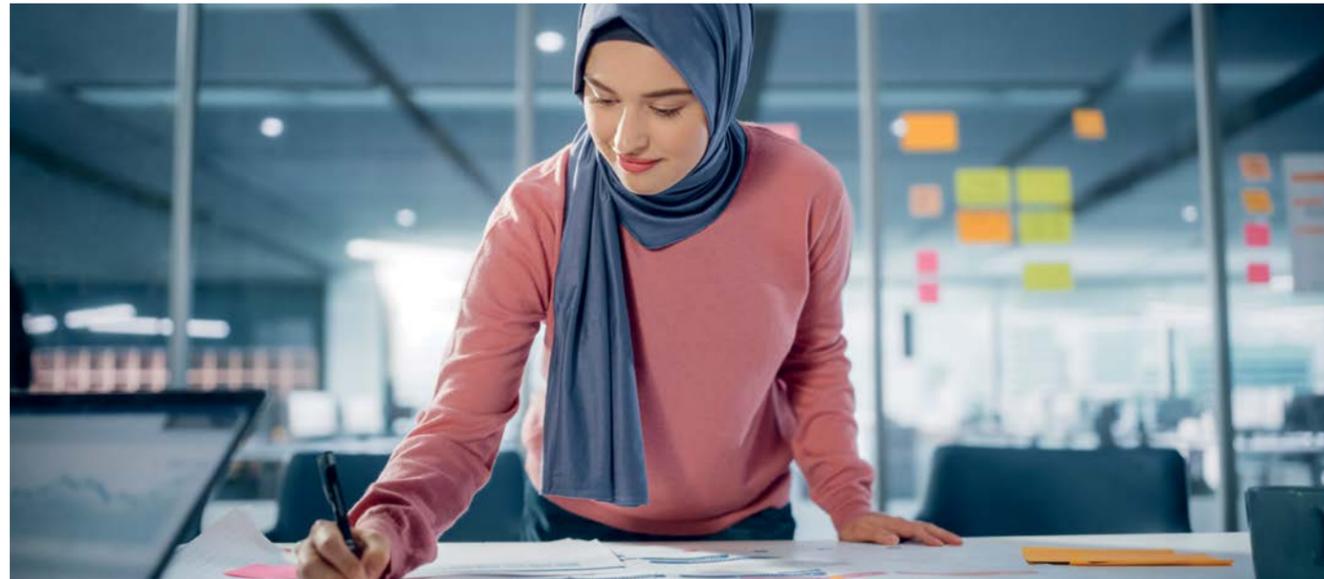
KGF Support Loan 2 (II. Period)

In order to strengthen the competitiveness and sustainability of SMEs and to ensure the continuity of the support provided to SMEs in this direction, the second period of the KGF Support Loan 2 program was launched. Under this program, the operational financing needs of SMEs will be met.

SME-Artisans Banking



With its SME Support Packages, Halkbank offers solutions tailored to the specific needs of each sector, particularly the manufacturing sector.



İGE (İhracatı Geliştirme A.Ş. - Export Promotion) Export Support Loan

The "İGE Export Support Loan" was introduced to be used for the operating expenditures of exporters or enterprises with export potential and real or legal person enterprises engaged in foreign currency earning services and activities. The İGE Export Support Loan will enable enterprises to access the financing they need thanks to İGE collateral.

KoopBakkal Project Financing Package

"KoopBakkal Project" is a comprehensive cooperation project created to include grocery stores in the sales channels within the scope of the dealerships to be granted to support the activities of grocery stores and market businesses and to expand the products offered by "Tarım Kredi Kooperatif Market" (Agricultural Credit Cooperative Market) throughout Türkiye.

Within the scope of the protocol signed with the Central Union of Agricultural Credit Cooperatives (TKKMB), it is aimed to meet the working capital needs of grocery stores and markets that have become "Agricultural Credit Market Sales Point".

Muğla Marmaris Operating Expenses Support Package

The "Muğla-Marmaris Business Expenditure Support Package" was introduced to help SMEs and non-SMEs in the region, which suffered from the fire disaster in Muğla-Marmaris, to ensure the continuity of their commercial life and to meet their working capital needs. With this package, businesses were provided with the opportunity to access the financing they need with KGF collateral.

ATO Member Insurance Agents and Appraisers Support Package

In order to meet the financing needs of insurance agents and appraisers who are members of the Ankara Chamber of Commerce (ATO) with favorable terms and conditions, a new protocol was signed between Halkbank and ATO. In line with the protocol, "ATO Member Insurance Agents and Appraisers Support Package" was launched. Within the scope of the package, Halkbank aims to provide financing support for the cash and non-cash needs of insurance agents and/or appraisers and to attract the cash flows of insurance agents and/or loss appraisers to the Bank.

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, General Public and SME Expert 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 Investment Support Loan for Young Entrepreneurs was launched with KGF collateral to support the innovation and employment creation capacities of young entrepreneurs in manufacturing, who will initiate change by creating a locomotive effect in today's market conditions marked



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.

by innovation and competition, and their potential to increase production. 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, Halkbank continued to support employment increase with 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.



SME-Artisans Banking



Halkbank carries out innovative initiatives geared toward exporter firms in an effort to enhance Türkiye's edge in international competition.

Solutions for Exporters' Needs

Halkbank generates customized solutions for and supports exporter SMEs in accordance with Türkiye'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 Türkiye, 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.

In addition, Halkbank supports exporters with the KGF Sponsored Export Support Package, İGE Export Support Loan, CBT Advanced Loan Against Investment Undertaking, CBT Rediscount Credits for Export and Foreign Exchange Earning Services, and also acts as an intermediary for Eximbank loans with favorable interest rates. 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 Türkiye (KGF), Halkbank continued its efforts to inform all SMEs about KGF guarantees and enable them to be able to tap this resource in 2022. 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. On different dates, protocols were signed with Credit Guarantee Fund (KGF) for Export Support Package, Operating Expenses Support Package, Investment Support Package, Construction Expenditures Support Package, KGF Support 2 Loan, Tea Purchase Support Package, and advantageous loan packages were put into service within the scope of these protocols.

KOSGEB Interest Support Loans

Halkbank and the Small and Medium Enterprises Development Organization of Türkiye (KOSGEB) launched the KOSGEB SME Financing Program in 2022 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, protocols were signed with KOSGEB (Turkish Small and Medium Enterprises Development Organization) and KGF for KOSGEB Bartın, Düzce, Karabük, Kastamonu, Sinop and Zonguldak Provinces Emergency Support Loan, KOSGEB Ordu Aybastı Emergency Support Loan, KOSGEB Bolu and Edirne Provinces Emergency Support Loan, KOSGEB Artvin Province Yusufeli District Emergency Support Loan.

Easy Access to Financing with Digital Loan Platform

In 2022 Halkbank continues to lead innovation and play an active part in the success of SMEs thanks to its SME Banking initiatives.

As business conducts change drastically as a result of the 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.



With the www.halkbankkobi.com.tr platform, Halkbank reinforced its strong bond with SMEs on the internet. 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. More than 300 thousand members of the Bank continue on the path of digitalization with the Digital Credit Platform available on halkbankkobi.com.tr.

With the loan products positioned on the Digital Loan Platform, real and legal person SME companies that have completed one year of operation and whose last fiscal year turnover does not exceed TRY 3 million are offered the opportunity to apply, fast allocation and easy access to the financing they will need without visiting the branch.



With the www.halkbankkobi.com.tr platform, Halkbank reinforced its strong bond with SMEs on the internet.

Retail Banking



In 2022, Halkbank's consumer loan volume reached TRY 116.4 billion.

Retail banking is one of the areas where innovations have the greatest impact on customer preferences and where trends in financial solutions change the fastest. Halkbank pioneers digital transformation in retail banking area of the sector as well, with a focus on providing a personalized experience and delivering its services to customers at the most cost-effective prices. 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.

Continuing to develop strong bonds with customers through 2,500 customer representatives in 2022, Halkbank increased its consumer loan volume to TRY 116.4 billion, with TRY 57.1 billion disbursed during the period. The Bank has a 9.5% market share in consumer loans at the end of the year.

Custom Products and Solutions Tailored to Needs

In order to increase market share in an increasingly competitive market, Halkbank Retail Banking continuously improves its product and service range in line with ever-changing customer needs, changing market dynamics and the Bank's objectives. Within the scope of the activities carried out with this approach, in 2022, in order to ensure more efficient use of energy by reducing energy consumption and to support the sustainable environmental policy, the "Residential Thermal Insulation Loan" product with a maturity of 60 months and an interest rate of 0.99% up to TRY 50,000 per apartment unit was made available for customers who do not have building insulation or who want to renew their insulation. The Bank also continues to extend the "Energy Support Loan", one of its products and services within the scope of responsible financing.

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.

With a social responsibility perspective, Halkbank offers "Loyalty Consumer Loan" and "Loyalty Housing Loan" products with favorable interest rates to meet the needs of the relatives of martyrs and disabled/veterans, to whom we owe respect and gratitude.



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 2022 to help its customers become homeowners.

In addition, within the scope of the Housing Financing Packages announced by the Ministry of Treasury and Finance, "Extended Housing Loan" for customers with foreign currency and gold deposit savings and "My First House Housing Loan" for customers who want to buy a new/1st-hand house were developed in order to increase access to housing at very affordable costs for customers buying their first home.

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 2022.



Within the scope of Housing Finance Packages, "Extended Housing Loan" for customers with foreign currency and gold deposit savings and "My First House Housing Loan" for customers who want to buy a new/1st-hand home were launched.

In order to increase product diversity in retail products and respond to the changing needs of customers, the Bank launched the "Personal Letter of Guarantee" product for non-merchant real persons who request letters of guarantee addressed to public institutions and organizations, public legal entities and private counterparties.

Corporate Salary Payment

In 2022 Halkbank continued to expand its salary payment intermediation services and acquire new companies with high profitability potential. As of end-2022, 1 million people receive their salary payments through Halkbank.

Deposit Management



Halkbank takes advantage of the opportunities offered by digitalization to improve its deposit management competencies.

The main axis of Halkbank's deposit management activities is to attract new and broad-based customers to the Bank through a continuously enriched product and service diversity. In addition, proactive efforts are also carried out in order to increase the use of deposit products by existing customers so that they can be utilized by wider segments of the population. Within the scope of bringing back inactive customers, the focus is on directing the efforts of the relevant Marketing Departments in the field of deposits, increasing the profitability and efficiency of branch operations through effective cost management and taking the necessary measures in this direction.

Halkbank continued to develop new products in 2022 for customers who want to secure their savings. In this period, the following products were launched in this direction: Foreign Currency Conversion Currency Protected Deposit Account, Foreign Currency Protected Time Deposit Account, Yuvam Deposit Account, Physical Gold Conversion Exchange Rate Protected Deposit Account and Demand Quarter Gold Account.

Halkbank takes advantage of the opportunities offered by digitalization to improve its deposit management competencies. In this context, efforts are underway to offer existing deposit products to customers via Internet and Mobile Banking. In 2022, the services offered through the Bank's Alternative Distribution Channels were increased in order to bring new deposit products to customers.

In 2022, Halkbank organized a campaign to increase the TRY/ FX demand deposit balance and increase the share of demand deposits in total deposits. In addition, another 6-month campaign was organized to reduce deposit costs.

As of the end of the period, the Bank's total deposits exceeded TRY 1 trillion and the share of time deposits in total deposits was 71.3%.

Halkbank will continue to expand its deposit volume in a broad-based manner to ensure the sustainability of its funding structure. In 2023, other areas of focus will be to increase the share of savings deposits and demand deposits in total deposits. Within the scope of the Liraization Strategy implemented for permanent price stability in the economy, the Bank's other priority targets are to increase TRY time deposits and extend their average maturity and to ensure that FX deposits are converted into TRY deposits.

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As of the end of the period, Halkbank's total deposits exceeded TRY 1 trillion and the share of term deposits in total deposits was 71.3%.



Treasury Management and International Banking



In 2022, we continued to engage in profitability-focused customer derivatives trading that support lowering funding costs.

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 2022, we 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 Türkiye in 2022, 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 Türkiye'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 in the securities market in 2022. 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 2022 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 19.9 billion in 2022 through the issuance of commercial paper directly to qualified investors without offering them to the public.

2023 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.

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.



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 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 Türkiye'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 325 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. In addition to that, a total of 66.4 million Euros of loans were extended in 2022 within the scope of investment and working capital needs of customers, including 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 967 banks in 106 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 2022, 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.

2023 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 2023. 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.



Halkbank effectively manages an extensive correspondent bank network of 967 banks in 106 countries and offers high-quality and value-added foreign trade services and products to customers.

HUMAN CAPITAL

SDGs We Contribute to



Total number of employees

✓ 20,781

Halkbank's employee turnover rate in 2022

✓ 3.1%

Ratio of employees covered by collective bargaining

81%

Total funding for employee training

TRY 37 million

Female employee rate

45%

Contributing to Türkiye's socioeconomic development through the employment it creates, Halkbank regards its 20,781 employees as the source of its competitiveness and the greatest assurance of its future. The Bank increases not only the performance, loyalty and happiness of its employees but also its ability to attract potential talents through its inclusive and social benefit-oriented business models, a core strategy of the Bank.

Halkbank converts its working environment, where it does not compromise on health and safety priorities, into a continuous and sustainable training platform throughout the career journey of its employees. It supports its human resources systems with next generation technologies to enable to acquire the skills they need in both their professional and personal lives, and to adapt more easily to the changing world by constantly updating their skill sets.

Continuing to invest in its human resources and versatile development, Halkbank has received important awards from distinguished award programs in 2022 with the innovative practices and projects it has implemented.

The awards that the Bank won this year are presented in the Awards in 2022 section.



Halkbank's Identity as an Inclusive Employer



The people's bank Halkbank owes its reputation in sustainable and responsible banking to its human-oriented work principles.

Unionized employee ratio

79%

Ratio of employees represented by paying solidarity dues

2%

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 Türkiye'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 Türkiye 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. 81% of the Bank's employees are represented under collective bargaining agreements. As of year-end, 568 personnel with disabilities are employed at the Bank.

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.

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.

Thanks to the policy of "equal pay for equal work", the ratio of the starting salary of white-collar employees to the minimum wage is 135.9%, and the ratio of the starting salary of blue-collar employees to the minimum wage is 108.1%.

GRI 2-20, 2-26, 2-30, 3-3, 202-1, 401-3, 405-1, 405-2, 406-1, 407-1, 408-1, 409-1

Percentage of Employees by Gender

Women

45%

Men

55%



“

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“

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Halkbank's Identity as an Inclusive Employer



Within the scope of the Corporate Human Rights and Employee Rights Policy, candidates are provided with equal opportunity in recruitment processes.

In accordance with employee rights regarding employee complaints and conflicts, Halkbank 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.

Maternity Leave Approach

There are 350 female employees who took maternity leave prior to 2022 and returned after maternity leave in the same year and 3 female employees who have not yet returned to work, and 253 female employees who took maternity leave in 2022 and returned after maternity leave in the same year and 339 female employees who have not yet returned to work.

In addition, the number of male employees who went on Spouse's Maternity Leave, in other words paternity leave, in 2022 is 701.

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 Türkiye, 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.

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 2022. 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. Changes in the organizational structure and the updating of success profiles in line with newly formed or dissolved departments, continue throughout the year.

Within the scope of ongoing Talent Management efforts, the Competency Assessment Process, which includes the steps of employee self-assessment, feedback interviews and manager assessment based on success profiles determined by adopting a competency-based approach, was put into operation at the beginning of 2022 and was rolled out to all service units by the end of the year. The Competency Assessment Process is aimed at identifying the competencies and areas of improvement of each employee.

In addition, implementation of the Branch Manager Candidate Pool, which was modeled in 2021 and drafted in 2022, is planned to be launched in 2023. Accordingly, Halkbank aims to identify candidates with the highest level of merit who are suitable for managerial positions and to include them in the candidate pool. The criteria that will be used in identifying the Branch Manager Candidate Pool include numerical performance measurements, a test for assessing compatibility with the profile, inventory and evaluation center applications.



	Number of employees who took maternity leave in 2022	Number of employees who returned to work after maternity leave in 2022
Women	592	253
Men*	701	693

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

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 \downarrow 3.1%, while the newly hired employee turnover rate was \downarrow 0.35%. While the involuntary turnover rate is 1.2%, the voluntary turnover rate is 1.8%. 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%.

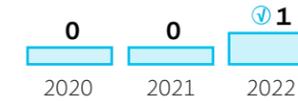
Behind the qualified workforce that Halkbank possesses are the exclusive opportunities it creates for its employees with the focus of being the preferred employer. Employees benefit from some side benefits based on the requirement of their assigned task.

For more information about the Bank's remuneration and special employee policy; <https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html>

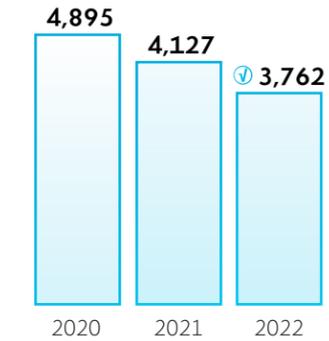
The Bank believes that employee and company development depend on transparent communication and relations, also it believes in order to ensure that employee development is continuous the managerial process should play an active role in this process. The Bank increases employee performance and motivation with feedback provided to all employees through regular performance evaluations. 6,069 female and 8,370 male white-collar employees were encouraged with feedback provided by Halkbank in 2022.

Employees and Age Groups

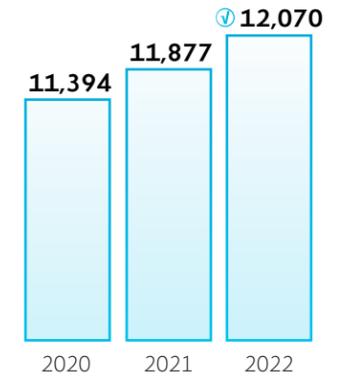
18-20



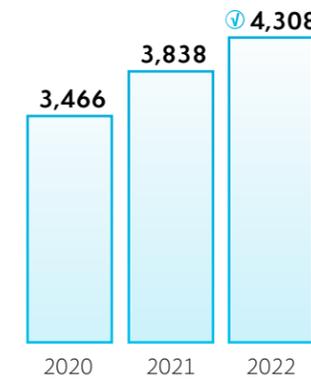
21-30



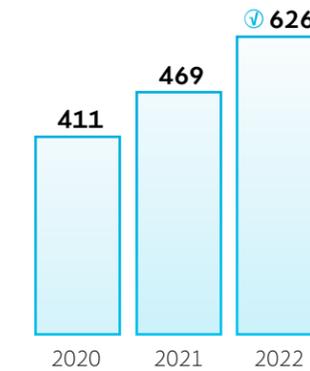
31-40



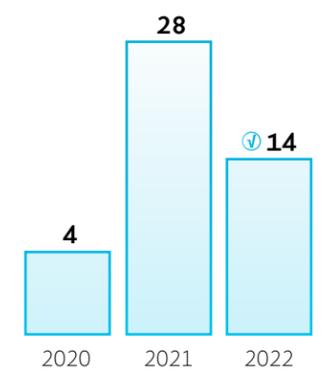
41-50



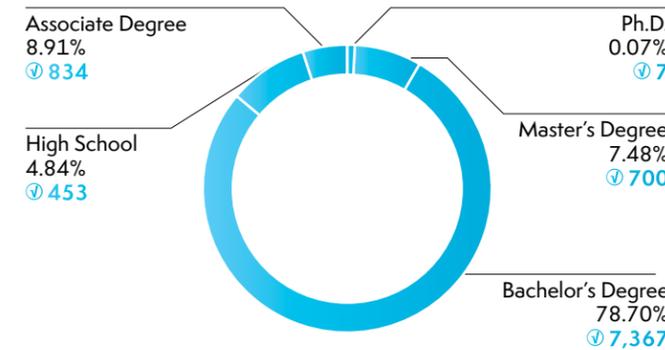
51-55



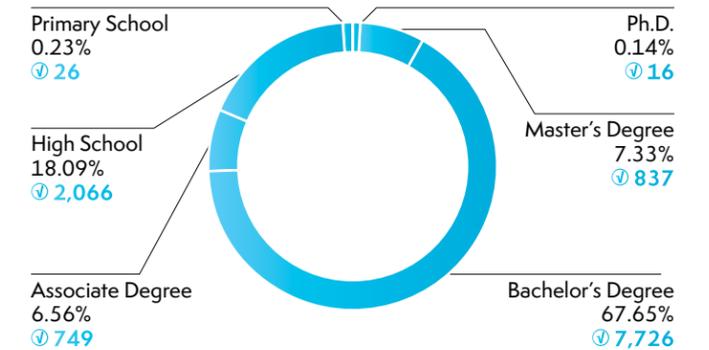
55+



Number of Female Employees by Education



Number of Male Employees by Education



Employee Engagement and Internal Communication



Halkbank attaches great importance to listening to its employees and establishing effective communication with them.

With inclusive employer responsibility, Halkbank attaches great importance to listening its employees and establishing effective communication with them. 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.

Pensioner Portal: Halkbank uses a pensioner portal to facilitate and improve the communication of its pensioners with each other, to provide easy access to the information and documents they need during their retirement period, and to maintain their loyalty by reflecting the corporate culture during their retirement period.

Together at Halkbank Magazine: The internal communication magazine, which has been offered exclusively to Halkbank employees for 16 years, was digitized in 2020 and has been available on the web since November 2022. The e-magazine, which is contributed by employees working in different departments of the Bank, reaches its readers with the same enthusiasm as the first day with a wide range of content ranging from health to sports, history to art, travel to hobbies, and developments in the field of technology.

The Turkish Art Music and Turkish Folk Music Choirs, which were organized with the participation of the Bank's employees, continued their long-term activities with their choir conductors during the year. In 2022, concerts were organized with the concepts of "Songs of the Heart", "Anatolian Folk Songs", "Yeşilçam with Songs" and "Folk Songs are Love" with the participation of employees, their families and fellow music lovers.

Online Health Meetings were organized with all employees, particularly with remote employees, every month with the participation of experts on different health topics in order to raise awareness and understanding.

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. In addition, an Announcements and Opportunities Board was created where employees can buy and sell second-hand goods. In the Opportunities section, discounts offered exclusively to the Bank employees by contracted brands in areas such as technology and clothing are shared.

Halkbank shares the happiness of its employees and stands by them in times of sorrow. 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. In addition, employees whose first-degree relatives have passed away are called by phone to offer condolences, and calls are made to wish them a speedy recovery after announcements of blood needs.



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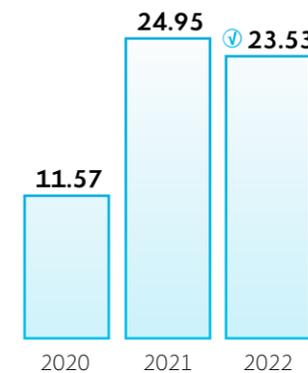
Training at Halkbank



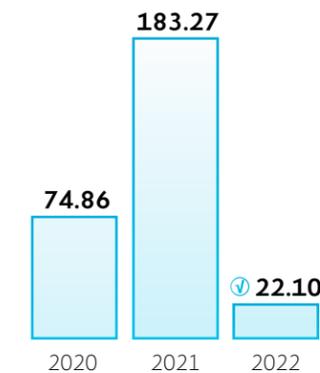
One of the most important components of sustainable human resources management is employee development. Halkbank equips its employees with development opportunities that not only teach them today's methods but also prepare them for the future.

Training Data

Total In-Class Training (Hour/Person)



Total E-Learning (Hour/Person)



Total In-Class Training Hours
470,600

Total E-Learning Training Hours
442,000

Personal Development Training Rate
4%

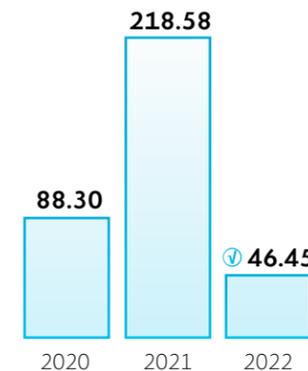
Vocational Technical Training Rate
64%

Legal Compulsory Training Rate
18%

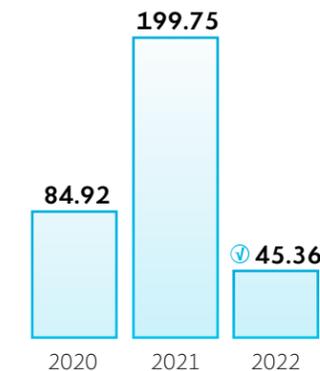
Competence Training Rate
14%

Internal/External Training Rate
44/56

Average Training Time (Female Employees)



Average Training Time (Male Employees)



GRI 3-3, 205-2, 404-1, 404-2, 404-3

Training at Halkbank



Based on the motto “Best one to tell is the one who does it,” Halkbank emphasizes that trainings should be provided by internal trainers.

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”, Halkbank emphasizes that trainings should be provided by internal trainers called “Development Drivers” at Halkbank. 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 continued to pioneer the development of innovative social responsibility initiatives by focusing on social benefit production in 2022.

In addition to its employee training activities, Halk Academy continued to pioneer the development of innovative social responsibility initiatives by focusing on social benefit production in 2022. In this context, the Producing Women Academy was established for all women entrepreneurs in addition to the existing SME Development training portal. The 26 participants who became members of the online training platform, which was put into service on February 14, 2022 to meet women’s need for access to education, and the members who completed the certification program received their digital and printed certificates from the Bank’s branch managers. At the same time, a 30-hour Webinar Training Program on 10 topics was prepared under the umbrella of the Producing Women Academy for women entrepreneurs who applied to the Halkbank Producing Women Project Competition, and certificates were presented to 105 participants.

In addition to the internship opportunity provided to hearing-impaired students, which started in 2021 and continued in 2022, a total of 1,000 undergraduate and associate degree students were offered internship opportunities at branches, regions and Head Office units as part of the Career Gate National Internship Program implemented by the Presidential Human Resources Office.

With a sense of “book fraternity”, the Smiling Book Project was launched on April 26, 2022 with the aim of enabling employees to share their books with children in need, especially children in village schools, and the elderly, in order to accumulate goodness. Within the scope of the project, 60,000 books were donated by the Bank’s units, regional coordinators and branches in 2022, surpassing the one-year target of 50,000 set at the start of the project in a very short time.



In addition to the physical library of the Halk Academy, the publications of the digital library were expanded, and the total number of books reached 38,934. During the operating period, 2,706 books were lent to employees and 10,122 books were downloaded from the digital library.

Launched in 2021, the “Young-hearted Halkbank Employees” project, which aims to honor former employees who have recently retired from the Bank and to raise awareness, continued in 2022 as well. The program, which aims to support and help retirees acquire a new identity and vision after a long and pleasant working life, also reinforces the loyalty of current employees to the organization, as it shows the value that the organization attaches to its former employees even after they retire. 46 Halkbank retirees took part in this program in 2022.

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. To this end, a systematic framework is also currently being established to enable individuals to prepare and follow their own personal development plans. Within the scope of the Competency Model implemented in the Head Office units, competency-based performance evaluations of employees and managers were conducted, and areas for improvement were determined as a result of these evaluations, which also included a feedback process. Mixed training programs including synchronous and asynchronous training methods were prepared and implemented in line with the development areas chosen by managers and employees.

Contribution to Management Development

The Gallipoli Leadership Program, a new executive program that was awarded by the internationally respected organizations such as Stevie and Brandon Hall in 2021, continued in 2022 as well. This program, which was developed to equip newly appointed branch managers with the knowledge and skills they will need at the first stage, and to develop their leadership qualities and competitive competencies in the most appropriate way for the Bank’s future vision and strategies by taking advantage of social learning through the cooperation, communication network and synergy that candidates will create among themselves, has been updated to reflect the management with competencies approach adopted in 2022. Thanks to this program, the last part of which was held in Gallipoli, where lies unique importance in 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.

Halkbank also introduced the coaching practice in 2022 and conducted three-phase coaching interviews with regional managers. As part of the 2023 plans, it is aimed to establish an internal coaching system and disseminate the coaching culture and understanding throughout the organization.



The Gallipoli Leadership Program, a new executive program that was awarded by the internationally respected organizations such as Stevie and Brandon Hall in 2021, continued in 2022 as well.

Occupational Health and Safety



Halkbank operates with the goal of providing a safe working environment for all employees, customers and visitors.

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 introduced for service units with 50 or more employees. In 2022, the total number of current OHS committees owned by Halkbank is 38, the total number of members on its boards is 244 and the number of employee representatives is 89.

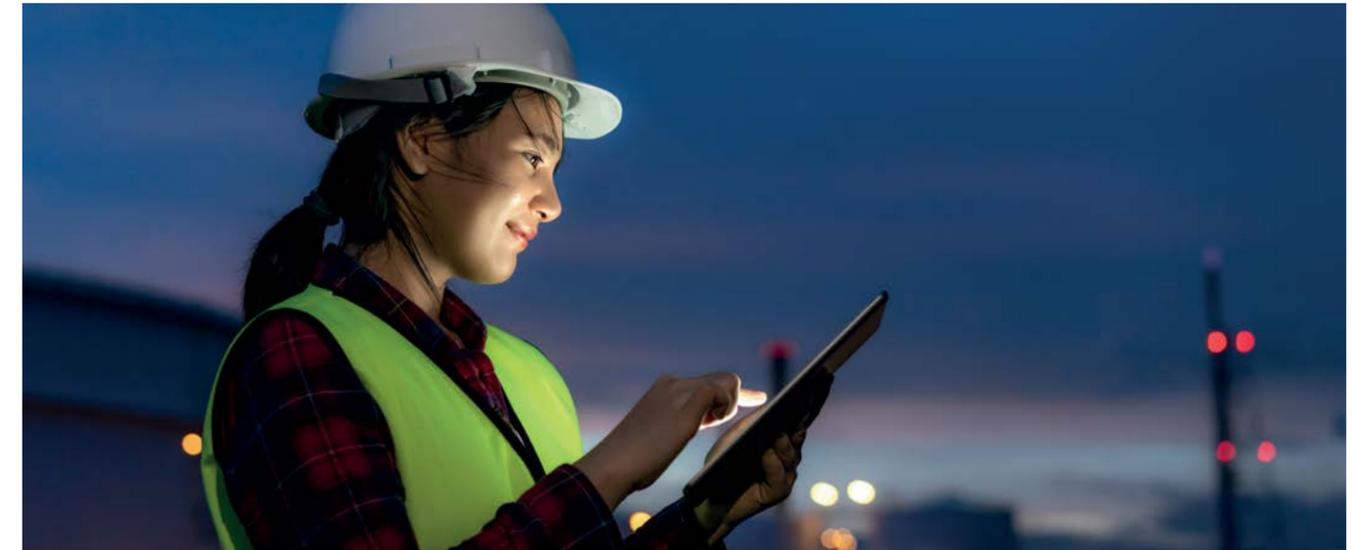
OHS Board and commission meetings are held every 2 months at Halkbank. Bank employee representatives participate in the board meetings, express their opinions and suggestions and have the right to participate in the decisions. Employee representatives can convey suggestions and opinions passed by employees 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.

GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-9

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 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.



Highlight of the OHS Practices in 2022

Pursuant to Law No. 6331 on Occupational Health and Safety, the OHS Transformation Project was launched with the aim of documenting occupational health and safety services, identifying deficiencies and improving compliance with the legislation, as well as reflecting OHS activities to the field and initiating improvement efforts to prevent occupational risks and protect against these risks.

During the reporting period, 58,497 hours of training were provided in the field of Occupational Health and Safety, of which 48,971 hours were in-class and 9,526 hours were e-learning. In addition, 709 hours of in-class and 265 hours of e-learning training were provided to contractor company employees, totaling 974 hours of training.

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	Total (All Employees)
Number of Work Accidents	31	28	59
Number of Fatal Accidents	-	-	-
Number of Cases of Occupational Diseases	-	-	-
Number of Lost Days Due to Accidents	530	72	602
Total Number of Lost Days	733,398	54,829	788,227
Injury Rate	0.174	1.015	0.287
Lost Day Rate	2.979	2.611	2.930
Accident Frequency Rate	0.871	5.077	1.436
Accident Severity Rate	0.015	0.013	0.015

Click here for the Occupational Health and Safety Policy: <https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/EK-1IsSagligiveGuvenciligiPolitikasi.pdf>



During the reporting period, 58,497 hours of training were provided in the field of Occupational Health and Safety, of which 48,971 hours were in-class and 9,526 hours were e-learning.

SOCIAL AND RELATIONAL CAPITAL

SDGs We Contribute to



The Call Center has served **8.6** million individual customers in 2022.

More than **TRY 22.6 billion** in loans to **101,264** women entrepreneurs in 2022

Customer satisfaction rate **87.37%**

10 "Producing Women Summits" held in **7** regions of Türkiye

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Halkbank believes that the cornerstones of a sustainable future can only be laid through participatory approaches.

Halkbank has been supporting economic development that creates opportunities for all our people for 84 years with the principle of "We are the People first, then a Bank". The Bank continues to build on the tradition of responsible banking it has embraced since its foundation with its innovative vision, working for the well-being and prosperity of present and future generations.

Halkbank prioritizes socially inclusive investments that prioritize employment, entrepreneurship, productivity, equal opportunity, social justice and gender equality while directing its resources to a society where no individual is left behind. The Bank further solidifies its social impact through social responsibility initiatives developed around common social values.

Halkbank believes that the cornerstones of a sustainable future can only be laid through participatory approaches. With this understanding, the Bank attaches great importance to establishing an interactive communication with its stakeholders based on transparency and accountability, and it determines its focus areas through a broadly participatory dialogue and contributes to raising stakeholder awareness on social and environmental issues.





Stakeholder Relations at Halkbank

Halkbank believes that opinions and suggestions from its stakeholders will make great contributions to the Bank's development.

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 2-25, 2-26, 2-28, 2-29

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 37.5 million contacts with 8.6 million individual clients and performed 99.4 million transactions in 2022. All these services are provided within the scope of standards set by the "Regulation on Determining the Service Level and Quality of Bank Call Centers".

- Customer Satisfaction Survey Results: **87.37%**
- Average Client Response Time in the Call Center: **00:00:15** (Maximum Target: 30 Seconds)
- Average Resolution Time for Customer Notification (Issue, Complaint): **20:00:41** (Target Time: 30 Hours)
- Average Resolution Time for Customer Notification (Request): **07:32:27** (Target Time: 10 Hours)

Continuing to improve its capabilities to listen to its customers better, Halkbank has begun to monitor social media interactions even more closely by utilizing the latest technology. To ensure that the voice of the customer is amplified within the Bank, customer feedback is closely monitored with analytical solutions and the results are shared with all business units. With the bulletins prepared in this context, Halkbank's sensitivity to the voice of the customer has increased even further.

The process of getting service as a remote customer, which eliminates the need to visit a branch, has continued to provide great convenience to prospective customers.

Continuing to channel its operations to robots in order to direct its resources towards places where the human touch makes a difference, Halkbank is working hard to offer new services to its customers. In addition to the "Central CRM" application, the Bank started to provide one-on-one banking services to its customers remotely through personal customer representatives within the scope of the "Premium Line for Premium cardholders".



Halkbank Client Communication Center made 37.5 million contacts with 8.6 million individual clients and performed 99.4 million transactions in 2022.

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

- Differentiating customer experiences with analytical studies,
- Offering the opportunity to receive service by speaking with Voice Guidance technology,
- Enhancing the security of Customers and the Bank with processes based on voice biometrics,
- Increasing self-service channels,
- Providing access to Dialog through mobile applications with all communication options (video calls, chat, voice calls, etc.),
- Developing the Tradesmen and SME Dialog services offered through the Corporate Dialog Line,
- Measuring the customer experience instantaneously and to integrate client feedback into the Bank's business processes,
- Creating 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,
- Increasing efficiency by transferring operational processes to robots.

Halkbank established and certified according to the ISO 9001:2015 Quality Management System for the Deputy General Directorate of Operational Transactions and Digital Transformation, Internal Systems Group and Deputy General Directorate of Human Resources and Support Services 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 to the real sector.

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 2022 regarding procurement and spent a total of TRY 2.1 billion.

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 Türkiye, 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 2022 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 7,859 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 11.6 million. The rate of positive news was 92% and negative news was 8% 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, video conference and in physical meeting environment in 2022. The information flow and briefing activities are not limited to verbal channels and written requests submitted by the Investor Relations unit, taking the principle of efficiency, speed, and equality into account. In 2022, 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.



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

- 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.
- Efforts were made to improve compliance rating with the CMB's Corporate Governance Principles, and suggestions and opinions to increase the compliance rating were submitted to the Corporate Governance Committee. The Corporate Governance Committee convened twice in 2022 in order to monitor the compliance status with the CMB's Corporate Governance Principles and to carry out studies for increasing compliance.

In 2022, Halkbank integrated data related to digital banking, which became an important indicator of the Bank's profitability during the pandemic period, into its quarterly financial structure presentations. It is planned to include the increasingly important environmental, social and governance issues in the presentation and to actively participate in investor conferences and events abroad in 2023.

Social Benefit-Focused Finance Approach



Halkbank contributes to many areas that generate added value for our country.

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 women entrepreneurs for gender equality and energy projects developed with responsibility towards the environment.

Producing Women

Halkbank continues its efforts to support women's entrepreneurship in our country under the umbrella of the Women Entrepreneur Department established by Halkbank which is the first and only banking unit of its kind in Türkiye, 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 women entrepreneurs in all end-to-end financial processes and thus, directly contribute to the Turkish economy, increase in social welfare, and preventing gender inequality.

The upper limit of the "Woman Entrepreneur Loan Package" launched by the Bank on International Women's Day on March 8, 2021 was increased to TRY 300,000 in 2022. The package covers the women entrepreneurs' ecosystem from end to end, whether they are starting their first business or have been in business for many years. With more than TRY 22.6 billion in loans disbursed to 101,264 women entrepreneurs in 2022, the total number of women entrepreneurs provided with financial support in this context reached 158,883 and the amount of loans disbursed reached TRY 23.1 billion by the end of the period.

The "Women's Cooperatives Support Package", which was created by Halkbank for the first time in Türkiye in the previous year to support women's cooperatives, increase their number, facilitate their access to finance, encourage and incentivize them, and ensure effectiveness and efficiency in their activities, was updated in 2022. In 2022, TRY 4.1 million in loans were disbursed to 21 cooperatives within the scope of the package, totaling over TRY 4.6 million to 51 cooperatives, creating resources for women's cooperatives experiencing difficulties in accessing financing and making a very important contribution to social development. Thus, it was made easier for our women, whose education level is generally below the average of the society and who have financial difficulties, to achieve success through collective work. As a result, Halkbank indirectly made a contribution to the increase in the level of social welfare.

"Preschool Private Education Institutions Support Package" was introduced within the scope of activities to support women 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. Increasing the number of preschool special education institutions and the number of women managers/partners operating these institutions, which play an important role in encouraging women's participation in business life and increasing women's employment, as well as facilitating their access to financing and encouraging them to make qualified investments are among the Bank's main objectives. In 2022, TRY 10.3 million was disbursed to 26 companies within the scope of the package.

In 2022, insurance products were also introduced to enable women entrepreneurs to look to the future with confidence. In order to promote the savings culture, the "PPS with Contribution for Women Entrepreneurs" product was launched for women



entrepreneurs who produce, work and contribute to development. Upon the fulfillment of the necessary conditions by our women participants in PPS with Contribution for Women Entrepreneurs, the Bank will make an additional contribution of TRY 75 to their PPS plans for a maximum of 60 months. Each woman partner of a real person sole proprietorship owned by a woman entrepreneur or a legal entity with at least 50% of its shares owned by women entrepreneurs can benefit from this product.

Halkbank secures the lives of producing women with the "Special Risk Diseases Insurance" and enables them to benefit from many services included in the package. Women customers between the ages of 18 and 50 are provided with indemnity assurance against the diseases specified in the coverage. Within the scope of the diseases specified as risky diseases for women, an indemnity payment of TRY 50,000 is made to the insurance holder.

Within the scope of Halkbank's goal of increasing product and service diversity for "Strong Women of Strong Türkiye", Paraf Producing Women Credit Card and Paraf Producing Women POS for women entrepreneurs were put into service. Paraf Producing Women Credit Card was launched on March 7, 2022 at the Halkbank Producing Women Competition. With this product, women entrepreneurs can make installment and term transactions for the purchase of goods and services for their workplaces,

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Within the scope of Halkbank's goal of increasing product and service diversity for "Strong Women of Strong Türkiye", Paraf Producing Women Credit Card and Paraf Producing Women POS for women entrepreneurs were put into service.

manage their cash flow by executing checks and promissory notes through the card, and gain advantages from the suppliers they work with thanks to the main dealer limit feature. As of the end of 2022, the number of Paraf Producing Women Credit Cards reached 12,694. Paraf Producing Women POS provides women entrepreneurs with a 50% discount on POS fees.

The "Producing Women Meetings" continued in 2022 in order to raise the awareness of stakeholders about Halkbank's work and projects for women entrepreneurs and to reinforce the Bank's positive image both domestically and internationally.

Social Benefit-Focused Finance Approach



More than 1,000 women entrepreneurs from various sectors participated in the 2022 Producing Women Meetings, where Halkbank came together with women entrepreneurs.

Panels such as Entrepreneurship Stories from Anatolia, Life Touching, Inspiring Women, Zero Waste for the Future, and Brand Cooperatives which were held throughout the Producing Women Meetings, helped women entrepreneurs develop their visions and increase their motivation and awareness of environmental protection, responsible production, and efficient use of resources. Women 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 Türkiye, 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.

More than 1,000 women entrepreneurs from various sectors participated in the 2022 Producing Women Meetings, where Halkbank hosted women entrepreneurs and supported the development of the entrepreneurship ecosystem by introducing them to opportunities in new business areas. Through these events, both women's cooperatives and women entrepreneurs had the opportunity to expand their communication networks and establish B2B business models.

In 2021, one of the key results of the Entrepreneurship Journey of Producing Women Research conducted jointly with Istanbul University was the training needs of the participants. Halkbank responded to this demand and established the "Halkbank Producing Women Academy". The Producing Women Academy, which can be accessed online, currently has more than 100 videos covering all topics that entrepreneurs may encounter, from cash flow management to sales-marketing techniques, from brand management to digitalization and e-commerce practices. 10-

week long certification trainings with content tailored to women are offered at the Academy. Thanks to the "Consult an expert" application, it is possible to get answers to specific questions from experts in the field. The first certificate program of the Producing Women Academy started on 14 February 2022 and went on for 10 weeks. The Academy reached 1,855 members within this short period of time.

The strong women of productive Türkiye crowned their success in entrepreneurship with the Halkbank Producing Women Competition. The competition attracted great interest in its first year and received a record number of 2,494 applications from qualified women entrepreneurs within a short period of 5 weeks. The top 3 winners in the Micro Producer Woman Entrepreneur - SME Producer Woman Entrepreneur - Women Cooperative Categories and the winners of the special award in the Zero Waste Category were announced at a ceremony held in Istanbul on March 7, 2022. A total of TRY 1,750,000 in cash prizes were awarded in women entrepreneurs' competitions.

The Micro and SME Producer Women categories are a reflection of Halkbank's mission to be the Bank of Producing Türkiye. As the first and only institution in the sector to issue a credit package to provide financial solutions to women's cooperatives, the Bank has also created a separate award category for valuable cooperatives.

Halkbank has recognized the Zero Waste category as a special award in line with its sustainability policies, reflecting its climate action and responsible production and consumption goals. In this way, women and youth focus as well as the fight against climate change have been supported.



In addition to cash prizes, participants were also provided with marketing and communication support, promotional opportunities, Lifelong Banking Service Package and special training opportunities from the Producing Women Academy.

In the ceremony area, the zero waste-focused "Think Transform Sustain Exhibition", featuring works created by various artists from recyclable materials in line with the ideas of young girls, and the "Women Inspiring the Republic Exhibition", which conveyed the life stories of pioneering women, were on display.

In the period leading up to the Halkbank Producing Women Competition, "Producing Women Branch Meetings" were organized between October 3 and November 25, 2022, and a total of 2,505 women entrepreneurs were welcomed at all Halkbank branches in 81 provinces.

Halkbank's efforts in this area also created a great impact in the international scene. The Bank received a total of 14 international awards, including 9 new awards in 2022, in recognition of its support for women entrepreneurs and its efforts to empower women in business life.

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Halkbank received a total of 14 international awards with 9 new awards in 2022 for its support for women entrepreneurs and its efforts to empower women in business life.

The Bank carries out activities in cooperation with various professional chambers to ensure that its products and services in this field reach a wide audience. Also, Halkbank's effectiveness regarding women entrepreneurs is brought into view through the posts on the Bank's website and social media channels in addition to traditional media.

In 2022, the Women Entrepreneurs 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 Bank's sustainability policies and the United Nations Sustainable Development Goals.

Corporate Social Responsibility Activities



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

Sports and Culture-Art Activities

Halkbank creates value on Türkiye'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.

The Bank 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 Türkiye 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 9 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.

Organized by the Ministry of Trade, General Directorate of Tradesmen, Artisans and Cooperatives between September 12-18, 2022, the "Ahi Celebration Week" was held under the sponsorship of Halkbank.

"Türkiye Export Mobilization Summits" were organized under the sponsorship of the Bank in 5 provinces under the auspices of the Ministry of Trade, within the scope of the Turkish economy model, to reach new markets for export growth, to increase the number of potential companies and to produce value-added products.



The exhibition "Think Transform Sustain", which was initiated to draw attention to the issues of ecological projects, zero waste, sustainability and environmental awareness, painted by female students from 7 different cities in 7 regions of Türkiye, taking into account the environment and geographical conditions where they live, was held under the sponsorship of the Bank.

The Producing Women Competition was sponsored by Halkbank to support women entrepreneurs and contribute to the development of women's cooperatives. The results of the competition were announced, and prizes were distributed on March 8, International Women's Day. Producing Women Meetings have been organized in İzmir, Adana, Diyarbakır, Kocaeli, Rize, Erzurum, Bolu, Van, Ankara and Turkish Republic of Northern Cyprus since that date.

Our Bank sponsored the Strong Women of Strong Türkiye Summit held in the field of culture and arts on March 4, 2022.

Within the scope of the "Tradesmen Digitalization Training" project for tradesmen and craftsmen sponsored by Halkbank, various training seminars were organized for cooperatives established by tradesmen and artisans with the participation of expert trainers.



The "Eco Climate and Climate Change Summit", which was held for the first time in Türkiye with the attendance of national and international participants in order to raise awareness and prepare for global regulations on climate change and green transformation, was held on March 30-31, 2022 under the sponsorship of the Bank.

Ümraniye Municipality Merkez Anatolian High School Library, sponsored by Halkbank, was completed and opened for students. İstanbul Children's Festival, also sponsored by the Bank, took place on September 17-18, 2022 in Kemerburgaz Urban Forest.

Halkbank sponsored the exhibition organized by the Necip Fazıl Kısakürek Culture and Research Foundation, founded by the family of the esteemed Turkish poet, novelist and playwright Necip Fazıl Kısakürek, at ATO Congressium between June 7-12, 2022.

In line with its mission, the Bank provided sponsorship support for the book "Esnaf Yemekleri" (Artisans' Dishes) authored by Chef Mehmet Yalçınkaya. Within the scope of the project, a book consisting of 81 recipes and a short film were prepared to highlight the lost flavors and suggestions for artisans' restaurants.

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Corporate Social Responsibility Activities



The World First Aid Day event was organized with the motto “Give life a chance with first aid”.

With the joint initiative of the Izmir Chamber of Commerce, the Aegean Region Chamber of Industry, the Izmir Commodity Exchange and the Aegean Exporters' Association, support was provided for the aid campaign to build houses for the families of the deceased members of the relevant institutions in the earthquake that occurred in Izmir.

Within the scope of Paraf Kuruşeme Open Air Concerts, many concerts were held between May 28 and October 29 under the sponsorship of Halkbank. Customers and successful branch employees were hosted at concerts.

The “4th International Folk Music Festival” was held on October 7-9, 2022 under the sponsorship of the Bank, aiming to bring together distinguished artists of Turkish Folk Music and important names of world folk music, to provide interaction with different cultures, and to introduce the local music of Anatolian peoples to the world.

The “World Nomad Games” sponsored by the Bank were held in Bursa-Iznik in October. During the World Nomad Games, 150,000 people attended the organization per day and 3,000 athletes from 102 countries participated.

The 6th New Generation Entrepreneurship Summit, held online on June 15, 2022, was sponsored by Halkbank. The summit covered topics such as green initiatives, opportunities through the eyes of investors, sharing economy and impact entrepreneurship, financial technologies, women's entrepreneurship in technology and biotechnology.

The International Red Crescent Amity Short Film Festival, sponsored by the Bank, was launched on October 10, 2022. Script and short film competitions were organized as part of the festival.

Halkbank organized an activity at Beykoz Alibahadır Archers Foundation Mete Gazoz Facilities for children in institutions affiliated with the Istanbul Provincial Directorate of Family and Social Services for a school report card festival. As part of the activity with the participation of 200 children, guests enjoyed the whole day with performance shows, workshops, competitions, games and various treats.

As part of the Hayat Senin Projesi (Life is Yours Project) activities, “Life is Yours Concerts” were organized throughout the year at the Ankara Museum of Painting and Sculpture with the themes of Folk Tunes, Commemoration of Atatürk, Youth, World Languages and Azerbaijan.



The World First Aid Day event was organized with the motto “Give life a chance with first aid”. During the event, information was shared on first aid and how to act as first aider in three steps.

A volleyball match was organized at the SERÇEV Barrier-Free Vocational Technical Anatolian High School Sports Hall to raise social awareness and consciousness about Cerebral Palsy. A one-set match was played with the players of the 1st League Volleyball Team of Halkbank Sports Club, children with spinal cord paralysis of the Association for Children with Cerebral Palsy and students from SERÇEV Barrier-Free Vocational Technical Anatolian High School.

With the motto “We are all equal”, a football match was organized between individuals with special needs at the Saray Barrier-Free Living Center and Halkbank executives and employees. The aim was to increase social interaction by raising social awareness about children with special needs.

Within the scope of Animal Protection Day, animal adoption and shelter visit activities were organized in line with the principle of leaving a better world to future generations and to set an example for children.

INTELLECTUAL CAPITAL

SDGs We Contribute to



5.5 million active digital channel users

In 2022, **96%** of corporate collections were executed through digital channels.

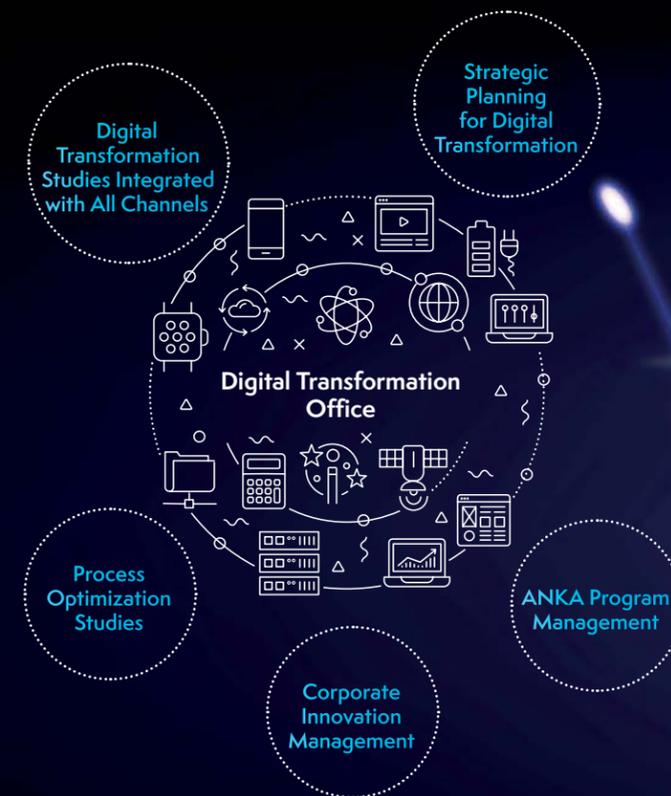
2.2 billion transactions made through digital channels throughout the year

159 robotic processes were included in the candidate pool.

Halkbank increases the benefits and economic returns it generates for all its stakeholders by managing digital transformation in a people-oriented and effective manner. Taking into account the behavior and expectations of its digitizing customers, the Bank closely monitors and quickly adapts to unique banking business models and other innovations affecting its field of activity. During the operating period, the Bank implemented numerous projects under the coordination of the Digital Transformation Office Department, which was established in 2020 to implement trends in critical areas such as mobile technologies, big data analytics, artificial intelligence, robotic automation solutions and new generation technologies and to internalize them in its processes.

In 2023, 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.

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 was the first Turkish bank to open a branch and event center in the GoArt Metaverse universe.

Halkbank continues to lead the sector with its innovative efforts and to develop services for the needs of its customers with digitalization at the center. As part of the digital transformation in the sector, Halkbank has invested significantly in developing Mobile and Internet Branch channels in line with the latest software technologies and design trends and in a way to meet the needs and expectations of its customers. The efforts are aimed at ensuring that all banking transactions can be carried out through digital channels, increasing the rate of customer use of digital channels and enhancing customer satisfaction, minimizing operational errors and contributing to the Bank's profitability.

A unique digital banking experience was offered to 5.5 million active clients in 2022 with the infrastructure systems developed to enable clients to transact quickly and practically without going to a branch. During the year, approximately 2.2 billion transactions were executed through the Bank's digital channels, up 35% compared to the previous year.

In 2022, within the scope of the development of digital contact channels, functionality developments were made, particularly for services such as Cash Deposit with QR Code, automatic payment order transactions for Tradesmen and SME cards, the use of loans with additional product conditions, and offering our citizens living abroad the opportunity to become customers remotely. Within the scope of the TR QR Code Project, which is among the important digitalization projects, it is now possible to transfer money to all banks with a QR code, withdraw money from bank ATMs, deposit money and make payments.

In addition, in order to maximize the customer experience and to offer products and services tailored to the needs of customers, work was initiated on the end-to-end revamping of Halkbank Mobile. In this context, enhancements to the functions prior to the launch of the application were completed and made available to individual customers.

Improvements were made to enable the opening of FX-protected deposits, FX convertible deposits, physical gold convertible deposits and Yuvam accounts for customers living abroad through digital channels.

Besides, Open Banking integration was managed, Halkbank Kampüste (Halkbank at Campus), which is a mobile application for young people, was developed, Türkiye's first branch and event center was opened in the GoArt Metaverse universe, and projects were carried out for the effective use of digital channels by focusing on customer value-behavior segmentation.

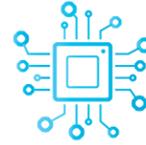
Halkbank's digital channel projects in 2023 will focus on increasing digital channel diversity, the number of digital customers, the number of digital transactions and digital channel revenues in order to increase the Bank's contribution to sustainable growth. In addition to the ongoing Halkbank Mobile revamping project, the Bank plans to launch the revamping of the Corporate Website, ATM and Internet Branch. In addition, it is aimed to launch new audience-based applications in the field of mobile banking and the Mobile POS Project.

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Digital Halkbank for SMEs, Tradesmen and Artisans



Halkbank established the halkbankkobi.com.tr platform specifically for SME and Artisans Banking segment users.

Halkbank aims to improve its contact capacity and competencies with the real sector by investing in digital channels to bring its deep-rooted banking experience to digital channels.

Halkbank established the halkbankkobi.com.tr platform specifically for users of the SME and Artisans 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 2022. 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 women entrepreneurs.

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. Real and legal person companies that have completed 1 year of operation and whose last fiscal year turnover does not exceed TRY 3 million can benefit from the products on the Digital Credit Platform. SMEs can apply for these products within the limits specified in the package. Therefore, SMEs can easily access traditional loan products digitally within the scope of these packages that will respond to their financing needs.

Applications received through the Digital Credit Platform are evaluated within 1 day and finalized according to the decision matrix created specifically for the Digital Credit Platform. Applying SMEs can follow up on their applications in the Application Inquiry area on halkbankkobi.com.tr. In addition, SMEs are informed about the process via SMS.

The pilot branch implementations of the "Digital Tradesmen's Loan" project, which has been in the works for more than a year and has reached the final stage, have been successfully completed and will be rolled out across the Bank. Thus, fast application, convenient loan utilization and end-to-end execution of loan processes online in the digital environment will be ensured in the interest-backed tradesmen loans to be extended with the guarantee of the Tradesmen and Artisans Loan and Guarantee Cooperatives (ESKKK).

Digital Credit Package for Women Entrepreneurs

A Digital Loan Package for Women Entrepreneurs was created for women 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 women 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. With the "Digital Woman Entrepreneur Loan", TRY 406 million was extended to 6,808 entrepreneurs in 2022 and a total of TRY 530 million was disbursed to 11,688 entrepreneurs.

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. System ensures that the buyer's payment and the seller's collection are made under the guarantee of Halkbank.



It aims to provide SMEs with the most appropriate financial support, as well as analyzing the needs of SMEs correctly and supporting them with training and consultancy assistance. The www.halkbankkobigelisim.com.tr website carried Halkbank's ongoing training services for the SMEs to the digital platform. Designed with the understanding that "Türkiye Develops if SMEs Develop" the online training platform aims to ensure that all SMEs develop and overcome the hurdles in front of their businesses with the knowledge they will learn from this platform.

The "Ask an Expert" feature allows SMEs to quickly receive answers to their questions from expert consultants. Halkbank SME Experts, who respond to queries from platform members, also author monthly magazines that include articles of relevance to the platform's members, providing valuable guidance to SMEs and entrepreneurs.

Halkbank provides 24/7 support to its tradesmen and SME customers through the 0850 222 0 401 Corporate Dialog line, where they can get information about products and services, make appointments and use support services without visiting a branch.

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 next period, 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.



With the "Digital Woman Entrepreneur Loan", TRY 406 million was extended to 6,808 entrepreneurs in 2022 and a total of TRY 530 million was disbursed to 11,688 entrepreneurs.

Cash Management Transformation



Approximately 96% of the corporate collections in 2022 were executed through mobile and internet branches and automatic payment instructions.

Halkbank meets customer expectations with its innovative service approach within the scope of digital transformation strategies by intermediating the collections and payments arising from the activities of companies with the products and services it has developed. Offering low-cost, fast and secure transactions, the Bank added a new service to its range by launching the Supplier Financing System in 2022.

Approximately 96% of the corporate collections in 2022 were executed through mobile and internet branches and automatic payment instructions. 4% of all collection transactions were executed through branches, reducing operational costs.

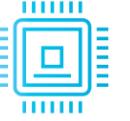
The Land Registry Trust Account, which enables the automatic transfer of the real estate sale price from the buyer's account to the seller's account, was launched in 2022. The practice will be implemented in 2023.

The expansion of the Supplier Financing System, which was launched in 2022, is among Halkbank's 2023 targets in cash management. With the SFS, designed with the power of digitalization behind it, the Bank will offer both financing and payment intermediation services to corporate firms and their suppliers. In addition, Halkbank Internet Branch DDS (Direct Debit System) menus are planned to be completely renewed in 2023. Halkbank will provide DDS parent companies and the dealers with whom they have commercial relations with an infrastructure that will enable them to execute direct debiting and crediting transactions automatically and securely in 2023 through the DDS Parametric Transformation Project.



Offering low-cost, fast and secure transactions, Halkbank added a new service to its range of services by launching the Supplier Financing System in 2022.

Branches on the Journey to Digital Transformation



The Q-Matic system interfaces in all Halkbank branches were renewed in line with the new branch concept workflows.

Within the scope of the new branch concept studies, the roles of CRO (Customer Relations Officer), CSA (Customer Service Assistant), RCM (Retail CRM), CAS (Customer Assistant) were designated in addition to the existing roles of the branches. The Q-Matic system interfaces in all Halkbank branches were renewed in line with the new branch concept workflows and customers were directed to the roles where they will receive service according to their segments. This way, crowd management in lobbies has been adapted to the new role structure of the branches. A physical conceptual transformation was carried out in Ümraniye, İçerenköy and Bozkurt Satellite Branches and RCM roles were defined in 228 branches of the Bank.

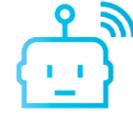
It is now possible for customers who make appointments via Halkbank Mobile to scan the QR codes they have created on the Q-Matic system to get a ticket and to be notified via SMS. Efforts are underway to enable queue tickets to be acquired by scanning the QR code on the Q-Matic or in-branch displays.

As part of the new branch concept, ATMs were placed in the lobbies of the branches to allow customers to complete their transactions via ATMs and to direct them to digital channels. For this purpose, the limit for ATMs inside branches was increased to TRY 20,000.



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Robotic Process Automation Initiatives



Halkbank continues to focus on operational efficiency and excellence through robotics-based automation efforts.

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

A total of 159 processes submitted by business units and branches as well as those obtained from external sources were included in the candidate process pool and subjected to analysis. Active work is underway on 115 of these processes, while 42 of them have already been implemented in the real environment.

In 2022, 677 thousand transactions were carried out, resulting in 49 thousand hours' worth of personnel effort being saved by robots. Based on these calculations, a saving of 30 persons/day was achieved in 2022. Approximately 5 thousand transactions are carried out by robots per day.

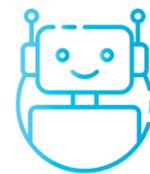
In order to minimize operational risks, Halkbank started to utilize robotic automation in human resources processes. The "Monthly Labor Chart Notification" made to the Turkish Employment Agency for 81 provinces is carried out by the Bank's metal-collar robotic employees in Istanbul and Ankara. Expansion efforts are underway in the regions and branches in other provinces to make notifications through robotic process automation. When the work is completed, the Monthly Labor Chart Notification made in 81 provinces will be handled by metal-collar robotic workers.



159
candidate
processes



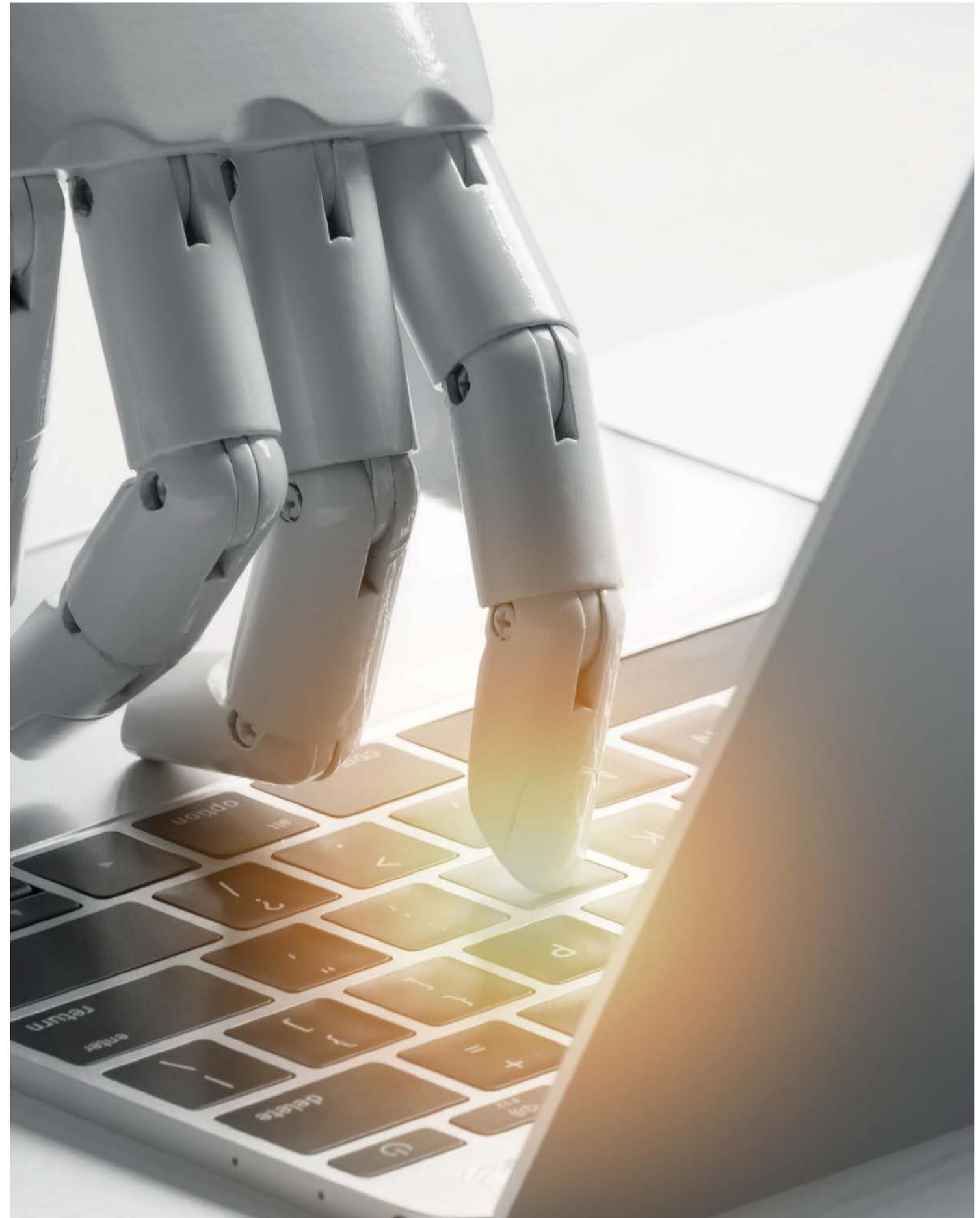
+115
ongoing processes



+32
robots and
42 processes
performed by
these robots



= 30 Person/Day



PRODUCED CAPITAL

SDGs We Contribute to



1,038 branches in total at home and abroad

28% Accessible ATMs

Across Türkiye
4,075 ATMs

30% Recycle ATMs

Halkbank serves its customers both domestically and internationally through an extensive physical distribution network consisting of branches and ATMs, the technological infrastructure of which is continuously improved with a focus on integrated channel and excellent banking experience. With an approach that respects financial inclusion, the Bank continues to increase the number of Accessible Bank24 ATMs in order to increase access to banking products and services for disadvantaged groups.





Branches and ATMs

At the end of the 2022, the number of ATMs of Halkbank in Türkiye reached 4,075.

In 2022, Halkbank opened a total of 15 new branches, 14 in Türkiye and 1 abroad. As of year-end, Halkbank continues to respond to the needs of its customers through its widespread service network with a total of 1,038 branches in Türkiye and abroad, and representative offices in London and Tehran.

At the end of the year, the number of ATMs of Halkbank in Türkiye reached 4,075. 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, 30% of the Bank's ATMs were replaced with new technology Recycle ATMs.

Within the scope of Türkiye's ATM Center (TAM) project which was created to bring the ATMs of 7 public banks under one roof, Public Joint ATM platform studies were carried out and the integration process with the installed ATMs continues.

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 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 2022, the ratio of ATMs designed by the Bank to provide services for disabled clients is 28% in total ATMs.

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.

Number of Halkbank ATMs by Years



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



NATURAL CAPITAL

SDGs We Contribute to



Approximately **502,075** tons of CO₂e emission reduction in 2022, thanks to the renewable energy plants evaluated by Halkbank

Approximately **325** million Euro loan and **458,105** tons of CO₂e emission reduction since 2012 with the resources provided by international financial institutions

Firms scored as part of Sustainability and Environmental Assessment in 2022: **8,133**

The share of renewable energy and energy efficiency investment loan risk in the risk of cash loan is **2.75%**

A total of **1,661** MW of renewable energy investments that have been financially supported since 2019

102 million sheets of paper saved through paperless banking practices

“
For detailed information about Halkbank’s Sustainable Finance activities, please visit our website.”

One of the most important tasks and responsibilities in the transition to a green and circular economy today relies on the financial system, which plays a major role in the distribution of resources. Halkbank pioneers the concept of sustainable development in the Turkish banking sector with its business models and processes created by evaluating all environmental risks and opportunities, especially in the fight against the climate crisis.

In this context, Halkbank joined the Net-Zero Banking Alliance (NZBA) in 2022 and signed the Science-Based Targets Initiative (SBTi), becoming part of the global effort to achieve net zero emissions by 2050 in line with the Paris Climate Agreement. Through these initiatives, the Bank has made a commitment to align its operations along with its entire loan and investment portfolio towards the net zero emissions target by 2050.

Halkbank not only transforms its products and services with a focus on sustainability, but also implements effective environmental and social assessment systems in the investments it provides financing for, continuously reducing the direct impact of its operations on the environment. 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 2022.

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.



Responsible Products and Services Approach



Halkbank is committed to increasing its green asset ratio.

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.

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.

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

Renewable energy is of critical importance in reducing Türkiye'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, 2022, Energy Investments Risk has a share of 5.96% with TRY 41.6 billion, in Halkbank's total cash investment loan risk of TRY 697.13 billion.

The share of Energy Efficiency and Renewable Energy Investment Credit Risk in the Bank's Energy Investments risk is at 46.13% level with TRY 19.2 billion. In addition, a total TRY of 2.5 billion cash investment loans were extended in terms of renewable energy projects in 2022.

Green Energy Loan Package

Renewable Energy Investment Loan: It can be considered for Solar Power Plant (SPP) and Wind Power Plant (WPP), biogas plant, geothermal plant investments in order to offset the energy costs of companies with renewable energy systems.

Green Workplace Investment Loan: For workplaces with high energy consumption, investments can be made to boost productivity by increasing the quality of production and at the same time reduce energy costs.

Energy Efficiency Loan: This loan can be used for the costs of interior and exterior insulation of buildings and workplaces in order to save energy, to ensure that the building is heated with different or less fuel and less costly, and for the renewal of existing electricity-consuming machinery and lighting systems.

Green Certified Construction Project Loan: Financing can be provided for companies that consume less energy, use fewer natural resources and generate less pollution in the world and in Türkiye, and that have received certificates from institutions authorized by the Ministry of Environment, Urbanization and Climate Change to issue "Green Certificates".

Green Light Commercial Vehicle Loan: This loan can be utilized for investments in hybrid and electric eco-friendly passenger cars, commercial vehicles and construction equipment purchased by real and legal person companies for use in commercial activities.

Electric Vehicle Charging Station Loan: This loan can be used to finance real and legal person companies that want to invest in charging stations to meet the energy needs of electric vehicles, both fully electric and plug in hybrid.

The share of renewable energy and energy efficiency investment loan risk in Halkbank's cash risk as of the end of the period is 2.75%. The amount of loans extended to renewable energy power plants by years is given in the table below.

RENEWABLE ENERGY LOANS

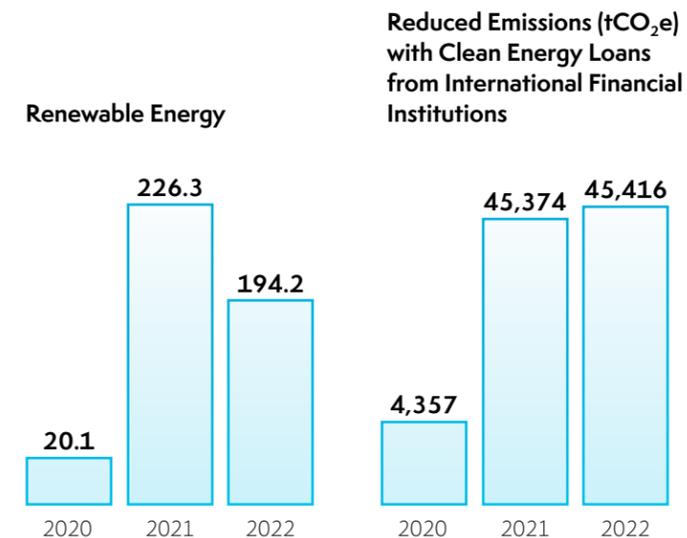
TRY	2019	2020	2021	2022
HEPP	166,774,879	148,482,130	98,275,000	421,500,000
WPP	77,494,000	0	257,120,000	0
PPS	70,400,000	106,500,000	109,734,000	349,000,000
GPP	154,053,900	8,206,380	0	0
SPP	149,231,540	69,766,000	188,388,000	1,741,354,620.49
Energy Efficiency	0	0	0	3,870,000
TOTAL	617,954,319	332,954,510	653,517,000	2,515,724,620.49

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	HEPP	GPP	PPS	Total Quantity	Total Installed Capacity (MW)
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
2022	268	0	4	0	7	279	450
TOTAL	298	7	34	8	18	365	1,661.29

Within the scope of its sustainability initiatives, Halkbank disbursed EUR 325 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. In addition to that, a total of 66.4 million Euros of loans were extended in 2022 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)



Making a difference with its "Environmentally Responsible Bank" and "Social Responsibility Strategy" projects, Halkbank was deemed worthy of an award at the Best Business Awards, which is one of the two programs of Awards Intelligence, the largest award organization in the UK. Halkbank received awards at the event in the categories of "Best Social Contribution Practice" and "Best Sustainable Products and Processes" for its sustainability efforts.

Halkbank also won 10 gold and 2 silver awards in different categories, including the "Environmentally Responsible Bank" category at the Silicon Valley-based The Globe Awards, one of the world's leading award programs, and was named among the Grand Winner companies.

Supporting the Fight Against Climate Crisis



Halkbank continues to strive for a greener, cleaner and healthier world.

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.

Halkbank Named Among Global Climate Leaders

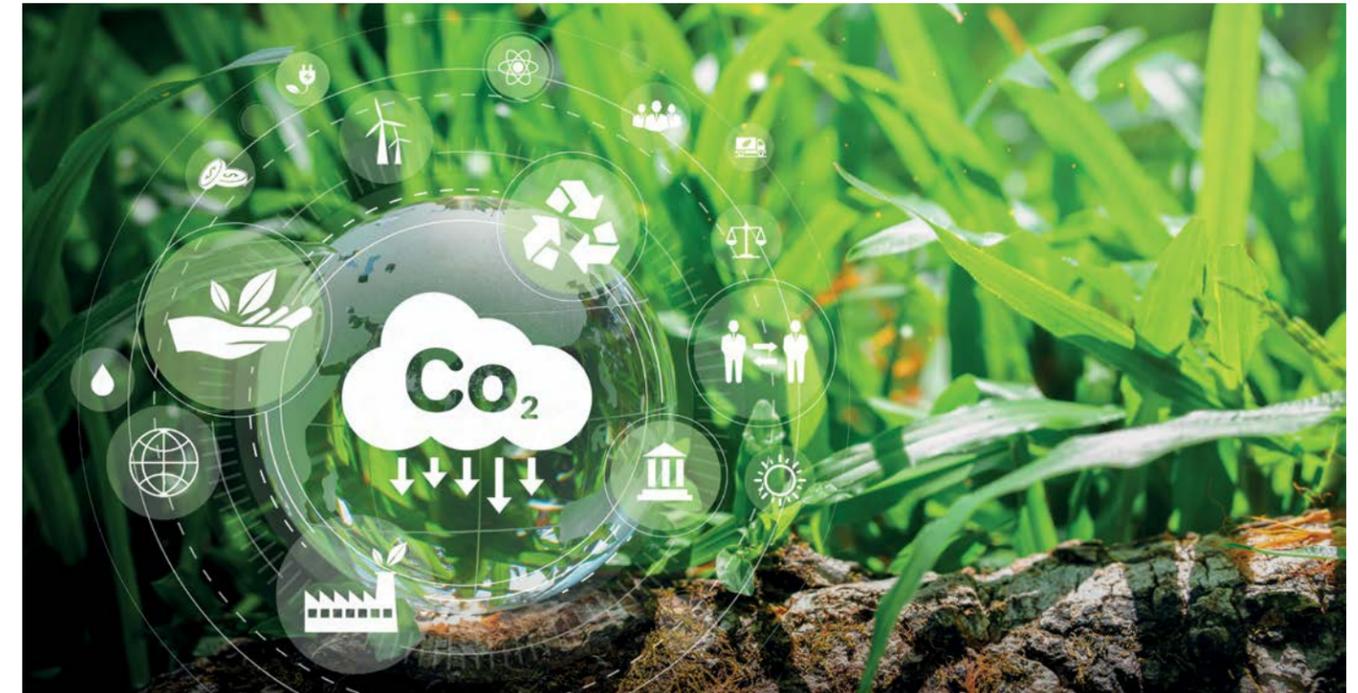
The global climate change threatening the financial system as well as sustainable life, is leading Halkbank to enhance its efforts to establish a financial system that supports sustainable development globally in its banking activities, day by day. While the Bank is actively working to minimize the environmental 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 2022, the Bank transparently shared the steps it took for a habitable world with its stakeholders. In this context, the Bank continued to set an example for the Turkish banking sector by raising its CDP Climate Change score to "A-" and its Water Security score to "A" in 2022. 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.

GRI 201-2, 3-3, 302-1, 302-4, 303-1, 303-5, 305-1, 305-2, 305-3, 305-5, 306-2, 306-4

Continuing its endeavors for a greener, cleaner and healthier world through sustainability policies that are at the core of its operational activities and services, Halkbank is aware of its role in the fight against climate change as a financial institution. With this awareness, it develops its business processes in order to comply with national and international studies within the scope of combating the climate crisis. Aiming to reduce carbon emissions not only from its operations but also from its portfolio and to become net-zero, the Bank clearly demonstrates its efforts in the transition to a carbon-free economy with its commitments to the Net-Zero Banking Alliance (NZBA) and the Science-Based Targets Initiative (SBTi) in 2022.

With the aim to create a Climate Action Plan which includes science-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.

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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.



Halkbank joined the Net-Zero Banking Alliance (NZBA).

Halkbank joined the Net-Zero Banking Alliance (NZBA), a global collaboration established by the United Nations Environment Program Finance Initiative (UNEP FI). Within the scope of its cooperation with the NZBA, Halkbank has committed to align its entire loan and investment portfolio with the net zero emission target by 2050.

The NZBA brings together banks that are committed to net zero greenhouse gas emissions across their entire loan and investment portfolios by 2050 in line with the Paris Agreement, and represent approximately 40% of global banking assets. Recognizing the vital role of banks in supporting the transition of the global real economy to net zero emissions, the Alliance, created by UNEP FI, shares best practices from leading banks and supports the implementation of decarbonization strategies with an internationally consistent framework.

Having joined the Net-Zero Banking Alliance, Halkbank will take carbon emission reduction targets into consideration in the coming period, particularly in investments in electricity generation, as well as in the corporate and commercial loans segment, and in emissions from stocks and bonds. In line with its membership, the Bank will initially set an intermediate target for 2030 or sooner, using science-based guidelines for its net zero carbon journey.

*For detailed information on NZBA: <https://www.unepfi.org/net-zero-banking/>

Halkbank achieved another first by giving the Science-Based Targets Initiative (SBTi) a Net Zero Target.

Halkbank became the first Turkish bank to commit to being 'Net Zero' for both its direct operations and portfolio emissions in the Science-Based Targets Initiative (SBTi), an initiative in which the United Nations Global Compact is a partner and companies declare their scientific carbon emission reduction targets.

*For detailed information on SBTi: https://unfccc.int/news/science-based-targets-initiative-driving-bold-business-climate-action?gclid=Cj0KCOiA_bieBhDSARIsADU4zLdbIn1D8zceOBEEIfScLz_TlZwJwkbchHex8Hdex8GHZBP8n8jdAsJcaAn25EALw_wcB

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Halkbank clearly demonstrates its efforts in the transition to a carbon-free economy with its commitments to the Net-Zero Banking Alliance (NZBA) and the Science-Based Targets Initiative (SBTi) in 2022.

Supporting the Fight Against Climate Crisis



Halkbank initiated efforts to calculate emissions stemming from its portfolio.

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. Within the scope of Integrated Management System and Zero Waste Management, a total of 670 person*hours of training was completed by employees in 2022.

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. A total of 4,622 tons of CO₂e emissions calculated as a result of the Managers' Meeting activities held since 2014 have been offset by acquiring carbon bonds.

Aiming to achieve zero carbon target not only in its direct activities but also in its indirect activities, Halkbank has started to calculate the emissions stemming from its portfolio. An emission reduction strategy will be determined through calculations in accordance with international standards and action plans will be developed to achieve the 2050 net zero target.

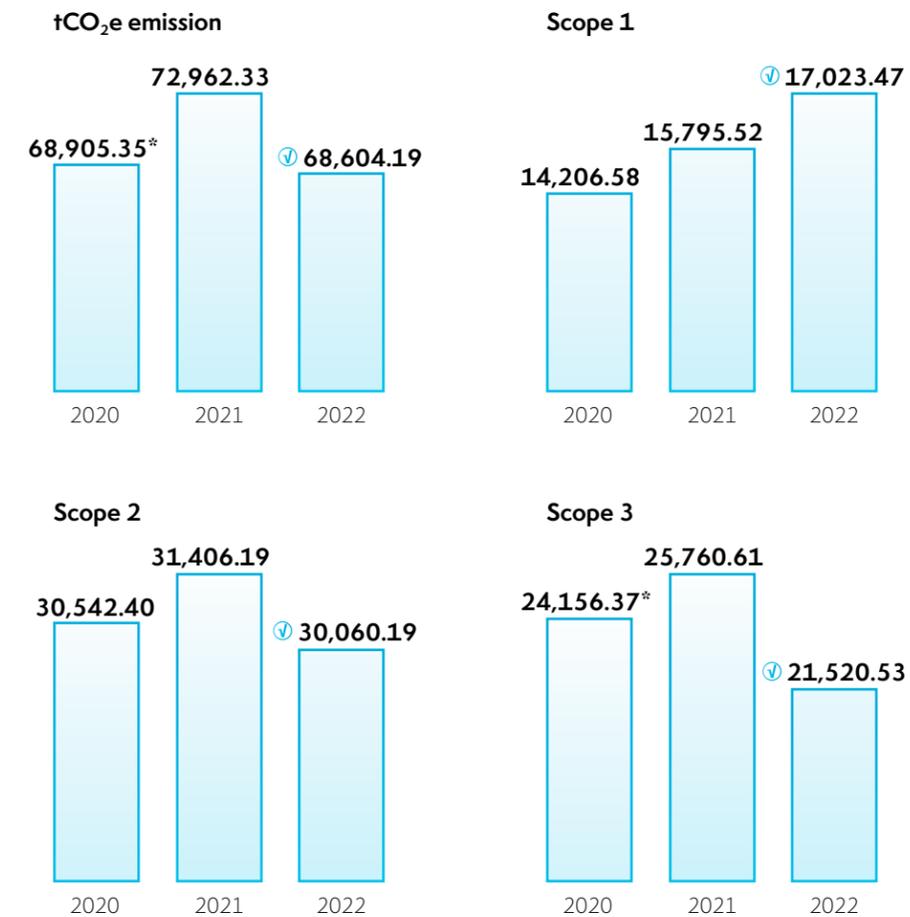
In the upcoming period, Halkbank will accelerate its progress towards becoming a carbon neutral bank with the emission target it will set in the light of measurable criteria with scientifically-based targets.

The Bank also contributes to indirect emission reduction through the use of loans. In 2022, the emission reduction of renewable energy power plants for which loans were used, reached 502,075 tons of CO₂e. In addition, it has been calculated that approximately 458,105 tons of CO₂e emission reduction has been achieved since 2012 by the loans provided within the scope of projects with international financial institutions.

“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.”



Absolute Greenhouse Gas Emissions by Years (tCO₂e)



*The scope of paper consumption which constitutes data for Scope 3, has been expanded and updated.

“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.”

Supporting the Fight Against Climate Crisis



Halkbank aims to continuously improve its energy performance by adopting the motto “Keep our energy for the future”.

Energy Management

Halkbank aims to reduce energy losses and increase energy efficiency by continuously improving its energy performance within the scope of its Energy Policy and by adopting the motto “Keep our energy for the future” in energy management.

Regularly monitoring and analyzing its energy consumption and making improvements based on the results of these analyses, the Bank pays utmost consideration to energy efficiency in its operations and procurement processes.

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.

In this context, fluorescent lamps are upgraded to LED lamps in branches undergoing renovation, and all electronic and mechanical devices used in the Bank’s service buildings are serviced at specified intervals.

In accordance with the ISO 50001:2018 Energy Management System and corporate strategies, the Bank complies with national and international legal requirements for the use, consumption and efficiency of energy and natural resources. In addition to these, it also engages in activities to improve performance by providing energy-efficient products and services in purchasing processes.

In addition, Halkbank informs its employees and all stakeholders about energy efficiency through various communication tools and trainings, and conducts awareness-raising activities.

Total energy consumed in-house (GJ)

⬇️ 473,335.99

Directly consumed renewable energy* (kW)

9,435

Indirect (purchased) renewable energy (kW)

116,808

*The amount of electricity produced in 2022 with the solar panels in the Ataşehir Additional Service building.



Regularly monitoring and analyzing its energy consumption and making improvements based on the results, Halkbank takes energy efficiency into account throughout its operations and procurement processes to the maximum extent possible.

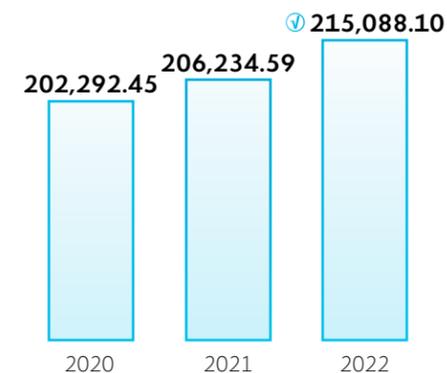


With the efforts carried out in 2022, Halkbank raised its score to the leadership level in the “Water Security” program of the Carbon Disclosure Project (CDP) and ranked on “List A”.

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. With the awareness of the increasing risk of water scarcity and drought, it regularly monitors and measures water consumption and develops action plans in line with international standards and regulations to ensure effective water management. Halkbank also monitors its loans within the scope of water management and works to mitigate climate impacts, particularly on water scarcity and drought. In this context, with the efforts carried out in 2022, it increased its score to the leadership level in the “Water Security” program of the Carbon Disclosure Project (CDP) and ranked on “List A”.

Water Consumption by Years (m³)

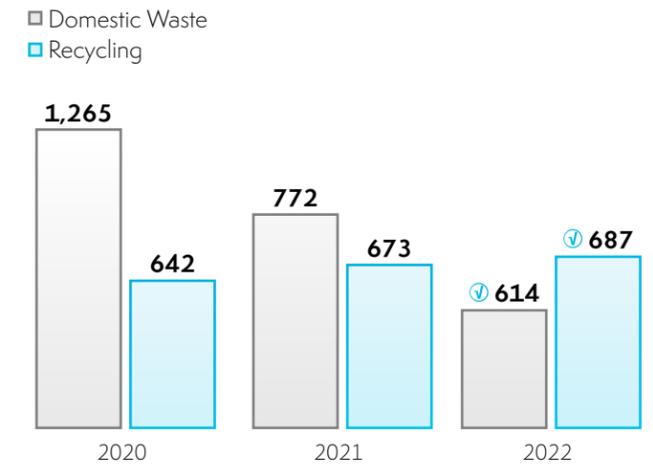


Waste Management

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 2022, 1,073 service locations including all branches of the Bank, received Zero Waste Certificates.

Environmental pollution was prevented by giving 14 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

Halkbank continues its efforts to digitalize its end-to-end banking processes. Time and cost savings are achieved in addition to preventing paper waste. In 2022, 102 million sheets of paper were saved thanks to the implementations and solutions developed in this context. In order to reduce paper consumption across the Bank, annual paper consumption limits were set for each branch segment.

- Digital Customer Launch
- Tradesmen Loan Document Approvals
- Digital Password Generation and Verification of Documents
- QR Code Transactions
- ROTA-Personal Pension System (BES) Integration
- Digital Credit Platform
- Not Printing Tax Receipt - Single Receipt
- Updating Personal Information via Channels
- Removal of the Job Request Form-Transition to Branch Panel
- E-Account Book
- Using the Appraisal Report without Printing

Report of the Board of Directors



As a long-established bank in the sector, Halkbank has provided full support to the real economy and, in 2022, continued to offer high-quality products and services to its customers by drawing upon its 84 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 2022, Halkbank increased its assets from 901.2 billion Turkish lira to 1,392.1 billion Turkish lira with a year-on-year increase of 54.5 percent. It also ranked fourth in assets within the sector.

The share of loans within the balance sheet in 2022 end-of-year was 60.5 percent. Its commercial loans, including the SME loans, rose to 726.2 billion Turkish lira and its retail loans to 116.4 billion Turkish lira. The Bank ranked third in cash loans within the sector. In 2022, cash and non-cash loan volumes increased from 730.5 billion Turkish lira to 1,157.8 billion Turkish lira, up 58.5 percent year-on-year. Loan disbursement for artisan loans was recorded at 90.5 billion Turkish lira in 2022, as the artisan loan balance increased by 60.8 percent year-on-year to 128.5 billion Turkish lira.

The size of the securities portfolio also increased to 374.2 billion Turkish lira in 2022, up 67.6 percent year-on-year. The portfolio's share in the balance sheet amounted to 26.9 percent.

In 2022, Halkbank issued commercial papers and bonds to qualified investors without making any public offering with a par value of 19.9 billion Turkish lira.

Halkbank's total deposit base grew by 69.5 percent to 1,060.9 billion Turkish lira, up from 625.9 billion Turkish lira year-on-year, in turn lifting the Bank to the third-highest position in the sector. In addition, demand deposit volume amounted to 304.3 billion Turkish lira in 2022.

The Bank posted a 14.8 billion Turkish lira year-end profit and maintained its sustainable profitability in 2022. In 2022, the Bank's capital adequacy ratio was 14.70 percent.

With 14 new branches opening in 2022, Halkbank expanded its branch network to 1,032 domestic branches and ended the year with 20,781 employees.

We would like to thank our employees. Their efforts and contributions have enabled Halkbank to maintain its sustained growth in 2022 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 2022, to our esteemed shareholders and their representatives for their consideration.

Respectfully,

Osman ARSLAN
Board Member
General Manager

R. Süleyman ÖZDİL
Chairman of the
Board of Directors

Annual Report Compliance Statement



Deloitte.

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

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 01/01/2022–31/12/2022, 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 01/01/2022–31/12/2022 as a result of the issues stated in Basis for Qualified Opinion paragraph in our Auditor's Report dated 17 February 2023. 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, 10 March 2023

Audit Committee's Assessment on the Operation of the Internal Control, Compliance, Internal Audit and Risk Management Systems and Information about its Activities in 2022



Board of Internal Auditors

The Board of Internal Auditors carry out its activities on behalf of the Board of Directors through the Audit Committee.

The Board of Internal Auditors aims to carry out banking activities covering all units, affiliates 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 Internal Auditors 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 Head and (5) Deputy Head, 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 2022, 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, irregularity scenarios were revised by taking into account current events, legislation, workflows and processes, and the Risky Personnel Identification Model developed in the previous period was re-scored with current data. 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 new modules of the Data Analyst Training Program were initiated within 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. In addition, suggestions for administrative and systemic improvements to prevent irregularities subject to investigation reports were shared with the relevant business units.

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.

In accordance with the relevant provisions of the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks, evaluation reports on the procurement of Support Services, Valuation Services, Independent Audit Services and Rating Services were periodically prepared and submitted to the Board of Directors.

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 Internal Auditors 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 Internal Auditors 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.

In 2022, 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.

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 four Deputy General Directorates.

Audit Committee's Assessment on the Operation of the Internal Control, Compliance, Internal Audit and Risk Management Systems and Information about its Activities in 2022



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 Executive 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 Executive Management, the Board of Internal Auditors, General Management divisions 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 Internal Auditors, 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 November 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 Proceeds of Crime. 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.

The Compliance Department identifies and categorizes the risks that the Bank may be exposed to in terms of the prevention of laundering of crime revenues and financing of terrorism issues, determines measures to mitigate risks and measures the effectiveness and efficiency of these measures, and also monitors trends in current compliance risks and subjects the Bank's products/services and customer structure to risk analysis processes within the framework of these risks.

Scenarios that could serve as a reference for monitoring and control activities are designed by considering risk-based approaches, existing scenarios are updated in line with current risks and measures, and new scenarios are created by considering the trends on the prevention of laundering of crime revenues and financing of terrorism. The system settings of the modules, which are an integral part of monitoring and control activities and where scenarios are managed, are updated in line with the needs, and work is carried out in coordination with the relevant teams to resolve technical issues.

In measuring the compliance risks posed by the Bank's customers, a customer risk scoring module is created within the framework of FATF recommendations and new risk management approaches. The module operates on a daily basis through the data warehouse and is scored based on criteria such as customer's past transaction habits, demographic structure and sector of activity. Efforts are underway to update the data subject to the scoring module and to expand its use throughout the Bank.

Improving customer and transaction data quality is important for the accurate and complete execution of risk management activities as well as for the Bank's marketing activities. In this respect, the Bank actively participates in the efforts of the Data Quality Committee established within the Bank. In addition, the reports generated through the Halksite platform help branches and regions in their efforts in this area under two main headings, namely Compliance Risk and Data Control.

In order to maintain healthy correspondent banking relations, the Bank requests information from correspondent banks on the prevention of laundering of crime revenues and financing of terrorism and conducts surveys. In addition, opinions are shared on the compliance processes of existing and new correspondent relationships.

The trainings to be given to the Bank's personnel on the issues included in our national legislation are organized in coordination with the Department of Halk Academy, and the documents related to the training topics are updated by taking into account both the minimum obligations set by the legislation and international developments. In addition, the training needs of the personnel of the Compliance Department are also assessed with the same approach.

Fulfilling the requirements of the relevant article of the national regulation on Risk Management Activities, a Risk Assessment Report is prepared in order to gather the activities carried out during the year within the scope of the Compliance Program under one report, to evaluate the Bank's compliance risk areas and update them when necessary, to create a basis for updating the Bank's policies and procedures, and to make self-assessment by measuring the effectiveness of the activities. The report is submitted to the Audit Committee and suggestions for process improvements are forwarded to the relevant business units.

In addition, the Bank actively participate in the MASAK (Financial Crimes Investigation Board) Working Group established within the Banks Association of Türkiye as well as its sub-working committees, the National Risk Assessment and Training Groups, thereby making significant contributions to improving processes across our country.

Pursuant to Article 4 of the Law on Prevention of Laundering Proceeds of Crime, monitoring and control activities are carried out to fulfill the Bank's obligation to report suspicious transactions. In the cases that are deemed suspicious as a result of the evaluation in terms of the prevention of laundering of crime revenues and financing of terrorism, suspicious transactions are reported to the MASAK Office. In order to fulfill the obligation under Article 26/A of the Measures Regulation, high-risk customers identified in the prevention of laundering of crime revenues and financing of terrorism Prevention Implementation Instruction are assessed during the customer acceptance process.

The Compliance Department also has duties arising from the ICAAP Regulation. 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 banking practices. It is ensured that the Bank personnel are informed about the changes in the law and other relevant legislation.

Ensuring that compliance activities are carried out across the Halkbank group is the responsibility of the Compliance Department. For this purpose, the Group Compliance Policy is prepared, and it comes into effect upon the approval of the Board of Directors. The compliance of the Bank's subsidiaries with this policy is monitored by the Compliance Department. Although each subsidiary has a separate Compliance Officer, in accordance with MASAK legislation, the Compliance Officer of Halk Bank is also the Compliance Officer of the financial group.

Within the scope of Türkiye's fight against money laundering and terrorism financing, MASAK makes numerous information requests or authority audits conduct to examine whether the obligations under the Law are fulfilled. Information/documents demanded in both information requests and audits are submitted to MASAK in a timely and complete manner.

Audit Committee's Assessment on the Operation of the Internal Control, Compliance, Internal Audit and Risk Management Systems and Information about its Activities in 2022



The implementation of asset freezing decisions issued by the authorities of our country and the necessary system improvements are ensured and the newly issued decisions are monitored.

The Bank carries out its activities in compliance with international sanctions programs, and commitments are made, especially to correspondent banks, that the necessary measures have been taken in this regard in the transactions intermediated by the Bank. In this context, the Compliance Department oversees the Bank's compliance with the sanctions programs; monitors the relevant legislation, news and trends; establishes the necessary policies and procedures for compliance with sanctions regulations; takes systemic measures for workflows and processes and shares opinions within the scope of accepting customers deemed risky in terms of sanctions and conducting business relations. In addition, periodic reporting is also carried out to assess sanction risks.

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 July 11, 2014 and numbered 29057, Risk Management Department operates under the Internal Systems Group, and 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 stages of creating legal and managerial reports on the Bank's reporting tool of the outputs produced through the Asset-Liability Management module are ongoing,
- Opinions on the Bank's new products and services are provided through established systems, opinions on companies to receive support services within the scope of the Regulation on the Procurement of Support Services by Banks are submitted and annual collective risk assessments are made,
- Regular review activities are carried out and necessary revisions are made regarding Risk Management policies and implementation procedures, and necessary coordination is carried out for the creation of the Bank's ICAAP and Precaution Plans,
- Validation studies of the models used in estimating the income of customers in Personal loan applications are carried out,
- The models used to calculate the Expected Credit Loss Provision (ECLP) within the scope of TFRS-9 are regularly renewed and the models are put into practice by calibrating the models, monthly behavioral notes for credit customers are produced and used in the Bank's ECLP calculation,
- Probability of default, loss given 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 monitored to be 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 models developed for individual and commercial customers are used as a decision support system in allocation decisions, the infrastructure for the use of model outputs in the Bank's important business processes such as allocation, provisioning, pricing and monitoring has been established and the structure continues to be used,
- Necessary actions 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.

Mevlüt UYSAL
Vice Chairman of the Board of Directors
Audit Committee Member

R. Süleyman ÖZDİL
Chairman of the Board of Directors
Head of Audit Committee



Executives of the Internal Systems Units

Head of the Board of Internal Auditors: Ali CEBECİ

Tenure in Current Position	3 years and 10 months
Professional Experience	27 years and 5 months
Educational Background	Bachelor's Degree in Türkiye

Head of Internal Control Department: Erol ÇELİK

Tenure in Current Position	3 years and 10 months
Professional Experience	25 years and 6 months
Educational Background	Bachelor's Degree in Türkiye

Head of Risk Management Department: Erdem ÖZDEMİR

Tenure in Current Position	8 years and 6 months
Professional Experience	23 years and 6 months
Educational Background	Bachelor's Degree in Türkiye

Head of Compliance Department: Samet DEMİRCİ

Tenure in Current Position	0 years and 7 months
Professional Experience	12 years and 4 months
Educational Background	Bachelor's Degree in Türkiye

Risk Management Policies by Risk Types and Risk Management Information



The Bank developed its risk management policies and implementation principles on the basis of risk types, 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 management 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

In order to transform resources into credit risk in accordance with the principles of reliability, prudence, fluidity, creditworthiness, profitability and efficiency, and to measure, evaluate and manage this risk effectively and adequately, the Bank has established Loan Policies and these policies have been approved and put into effect by the Bank's Board of Directors.

Objectives of the Bank's loan policies are;

- To create reliable lending standards,
- To monitor the credit relationship accurately and timely,
- To define credit risks and to manage the portfolio,
- To ensure the repayment of credits.

Within the framework of this policy, the Board of Directors has the authority to extend credit and to delegate this authority to the Credit Committee or the General Manager's Office within the framework of legal obligations, procedures and principles, and in accordance with the Bank's risk appetite, risk profile, budget and strategic plan, based on managerial practices.

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. In both proposal stage and credit extension stage, evaluations are made by considering factors such as credit product type, maturity and collateral within the framework of specifications on clients' credibility. Credit line limits are specified considering the Bank's strategic objectives and the historical risk records.

Credit strategies are determined and approved in writing by the Board of Directors, taking into account target markets and targeted portfolio structure, market conditions, the Bank's financial position, risk appetite, expected profitability level and equity level. These strategies are updated no less than once a year.

Credit processes are managed in line with the principle of separation of duties without causing any conflict of interest. In this context, the preparation of the credit proposal, the review and approval of the credit proposal, the extension of the approved credit limit, the monitoring of the customers to whom credit is extended, the monitoring of limit overruns and collateral worthiness, and the collection process for non-performing loans are conducted by separate Bank organizations.

Credit risk is measured using standardized and internal methods in accordance with the related regulations and communiqués. Models have been developed and basic risk parameters (Probability of Default, Loss Given Default and Default Amount) have been calculated in order to evaluate loan customers with internal rating-based methods. These are used as inputs in the Bank's key business processes (allocation, monitoring, pricing, provisioning). Reports prepared for internal rating, and which summarize the Bank's risk profile are regularly reported to support the Bank's Executive Management in critical decision-making processes.

The approaches used in credit rating models are subject to qualitative and quantitative validation, and these rating models are monitored, and the performance and stability of the model are regularly assessed.

Credit risk stress tests and scenario analyses are conducted to assess the impact of unexpected market and Bank-specific conditions on credit risk and the results of these tests are regularly reported.

Liquidity Risk Policies

Within the scope of the Policies on Liquidity Risk Management approved by the Board of Directors, the general framework for liquidity management has been set out and duties and responsibilities have been determined. Within the scope of this risk, 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 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 were determined in writing and the "Liquidity Risk Committee" was established for closely monitoring the process.

The analysis results regarding liquidity risk are 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 Executive 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 specified by the Board of Directors are monitored, 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 established an operational risk management policy approved by the Board of Directors regarding operational risks. The policy sets out the general framework for the identification, analysis, measurement, monitoring and the oversight of operational risk by Executive Management and is supported by internal procedures for implementation.

In order to measure the amount subject to operational risk, capital requirement levels related to operational risk are calculated by using Basic Indicator Approach, Advanced Measurement Approach and New Standard Method.

With the Operational Risk Management Policy, risk appetite was determined by associating the gross loss amount with the allocated capital amount and operational risk limits were established in order not to exceed the said risk appetite. The risk appetite and the level of compliance with the limits are regularly monitored and reported to the Bank's Executive Management. Limits and procedures determined within this scope are periodically reviewed.

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.

Regarding operational risk management, a loss database that also includes data from subsidiaries was created for the purposes of specifying risky business processes and activities, running frequency/severity analysis of risk levels, monitoring operational risk both on a single and on a consolidated basis, using loss data as input when applying advanced measurement techniques, specifying the collections made for transactions resulting with operational losses and to specify the sources of these collections, and monitoring the historical change in operational risk. Analyses of the Bank's operational risk loss data and the areas in which concentrations of these data are observed, including developments regarding operational risks, are regularly reported to the members of the Operational Risk Committee and the Bank's Executive Management.

Policy and Implementation Procedure Documents Specific to Other 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, "Policies on the Management of Concentration Risk", "Policies for Strategy Risk Management", "Policies for Country Risk Management" and "Policies on the Management of Reputation Risk" as well as "Stress Test Framework", "Risk Appetite Framework", "Capital Emergency Action Plan" and "ICAAP Policies and Implementation Procedures" were established and put into practice.

Rating Notes



Fitch Ratings (July 26, 2022)	
Foreign Currency Long Term	B- (Negative Tracking)
Foreign Currency Short Term	B (Negative Tracking)
Local Currency Long Term	B (Negative Tracking)
Local Currency Short Term	B (Negative Tracking)
National Long Term	AA(tur) (Negative Tracing)
Financial Capacity Rating	b- (Negative Tracking)
Government Support Rating	ns (no support)

JCR Eurasia (November 29, 2022)	
Long-Term International Foreign Currency Rating	BB (Negative)
Long-Term International Local Currency Rating	BB (Negative)
Long-Term National Rating	AAA (tr) (Stable)
Short-Term National Rating	J1+ (tr) (Stable)

Board of Directors and 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.

The 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 rights 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; Board Members 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 Board Members 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 Board Member, 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.

The Board of Directors convenes with the majority of the members and takes decisions while the majority of the Members are present at the meeting.

Unless a member requests a deliberation, the 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 46 times in 2022 and took 826 decisions.

GRI 2-9, 2-10, 2-18

Board of Directors and 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,
- Monitoring 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,
- Propounding ideas 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 channels of communication through which irregularities and fraud within the Bank can be reported directly to the Audit Committee or to the internal audit unit or to the inspectors,
- Monitoring whether the inspectors fulfill their duties independently and impartially,
- Reviewing internal audit plans,
- Propounding ideas 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,
- Supervising 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,
- Holding 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,
- Informing the Board of Directors about the opinions and evaluations of the relevant executive 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,
- Reviewing 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,

- Evaluating the independent audit results, annual and quarterly financial statements and their related documents and the independent audit report in conjunction with the executive management and the independent auditors and resolving other issues that the independent auditors have reservations about,
- 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,
- Making risk assessments 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.
- Overseeing 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,
- Discussing 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,
- Reporting 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,
- Following 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,
- Collecting 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,
- Carrying 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,
- Building the audit and control process that will provide the necessary assurance about the adequacy and accuracy of the Internal Capital Adequacy Assessment Process (ISEDES),
- Ensuring 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 2022, the Audit Committee convened 4 times and the Bank's potential risks, stress tests and scenario analyses, 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	Deputy Chairman of the Board of Directors/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.
- Propounds ideas 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. Committee assesses 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.

Board of Directors and Committees



- e) 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.)
- f) 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 2022, and decisions were taken at the meetings to identify the transactions that cause operational losses and to prevent operational losses.

Operational Risk Committee Members	Position	Primary Function
Hamdi COŞGÜN	Chairman	Group Manager of Internal Systems
Ergin KAYA	Member	Deputy General Manager of Operational Transactions and Digital Transformation
Olcay ATLIOĞLU	Member	Deputy General Manager of Information Technologies
Fatih ŞAHBAZ	Member	Deputy General Manager of Human Resources and Support Services
Altan TAŞKIRAN	Member	Deputy General Manager of Retail and Digital Banking
Ali CEBECİ	Member	Head of the Board of Internal Auditors
Erol ÇELİK	Member	Head of Internal Control Department
Erdem ÖZDEMİR	Member	Head of Risk Management Department
Samet DEMİRCİ	Member	Head of Compliance Department
Abdullah GÜRHAN	Member	Head of Central Operations Department
Süleyman Baran KOYUNCU	Member	Head of Branch Operations Department
Mehmet SEVİMLİ	Member	Head of Legal Affairs Department
Uğur Deniz ŞAHİN	Member	Head of Treasury Operations Department
Ahmet Cemal EREN	Member	Head of Tax Management and Payments Department
Mustafa ERMIŞ	Member	Head of Foreign Transactions Operations Department
Miraç TAŞ	Member	Head of Partnership Coordination Department
Kadriye Çimen BOZACI	Member	Head of Customer Communication Center Department
Okan KARADAĞ	Member	Head of Information Technologies Planning and Governance Department
Hakan ARMAĞAN	Member	The Board of Internal Auditors-Deputy Head of Investigation
Sıla Burcu BAŞAĞAOĞLU	Member	Division Manager of Risk Management Department Operational Risk
Alper TORUN	Member	Division Manager of Information Systems Security Office Information Technologies
Fatma AYDIN KHALİL	Member	Division Manager of Branch Operations Department Secure Banking Operations
Sedat ERDOĞAN	Member	Division Manager of Retail Banking Department Insurance
Rifat ÖZTÜRK	Member	Division Manager of Human Resources Department Ethical Practices and Discipline

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 effective and healthy functioning of the Credit Committee's activities.

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.
- Propounds ideas for the Board of Directors regarding the designation of the bank's loan 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 46 times and took 622 decisions in 2022. 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
Mevlüt UYSAL	Member	Deputy Chairman of the Board of Directors/Independent Board Member
Şeref AKSAÇ	Member	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 Assets and Liabilities Committee 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.

Board of Directors and Committees



The Assets and Liabilities Committee convened 18 times in 2022. The members of the Committee attended the meetings regularly.

Assets and Liabilities Committee Members	Position	Primary Function
Osman ARSLAN	Chairman	General Manager and Board Member
Yalçın MADENCİ	Member	Corporate and Commercial Marketing Deputy General Manager
Hasan TUNCAY	Member	Deputy General Manager of SME Banking
Altan TAŞKIRAN	Member	Deputy General Manager of Retail and Digital Banking
İlhan BÖLÜKBAŞ	Member	Deputy General Manager of Credit Allocation and Management
Tahir DEMİRKIRAN	Member	Deputy General Manager of Loan Policies Monitoring and Specialized Loans
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 Digital Transformation
Yusuf Duran OCAK	Member	Deputy General Manager of Financial Management and Planning
Olçay ATLIOĞLU	Member	Deputy General Manager of Information Technologies
Fatih ŞAHBAZ	Member	Deputy General Manager of Human Resources and Support Services
Hamdi COŞGUN	Member	Group Manager of Internal Systems
Ali CEBECİ	Member	Head of the Board of Internal Auditors
Erdem ÖZDEMİR	Member	Head of Risk Management Department
Caner GÖKBULUT	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 Overseeing 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.

GRI 2-15

The Corporate Governance Committee convened twice in 2022.

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	Deputy General Manager of Human Resources and Support Services
Osman BEKTAŞ	Member	Head of Financial Accounting Department
Halil İbrahim YILDIZ	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 Board Members.

The Compensation Committee convened once in 2022. The members of the Committee attended the meeting.

Members of the Compensation Committee	Position	Primary Function
Mesut KARAKAŞ	Chairman	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.
- The Committee forms working groups on sustainability from related departments. If necessary, the Committee seeks technical support from outside the Bank.
- Takes necessary actions 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.

GRI 2-13, 2-14

Board of Directors and Committees



The committee convened 5 times in 2022.

Members of the Sustainability Committee	Position	Primary Function
Mesut KARAKAŞ	Chairman	Independent Board Member
Ebubekir ŞAHİN	Vice Chairman	Board Member
Ergin KAYA	Member	Deputy General Manager of Operational Transactions and Digital Transformation
Tahir DEMİRKIRAN	Member	Deputy General Manager of Loan Policies Monitoring and Specialized Loans
Yusuf Duran OCAK	Member	Deputy General Manager of Financial Management and Planning
Olca ATLIOĞLU	Member	Deputy General Manager of Information Technologies
Fatih ŞAHBAZ	Member	Deputy General Manager of Human Resources and Support Services
Hamdi COŞGUN	Member	Group Manager of Internal Systems
Özgür BOZKURT	Member	Head of Loan Policies 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
Mehmet TANRIVERDİ	Member	Head of Construction Expertise and Real Estate Management Department
İbrahim Okan ÇAĞLAR	Member	Head of Budget and Reporting Department
Selma ŞEN	Member	Head of Corporate Architecture Department
Caner GÖKBULUT	Member	Head of Corporate Communications Department
Mehmet Hakan TERCAN	Member	Head of Infrastructure Management Department
Halil İbrahim YILDIZ	Member	Head of Human Resources Department
Erdem ÖZDEMİR	Member	Head of Risk Management Department
Hacı BEKDUR	Member	Head of Support and Procurement Services Department

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 İş ve Teknoloji Hizmetleri ve Ticaret Ltd. Şti.: Equipment renting and maintenance 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.: Identity Management System Product license purchase, maintenance and support services,
- Security guard recruitment service needed in bank units, received from Ekol Grup Güvenlik Koruma ve Eğitim Hizmetleri Ltd. Şti., Tepe Savunma ve Güvenlik Sistemleri A.Ş. ve Eva Grup Koruma ve Özel Güvenlik Ltd. Şti.
- Card payment systems software development and maintenance services received from Bilişim Bilgisayar Hizmetleri A.Ş. (Banksoft),
- 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,
- Call Center and Operations Center staffing service provided by KRM Yönetim Danışmanlık A.Ş.,
- Hobim Archiving and Basım Hizmetleri A.Ş. for Preservation, storage and destruction services of the physical archives of the Bank,
- Physical gold appraisal service provided by İstanbul Altın Rafinerisi A.Ş. (İstanbul Gold refinery),
- 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,
- Prepaid payment/pass card service in universities, public/private institutions and organizations, mobile application design, software, campaign management service for on-campus spending with QR code via mobile application received from Etisan Proje Bilgi ve Yazılım Teknolojileri San. Tic. A.Ş.
- 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,
- Virtual POS infrastructure, software development and maintenance services received from Payten Teknoloji A.Ş.,
- Treasury software installation, adaptation and integration software development services received from Globit Global Bilgi Teknolojileri A.Ş.

Transactions with the Risk Group



The details and related notes of the transactions the Bank carried out with its risk group in 2022 are provided in Footnote VII of Section Five of the Unconsolidated Financial Statements and Independent Audit Report.

Amendments to the Articles of Association in 2022

OLD

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ TEXT OF AMENDMENT TO THE ARTICLES OF ASSOCIATION

Capital:

Article 6) (1) The Bank has adopted the registered share capital system in accordance with the provisions of the Capital Markets Law, and started to apply the registered share capital system pursuant to authorization No. 8/346 dated 19.03.2015 of the Capital Markets Board.

(2) The Bank's registered share capital ceiling is 10,000,000,000 (Ten Billion) Turkish Lira represented by 1,000,000,000,000 (One Trillion) shares, each with a 1 (One) Turkish Kuruş (Kr) (0.01 Turkish Lira) nominal value.

(3) The authorization granted by the Capital Markets Board of Turkey for the registered share capital ceiling is valid for 5 years, from 2020 to 2024. Even if at the end of 2024 the registered share capital ceiling is not reached, in order for the Board of Directors to approve a capital increase after 2024, the General Assembly would be required to give authorization for a new period (not exceeding 5 years) by obtaining an permission from the Capital Markets Board of Turkey for the previously authorized ceiling, or a new ceiling amount. If the said authorization is not obtained, then the capital increase can not be made with the Board of Directors' decision.

NEW

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ TEXT OF AMENDMENT TO THE ARTICLES OF ASSOCIATION

Capital:

Article 6) (1) The Bank has adopted the registered share capital system in accordance with the provisions of the Capital Markets Law, and started to apply the registered share capital system pursuant to authorization No. 8/346 dated 19.03.2015 of the Capital Markets Board.

(2) The Bank's registered share capital ceiling is 10,000,000,000 (ten billion) Turkish Lira represented by 1,000,000,000,000 (one trillion) shares, each with a 1 (one) Turkish Kuruş (Kr) (0.01 Turkish Lira) nominal value.

(3) The authorization granted by the Capital Markets Board of Turkey for the registered share capital ceiling is valid for 5 years, from 2020 to 2024. Even if at the end of 2024 the registered share capital ceiling is not reached, in order for the Board of Directors to approve a capital increase after 2024, the General Assembly would be required to give authorization for a new period (not exceeding 5 years) by obtaining an permission from the Capital Markets Board of Turkey for the previously authorized ceiling, or a new ceiling amount. If the said authorization is not obtained, then the capital increase can not be made with the Board of Directors' decision.

Amendments to the Articles of Association in 2022



(4) The Bank's issued capital is 2,473,776,223.78 (Two Billion Four Hundred Seventy Three Million Seven Hundred Seventy Six Thousand Two Hundred Twenty Three Turkish Lira Seventy Eight Kuruş) Turkish Lira, is free of collusion and has been fully paid-up. This share capital is represented by 247,377,622,378 (Two Hundred Forty Seven Billion Three Hundred Seventy Seven Million Six Hundred Twenty Two Thousand Three Hundred Seventy Eight) shares, each with a 1 (One) Turkish Kuruş (0.01 Turkish Lira) nominal value.

(5) The Board of Directors is authorized to pass resolutions regarding share issues at a premium over the par value, and to restrict preemptive rights of shareholders avoiding unequal treatment.

(6) The shares representing the Bank's share capital are traced through book-entry registration pursuant to applicable principles of dematerialization.

(4) The Bank's issued capital is 4,969,120,730.29 (fourbillionninehundredsixtytyninemilliononehundred-twentythousandsevenhundredthirty Turkish Lira twenty-nine Kuruş) Turkish Lira, is free of collusion and has been fully paid-up. This share capital is represented by 496,912,073,029 (fourhundredninety-sixbillionninehundredtwelvemillionseventythree thousand-twenty-nine) shares, each with a 1 (one) Turkish Kuruş (0.01 Turkish Lira) nominal value.

(5) The Board of Directors is authorized to pass resolutions regarding share issues at a premium over the par value, and to restrict preemptive rights of shareholders avoiding unequal treatment.

(6) The shares representing the Bank's share capital are traced through book-entry registration pursuant to applicable principles of dematerialization.

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 outside 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.

As a result of the comprehensive review conducted by JCR Avrasya Derecelendirme A.Ş., our Bank's Corporate Governance Principles Compliance Rating was raised to 9.46 as of June 28, 2022 from 9.45 in the previous monitoring period.

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	
1.1. Facilitating The Exercise Of Shareholder Rights						
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					
1.2. Right To Obtain And Review Information						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. General Assembly						
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.

GRI 2-24, 3-3, 205-1, 205-2, 205-3, 406-1

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4. Voting Rights						
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	
1.5. Minority Rights						
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.
1.6. Dividend Right						
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					
1.7. Transfer of Shares						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. Corporate Website						
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					
2.2. Annual Report						
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	
3.1. Corporation's Policy on Stakeholders						
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					
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management						
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 2022, it was not deemed that a significant decision was taken against the interests of the beneficiaries. Hence, a survey/consultation study was not conducted.
3.3. Human Resources Policy						
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					
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					

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
3.4. Relations with Customers and Suppliers						
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					
3.5. Ethical Rules and Social Responsibility						
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					
4.1. Role of the Board of Directors						
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					
4.2. Activities of the Board of Directors						
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					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					

Corporate Governance Principles



Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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.
4.3. Structure of the Board of Directors						
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					
4.4. Board Meeting Procedures						
4.4.1 - Each board member attend the majority of the board meetings in person or via an electronic board meeting system	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					
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					

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5. Board Committes						
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					
4.6. Financial Rights						
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 Manager 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	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	95
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/1006560
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	www.halkbank.com.tr/Investor Relations/Corporate Governance/Policies/Policy on Donations and Aids
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/270323
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.
1.4. Voting Rights	
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	87.7%
1.5. Minority Rights	
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.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	www.halkbank.com.tr/Investor Relations/Corporate Governance/Policies/Dividend Distribution Policy
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.	https://www.halkbank.com.tr/en/investor-relations/corporate-governance/general-assembly.html
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/en/Bildirim/1013001

General Assembly Meetings									
General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	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
25.03.2022	0	89,55451517	0,00131247	89,55320270	www.halkbank.com.tr/Investor Relations/Corporate Governance/General Assembly	None	None	74	https://www.kap.org.tr/en/Bildirim/1006560

Disclosure and Transparency	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	www.halkbank.com.tr/Investor Relations
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
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
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	2022 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	2022 Integrated Annual Report/Corporate Governance/Board of Directors and 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	2022 Integrated Annual Report/Corporate Governance/Board of Directors and Committees
ç) 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	2022 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	2022 Integrated Annual Report/Human Capital-Social and Relational Capital
Stakeholders	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	www.halkbank.com.tr/Investor Relations/Corporate Governance/Policies/Policy on Indemnities
The number of definitive convictions the company was subject to in relation to breach of employee rights	19
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 Deputy General Manager.
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.

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Corporate Governance Principles



3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
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	-
3.3. Human Resources Policy	
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.	<p>¹www.halkbank.com.tr/Investor Relations/Corporate Governance/Policies/Human Rights and Human Resources Policy</p> <ul style="list-style-type: none"> * Perform the activities the Bank needs to undertake to achieve its purposes with an adequate number of staff; * Select and assign eligible staff with competencies that match the respective job requirements; * Value and respect employees' personalities, protect their pecuniary and nonpecuniary rights, and ensure the confidentiality of their personal information; * Offer a safe working environment suited to the nature of the assignment; * 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; * 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; * Provide employees with the means to help them increase their knowledge and experience; reward accomplished employees within the available means; * 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; * Ensure that employees work while adhering to the principles of productivity and profitability, and with the cost consciousness required; * Encourage employees to produce new ideas that will help cultivate creative thinking and develop transactions/procedures; * 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; * Evaluate each employee under objective criteria and on an equitable basis. "
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.	www.halkbank.com.tr/Investor Relations/Corporate Governance/Policies/Human Rights and 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.
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	www.halkbank.com.tr/Investor Relations/Corporate Governance/Ethical Principles/Halkbank Code of Ethics
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.	www.halkbank.com.tr/Investor Relations/Corporate Governance/Policies/ Social Responsibility and Public Relation Policy

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."
Board of Directors-I	
4.2. Activity of the Board of Directors	
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	https://www.kap.org.tr/en/Bildirim/1013152
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	2022 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 2022
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
Mevlüt UYSAL	Non-executive	Independent director	27.05.2019	-	-	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
Mesut KARAKAŞ	Non-executive	Independent director	25.03.2022	https://www.kap.org.tr/en/Bildirim/1019235	Considered	No	No
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

Board of Directors-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical or electronic board meetings in the reporting period (meetings in person)	46
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	www.halkbank.com.tr/Investor Relations/Corporate Governance/Articles of Association (Article 22)
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	2022 Integrated Annual Report/Corporate Governance/Board of Directors and 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 Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee 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		Halil İbrahim YILDIZ	No	Not board member
Remuneration Committee		Mesut KARAKAŞ	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	Şeref AKSAÇ	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	Yalçın MADENCİ	No	Not board member
Other	Assets and Liabilities Committee	Hasan TUNCAY	No	Not board member
Other	Assets and Liabilities Committee	Altan TAŞKIRAN	No	Not board member
Other	Assets and Liabilities Committee	İlhan BÖLÜKBAŞ	No	Not board member
Other	Assets and Liabilities Committee	Tahir DEMİRKIRAN	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	Hamdi COŞGUN	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	Caner GÖKBULUT	No	Not board member
Other	Sustainability Committee	Mesut KARAKAŞ	Yes	Board member
Other	Sustainability Committee	Ebubekir ŞAHİN	No	Board member
Other	Sustainability Committee	Tahir DEMİRKIRAN	No	Not board member
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	Hamdi COŞGUN	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 BİLGİN	No	Not board member

Corporate Governance Principles



Composition of Board Committees-I				
Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
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	Caner GÖKBULUT	No	Not board member
Other	Sustainability Committee	Erdem ÖZDEMİR	No	Not board member
Other	Sustainability Committee	Selma ŞEN	No	Not board member
Other	Sustainability Committee	Halil İbrahim YILDIZ	No	Not board member
Other	Sustainability Committee	Hacı BEKDUR	No	Not board member
Other	Information Technologies Strategy Committee	Osman ARSLAN	Yes	Board member
Other	Information Technologies Strategy Committee	Yalçın 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	Olca ATLIOĞLU	No	Not board member
Other	Information Technologies Strategy Committee	Fatih ŞAHBAZ	No	Not board member
Other	Information Technologies Strategy Committee	Hamdi COŞGUN	No	Not board member
Other	Information Technologies Strategy Committee	Tahir DEMİRKIRAN	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	Tuncer DEMİREL	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 Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Other	Information Technologies Strategy Committee	Namık Kemal UÇKAN	No	Not board member
Other	Information Technologies Strategy Committee	Cüneyt EYİN	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	Olca ATLIOĞLU	No	Not board member
Other	Information Security Committee	Cüneyt EYİN	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	Tuncer DEMİREL	No	Not board member
Other	Information Security Committee	Mehmet Hakan TERCAN	No	Not board member
Other	Information Security Committee	Namık Kemal UÇKAN	No	Not board member
Other	Information Security Committee	Ali CEBECİ	No	Not board member
Other	Information Security Committee	Halil İbrahim YILDIZ	No	Not board member
Other	Information Security Committee	Mehmet SEVİMLİ	No	Not board member
Other	Information Security Committee	Samet DEMİRCİ	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	Yalçın 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	Olca 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	Hamdi COŞGUN	No	Not board member
Other	Business Continuity and Emergency Action Committee	Tahir DEMİRKIRAN	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

Corporate Governance Principles



Composition of Board Committees-I				
Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
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
Other	Business Continuity and Emergency Action Committee	Abdullah GÜRHAN	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	Hacı BEKDUR	No	Not board member
Other	Business Continuity and Emergency Action Committee	Mehmet TANRIVERDİ	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	Tuncer DEMİREL	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	Namık Kemal UÇKAN	No	Not board member
Other	Business Continuity and Emergency Action Committee	Halil İbrahim YILDIZ	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	Mustafa Gökhan YILDIRIM	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	Selma ŞEN	No	Not board member
Other	Business Continuity and Emergency Action Committee	Caner GÖKBULUT	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)	2022 Integrated Annual Report/Corporate Governance/Board of Directors and 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)	2022 Integrated Annual Report/Corporate Governance/Board of Directors and 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)	2022 Integrated Annual Report/Corporate Governance/Board of Directors and 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)	2022 Integrated Annual Report/Corporate Governance/Board of Directors and 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)	2022 Integrated Annual Report/Corporate Governance/Board of Directors and 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)	2022 Integrated Annual Report/Corporate Governance
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	www.halkbank.com.tr/Investor Relations/Corporate Governance/Ethical Principles/Policy on Remuneration
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)	2022 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%	10	17
Corporate Governance Committee		28.6%	14.3%	2	0
Remuneration Committee		100%	50%	1	1
Other	Credit Committee	80%	20%	46	0
Other	Assets and Liabilities Committee	0%	0%	18	18
Other	Sustainability Committee	10%	5%	5	0
Other	Information Technologies Strategy Committee	0%	0%	2	1
Other	Information Security Committee	0%	0%	2	1
Other	Business Continuity and Emergency Action Committee	0%	0%	2	0

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 Mevlüt UYSAL, who was elected an Independent Board Member at the Ordinary General Assembly on March 25, 2022:

“To: The Corporate Governance Committee of T. Halk Bankası A.Ş.,

I am a candidate to serve as an Independent Board Member 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) Within the last five years, I have not been a shareholder (5% and above), a board member, or an executive in charge of significant duties and responsibilities, at the companies that are providing audit services to the Bank, including tax audit, regulatory audit and internal audit, the companies that are providing rating and advisory services to the Bank, the companies that the Bank is purchasing from/selling to products or services in significant amounts; during the term in which such services and products are being provided,
- c) I have the professional training, knowledge and experience to duly fulfill the duties I shall undertake for the independent membership 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 Türkiye according to the Income Tax Law dated December 31, 1960 and numbered 193,
- f) I have strong ethical standards, professional reputation and experience to make a positive contribution to the operations of the Bank, to keep my impartiality in conflicts of interest to arise between the Bank and shareholders, and to make decisions freely by taking into account the rights of stakeholders;
- g) I will be able to allocate the necessary time 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 Board Member of the Bank for more than 6 years in the last 10 years,
- i) I have not served as an independent board member 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 person elected as the board member.”

Remuneration of the Board of Directors

In accordance with Article 23 of the Bank's Articles of Association, the Bank pays a monthly salary to the Board Members. The amount of such monthly salary is determined by the General Assembly. In this context, a gross payment of TRY 19.3 million was made to the Board Members and Senior Executives of the Bank in 2022. On the other hand, banking sector practices are also taken into consideration, and remunerations and benefits given to the Board Members and executives are not disclosed 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 Court of Appeal in the USA.

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 convenience. 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 2022 is TRY 219.4 million, and the total amount of donations and aids including consolidated partnerships is TRY 224.3 million.



Sustainability Principles Compliance Frame

	PRINCIPLES	COMPLIANCE STATUS					RELATED REPORT/LINKS
		YES	NO	PARTIALLY	IRRELEVANT	EXPLANATION	
	A. General Principles						
	A1. Strategies, Policies and Goals						
A1.1	Material environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the partnership's board of directors.	X					It is included in the "Halkbank's Vision, Mission and Corporate Values" (page 21) and "Halkbank's Priorities in Sustainability" (pages 62-64) sections of the 2022 Integrated Annual Report. ESG Policies: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html
A1.1	ESG Policies (i.e., Environmental Policy, Energy Policy, Human Rights and Labor Policy etc.) have been established and publicly disclosed by the Company's board of directors.	X					The Bank's ESG policies are published on its website. ESG Policies: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html
A1.2	Short and long-term targets which have been defined under the ESG policies are disclosed to the public.	X					It is included in Financial Capital, Human Capital, Social and Relational Capital, Intellectual Capital, Produced Capital and Natural Capital sections of the 2022 Integrated Annual Report.
	A2. Application/Monitoring						
A2.1	The committees and/or departments responsible for the execution of ESG policies and top-level executives in the Company related to ESG issues and their duties have been identified and they are publicly disclosed.	X					It is included in the "Halkbank's Sustainability Organizational Structure and Approach" (pages 60-61) section of the 2022 Integrated Annual Report.
A2.1	The responsible committee / unit reported the activities carried out within the scope of the policies to the Board of Directors at least once a year.	X				The Sustainability Committee convened 5 times in 2022.	It is included in the "Halkbank's Sustainability Organizational Structure and Approach" (pages 60-61) section of the 2022 Integrated Annual Report.
A2.2	In line with ESG targets, implementation and action plans were developed and disclosed to the public.	X					It is included in Financial Capital, Human Capital, Social and Relational Capital, Intellectual Capital, Produced Capital and Natural Capital sections of the 2022 Integrated Annual Report.
A2.3	ESG Key Performance Indicators (KPI) and the level of achievement of these indicators were disclosed to the public on a yearly basis.	X					It is included in the "Halkbank's Model For Value Creation" (pages 56-59) section of the 2022 Integrated Annual Report.

	PRINCIPLES	COMPLIANCE STATUS					RELATED REPORT/LINKS
		YES	NO	PARTIALLY	IRRELEVANT	EXPLANATION	
A2.4	Activities to improve the sustainability performance of business processes or products and services have been disclosed to the public.	X					It is provided in the "Areas of Focus" (pages 46-55) "Halkbank's Sustainability Organizational Structure and Approach" (pages 60-61) "Sustainable Finance" (pages 70-73) and "Natural Capital" (pages 132-141) sections of the 2022 Integrated Annual Report.
	A3. Reporting						
A3.1	In the Company's annual reports, information regarding sustainability performance, targets and actions should be disclosed in an understandable, accurate and sufficient manner.	X					The Bank discloses its sustainability performance, targets and actions in the Integrated Annual Report every year. It also reports on ESG issues to national and international organizations (BIST Sustainability Index, CDP). Reports: https://www.halkbank.com.tr/en/investor-relations/corporate-governance/sustainability.html
A3.2	Information on which of the Company's activities are related to the United Nations (UN) 2030 Sustainable Development Goals (SDGs) has been disclosed to the public by the Company.	X					It is included in Financial Capital, Human Capital, Social and Relational Capital, Intellectual Capital, Produced Capital, Natural Capital and "Halkbank's Material Sustainability Issues" (pages 62-64) sections of the 2022 Integrated Annual Report.
A3.3	Lawsuits filed and/or concluded against ESG issues, which are important in terms of ESG policies and/or will significantly affect activities, have been disclosed to the public.	X					It is included in the "Other Issues Within The Scope Of Corporate Governance Principles" (pages 180-181) section of the 2022 Integrated Annual Report.
	A4. Verification						
A4.1	The Company's ESG Key Performance metrics have been verified by an independent third party and publicly disclosed.	X					Independent verification audit of 2022 ESG data is provided as Independent Assurance Report. It is included in the "Independent Assurance Report" (pages 495-497) section of the 2022 Integrated Annual Report.



Sustainability Principles Compliance Frame

	PRINCIPLES	COMPLIANCE STATUS					RELATED REPORT/LINKS
		YES	NO	PARTIALLY	IRRELEVANT	EXPLANATION	
	B. Environmental Principles						
B1	The Company has publicly disclosed its policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	X				At all locations of Halkbank, ISO 14001:2015 Environmental Energy Management System and ISO 50001:2018 Energy Management System (Integrated Management System) standards are implemented.	It is included in the "Natural Capital" (pages 132-141) section of the 2022 Integrated Annual Report.
B2	The scope of the report, reporting period, reporting date, and the limitations regarding the reporting conditions were disclosed to the public regarding the environmental reports prepared regarding information on environmental management	X					It is included in the "About the Report" (page 1) and "Reporting Guidelines" (pages 480-487) sections of the 2022 Integrated Annual Report.
B3	Given in A2.1.						
B4	Environmental targets included in the reward criteria within the scope of performance incentive systems on the basis based on (such as members of the Board of Directors, managers, and employees) have been disclosed to the public.		X			It is planned.	
B5	It has been disclosed to the public that the way of material environmental issues integration into business objectives and strategies.	X					"Halkbank's Sustainability Organizational Structure and Approach" (pages 60-61) and "Natural Capital" (pages 132-141) of the 2022 Integrated Annual Report.
B6	Given in A2.4.						
B7	"It has been publicly disclosed how environmental issues are managed and integrated into business objectives and strategies throughout the Company's value chain; including the operational process, suppliers and customers."	X					It is included in the "Natural Capital" (pages 132-141) section of the 2022 Integrated Annual Report.
B8	Whether relevant organizations and nongovernmental organizations on the environment are involved in the policy-making processes and the collaborations with these institutions and organizations were disclosed to the public.	X					It is included in the "Natural Capital" (pages 132-141) section of the 2022 Integrated Annual Report.
B9	Environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) information about the impacts of the Company has been disclosed to the public on comparable basis periodically.	X					It is included "Environmental Performance Indicators" (page 477) section of the 2022 Integrated Annual Report.

	PRINCIPLES	COMPLIANCE STATUS					RELATED REPORT/LINKS
		YES	NO	PARTIALLY	IRRELEVANT	EXPLANATION	
B10	Details of the standard, protocol, methodology, and base year used to collect and calculate data have been publicly disclosed.	X					It is included "Reporting Guidelines" (page 480-487) sections of the 2022 Integrated Annual Report.
B11	In comparison with previous years, the increase or decrease of environmental indicators for the reporting year has been disclosed to the public.	X					It is included "Environmental Performance Indicators" (page 477) section of the 2022 Integrated Annual Report.
B12	"Short and long-term targets have been determined to reduce the Company's environmental impacts, and the progress of these targets and the targets determined in previous years has been disclosed to the public."	X					It is included in the "Halkbank's Model For Value Creation" (pages 56-59) section of the 2022 Integrated Annual Report.
B13	A strategy to combat the climate crisis has been created and the planned actions have been publicly announced.	X					They are given in the "Areas of Focus" (pages 46-55) and "Natural Capital" (pages 132-141) sections of the 2022 Integrated Annual Report..
B14	Programs or procedures have been established and disclosed to the public in order to prevent or minimize the potential negative impact of products and/or services on the environment.	X					It is given in the "Sustainable Finance" (pages 70-73) and "Responsible Products and Services Approach" (pages 134-135) sections of the 2022 Integrated Annual Report.
	Actions have been taken to reduce greenhouse gas emissions of third parties (i.e., suppliers, subcontractors, dealers, etc.) and these actions have been disclosed to the public.		X			There are no efforts to reduce greenhouse gas emissions of third parties (eg suppliers, subcontractors, dealers, etc.).	
B15	The environmental benefits and cost savings of initiatives and projects aimed at reducing environmental impacts have been disclosed to the public.	X					It is included in the "Halkbank's Model For Value Creation" (pages 56-59) and "Natural Capital" (pages 132-141) sections of the 2022 Integrated Annual Report.
B16	Energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data are publicly disclosed as Scope-1 and Scope- 2.	X					It is included "Environmental Performance Indicators" (page 477) section of the 2022 Integrated Annual Report.
B17	Public disclosure was made about the electricity, heat, steam and cooling produced in the reporting year.	X					It is included "Environmental Performance Indicators" (page 477) section of the 2022 Integrated Annual Report.
B18	Actions on increasing the use of renewable energy and transition to zero or low carbon electricity have been made and publicly announced.	X					It is given in the "Sustainable Finance" (pages 70-73) and "Natural Capital" (pages 132-141) sections of the 2022 Integrated Annual Report.
B19	Renewable energy production and consumption data is publicly disclosed.	X					It is given in the "Natural Capital" (pages 132-141) section of the 2022 Integrated Annual Report.

Sustainability Principles Compliance Frame



	PRINCIPLES	COMPLIANCE STATUS					RELATED REPORT/LINKS
		YES	NO	PARTIALLY	IRRELEVANT	EXPLANATION	
B20	Energy efficiency projects have been carried out and the amount of energy consumption and emission reduction achieved through energy efficiency projects has been disclosed to the public.	X					It is given in the "Natural Capital" (pages 132-141) section of the 2022 Integrated Annual Report.
B21	Water consumption, and if any amounts of water drawn, recycled and discharged from underground or above ground, sources and procedures are publicly disclosed.	X					It is included in the "Environmental Performance Indicators" (page 477) section of the 2022 Integrated Annual Report. CDP Water Security Report: https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulakliyat/2022-CDP-Su-Raporu.pdf
B22	It has been publicly disclosed whether the Company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).		X				No carbon pricing system has been included in the banking operations.
B23	Information on carbon credits gained or purchased during the reporting period has been disclosed to the public.			X			No carbon credits were purchased during the reporting period. Information on total carbon credits purchased until the reporting period is included in the Integrated Annual Report. It is included in the "Natural Capital" (pages 132-141) section of the 2022 Integrated Annual Report.
B24	If carbon pricing is applied within the Company, the details are disclosed to the public.				X		Not applicable.
B25	The platforms where the Company discloses its environmental information are publicly disclosed.	X					The Bank shares its environmental information in its efforts to participate in the CDP, NZBA, SBTi and BIST Sustainability Index. It is included in the Integrated Annual Report and on the website. It is given in the "Natural Capital" (pages 132-141) section of the 2022 Integrated Annual Report. Web Page: https://www.halkbank.com.tr/en/investor-relations/corporate-governance/sustainability.html

	PRINCIPLES	COMPLIANCE STATUS					RELATED REPORT/LINKS
		YES	NO	PARTIALLY	IRRELEVANT	EXPLANATION	
	C. Social Principles						
	C1. Human Rights and Employee Rights						
C1.1	The Corporate Human Rights and Employee Rights Policy has been established in a way to cover the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation, those responsible for the execution of the policy have been determined and both the policy and responsible departments from the policies have been disclosed to the public.	X					It is included in the "Human Capital" (pages 90-103) section of the 2022 Integrated Annual Report. Policies: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html
C1.2	Considering the effects of supply and value chain; fair workforce, improvement of labor standards, women's employment, and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination) are included in the Company's policy on employee rights.	X					It is included in the "Human Capital" (pages 90-103) section of the 2022 Integrated Annual Report. Policies: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html
C1.3	Measures taken along the value chain regarding the observance of certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights/equality of opportunity have been publicly disclosed.	X					It is included in the "Human Capital" (pages 90-103) section of the 2022 Integrated Annual Report. Policies: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html
C1.4	Developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labor have been disclosed publicly.	X					It is included in the "Human Capital" (pages 90-103) section of the 2022 Integrated Annual Report. Policies: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html



Sustainability Principles Compliance Frame

	PRINCIPLES	COMPLIANCE STATUS					RELATED REPORT/LINKS
		YES	NO	PARTIALLY	IRRELEVANT	EXPLANATION	
C1.5	Investments in employees (training and development policies), compensation, recognized fringe benefits, unionization right, work/life balance solutions and talent management are included in the employee rights policy.	X					It is included in the "Human Capital" (pages 90-103) section of the 2022 Integrated Annual Report. Policies: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html
	Disagreement resolution processes have been determined by establishing mechanisms for employee complaints and resolution of disputes.	X					It is included in the "Human Capital" (pages 90-103) section of the 2022 Integrated Annual Report. Policies: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html
	Activities conducted within the reported period to ensure employee satisfaction were disclosed publicly.	X					It is included in the "Human Capital" (pages 90-103) section of the 2022 Integrated Annual Report. Policies: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html
C1.6	Occupational health and safety policies have been established and disclosed publicly.	X					It is included in the "Human Capital" (pages 90-103) section of the 2022 Integrated Annual Report. Policies: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html
	Measures taken to prevent occupational incidents and protect health and incident statistics have been disclosed publicly.	X					It is included in the "Human Capital" of the report (pages 90-103) and "Environmental Performance Indicators" (page 477) sections of the 2022 Integrated Annual Report.
C1.7	Personal data protection and data security policies have been established and disclosed publicly.	X					It is included in the bank's policies on its website. Policies: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html

	PRINCIPLES	COMPLIANCE STATUS					RELATED REPORT/LINKS
		YES	NO	PARTIALLY	IRRELEVANT	EXPLANATION	
C1.8	Ethics policy has been established and disclosed publicly.	X					It is included in the bank's policies on its website. Policies: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html
C1.9	Explains its work on social investment, social responsibility, financial inclusion and access to finance.	X					It is included in the "Social and Relational Capital" (pages 104-117) section of the 2022 Integrated Annual Report.
C1.10	Informative meetings and training programs have been organized for employees on ESG policies and activities.	X					It is included in the "Human Capital" (pages 90-103) section of the 2022 Integrated Annual Report.
C2. Stakeholders, International Standards and Initiatives							
C2.1	The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed publicly.	X					It is included in the bank's policies on its website. Policies: https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkeler-ve-politikalar.html
C2.2	Information about the communication with stakeholders (which stakeholder, subject and frequency) is publicly disclosed.	X					It is included in the "Stakeholder Relations at Halkbank" (pages 106-109) section of the 2022 Integrated Annual Report.
C2.3	International reporting standards adopted in reporting are explained.	X					It is included in the "About the Report" (page 1) and "Reporting Guidelines" (page 480-487) sections of the 2022 Integrated Annual Report.
C2.4	Principles adopted in relation to sustainability, international organizations, committees and principles of which the Company is a signatory or member are disclosed publicly.	X					It is included in the "Natural Capital" (pages 132-141) section of the 2022 Integrated Annual Report.
C2.5	Improvements were made and studies were carried out to be included in the sustainability indices of Borsa Istanbul and/or international indices providers.	X					It is included in the "Natural Capital" (pages 132-141) section of the 2022 Integrated Annual Report. Web Page: https://www.halkbank.com.tr/en/investor-relations/corporate-governance/sustainability.html
D. Corporate Governance Principles							
D1	Stakeholders' opinions were consulted in determining the measures and strategies on sustainability.	X					It is included in the "Corporate Governance Principles" (pages 164-179) section of the 2022 Integrated Annual Report.
D2	Social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.	X					It is included in the "Human Capital" (pages 90-103) section of the 2022 Integrated Annual Report.



Report of the Supervisory Board

The Bank's activities during 2022 have been reviewed and below statements were concluded.

- By the end of 2022, compared to the previous year, the banking sector's total assets increased by 55.7 percent and soared to 14,344,402 million Turkish lira. The total portfolio of securities rose by 60.5 percent to 2,370,022 million Turkish lira. Total deposits increased by 67.4 percent and rose to 9,255,952 million Turkish lira. While non-cash loans increased by 50.7 percent to 2,521,957 million Turkish lira, cash loans rose to 7,580,668 million Turkish lira, an increase of 54.7 percent. The ratio of non-performing loans/total cash loans amounted to 2.11 percent.
- With such sector developments in the backdrop, by the end of 2022, the Bank's total assets soared to 1,392,140 million Turkish lira, an increase of 54.5 percent year-on-year. Non-cash loans rose by 65.1 percent, growing from 190,941 million Turkish lira to 315,186 million Turkish lira. Cash loans rose by 57.7 percent, growing from 514,624 million Turkish lira to 811,639 million Turkish lira. The Bank's SME loans, aimed at financing the driving force behind our country's growth, rose from 209,286 million Turkish lira to 371,281 million Turkish lira, up 77.4 percent year-on-year. The Bank also sustained the lead in the sector with a 19-percent market share in SME loans in 2022. Artisan loan balance increased by 59 percent year-on-year from 77,524 million Turkish lira to 123,240 million Turkish lira. The total portfolio of securities grew by 52.2 percent from 186,145 million Turkish lira to 283,364 million Turkish lira. Additionally, total deposits increased by 69 percent from 623,531 million Turkish lira to 1,053,841 million Turkish lira. The Bank's ratio of non-performing loans/total cash loans amounted to 2.03 percent.
- In 2022, the Bank issued commercial papers/bonds with a total nominal value of 19.9 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 2022, the ratio of cash loans/total assets, an indicator of asset quality, amounted to 58.3 percent (sector average: 52.8 percent), while the loan-to-deposit ratio reached 77 percent (sector average: 81.9 percent).
- The Bank's authorized capital is 10,000 million Turkish lira, while its paid-in capital is 4,969 million Turkish lira. Furthermore, the Bank's shareholder's equity rose by 106.5 percent year-on-year to 89,844 million Turkish lira from 43,500 million Turkish lira.
- The Bank's net profit for the period amounted to 14,754 million Turkish lira at the end of 2022.

- The total number of credit cards issued increased to 6.3 million, the total number of POS devices installed increased to 493 thousand, and the number of member merchants who signed on grew to 333 thousand.
- The Bank's bookkeeping order in the January 1–December 31, 2022 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 14 new branches in 2022, increasing the total number of branches to 1,038. It currently operates with 1,032 domestic branches and six foreign branches: four in the Turkish Republic of Northern Cyprus and one in Bahrain. Furthermore, the Bank has representative offices in Tehran and London.
- In 2022, 656 employees left the Bank to retire or for other reasons. The Bank recruited 1,098 new employees to meet its personnel needs, increasing the total number of employees to 20,781. The share of personnel expenses in total revenues decreased to 11 percent in 2022, down from 18.7 percent in 2021.
- In 2022, university/college graduates accounted for 87.8 percent of the total headcount, up 30 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 45.63 in 2022. 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 2022, the Bank's total assets increased by 54.5% and reached TRY 1,392,140 million.

Important items of bank placements are loans amounting to TRY 842,618 million with a share of 60.5%, securities amounting to TRY 374,181 million with a 26.9% share, liquid assets amounting to TRY 166,171 million with a 11.9% share and other placements with a 0.7% share.

As of the end of 2022, an important increase of TRY 303,030 million in cash loans and TRY 150,880 million in securities have been realized.

The Bank increased its cash loans by 56.2% as of the end of 2022. And the conversion rate of deposit to loan was realized as 79.4%.

The Bank's non-performing loans amounted to TRY 18,594 million as of year-end 2022 and non-performing loans/total cash credits ratio stood at 2.21%.

Composition of Liabilities

A significant part of the Bank's resources consisted of deposit accounts amounting to TRY 1,060,923 million with a share of 76.2%, non-deposit resources amounting to TRY 124,795 million with a 9.0% share, shareholders' equity of TRY 89,844 million with a 6.5% share and other resources with an 8.3% share.

The major increases as of year-end 2022 compared to the previous year were registered in Turkish lira deposits (TRY 435,018 million).

An analysis of the Bank's most important source of deposits by type reveals the following increases in total deposits: FX deposits increased by 32.1% to TRY 47,369 million, commercial deposits by 20.1% to TRY 131,471 million, savings deposits by 20.0% to TRY 104,430 million, Banks' deposits by 12.7% to TRY 71,449 million, official institutions' deposits by 7.0% to TRY 58,368 million and precious metal deposits by 4.1% to TRY 9,904 million.

53.5% of the deposits consisted of TRY accounts and 46.5% of them were foreign currency accounts. The share of demand deposits in total deposits was 28.7%.

Composition of Profits

The Bank completed the operating period of 2022 with a net profit of TRY 14,754 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. It was recorded as TRY 153,974 million at the end of the year.

TRY 85,604 million of interest income was obtained from loans with a 55.6% share, and TRY 67,542 million with a 43.9% share from securities. The most significant increase compared to the previous period was realized in the interest revenue from securities, as TRY 39,754 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 75.2% and TRY 64,460 million. Interest expenses paid on deposits were the main expense item of the Bank in 2022. Total interest expenses amounted to TRY 21,269 million, along with other interest expenses that amounted to TRY 85,729 million.

The Bank's net interest income increased by 243.6% compared to the previous period and was realized as TRY 68,245 million.

Net fee and commission income increased by 107.0% compared to the previous period, amounting to TRY 8,462 million.

The Bank has set aside an expected loss provision of TRY 36,785 million for its operations in 2022.

Personnel expenses which have a significant share in operating expenses, increased by 90.8% compared to the previous period and amounted to TRY 8,221 million.

As the result of the activities in 2022, a profit before tax of TRY 20,144 million was obtained, and the year-end profit was realized as TRY 14,754 million after TRY 5,390 million of tax provision was set aside. The Bank maintained its sustainable profitability in 2022.



5-Year Summary Financial Information

ASSETS (TRY million)	2018	2019	2020	2021	2022
Liquid Assets	40,084	38,229	66,032	126,959	166,171
Securities	74,557	102,734	159,200	223,301	374,181
Cash Loans	259,074	309,208	449,725	539,588	842,618
Partnership Investments	4,771	3,750	6,249	8,963	19,707
Fixed Assets	3,645	8,055	8,804	9,191	13,003
Other	4,750	6,481	6,679	15,629	29,860
Expected Credit Loss (-)	8,473	11,421	16,663	22,414	53,400
Total Assets	378,422	457,045	680,026	901,217	1,392,140

LIABILITIES (TRY million)	2018	2019	2020	2021	2022
Deposits	248,855	297,734	457,286	625,904	1,060,923
Due to Money Markets	38,162	53,201	103,956	139,170	102,159
Funds Borrowed	11,916	11,017	10,387	13,545	13,422
Funds	2,874	3,209	3,617	139	238
Securities Issued	15,048	17,591	13,195	6,143	8,976
Other	32,546	42,096	48,654	72,816	115,233
Shareholders' Equity	29,021	32,197	42,931	43,500	89,844
Net Profit/Loss for the Period	2,522	1,720	2,600	1,508	14,754
Total Liabilities	378,422	457,045	680,026	901,217	1,392,140

Türkiye Halk Bankası Anonim Şirketi

Unconsolidated Financial Statements as of 31 December 2022 with Auditors' Report Thereon

(Convenience Translation of Unconsolidated 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 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 2022, 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 2022, 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 2022 amounted to TRY 31.249.779 thousand. If such classification were not made, total assets and shareholders' equity, excluding tax effect, would be lower by TRY 3.501.034 thousand as at 31 December 2022.

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

3) Emphasis of Matter

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

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

In addition, a civil case was filed against the 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 ("Second Circuit"). The Court's decision 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 financial statements of the Bank related to these matters. However, the above mentioned matters do not affect the opinion provided by us.

4) Key Audit Matters

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



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 842.617.528 thousand, which comprise 61% of the Bank's total assets in its unconsolidated financial statements and the total provision for expected credit loss amounting to TRY 53.309.206 as at 31 December 2022.

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.

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 1.5.

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 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 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 2022, 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 internal experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates.

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.

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 2022 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

BRSA Accounting and Reporting Regulations explained in detail in Section 3 differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Müjde Aslan
Partner

Istanbul, 17 February 2023

TÜRKİYE HALK BANKASI AŞ THE UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

1. The Bank's Headquarter Address:
Barbaros Mahallesi Şebboy Sokak No:4/1 Ataşehir/İstanbul
2. The Bank's Contact Phone and Facsimile:
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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 2022 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, 17 February 2023

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 : Sercan PAT / Specialist
Tel : 0216 503 52 13
Fax No : 0212 340 09 90

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Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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 2022 the shareholders' structure and their respective ownerships are summarized as follows:

Shareholders	31 December 2022	%	31 December 2021	%
Türkiye Varlık Fonu ⁽¹⁾	4.357.946	87,70	1.862.602	75,29
Public shares ⁽¹⁾	611.094	12,30	611.094	24,70
Other shareholders ⁽²⁾	81	0,00	80	0,01
Total	4.969.121	100,00	2.473.776	100,00

⁽¹⁾ The shares of the Türkiye Varlık Fonu amounting to TRY 3.719.671 have been included in Public shares.

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

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

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

Name	Title
Recep Süleyman ÖZDİL	Chairman of the Board of Directors, Independent Member of the Board of Directors
Mevlüt UYSAL	Vice Chairman of the Board of Directors, Independent Member of the Board of Directors
Osman ARSLAN	Member of the Board of Directors, Chief Executive Officer
Şeref AKSAC	Member of the Board of Directors
Meltem TAYLAN AYDIN	Member of the Board of Directors
Mesut KARAKAŞ	Independent Member of the Board of Directors
Maksut SERİM	Member of the Board of Directors
Ebubekir ŞAHİN	Member of the Board of Directors
Sezai UÇARMAK	Member of the Board of Directors
Prof. Dr. Yılmaz ÇOLAK	Member of the Supervisory Board
Faruk ÖZÇELİK	Member of the Supervisory Board
Ölcay ATLIOĞLU	Executive Vice President, Information Technologies
İlhan BÖLÜKBAS	Executive Vice President, Loan Allocation and Management
Celal CANDAN	Executive Vice President, Credit Risk Monitoring and Legal Proceedings
Tahir DEMİRKİRAN	Executive Vice President, Loan Policies, Monitoring and Specialized Loans
Ergin KAYA	Executive Vice President, Banking Operations and Digital Transformation
Yalçın MADENCİ	Executive Vice President, Corporate and Commercial Marketing
Yusuf Duran OCAK	Executive Vice President, Financial Management and Planning
Fatih ŞAHBAZ	Executive Vice President, Human Resources and Support Services
Ali SÖNER	Executive Vice President, Treasury Management and International Banking
Altan TAŞKIRAN	Executive Vice President, Retail and Digital Banking
Hasan TUNCAI	Executive Vice President, SME Banking

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

a) The Bank's top management members who have assigned to their position in 2022 are listed with titles and dates of assignment

Title	Name and Surname	Beginning Date
Member of the Board of Directors	Mesut KARAKAŞ	25 March 2022
Executive Vice President	Fatih ŞAHBAZ	22 November 2022
Executive Vice President	Altan TAŞKIRAN	22 November 2022
Executive Vice President	Tahir DEMİRKIRAN	28 November 2022

b) The Bank's top management members who have left their position in 2022 are listed with titles and dates of leaving.

Title	Name and Surname	Leaving Date
Vice Chairman of the Board of Directors	Himmet KARADAĞ	25 March 2022

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.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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.

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 2022, the Bank operates with a total of 1038 branches consisting of 1032 domestic and 6 foreign branches that are 5 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 30 satellite branches. The Bank has also 2 representative offices in England and Iran.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

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

As a result of the difference between the consolidation principles according to Turkish Accounting Standards and Communiqué of the Preparation of Financial Statements, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, which is non-financial associate, and Platform Ödeme Hizmetleri ve Elektronik Para AŞ, which is non-financial subsidiary, are not consolidated in the financial statements prepared in accordance with the related Communiqué. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ is included in the scope of consolidation according to the equity method and Platform Ödeme Hizmetleri ve Elektronik Para AŞ is included in the scope of consolidation by line-by-line method in the consolidated financial statements prepared in accordance with International Financial Reporting Standards.

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"), Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ and Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ which are classified 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

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

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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

Türkiye Halk Bankası A.Ş.

Unconsolidated Balance Sheet
as of 31 December 2022

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS	Note	Audited Current Period			Audited Prior Period		
		31 December 2022			31 December 2021		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. FINANCIAL ASSETS (NET)		129.001.375	173.538.837	302.540.212	87.048.030	139.311.735	226.359.765
1.1 Cash and Cash Equivalents		33.526.579	132.587.288	166.113.867	19.823.744	107.100.482	126.924.226
1.1.1 Cash and Balances with Central Bank	(1)	31.834.644	127.159.631	158.994.275	19.513.681	103.910.654	123.424.335
1.1.2 Banks	(3)	1.749.473	5.427.657	7.177.130	344.437	3.189.828	3.534.265
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Loss Provision (-)		57.538	-	57.538	34.374	-	34.374
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	33.996.979	133.751	34.130.730	25.137.951	725	25.138.676
1.2.1 Government Debt Securities		33.948.807	923	33.949.730	24.869.639	725	24.870.364
1.2.2 Equity Instruments		-	-	-	145.601	-	145.601
1.2.3 Other Financial Assets		48.172	132.828	181.000	122.711	-	122.711
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	61.158.143	37.902.282	99.060.425	39.347.469	25.960.864	65.308.333
1.3.1 Government Debt Securities		59.787.086	37.459.800	97.246.886	38.593.800	25.623.561	64.217.361
1.3.2 Equity Instruments		843.654	442.482	1.286.136	228.886	337.303	566.189
1.3.3 Other Financial Assets		527.403	-	527.403	524.783	-	524.783
1.4 Derivative Financial Assets	(2)(11)	319.674	2.915.516	3.235.190	2.738.866	6.249.664	8.988.530
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		319.674	2.915.516	3.235.190	2.738.866	6.249.664	8.988.530
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST(Net)		779.661.282	250.604.261	1.030.265.543	446.255.471	203.806.331	650.061.802
2.1 Loans	(5)	666.016.811	176.600.717	842.617.528	390.846.238	148.741.790	539.588.028
2.2 Lease Receivables	(10)	-	-	-	-	-	-
2.3 Factoring Receivables	-	-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost	(6)	166.986.452	74.003.544	240.989.996	77.789.153	55.064.541	132.853.694
2.4.1 Government Debt Securities		164.526.640	74.003.544	238.530.184	77.738.630	55.064.541	132.803.171
2.4.2 Other Financial Assets		2.459.812	-	2.459.812	50.523	-	50.523
2.5 Expected Credit Loss (-)	-	53.341.981	-	53.341.981	22.379.920	-	22.379.920
III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(16)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		10.492.662	9.214.095	19.706.757	3.158.133	5.804.528	8.962.661
4.1 Investments in Associates (Net)	(7)	152.016	1.612.921	1.764.937	78.073	1.218.924	1.296.997
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		152.016	1.612.921	1.764.937	78.073	1.218.924	1.296.997
4.2 Subsidiaries (Net)	(8)	10.340.646	7.601.174	17.941.820	3.080.060	4.585.604	7.665.664
4.2.1 Unconsolidated Financial Subsidiaries		10.240.301	7.601.174	17.841.475	3.080.060	4.585.604	7.665.664
4.2.2 Unconsolidated Non- Financial Subsidiaries		100.345	-	100.345	-	-	-
4.3 Joint Ventures (Net)	(9)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	(12)	12.067.835	609	12.068.444	8.317.159	378	8.317.537
VI. INTANGIBLE ASSETS (Net)	(13)	574.468	-	574.468	513.936	-	513.936
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		574.468	-	574.468	513.936	-	513.936
VII. INVESTMENT PROPERTIES (Net)	(14)	360.056	-	360.056	359.752	-	359.752
VIII. CURRENT TAX ASSET	-	-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(15)	8.437.719	-	8.437.719	157.394	-	157.394
X. OTHER ASSETS (Net)	(17)	17.299.341	887.634	18.186.975	6.268.677	215.069	6.483.746
TOTAL ASSETS		957.894.738	434.245.436	1.392.140.174	552.078.552	349.138.041	901.216.593

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

Türkiye Halk Bankası A.Ş.

Unconsolidated Balance Sheet
as of 31 December 2022

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Note	Audited Current Period			Audited Prior Period		
		31 December 2022			31 December 2021		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(1)	567.603.075	493.319.456	1.060.922.531	259.839.714	366.064.757	625.904.471
II. FUNDS BORROWED	(3)	180.267	13.241.796	13.422.063	498.522	13.046.818	13.545.340
III. MONEY MARKETS	-	94.101.600	8.057.568	102.159.168	136.525.331	2.644.672	139.170.003
IV. SECURITIES ISSUED (Net)	(4)	8.976.077	-	8.976.077	6.413.302	-	6.413.302
4.1 Bills		7.107.044	-	7.107.044	4.694.698	-	4.694.698
4.2 Assets Backed Securities		1.011.622	-	1.011.622	1.011.622	-	1.011.622
4.3 Bonds		857.411	-	857.411	706.982	-	706.982
V. FUNDS	(5)	237.542	-	237.542	138.541	-	138.541
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		237.542	-	237.542	138.541	-	138.541
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)(8)	-	823.543	823.543	18.187	2.452.064	2.470.251
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	823.543	823.543	18.187	2.452.064	2.470.251
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES	-	-	-	-	-	-	-
IX. LEASE LIABILITIES	(7)	1.275.326	3.163	1.278.489	854.471	12.112	866.583
X. PROVISIONS	(9)	8.717.353	-	8.717.353	3.408.469	-	3.408.469
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		5.285.506	-	5.285.506	2.246.923	-	2.246.923
10.3 Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4 Other Provisions		3.431.847	-	3.431.847	1.161.546	-	1.161.546
XI. CURRENT TAX LIABILITY	(10)	9.468.573	527	9.469.100	859.868	30	859.898
XII. DEFERRED TAX LIABILITIES	(10)	-	-	-	-	-	-
XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	6.041.809	21.173.452	27.215.261	6.051.459	15.591.893	21.643.352
14.1 Loans		-	21.173.452	21.173.452	-	15.591.893	15.591.893
14.2 Other Debt Instruments		6.041.809	-	6.041.809	6.051.459	-	6.051.459
XV. OTHER LIABILITIES	(6)	64.721.368	4.354.061	69.075.429	41.129.481	2.166.547	43.296.028
XVI. SHAREHOLDERS' EQUITY	(13)	88.073.481	1.770.137	89.843.618	42.044.998	1.455.357	43.500.355
16.1 Paid-in Capital		4.969.121	-	4.969.121	2.473.776	-	2.473.776
16.2 Capital Reserves		17.683.890	395.076	18.078.966	6.963.056	294.687	7.257.743
16.2.1 Share Premium		16.680.879	-	16.680.879	5.776.224	-	5.776.224
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.003.011	395.076	1.398.087	1.186.832	294.687	1.481.519
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		12.580.026	1.833.570	14.413.596	4.810.662	1.350.460	6.161.122
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		8.556.841	(458.509)	8.098.332	(1.732.203)	(189.790)	(1.921.993)
16.5 Profit Reserves	-	29.529.707	-	29.529.707	28.021.978	-	28.021.978
16.5.1 Legal Reserves		2.696.611	-	2.696.611	2.548.763	-	2.548.763
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		26.785.915	-	26.785.915	25.426.034	-	25.426.034
16.5.4 Other Profit Reserves		47.181	-	47.181	47.181	-	47.181
16.6 Income or (Loss)	-	14.753.896	-	14.753.896	1.507.729	-	1.507.729
16.6.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Income or (Loss)		14.753.896	-	14.753.896	1.507.729	-	1.507.729
16.7 Minority Shares	-	-	-	-	-	-	-
TOTAL LIABILITIES		849.396.471	542.743.703	1.392.140.174	497.782.343	403.434.250	901.216.593

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

Türkiye Halk Bankası A.Ş.

Unconsolidated Statement of Off-Balance Sheet Items as of 31 December 2022

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

II. STATEMENT OF OFF BALANCE SHEET ITEMS

	Note	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
		TRY	FC	TOTAL	TRY	FC	TOTAL
OFF-BALANCE SHEET							
A. COMMITMENTS AND CONTINGENCIES (I+II+III)		415.654.379	358.192.812	773.847.191	177.195.784	263.127.030	440.322.814
I. GUARANTEES AND WARRANTIES	[1]	203.985.740	111.200.707	315.186.447	82.028.060	108.912.740	190.940.800
1.1 Letters of guarantee		168.666.024	100.393.232	269.059.256	71.425.233	91.526.108	162.951.341
1.1.1 Guarantees subject to public procurement law		6.914.095	13.846.314	20.760.409	4.022.784	9.819.863	13.842.647
1.1.2 Guarantees given for foreign trade operations		260.008	26.715.104	26.975.112	188.413	18.874.330	19.062.743
1.1.3 Other letters of guarantee		161.491.921	59.831.814	221.323.735	67.214.036	62.831.915	130.045.951
1.2 Bank loans		18.466.650	5.161.611	23.628.261	1.079.481	10.501.763	11.581.244
1.2.1 Import acceptances		-	486.033	486.033	-	272.303	272.303
1.2.2 Other bank acceptances		18.466.650	4.675.578	23.142.228	1.079.481	10.229.460	11.308.941
1.3 Letters of credit		53.360	5.625.245	5.678.605	22.275	6.842.406	6.864.681
1.3.1 Documentary letters of credit		53.360	5.625.245	5.678.605	22.275	6.842.406	6.864.681
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed refinancing		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase guarantees on marketable security issuance		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		16.799.706	20.619	16.820.325	9.501.071	42.463	9.543.534
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		85.805.725	23.652.091	109.457.816	38.457.173	10.799.643	49.256.816
2.1 Irrevocable commitments	[1]	82.028.145	17.738.854	99.766.999	37.152.475	6.988.133	44.140.608
2.1.1 Forward asset purchase commitments		13.574.406	16.245.409	29.819.815	3.206.791	5.837.543	9.044.334
2.1.2 Forward deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3 Capital commitments to subsidiaries and associates		-	-	-	-	-	-
2.1.4 Loan granting commitments		16.557.370	1.493.445	18.050.815	5.086.550	1.150.590	6.237.140
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Payment commitments for reserve deposits		-	-	-	-	-	-
2.1.7 Payment commitments for Cheques	[4]	9.705.677	-	9.705.677	6.146.359	-	6.146.359
2.1.8 Tax and fund liabilities from export commitments		163.349	-	163.349	106.220	-	106.220
2.1.9 Commitments for credit card expenditure limits		34.608.889	-	34.608.889	17.272.727	-	17.272.727
2.1.10 Commitments for credit cards and banking services promotions		24.391	-	24.391	27.584	-	27.584
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		7.394.063	-	7.394.063	5.306.244	-	5.306.244
2.2 Revocable commitments		3.777.580	5.913.237	9.690.817	1.304.698	3.811.510	5.116.208
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		3.777.580	5.913.237	9.690.817	1.304.698	3.811.510	5.116.208
III. DERIVATIVE FINANCIAL INSTRUMENTS	[2][3]	125.862.914	223.340.014	349.202.928	56.710.551	143.414.647	200.125.198
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value risk hedging transactions		-	-	-	-	-	-
3.1.2 Cash flow risk hedging transactions		-	-	-	-	-	-
3.1.3 Net foreign investment risk hedging transactions		-	-	-	-	-	-
3.2 Transactions for trading		125.862.914	223.340.014	349.202.928	56.710.551	143.414.647	200.125.198
3.2.1 Forward foreign currency buy/sell transactions		540.243	10.809.669	11.349.912	1.524.482	14.931.282	16.455.764
3.2.1.1 Forward foreign currency transactions-buy		481.250	7.277.955	7.759.205	770.538	9.871.952	10.642.490
3.2.1.2 Forward foreign currency transactions-sell		58.993	3.531.714	3.590.707	753.944	5.059.330	5.813.274
3.2.2 Currency and interest rate swaps		113.069.406	168.543.715	281.613.121	54.300.111	93.946.423	148.246.534
3.2.2.1 Currency swap-buy		-	100.374.575	100.374.575	-	44.940.478	44.940.478
3.2.2.2 Currency swap-sell		113.069.406	9.861.252	122.930.658	53.790.111	5.339.715	59.329.826
3.2.2.3 Interest rate swap-buy		160.000	29.153.944	29.313.944	255.000	21.733.115	21.988.115
3.2.2.4 Interest rate swap-sell		160.000	29.153.944	29.313.944	255.000	21.733.115	21.988.115
3.2.3 Currency, interest rate and marketable securities options		11.743.835	13.195.106	24.938.941	885.958	3.591.388	4.477.346
3.2.3.1 Currency call options		6.189.963	6.289.150	12.479.113	442.917	1.795.760	2.238.677
3.2.3.2 Currency put options		5.553.872	6.905.956	12.459.828	443.041	1.795.628	2.238.669
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Marketable securities call options		-	-	-	-	-	-
3.2.3.6 Marketable securities put options		-	-	-	-	-	-
3.2.4 Currency futures		509.430	408.321	917.751	-	-	-
3.2.4.1 Currency futures-buy		37.954	372.896	410.850	-	-	-
3.2.4.2 Currency futures-sell		471.476	35.425	506.901	-	-	-
3.2.5 Interest rate buy/sell futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	30.383.203	30.383.203	-	30.945.554	30.945.554
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)		3.548.608.488	1.157.275.339	4.705.883.827	1.734.577.963	846.016.382	2.580.594.345
IV. CUSTODIES		1.368.688.542	147.968.761	1.516.657.303	709.088.827	95.722.399	804.811.226
4.1 Assets under management		-	-	-	-	-	-
4.2 Custody marketable securities		169.310.140	12.803.462	182.113.602	134.858.276	5.684.265	140.542.541
4.3 Cheques in collection process		88.845.314	-	88.845.314	34.365.778	63.365.000	97.730.778
4.4 Commercial notes in collection process		1.068.266.795	24.536.791	1.092.803.586	494.216.428	19.065.722	513.282.150
4.5 Other assets in collection process		-	-	-	-	-	-
4.6 Underwritten securities		-	-	-	-	-	-
4.7 Other custodies		709.081	14.737	723.818	870.946	1.702.098	2.573.044
4.8 Custodians		50.125.529	21.768.457	71.893.986	44.777.399	5.905.314	50.682.713
V. PLEDGED ASSETS		2.179.919.946	1.009.306.578	3.189.226.524	1.025.489.136	750.293.983	1.775.783.119
5.1 Marketable securities		10.316.834	2.202.425	12.519.259	8.458.409	2.277.338	10.735.747
5.2 Collateral notes		40.176.584	1.945.380	42.121.964	15.652.676	3.014.547	18.667.223
5.3 Commodity		25.812	-	25.812	-	-	25.812
5.4 Warranty		-	-	-	-	-	-
5.5 Land and buildings		1.733.386.899	734.152.394	2.467.539.293	778.975.982	570.877.545	1.349.853.527
5.6 Other pledged assets		269.193.018	182.899.222	452.092.240	171.863.800	112.178.608	284.042.408
5.7 Pledges		126.820.799	88.107.157	214.927.956	90.512.457	61.945.945	112.458.402
VI. ACCEPTED BILL GUARANTEES AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		3.964.262.867	1.515.468.151	5.479.731.018	1.911.773.747	1.109.143.412	3.020.917.159

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

Türkiye Halk Bankası A.Ş.

Unconsolidated Statement of Profit or Loss for the Period Ended 31 December 2022

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

III. STATEMENT OF PROFIT OR LOSS

	Note	Audited Current Period		Audited Prior Period	
		1 January -31 December 2022	1 January -31 December 2021	1 January -31 December 2021	1 January -31 December 2021
INCOME AND EXPENSES					
I. INTEREST INCOME	[1]	153.973.729	83.477.780		
1.1 Interest on Loans		85.604.042	54.195.894		
1.2 Interest on Reserve Requirements		5.154	2.924		
1.3 Interest on Banks		535.284	1.270.079		
1.4 Interest on Money Market Transactions		-	-		
1.5 Interest on Marketable Securities Portfolio		67.542.320	27.788.510		
1.5.1 Fair Value Through Profit or Loss		12.589	10.862		
1.5.2 Fair Value Through Other Comprehensive Income		14.217.543	8.285.326		
1.5.3 Measured at Amortized Cost		53.312.188	19.492.322		
1.6 Financial Lease Interest Income		-	-		
1.7 Other Interest Income		286.929	220.373		
II. INTEREST EXPENSE (-)	[2]	85.728.561	63.618.009		
2.1 Interest on Deposits		64.459.527	42.009.351		
2.2 Interest on Funds Borrowed		358.199	218.010		
2.3 Interest Expense on Money Market Transactions		15.784.597	17.535.025		
2.4 Interest on Securities Issued		3.700.719	3.268.444		
2.5 Interest on Leases		148.958	117.254		
2.6 Other Interest Expenses		1.276.561	469.925		
III. NET INTEREST INCOME (I - II)		68.245.168	19.859.771		
IV. NET FEES AND COMMISSIONS INCOME		8.461.949	4.087.789		
4.1 Fees and Commissions Received		11.691.782	5.682.775		
4.1.1 Non - cash Loans		2.653.564	1.327.309		
4.1.2 Other	[12]	9.038.218	4.355.466		
4.2 Fees and Commissions Paid (-)		3.229.833	1.594.986		
4.2.1 Non - cash Loans		169	134		
4.2.2 Other	[12]	3.229.664	1.594.852		
V. DIVIDEND INCOME	[3]	426.209	192.637		
VI. TRADING INCOME / LOSS (Net)	[4]	(5.876.000)	(7.418.173)		
6.1 Trading Gains / (Losses) on Securities		205.160	38.439		
6.2 Gains / (Losses) on Derivate Financial Transactions		7.832.809	18.518.810		
6.3 Foreign Exchange Gains / (Losses)		(13.913.969)	(25.975.422)		
VII. OTHER OPERATING INCOME	[5]	3.573.124	6.266.854		
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		74.830.450	22.988.878		
IX. EXPECTED LOSS PROVISIONS (-)	[6]	36.785.104	11.884.553		
X. OTHER PROVISION EXPENSES (-)	[6]	185.113	27.988		
XI. PERSONNEL EXPENSE (-)		8.220.695	4.308.398		
XII. OTHER OPERATING EXPENSES (-)	[7]	9.495.284	5.361.846		
XIII. NET OPERATING INCOME / LOSS (IX-X-XI)		20.144.254	1.406.093		
XIV. INCOME AFTER MERGER		-	-		
XV. INCOME / LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-		
XVI. INCOME / (LOSS) ON NET MONETARY POSITION		-	-		
XVII. PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	[8]	20.144.254	1.406.093		
XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)	[9]	(5.390.358)	101.636		
18.1 Current Tax Provision		16.734.654	19.615		
18.2 Deferred Tax Income Effect (+)		5.594.165	4.698.320		
18.3 Deferred Tax Expense Effect (-)					

Türkiye Halk Bankası A.Ş.

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income for the Period Ended 31 December 2022

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited	
	Current Period	Prior Period
	1 January - 31 December 2022	1 January - 31 December 2021
INCOME EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		
I. CURRENT PERIOD INCOME/LOSS	14.753.896	1.507.729
II. OTHER COMPREHENSIVE INCOME	18.272.799	(1.285.560)
2.1 Not Reclassified Through Profit or Loss	8.252.474	328.382
2.1.1 Property and Equipment Revaluation Increase/Decrease	2.531.694	415.088
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	(1.290.692)	(415.824)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	7.029.914	287.463
2.1.5 Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(18.442)	41.655
2.2 Reclassified Through Profit or Loss	10.020.325	(1.613.942)
2.2.1 Foreign Currency Translation Differences	141.173	(134.384)
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	12.924.681	(1.805.798)
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	(3.045.529)	326.240
III. TOTAL COMPREHENSIVE INCOME (I+II)	33.026.695	222.169

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

Türkiye Halk Bankası A.Ş.

Unconsolidated Statement of Changes in Shareholders' Equity for the Period Ended 31 December 2022

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

	Audited		Other(Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Amounts of Other Comprehensive Income Items Not Reclassified Through Profit or Loss)	Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss	Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss	Other(Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Amounts of Other Comprehensive Income Items Not Reclassified Through Profit or Loss)	Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss	Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss	Other(Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Amounts of Other Comprehensive Income Items Not Reclassified Through Profit or Loss)	Total Equity
	Current Period	Prior Period								
	1 January - 31 December 2022	1 January - 31 December 2021								
I. Period End Balance (III+IV+...+X+XI)	2.473.776	5.776.224	- 1.481.519	1.948.954	(471.746)	4.683.914	(136.454)	(1.785.539)	- 28.021.978	- 43.500.355
II. Period End Balance (III+IV+...+X+XI)	2.473.776	5.776.224	- 1.481.519	1.948.954	(471.746)	4.683.914	(136.454)	(1.785.539)	- 28.021.978	- 43.500.355
III. Adjusted Beginning Balance (I-II)	2.473.776	5.776.224	- 1.481.519	1.948.954	(471.746)	4.683.914	(136.454)	(1.785.539)	- 28.021.978	- 43.500.355
IV. Total Comprehensive Income	33.026.695	222.169	-	33.026.695	222.169	-	-	-	33.026.695	222.169
V. Capital Increase by Cash	2.495.345	10.904.655	-	2.495.345	10.904.655	-	-	-	2.495.345	10.904.655
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-
VII. Paid in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease by Other Changes	347.682	-	-	347.682	-	-	-	-	347.682	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-
11.2 Transfer to Reserves	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+...+X+XI)	4.969.121	16.680.879	- 1.398.087	4.110.048	(1.410.280)	11.713.828	4.719	8.093.613	- 14.753.896	89.843.618

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

Türkiye Halk Bankası A.Ş.

Unconsolidated Statement of Cash Flows for the Period Ended 31 December 2022

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

VI. STATEMENT OF CASH FLOWS

	Note	Audited	Audited
		Current Period 1 January - 31 December 2022	Prior Period 1 January - 31 December 2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1		(37.972.647)	(31.313.536)
1.1.1		109.527.157	59.898.090
1.1.2		(78.968.857)	(61.711.718)
1.1.3		426.209	192.637
1.1.4		12.799.574	5.332.938
1.1.5		2.067.387	3.051.435
1.1.6		4.328.083	2.327.529
1.1.7		(8.305.419)	(4.361.149)
1.1.8		(9.355.867)	(479.700)
1.1.9	(1)	(70.490.914)	(35.563.598)
1.2		86.393.712	50.470.735
1.2.1		(8.993.533)	(9.457.426)
1.2.2		-	-
1.2.3		(287.558.163)	(20.971.350)
1.2.4		(30.158.803)	(42.408.273)
1.2.5		87.050.668	16.166.118
1.2.6		311.485.604	55.210.132
1.2.7		-	-
1.2.8		(1.650.988)	1.995.544
1.2.9		-	-
1.2.10	(1)	16.218.927	49.935.990
I.		48.421.065	19.157.199
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II.		(63.088.355)	(16.703.161)
2.1		(2.345.961)	(564.184)
2.2		-	-
2.3		(1.077.087)	(357.740)
2.4		3.468.992	2.668.822
2.5		(25.233.285)	(8.332.600)
2.6		11.482.714	3.005.980
2.7		(56.287.775)	(20.528.083)
2.8		7.125.727	7.493.789
2.9		(221.680)	(89.145)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.		20.849.918	(5.783.371)
3.1		21.118.730	13.123.150
3.2		(13.302.050)	(18.639.746)
3.3		13.400.000	-
3.4		-	-
3.5		(366.762)	(266.775)
3.6		-	-
IV.	(1)	14.962.468	23.367.773
V.		21.145.096	20.038.440
VI.	(4)	62.119.451	42.081.011
VII.	(5)	83.264.547	62.119.451

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

Türkiye Halk Bankası A.Ş.

Unconsolidated Statement of Profit Distribution for the Period Ended 31 December 2022

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

VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited	Audited
	Current Period ⁽¹⁾ 31 December 2022	Prior Period 31 December 2021
I. DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1.	20.144.254	1.406.093
1.2.	(5.390.358)	101.636
1.2.1.	(16.734.654)	(19.615)
1.2.2.	-	-
1.2.3.	11.344.296	121.251
A.	14.753.896	1.507.729
1.3.	-	-
1.4.	-	75.386
1.5.	-	-
B.	-	1.432.343
1.6.	-	-
1.6.1.	-	-
1.6.2.	-	-
1.6.3.	-	-
1.6.4.	-	-
1.6.5.	-	-
1.7.	-	-
1.8.	-	-
1.9.	-	-
1.9.1.	-	-
1.9.2.	-	-
1.9.3.	-	-
1.9.4.	-	-
1.9.5.	-	-
1.10.	-	-
1.11.	-	1.432.343
1.12.	-	-
1.13.	-	-
II. Distribution of Reserves		
2.1.	-	-
2.2.	-	-
2.2.1.	-	-
2.2.2.	-	-
2.3.	-	-
2.3.1.	-	-
2.3.2.	-	-
2.3.3.	-	-
2.3.4.	-	-
2.3.5.	-	-
2.3.	-	-
2.4.	-	-
III. Earnings per Share		
3.1.	3.295.6919	0.6094849
3.2.	%329.56	%60.95
3.3.	-	-
3.4.	-	-
IV. Dividend per Share		
4.1.	-	-
4.2.	-	-
4.3.	-	-
4.4.	-	-

(¹) As of 31 December 2022 financial reporting date, General Assembly has not been held yet.

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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. There is no other explanation made by POA as of the date in preparation of the financial statements. Therefore, no inflation adjustment has been made as per TAS 29 in the financial statements as of 31 December 2022.

As of the current period, the Bank has reclassified the Gold Indexed Bonds booked in the Financial Assets Measured at Amortized Cost portfolio into the foreign currency items. Accordingly, reclassification is made for the Gold Indexed Bonds under Financial Assets Measured at Amortized Cost portfolio amounting to TRY 12.341.396 into the foreign currency items in the prior period's statement of financial position and interest income amounting to TRY 5.300.077 is reclassified to the foreign currency exchange gains in the prior period's statement of profit or loss in order to be in line with the financial statements dated 31 December 2022.

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, BRSA, CBRT, CMB and TBA have taken various decisions regarding the banking sector in our country. The Bank regulated its activities within the scope of these decisions.

The possible effects of the outbreak on the Bank's financial statements are regularly monitored by the relevant Units and the Bank Management.

As regard to the consideration of macroeconomic factors, the Bank regularly evaluates scenario weights and macroeconomic factors in its model and makes additional provision through individual assessment if deemed necessary.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

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

a) The Bank's strategy on financial instruments:

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

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

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

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

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

The Bank started to apply fair value hedge accounting as at 1 July 2015 by designating the exchange rate risk of Halkbank 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.

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V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

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

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

Assessment of Business Model

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

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

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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.

3. Other Business Models:

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

Measurement Categories of Financial Assets and Liabilities

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

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

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

In addition, the Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Bank's expectations is updated during the year when deemed necessary. As of December 31, 2022, the valuation of the related assets was made according to the actual annual inflation of 64.27%.

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a. Financial Assets Measured at Amortised Cost

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

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

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

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

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

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

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

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

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

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

Cash Equivalents and Banks

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

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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.

Associates and subsidiaries

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

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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.

IFRS 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 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 IFRS 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 IFRS 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.

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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%.

IFRS 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 IFRS 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.

- Considering that a debtor is unlikely to pay credit obligations to the Bank and to the Bank's consolidated financial subsidiaries without using guarantees
- 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

IFRS 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 Türkiye

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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.

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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.

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

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

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

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

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

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

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

Classification of Investment Properties:

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

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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.

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.

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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.

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.

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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 2022 no technical deficit has been reported.

XVIII. EXPLANATIONS ON TAXATION

The 20% rate in the first paragraph of Article 32 of the Corporate Tax Law, determined as 25% with the amendment made in the temporary Article 13 of the Corporate Tax Law numbered 5520 with the Law No. 7394 published in the Official Gazette No. 31810 dated 15 April 2022. The amendment has been applied to tax returns which will be submitted on or after 1 July 2022 for the corporate earnings for the taxation period starting from 1 January 2022. The Bank has used 25% tax rate over the corporate earnings in the corporate tax calculations for 31 December 2022 taxation period.

As of the current period, 25% tax rate is used in the calculation of deferred tax assets and liabilities.

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

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

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

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

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

Pursuant to the Repetitive Article 298 of the Tax Procedure Law No. 213, the inflation adjustment requirement for the financial statements has occurred depending on the fact that the increase in the price index in the 2021 accounting period is more than 100% in the last three accounting periods, including the current period, and more than 10% in the current accounting period. However, with the Provisional Article 33 added to the Tax Procedure Law with the Law No. 7352, the financial statements should be prepared regardless of whether the conditions for the inflation adjustment within the scope of the repetitive article 298 are met in the 2021 and 2022 accounting periods and the 2023 accounting period temporary tax periods, including the temporary tax periods. Accordingly, it is stated that, the financial statements for the 2021 and 2022 is not subject to inflation adjustment in accordance with the TPL, and the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions have been met, and the profit/loss difference arising from the inflation adjustment will be shown in the retained earnings.

Tax practices in the countries that foreign branches operate:

Turkish Republic of Northern Cyprus (TRNC)

According to the tax regulations in the Turkish Republic of Northern Cyprus, corporate gains are subject to 10% of corporate tax and this taxed amount is subject to 15% of income tax. Advance corporate tax is calculated as 15% of taxable income.

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 2022 – 31 March 2022 in May 2022, second period advance corporate tax return for the period 1 April 2022 - 30 June 2022 in August 2022, third period advance corporate tax return for the period 1 July 2022 - 30 September 2022 was issued and paid to Revenue and Tax Office. Forth period advance corporate tax return for the period 1 October 2022 - 31 December 2022 will be issued in February 2023, and will be paid following its assessment date.

Bahrain

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

XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

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

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XX. EXPLANATIONS ON SHARES ISSUED

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

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

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

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

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

Share capital increased from TRY 2.473.776 to TRY 4.969.121.

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.

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

I. EXPLANATIONS ON CAPITAL

Equity amount and capital adequacy standard ratio calculation is made within the framework of "Regulation on Equities of the Banks" and "Regulation on Measurement and Evaluation of Banks' Capital Adequacy" and in accordance with the amendments announced by the BRSA in the resolution dated 21 December 2021 and 28 April 2022.

According to the related regulation, the calculation of the amount subject to credit risk with the Central Bank's foreign exchange buying rates on 31 December 2021, 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 2022, the capital adequacy ratio and the capital amount of the Bank were realized as 14,70% (31 December 2021: 14,47%) and TRY 122.261.467 (31 December 2021: TRY 69.894.389) which were calculated within the scope of the above-mentioned regulation amendments.

(1) Information on Equity Items:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	6.189.572	3.694.227
Share Premium	16.680.879	5.776.224
Reserves	29.529.707	28.021.978
Other Comprehensive Income according to TAS	24.151.869	7.310.664
Profit	14.753.896	1.507.729
Current Period Profit	14.753.896	1.507.729
Prior Period Profit	-	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	604.530	474.327
Common Equity Tier 1 Capital Before Deductions	91.910.453	46.785.149
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	1.482.209	1.191.568
Leasehold Improvements on Operational Leases	385.937	190.465
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	574.468	513.936
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	424.229	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	-	-
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	-	-
Total Deductions from Common Equity Tier 1 Capital	2.866.843	2.247.736
Total Common Equity Tier I Capital	89.043.610	44.537.413

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	Current Period	Prior Period
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	17.921.340	13.807.080
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	17.921.340	13.807.080
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	17.921.340	13.807.080
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	106.964.950	58.344.493
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	5.729.795	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)	9.698.082	5.630.027
Tier II Capital Before Deductions	15.427.877	11.559.822
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	15.427.877	11.559.822
Total Equity (Total Tier I and Tier II Capital)	122.392.827	69.904.315
Total Tier I and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	131.360	9.926

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	Current Period	Prior Period
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
TOTAL CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	122.261.467	69.894.389
Total Risk Weighted Assets	831.962.718	483.026.446
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	10,70	9,22
Tier I Capital Ratio (%)	12,86	12,08
Capital Adequacy Ratio (%)	14,70	14,47
BUFFERS		
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 (%)	6,696	4,720
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	509.314	247.146
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	8.437.719	3.467.077
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	41.007.350	11.169.768
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	9.698.082	5.630.027
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

(2) Within the scope of the "Regulation on Banks' Equity" (Regulation), the equity that is the basis for the capital adequacy standard ratio calculation is calculated after deducting the values to be deducted from the equity from the total capital and supplementary capital. The main difference between the "Equity" in the balance sheet and the equity calculated within the scope of the Regulation arises from the stage1 and stage2 expected credit loss allowances in the Tier II capital, and the subordinated debt instruments included in the su Tier II capital. In addition, within the scope of the BRSA's Board Decision dated December 21, 2021, in case the net valuation differences of the securities in the portfolio of "Securities at Fair Value through Other Comprehensive Income" as of December 21, 2021 are negative, these differences may not taken into account in the calculated equity amount. 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.

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

Details on Subordinated Liabilities:				
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
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated / consolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	800	1.950	2.980	17.921
Par value of instrument (Currency in mil)	1.000	1.950	2.980	-
Accounting classification	346.011	346.011	346.011	347.0001
Original date of issuance	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Demand or dated	Dated	Dated	Dated	Demand
Original maturity date	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Issuer call subject to prior supervisory approval	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating Coupon	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	Government Debt Security for 5 years + 350 base points	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
Convertible or non-convertible				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature				
If write-down, write-down trigger(s)	-	-	-	Decrease in core capital adequacy ratio below 5,125%
If write-down, full or partial	-	-	-	Fully or partially
If write-down, permanent or temporary	-	-	-	Permanent or temporary
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowings and Additional Tier II Capital
In compliance with article number 7 and 8 of "Own fund regulation"	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 7.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 8.

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II. EXPLANATIONS ON CREDIT RISK

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

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

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

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

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

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

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

The Bank's largest 100 and 200 cash loan customers compose 27,29% and 32,48% of the total cash loan portfolio, respectively.

The Bank's largest 100 and 200 non-cash loan customers compose 36,39% and 47,11% of the total non-cash loan portfolio, respectively.

The Bank's largest 100 ve 200 cash and non-cash loan customers represent 16,83% and 21,36% 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 38.146.895 (31 December 2021: TRY 10.488.846).

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

Exposure Categories:	Current Period		Prior Period	
	Credit Risk Amount ⁽¹⁾	Average Risk Amount	Credit Risk Amount ⁽¹⁾	Average Risk Amount
Conditional and unconditional exposures to central governments or central banks	429.663.619	329.843.401	262.977.997	206.075.933
Conditional and unconditional exposures to regional governments or local authorities	2.081.598	1.894.949	1.956.089	2.171.111
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	3.451.052	2.915.295	2.249.287	2.059.419
Conditional and unconditional exposures to multilateral development banks	62	215	358	16.501
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	9.788.234	8.907.023	4.365.503	4.742.401
Conditional and unconditional exposures to corporates	422.549.356	346.580.113	245.901.120	216.084.292
Conditional and unconditional retail exposures	236.160.106	190.000.604	163.497.801	148.848.852
Conditional and unconditional exposures secured by real estate property	208.630.129	158.196.430	111.048.694	100.166.259
Past due items	3.866.851	4.322.765	3.955.905	5.575.620
Items in regulatory high-risk categories	44.248.814	23.254.805	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	19.451.485	11.529.114	8.805.055	6.818.925
Other Receivables	60.557.235	39.381.417	26.079.388	22.040.660

⁽¹⁾ Includes the risk amounts after credit conversions.

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

Profile of significant exposures in major regions:

Current Period	Risk Classifications ⁽¹⁾								Total				
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to real estate property	Items in regulatory high-risk categories					
1. Domestic Countries	429.663.608	2.081.598	3.451.052	62	5.738.406	421.914.488	236.118.008	208.432.852	3.866.806	44.247.650	-	60.531.560	1.416.046.090
2. European Union (EU) Countries	2	-	-	-	1.571.129	314.957	31.375	14.803	34	750	-	-	1.933.050
3. OECD Countries ⁽²⁾	2	-	-	-	610.638	-	136	1.670	7	25	-	-	612.478
4. Off-Shore Banking Regions	-	-	-	-	18.193	319.911	47	9.472	-	-	-	-	347.623
5. USA, Canada	5	-	-	-	270.434	-	1.485	762	-	5	-	-	272.691
6. Other Countries	2	-	-	-	1.579.434	-	9.055	170.570	4	384	-	25.675	1.785.124
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	19.451.485	19.451.485
8. Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	429.663.619	2.081.598	3.451.052	62	9.788.234	422.549.356	236.160.106	208.630.129	3.866.851	44.248.814	19.451.485	60.557.235	1.440.448.541
Prior Period													
1. Domestic Countries	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	-	26.065.213	824.216.238
2. European Union (EU) Countries	12	-	-	-	1.147.058	245.157	6.876	12.290	27	404	-	-	1.411.824
3. OECD Countries ⁽²⁾	-	-	-	-	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	-	14.175	856.001
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	8.805.055	8.805.055
8. Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	262.977.997	1.956.089	2.249.287	358	4.365.503	245.901.120	163.497.801	111.048.694	3.955.905	5.052.594	8.805.055	26.079.388	835.889.791

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

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

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

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

Current Period	Risk Classifications ⁽¹⁾														
	Conditional and unconditional exposures to central banks or local authorities	Conditional and unconditional exposures to regional governments or central banks	Conditional and unconditional exposures to Development Banks	Conditional and unconditional exposures to banks and financial institutions	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to real estate property	Past due receivables	Items in regulatory high-risk categories	Stock investments	Other	Total				
Agriculture	9.5783	-	4.031	-	1.652.155	2.006.909	937.142	35.862	70.940	-	65	4.342.174	440.733	4.802.907	
Farming and Stockbreeding	42.669	-	4.025	-	1.218.247	1.010.739	527.934	11.260	47.251	-	24	2.641.799	220.350	2.862.149	
Forestry	36.442	-	6	-	190.583	911.273	334.681	22.534	-	-	37	1.319.355	176.191	1.495.546	
Fishery	16.672	-	-	-	243.325	84.897	74.527	2.078	23.709	-	4	381.020	64.192	445.212	
Manufacturing	9.909.602	-	110.577	-	176.011.307	30.741.591	46.031.928	498.306	9.025.780	-	533	207.307.457	65.022.167	272.329.624	
Mining and Quarrying	244.559	-	-	-	8.264.529	420.111	659.405	4.637	140.872	-	22	5.025.572	4.708.563	9.734.135	
Production	9.501.366	-	110.577	-	132.076.476	30.069.001	43.740.930	491.689	8.365.596	-	511	183.580.083	40.776.063	224.356.146	
Electricity, Gas and Water	163.677	-	-	-	35.670.302	252.479	1.631.593	1.980	519.312	-	-	18.701.802	19.537.541	38.239.343	
Construction	2.324.022	-	-	-	52.965.389	7.757.889	20.894.150	332.079	7.504.793	-	10	74.905.461	16.872.871	91.778.332	
Services	296.461.718	1.960.032	3.311.615	62	7.186.646	126.704.286	133.605.584	72.178.041	2.121.992	11.709.130	-	10.221	519.660.066	135.609.261	655.269.327
Wholesale and Retail Trade	5.250.936	-	31.676	62	67.923.535	81.875.542	40.882.205	1.376.921	6.828.914	-	1.107	193.596.263	10.574.635	204.170.898	
Accommodation and Dining	1.988.150	10	-	-	17.835.235	6.643.238	16.483.602	312.562	585.176	-	30	19.437.053	24.410.950	43.848.003	
Transportation and Telecom.	296.901	-	-	-	9.578.708	34.875.414	3.349.144	284.250	297.440	-	70	41.142.593	7.539.334	48.681.927	
Financial Institutions	18.828	-	87	-	7.186.646	13.188.494	291.278	1.089.755	1.410	1.644.144	-	61.49	18.214.542	5.212.249	23.426.791
Real Estate and Rental Services	167.722	-	-	-	10.923.422	3.128.451	5.552.028	68.523	728.615	-	10	16.278.387	4.290.184	20.568.571	
Professional Services	62.219	-	-	-	17.025	3.658.372	673.911	44.294	-	-	190	4.455.637	374	4.456.011	
Educational Services	159.979	-	1.372.722	-	571.409	841.286	1.073.115	21.303	391.936	-	12	4.330.859	100.903	4.431.762	
Health and Social Services	288.516.983	1.960.022	1.927.130	-	6.666.458	2.292.003	3.074.381	12.729	1.232.905	-	2.653	222.204.532	83.480.632	305.685.164	
Other	120.872.494	121.566	4.829	-	2.601.588	65.216.239	62.048.133	68.588.868	878.612	15.938.151	19.451.485	60.546.406	262.413.155	153.855.196	416.268.351
Total	429.663.619	2.081.598	3.451.052	62	9.788.234	422.549.356	236.160.106	208.630.129	3.866.851	44.248.814	19.451.485	60.557.235	1.068.628.313	371.920.228	1.440.448.541

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

Profile of significant exposures by sectors:

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

Prior Period	Risk Classifications ⁽¹⁾														
	Conditional and unconditional exposures to central banks or local authorities	Conditional and unconditional exposures to regional governments or central banks	Conditional and unconditional exposures to Development Banks	Conditional and unconditional exposures to banks and financial institutions	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to real estate property	Past due receivables	Items in regulatory high-risk categories	Stock investments	Other	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	24.454.838	21.803.529	1.031.094	-	536	93.786.221	55.868.749	149.654.970		
Mining and Quarrying	204.352	-	-	-	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	11.630.695	53.233.676		
Services	160.888.652	1.927.388	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	365.921.800	
Wholesale and Retail Trade	9.279.377	-	6.857	358	34.426.972	53.563.141	16.129.438	805.312	-	1.253	102.647.059	11.565.649	114.212.708		
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	29.778.537		
Transportation and Telecom.	560.121	-	5	-	10.011.630	21,043.156	1,400.933	107,799	-	71	24,132,320	8,991,395	33,123,715		
Financial Institutions	53.118	-	-	-	3,597,441	7,539,423	1,26,377	1,196,333	1,253	-	5,866	9,240,934	3,278,877	12,519,811	
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	11,625,288		
Professional Services	167.425	-	-	-	29	2,132,149	202,588	11,069	-	192	2,513,297	155	2,513,452		
Educational Services	236.091	-	1,329,555	-	452,764	507,154	683,799	327,446	-	12	3,178,260	358,561	3,536,821		
Health and Social Services	148,064,441	1,927,378	850,576	-	5,038,514	830,355	1,980,358	17,262	-	2,584	110,256,909	48,354,559	158,611,468		
Other	88,729,310	28,701	1,162	-	748,062	44,345,127	47,850,997	42,143,011	774,948	5,052,594	8,805,055	26,048,758	153,330,992	111,256,733	264,587,725
Total	262,977,997	1,956,089	2,249,287	358	4,365,503	245,901,120	163,497,801	111,048,694	3,955,905	5,052,594	8,805,055	26,079,388	540,188,611	275,701,180	835,889,791

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

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

Analysis of maturity-bearing exposures according to remaining maturities ⁽¹⁾:

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	124.089.553	3.638.171	11.904.052	29.405.084	260.626.759
2. Conditional and unconditional exposures to regional governments or local authorities	59.290	9.914	47.109	74.036	1.891.249
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	573.632	152.365	107.299	473.658	2.144.098
4. Conditional and unconditional exposures to Multilateral Development Banks	-	-	-	-	62
5. Conditional and unconditional exposures to banks and brokerage houses	8.723.247	26.501	62.726	211.947	763.813
6. Conditional and unconditional exposures to corporates	68.297.355	31.845.894	41.797.125	81.195.463	199.413.519
7. Conditional and unconditional retail exposures	34.449.868	6.379.948	15.294.773	31.667.134	148.368.383
8. Conditional and unconditional exposures secured by real estate property	24.264.268	8.261.528	13.955.727	39.064.040	123.084.566
9. Past due items	3.767.804	475	2.484	6.431	89.657
10. Items in Regulatory High-Risk Categories	1.007.387	599.480	6.677.024	12.216.004	23.748.919
11. Stock Investments	19.451.485	-	-	-	-
12. Other Items	60.537.786	43	6.943	10.367	2.096
Total	345.221.675	50.914.319	89.855.262	194.324.164	760.133.121

⁽¹⁾ 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	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 Items	26.070.974	30	2.387	4.550	1.447
Total	185.886.759	27.481.138	35.230.232	87.867.637	499.424.025

⁽¹⁾ Includes risk amounts after the effect of credit risk mitigation and after the credit conversions.

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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.

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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
Türkiye	635.310.888	-	635.310.888
Cyprus	1.343.068	-	1.343.068
Marshall Islands	319.911	-	319.911
Malta	314.937	-	314.937
Kyrgyzstan	82.808	-	82.808
Other	1.349	-	1.349

Exposures by risk weights:

Current Period														
Risk Weights	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%2	%4	%500	Deductions from Equity
1. Exposures before Credit Risk Mitigation	444.530.568	-	72.585.022	-	54.356.152	460.608.791	549.170.318	17.336.172	30.328.210	1.243.540	-	-	7.935	131.360
2. Exposures after Credit Risk Mitigation	466.167.328	-	61.044.111	123.495.177	119.066.474	231.588.512	391.136.452	16.370.802	30.328.210	1.243.540	-	-	7.935	131.360
Prior Period														
Risk Weights	%0	%10	%20	%35	%50	%75	%100	%150	%200	%250	%2	%4	%500	Deductions from Equity
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

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(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) ^[1]	Credit – Impaired Losses (Stage III) ^[2]	Expected Credit Loss (TFRS 9) ^[3]
Major Sectors /Counterparties			
Agriculture	398.701	116.372	228.555
Farming and Stockbreeding	393.766	95.472	210.338
Forestry	2.605	1.329	805
Fishery	2.330	19.571	17.412
Manufacturing	18.223.917	3.558.446	11.253.454
Mining and Quarrying	198.166	191.144	240.605
Production	9.794.987	2.836.441	5.526.100
Electricity, Gas and Water	8.230.764	530.861	5.486.749
Construction	4.331.234	2.788.989	4.752.234
Services	25.225.496	7.266.759	17.367.003
Wholesale and Retail Trade	4.887.586	3.309.172	3.506.959
Accommodation and Dining	12.224.326	1.566.238	6.808.597
Transportation and Telecommunication	816.441	401.408	342.237
Financial Institutions	4.518	336.522	335.250
Real Estate and Rental Services	6.894.123	1.078.738	5.744.404
Professional Services	92.156	52.750	36.538
Educational Services	193.037	430.959	502.484
Health and Social Services	113.309	90.972	90.534
Other	6.142.395	3.106.298	4.439.133
Total	54.321.743	16.836.864	38.040.379

^[1] Income accruals amounting to TRY 2.912.182 are not included in the table.

^[2] Income accruals amounting to TRY 1.757.173 are not included in the table.

^[3] The provision for accruals of stage three loans amounting to TRY 1.757.173 and the provision for accruals of stage two loans amounting to TRY 1.334.799 are not included in the table.

Prior Period	Credits		
	Significant Increase in Credit Risk (Stage II) ^[1]	Credit – Impaired Losses (Stage III) ^[2]	Expected Credit Loss (TFRS 9) ^[3]
Major Sectors /Counterparties			
Agriculture	371.211	115.598	144.751
Farming and Stockbreeding	367.524	86.746	123.502
Forestry	1.230	510	552
Fishery	2.457	28.342	20.697
Manufacturing	12.434.210	3.840.986	4.462.011
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
Construction	4.689.186	3.168.045	3.651.655
Services	23.531.574	5.216.975	7.485.879
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
Other	3.738.732	1.975.218	1.315.506
Total	44.764.913	14.316.822	17.059.802

^[1] Income accruals amounting to TRY 2.202.624 are not included in the table.

^[2] Income accruals amounting to TRY 1.980.360 are not included in the table.

^[3] 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.

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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	11.874.366	5.503.788	(2.215.843)	-	15.162.311
2. Stage I and Stage II expected credit loss	10.488.846	29.004.625	(1.346.576)	-	38.146.895
Prior 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

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 ⁽¹⁾
Real estate mortgage	9.393.240
Salary pledge, vehicle pledge and pledge of commercial undertaking	2.004.868
CGF	2.408.340
Cheque / bills	102.585
Sureties	30.220.385
Other ⁽²⁾	10.192.325
Total	54.321.743

⁽¹⁾ Income accruals amounting TRY 2.912.182 are not included in the table.

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

Collateral Types	Net Value of Collateral Prior Period ⁽¹⁾
Real estate mortgage	8.455.446
Salary pledge, vehicle pledge and pledge of commercial undertaking	414.838
CGF	3.122.178
Cheque / bills	81.677
Sureties	23.648.633
Other ⁽²⁾	9.042.141
Total	44.764.913

⁽¹⁾ Income accruals amounting TRY 2.202.624 are not included in the table.

⁽²⁾ 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 Current Period ⁽¹⁾
Cash	5.850
Mortgage	3.000.526
Pledge	178.497
Cheque / bills	5.309
Sureties	7.262.106
Other ⁽¹⁾	6.384.576
Total	16.836.864

⁽¹⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

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

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

Collateral Types	Net Value of Collateral Prior Period ⁽²⁾
Cash	11.028
Mortgage	2.895.781
Pledge	145.563
Cheque / bills	369
Sureties	7.508.954
Other ⁽¹⁾	3.755.127
Total	14.316.822

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

⁽²⁾ Income accruals amounting to TRY 1.980.360 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:

	23.12.2022	26.12.2022	27.12.2022	28.12.2022	29.12.2022	30.12.2022
USD	18,6150000	18,6212000	18,6418000	18,6407000	18,6482000	18,6448000
CHF	19,9603000	19,9584000	19,9988000	20,1067000	20,1802000	20,1984000
GBP	22,3956000	22,4523000	22,3720000	22,5344000	22,4411000	22,4761000
JPY	0,1396002	0,1396414	0,1392461	0,1389308	0,1395972	0,1411187
EUR	19,7505000	19,7943000	19,7985000	19,8654000	19,8706000	19,9126000

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	18,5912864
CHF	19,9305591
GBP	22,6094273
JPY	0,1375054
EUR	19,6971409

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

Information related to currency risk:

Current Period	EUR	USD	OTHER FC	TOTAL
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	61.299.058	57.202.963	8.657.610	127.159.631
Banks	2.427.764	1.315.843	1.684.050	5.427.657
Financial assets at fair value through profit and loss	39.649	94.102	-	133.751
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	8.114.765	29.787.517	-	37.902.282
Loans ⁽²⁾	98.516.367	75.143.335	2.941.015	176.600.717
Subsidiaries, associates and entities under common control	1.612.921	-	7.601.174	9.214.095
Financial assets measured at amortised cost	21.173.443	37.291.203	15.538.898	74.003.544
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	609	609
Intangible assets	-	-	-	-
Other assets ⁽³⁾	479.558	730.951	424.763	1.635.272
Total assets	193.663.525	201.565.914	36.848.119	432.077.558
Liabilities				
Bank deposits	90.849.338	14.319.133	4.252.338	109.420.809
Foreign currency deposits	154.236.342	181.834.354	47.827.951	383.898.647
Money market balances	-	8.057.568	-	8.057.568
Funds provided from other financial institutions	6.877.460	6.364.336	-	13.241.796
Bonds issued	-	-	-	-
Miscellaneous Payables	679.358	2.024.117	460.041	3.163.516
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities ⁽³⁾	21.809.899	1.045.473	136.032	22.991.404
Total liabilities	274.452.397	213.644.981	52.676.362	540.773.740
Net balance sheet position	(80.788.872)	(12.079.067)	(15.828.243)	(108.696.182)
Net off-balance sheet position				
Financial derivative assets ⁽⁴⁾	75.059.575	4.773.006	23.751.174	103.583.755
Financial derivative liabilities ⁽⁴⁾	89.295.579	21.310.272	31.824.794	142.430.645
Non-cash loans ⁽¹⁾	14.236.004	16.537.266	8.073.620	38.846.890
Non-cash loans ⁽¹⁾	59.276.701	46.041.320	5.882.686	111.200.707
Prior period				
Total assets	157.932.531	159.420.344	26.337.749	343.690.624
Total liabilities	175.578.790	185.187.290	39.476.006	400.242.086
Net balance sheet position	(17.646.259)	(25.766.946)	(13.138.257)	(56.551.462)
Net off-balance sheet position				
Financial derivative assets	14.724.392	24.010.765	17.923.967	56.659.124
Financial derivative liabilities	19.120.011	34.712.221	27.384.630	81.216.862
Financial derivative liabilities	4.395.619	10.701.456	9.460.663	24.557.738
Non-cash loans ⁽¹⁾	62.257.794	42.338.922	4.316.024	108.912.740

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

⁽²⁾ In the current period, there are no foreign currency indexed loans. (31 December 2021: TRY 14.553)

⁽³⁾ 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 in asset, 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.

⁽⁴⁾ Financial derivative assets include forward precious metal purchase transactions amounted to TRY 1.001.498 and swap precious metal purchase transactions amounted to TRY 24.255.394. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 5.126.311 Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

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(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
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	199.713	-	-	-	-	158.794.562	158.994.275
Banks and financial institutions	3.019.769	-	-	-	-	4.157.361	7.177.130
Financial assets at fair value through profit and loss	37.656	39.656	104.845	41	535	33.947.997	34.130.730
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	14.042.873	13.396.240	45.095.823	21.175.553	4.063.800	1.286.136	99.060.425
Loans	282.962.827	206.607.587	146.996.495	108.955.465	65.433.640	31.661.514	842.617.528
Financial assets measured at amortised cost	54.247.868	20.906.711	31.558.985	64.389.194	69.887.238	-	240.989.996
Other assets ⁽¹⁾⁽⁴⁾	3.266.641	54.732	240.722	527.829	46.713	5.033.453	9.170.090
Total assets	357.777.347	241.004.926	223.996.870	195.048.082	139.431.926	234.881.023	1.392.140.174
Liabilities							
Bank deposits	28.430.590	14.054.920	82.503	-	-	92.540.351	135.108.364
Other deposits	486.712.849	180.200.427	39.550.660	546.977	-	218.803.254	925.814.167
Money market balances	100.191.170	1.864.497	-	-	-	103.501	102.159.168
Miscellaneous Payables	6.047.698	-	-	-	-	19.696.793	25.744.491
Bonds issued	2.260.550	5.481.100	1.000.000	-	-	234.427	8.976.077
Funds provided from other financial institutions ⁽³⁾	120.805	7.514.883	2.161.228	3.009.574	478.968	136.605	13.422.063
Other liabilities ⁽²⁾	1.000.000	-	33.947.997	17.921.340	4.929.795	123.116.712	180.915.844
Total liabilities	624.763.662	209.115.827	76.742.388	21.477.891	5.408.763	454.631.643	1.392.140.174
Balance sheet long position	-	31.889.099	147.254.482	173.570.191	134.023.163	-	486.736.935
Balance sheet short position	(266.986.315)	-	-	-	-	(219.750.620)	(486.736.935)
Off-balance sheet long position	128.803.384	15.412.142	17.382.650	5.186.201	9.476.359	-	176.260.736
Off-balance sheet short position	(128.142.633)	(12.372.656)	(17.503.892)	(5.446.650)	(9.476.361)	-	(172.942.192)
Total position	(266.325.564)	34.928.585	147.133.240	173.309.742	134.023.161	(219.750.620)	3.318.544

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

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

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

⁽⁴⁾ Provision amounts are included in the non-bearing interest column.

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(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
Assets							
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 and financial institutions	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 ⁽¹⁾⁽⁴⁾	8.989.776	3.799	7.807	63.104	65.432	2.239.344	11.369.262
Total assets	162.505.002	161.805.920	165.220.457	160.152.055	88.713.263	162.819.896	901.216.593
Liabilities							
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 ⁽³⁾	286.538	6.924.408	2.554.766	2.922.025	781.320	76.283	13.545.340
Other liabilities ⁽²⁾	1.000.000	-	24.869.108	13.807.080	4.929.795	59.712.774	104.318.757
Total liabilities	474.252.387	113.620.744	52.227.748	18.287.538	5.711.115	237.117.061	901.216.593
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)
Total position	(304.681.938)	47.444.217	112.899.663	141.864.517	83.002.148	(74.297.165)	6.231.442

⁽¹⁾ TRY 157.394 of net deferred tax assets is disclosed under the non-bearing interest column in other liabilities.

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

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

⁽⁴⁾ Provision amounts are included in the non-bearing interest column.

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

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

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

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

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

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

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

Prior Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT ⁽⁵⁾	-	-	-	8,50
Due from banks ⁽¹⁾	1,05	0,50	-	15,66
Financial assets at fair value through profit and loss ⁽⁶⁾	-	6,95	-	16,55
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,01	3,37	-	19,71
Loans ⁽²⁾	4,89	5,62	-	15,14
Financial assets measured at amortised cost	4,76	5,97	-	24,19
Liabilities				
Bank deposits ⁽⁴⁾	0,13	0,87	-	17,05
Other deposits ⁽⁴⁾	0,38	1,00	-	13,82
Money market borrowings	-	4,19	-	14,04
Miscellaneous Payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	15,03
Funds provided from other financial institutions	0,88	1,35	-	15,87

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

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

⁽³⁾ Declared maximum TRY deposits interest rate with a maturity of twelve months as of 31 December 2021.

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

⁽⁵⁾ Average interest rates for reserve requirements of the CBRT as of the balance sheet date.

⁽⁶⁾ Borrowed securities are not included in the average interest rate calculation.

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

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

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

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

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

Current Period				
Currency	Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity – Losses/ Shareholders' Equities	
1	TRY	500	(8.071.845)	(%6,57)
		(400)	7.906.393	%6,43
2	EUR*	200	1.063.399	%0,87
		(200)	(2.103.244)	(%1,71)
3	USD	200	(3.240.574)	(%2,64)
		(200)	4.325.730	%3,52
Total (For negative shocks)			10.128.879	%8,24
Total (For positive shocks)			(10.249.020)	(%8,34)
Prior 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
Total (For negative shocks)			6.888.287	%9,97
Total (For positive shocks)			(7.274.545)	(%10,53)

(*) Other currencies are shown under EUR.

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

V. EXPLANATIONS ON POSITION RISK OF SHARES

Information about position risk of shares:

Equities	Comparison			
	Carrying Value	Fair Value Change ⁽²⁾	Market Value	Capital Requirements
Investment in Shares-Grade A	7.400.240	7.400.240	7.400.240	592.019
Quoted Securities ⁽¹⁾	7.400.240	7.400.240	7.400.240	592.019
Investment in Shares-Grade B	-	-	-	-
Quoted Securities	-	-	-	-
Investment in Shares-Grade C	-	-	-	-
Quoted Securities	-	-	-	-
Investment in Shares-Grade D	-	-	-	-
Other	12.394.920	12.154.501	-	1.187.726

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

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

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

Portfolio	Realized gains/ losses in the current period		Unrealized gains and losses	
	Realized gains/ losses in the current period	Included To Total Core Capital	Included To Total Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-
2. Share certificates quoted on a stock exchange ⁽¹⁾	-	6.270.348	6.270.348	-
3. Other share certificates	-	3.696.835	3.696.835	-
Total	-	9.967.183	9.967.183	-

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

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VI. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

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

In the fourth quarter of 2022, increase in the Bank's deposits in TRY and FC, decreased its secured borrowings from money markets. Thus, the growth of the securities portfolio has increased the total of unrestricted securities not given for collateral, and also the increase of FC and TRY assets held at CBRT have increased the total of high quality liquid assets. The increase in net cash outflows, on the other hand, was smaller both in foreign currency (FC) and in total (TRY+FC) terms compared to the growth in the stock of high quality liquid assets, and accordingly, there was an increase in Liquidity Coverage Ratios during the period.

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

High quality liquid assets are composed of 41,98% accounts held by the CBRT and the Central Banks of the foreign branches, 56,02% securities considered as high quality liquid assets and 2% 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 1.807.597.

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;

Liquidity Minimum-Maximum

Liquidity Coverage Ratio	FC		TRY+FC	
	Related Week	(%)	Related Week	(%)
Maximum	14.11.2022 - 20.11.2022	617,08	14.11.2022 - 20.11.2022	169,41
Minimum	03.10.2022 - 09.10.2022	441,64	03.10.2022 - 09.10.2022	150,47

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

Liquidity Coverage Ratio:

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

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

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

Prior Period	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			174.645.804	101.799.881
Cash Outflows				
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
Total Cash Outflows			159.728.036	81.010.122
Cash Inflows				
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
Total Cash Inflows	48.384.298	53.977.152	33.976.656	52.176.574
			Total Adjusted Value	
Total HQLA Stock			174.645.804	101.799.881
Total Net Cash Outflows			125.751.380	29.903.884
Liquidity Coverage Ratio (%)			139,22%	387,10%

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

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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
Assets								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	10.843.742	148.150.533	-	-	-	-	-	158.994.275
Banks	4.145.899	3.031.231	-	-	-	-	-	7.177.130
Financial assets at fair value through profit and loss	-	37.656	39.656	34.052.842	41	535	-	34.130.730
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	8.774.075	6.387.673	40.685.102	31.289.082	10.638.357	1.286.136	99.060.425
Loans	1.756.589	84.296.300	57.269.458	265.185.959	311.110.015	104.405.170	18.594.037	842.617.528
Financial assets measured at amortised cost	-	20.863.741	9.916.722	21.919.290	87.079.530	101.210.713	-	240.989.996
Other assets ⁽²⁾	1.453	923.117	603.522	1.015.671	1.491.359	101.515	5.033.453	9.170.090
Total assets	16.747.683	266.076.653	74.217.031	362.858.864	430.970.027	216.356.290	24.913.626	1.392.140.174
Liabilities								
Bank deposits	92.281.429	28.620.166	14.124.266	82.503	-	-	-	135.108.364
Other deposits	211.980.672	490.572.406	182.521.073	40.066.747	670.949	2.320	-	925.814.167
Funds provided from other financial institutions ⁽³⁾	-	52.134	476.177	1.257.201	2.911.768	8.724.783	-	13.422.063
Money market balances	-	100.273.280	21.408	-	-	1.864.480	-	102.159.168
Bonds issued	-	2.249.313	4.857.731	1.738.484	130.549	-	-	8.976.077
Miscellaneous Payables	35.856	12.734.291	339.598	1.486.165	6.159.154	34.847	4.954.580	25.744.491
Other liabilities ⁽⁴⁾	-	10.937.285	301.404	34.567.776	22.695.008	5.758.746	106.655.625	180.915.844
Total liabilities	304.297.957	645.438.875	202.641.657	79.198.876	32.567.428	16.385.176	111.610.205	1.392.140.174
Liquidity Gap	(287.550.274)	(379.362.222)	(128.424.626)	283.659.988	398.402.599	199.971.114	(86.696.579)	-
Net off-Balance Sheet Position	-	665.751	1.542.902	438.100	671.791	-	-	3.318.544
Derivative Financial Assets	-	128.798.384	13.196.916	4.048.663	11.264.053	18.952.720	-	176.260.736
Derivative Financial Liabilities	-	(128.132.633)	(11.654.014)	(3.610.563)	(10.592.262)	(18.952.720)	-	(172.942.192)
Non-Cash Loans	101.180.816	8.090.448	31.622.105	106.356.777	53.530.771	14.405.530	-	315.186.447
Prior Period								
Total Assets	13.290.280	167.746.142	47.050.546	205.001.887	305.348.385	143.532.683	19.246.670	901.216.593
Total Liabilities	168.171.605	480.502.286	105.774.161	57.524.900	25.479.969	15.938.999	47.824.673	901.216.593
Liquidity Gap	(154.881.325)	(312.756.144)	(58.723.615)	147.476.987	279.868.416	127.593.684	(28.578.003)	-
Net off-Balance Sheet Position	-	7.065.447	(65.889)	(269.186)	(498.930)	-	-	6.231.442
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)
Non-Cash Loans	56.129.404	6.174.002	18.142.880	71.518.355	32.462.332	6.513.827	-	190.940.800

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

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

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

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

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

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

Prior Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments ⁽¹⁾	Total
Liabilities							
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
Total	635.052.759	106.668.615	32.316.553	6.499.024	9.772.348	(5.137.642)	785.171.657

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

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Prior Period ⁽²⁾	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
Futures – Buy	-	-	-	-	-	-
Futures – Sell	-	-	-	-	-	-
Swaps Precious Metal - Buy	19.325.276	1.381.223	-	-	-	20.706.499
Swaps Precious Metal - Sell	-	-	-	-	-	-
Total	140.394.482	13.570.218	10.142.376	8.064.927	36.986.168	209.158.171

⁽¹⁾ Foreign exchange purchase and sale commitments of TRY 29.819.815 are included in the table.

⁽²⁾ Foreign exchange purchase and sale commitments of TRY 9.032.973 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 ⁽¹⁾	Prior Period ⁽²⁾
On-Balance Sheet Assets		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	1.348.702.814	833.852.381
2.Assets That Are Deducted from Core Capital	(763.978)	(672.609)
3.Total on Balance Sheet Exposures(Sum of rows 1 and 2)	1.347.938.836	833.179.772
Derivative Exposures And Credit Derivatives		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	2.725.285	6.077.022
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	2.657.237	1.023.770
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives(Sum of rows 4 and 5)	5.382.522	7.100.792
Investment Securities Or Commodity Collateral Financing Transactions		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	5.901.580	2.432.628
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions(Sum of rows 7 and 8)	5.901.580	2.432.628
Off -Balance Sheet Items		
10.Gross Notional Amount of Off-Balance Sheet Items	371.490.714	215.292.430
11.(Adjustments for Conversion to Credit Equivalent Amounts)	(8.321.769)	(4.156.782)
12.The Total Risk of Off-Balance Sheet Items(Sum of rows 10 and 11)	363.168.945	211.135.648
Capital And Total Exposures		
13.Tier 1 Capital	100.109.350	54.704.177
14.Total Exposures(Sum of rows 3,6,9 and 12)	1.722.391.883	1.053.848.840
Leverage Ratio		
15.Leverage Ratio	%5,81	%5,19

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

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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

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

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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 2022 are presented in the table below.

Current Period	Commercial/Corporate	Integrated	Treasury/ Investment	Total
1 January -31 December 2022				
OPERATING INCOME / EXPENSES				
Interest Income	26.685.722	59.003.530	68.284.477	153.973.729
Interest on Loans	26.453.926	58.096.815	1.053.301	85.604.042
Interest Income on Marketable Securities	-	866.067	66.676.253	67.542.320
Interest Received from Banks	-	-	535.284	535.284
Other Interest Income	231.796	40.648	19.639	292.083
Interest Expense	26.916.362	36.270.286	22.541.913	85.728.561
Interest on Deposits	26.590.996	35.471.004	2.397.527	64.459.527
Interest on Borrowings	24.009	70.374	263.816	358.199
Interest on Money Market Borrowings	-	269.111	15.515.486	15.784.597
Interest on Marketable Bonds Issued	-	-	3.700.719	3.700.719
Other Interest Expense	301.357	459.797	664.365	1.425.519
Net Interest Income	[230.640]	22.733.244	45.742.564	68.245.168
Net Fees and Commissions Income	2.685.153	4.933.816	842.980	8.461.949
Net Trading Profit / [Loss]	37.893	6.063.174	[11.977.067]	[5.876.000]
Dividend Income	-	-	426.209	426.209
Other Income	822.708	1.203.463	1.546.953	3.573.124
Expected Loss Provisions	1.688.139	2.998.944	32.098.021	36.785.104
Other Expenses	1.462.794	8.517.751	7.920.547	17.901.092
Income Before Taxes	164.181	23.417.002	(3.436.929)	20.144.254
Income Tax Provision	-	-	[5.390.358]	[5.390.358]
Net Profit For The Period	164.181	23.417.002	(8.827.287)	14.753.896
SEGMENT ASSETS				
31 December 2022				
Marketable Securities ⁽¹⁾	-	17.824.827	356.323.549	374.148.376
Derivative Financial Assets Held for Trading	-	250.665	2.984.525	3.235.190
Banks and Money Market Receivables	-	427.159	6.744.178	7.171.337
Associates and Subsidiaries (Net)	-	-	19.706.757	19.706.757
Loans ⁽¹⁾	291.752.915	497.341.919	213.488	789.308.322
Other Assets	3.723.562	12.657.863	182.188.767	198.570.192
TOTAL ASSETS	295.476.477	528.502.433	568.161.264	1.392.140.174
SEGMENT LIABILITIES				
31 December 2022				
Deposits	366.969.314	585.394.896	108.558.321	1.060.922.531
Derivative Financial Liabilities	-	301.279	522.264	823.543
Money Market Balances	-	7.585.020	94.574.148	102.159.168
Borrowing Funding Loans	395.181	589.094	12.437.788	13.422.063
Bonds Issued	-	-	8.976.077	8.976.077
Other Liabilities	8.287.920	16.366.361	73.152.440	97.806.721
Provisions and Tax Payable	342.318	535.444	17.308.691	18.186.453
Shareholders' Equity	3.424.863	26.027.659	60.391.096	89.843.618
TOTAL LIABILITIES	379.419.596	636.799.753	375.920.825	1.392.140.174
OFF-BALANCE SHEET ITEMS				
31 December 2022				
Guarantees and Sureties	158.614.820	117.125.931	39.445.696	315.186.447
Commitments	1.420.003	32.386.264	75.651.549	109.457.816
Derivative Financial Instruments	-	35.087.036	314.115.892	349.202.928
TOTAL OFF-BALANCE SHEET ITEMS	160.034.823	184.599.231	429.213.137	773.847.191

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

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Prior Period	Commercial/Corporate	Integrated	Treasury/ Investment	Total
1 January -31 December 2021				
OPERATING INCOME / EXPENSES				
Interest Income	16.028.295	38.342.805	29.106.680	83.477.780
Interest on Loans	15.856.304	38.083.916	255.674	54.195.894
Interest Income on Marketable Securities	-	232.578	27.555.932	27.788.510
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	5.502.154	19.859.771
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	[14,479,148]	[7,418,173]
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
Income Before Taxes	2,665,424	18,143,057	[19,402,388]	1,406,093
Income Tax Provision	-	-	101,636	101,636
Net Profit For The Period	2,665,424	18,143,057	[19,300,752]	1,507,729
SEGMENT ASSETS				
31 December 2021				
Marketable Securities ⁽¹⁾	-	4,994,370	218,289,625	223,283,995
Derivative Financial Assets Held for Trading	-	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 ⁽¹⁾	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
TOTAL ASSETS	198,516,033	332,378,843	370,321,717	901,216,593
SEGMENT LIABILITIES				
31 December 2021				
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
TOTAL LIABILITIES	204,336,317	416,610,945	280,269,331	901,216,593
OFF-BALANCE SHEET ITEMS				
31 December 2021				
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
TOTAL OFF-BALANCE SHEET ITEMS	100,707,937	99,912,190	239,702,687	440,322,814

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

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

	Current Period		Prior Period	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets	1.330.158.647	1.343.366.275	848.366.457	813.605.080
Cash and Balances with the Central Bank of Türkiye	158.994.275	158.994.275	123.424.335	123.424.335
Financial assets at fair value through P&L ⁽³⁾ ⁽⁴⁾	1.733	1.733	1.256	1.256
Banks	7.177.130	7.127.813	3.534.265	3.533.879
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income ⁽¹⁾	98.972.022	98.972.022	65.262.061	65.262.061
Other Financial Assets Measured at Amortised Cost	240.989.996	262.616.882	132.853.694	109.649.876
Loans ⁽²⁾	824.023.491	815.653.550	523.290.846	511.733.673
Financial Liabilities	1.213.326.362	1.208.095.640	800.234.673	798.718.976
Bank deposits	135.108.364	134.991.769	63.659.359	63.580.261
Other Deposits	925.814.167	920.647.524	562.245.112	560.549.235
Derivative financial liabilities held for trading	823.543	823.543	2.470.251	2.470.251
Funds provided from other financial institutions	13.422.063	13.835.084	13.545.340	13.798.863
Money market borrowings	102.159.168	102.155.870	139.170.003	139.173.972
Securities issued	8.976.077	8.618.870	6.413.302	6.415.088
Miscellaneous payables	25.744.491	25.744.491	11.864.723	11.864.723
Leasing payables	1.278.489	1.278.489	866.583	866.583

⁽¹⁾ As of 31 December 2022, TRY 88.403 (31 December 2021: TRY 46.272) of "equity investments not quoted on stock exchange" followed in financial assets at fair value through other comprehensive income are not included.

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

⁽³⁾ As of 31 December 2022, marketable securities amounting to TRY 181.000 (31 December 2021: TRY 268.312) that are not valued with market price, are not included in financial assets at fair value through Profit and Loss.

⁽⁴⁾ Securities lending transactions amounting to TRY 33.947.997 (31 December 2021: TRY 24.869.108) is not included in the financial assets at fair value through P&L.

As of 31 December 2022, 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 Miscellaneous Payables.

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Classification of Fair Value Measurement

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
 Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
 Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

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

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

Financial Liabilities Measured at Fair Value:

Derivative financial liabilities	-	823.543	-	823.543
Total Financial Liabilities	-	823.543	-	823.543

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

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

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

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

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Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value:				
Financial Assets Measured at Fair Value through Profit/Loss ^{(2) (4)}	1.256	-	-	1.256
Derivative financial assets	-	8.988.530	-	8.988.530
Financial Assets at Fair Value through Other Comprehensive Income ⁽¹⁾	65.262.061	-	-	65.262.061
Subsidiaries	1.710.255	-	5.955.409	7.665.664
Associates ⁽³⁾	-	-	1.218.924	1.218.924
Total Financial Assets	66.973.572	8.988.530	7.174.333	83.136.435
Financial Liabilities Measured at Fair Value:				
Derivative financial liabilities	-	2.470.251	-	2.470.251
Total Financial Liabilities	-	2.470.251	-	2.470.251

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ Bank's associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. (TRY 11.518), Bileşim Finansal Teknolojiler ve Ödeme Sis. A.Ş. (TRY 62.989), Kredi Kayıt Bürosu A.Ş. (TRY 2.516) and Platform Ödeme Hizmetleri ve Elektronik Para A.Ş. (TRY 1.050) are not included in the table.

⁽⁴⁾ 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.

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

	Current Period
Balance at the beginning of the period	7.174.333
Purchases during the year	1.903.957
Non-paid up shares	-
Valuation Difference	3.075.161
Transfers	1.050
Redemption or Sales	-
Period End Balance	12.154.501
	Prior 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	-
Period End Balance	7.174.333

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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.

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.

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Overview of Risk Weighted Amounts⁽¹⁾:

	Risk Weighted Amounts		Minimum Capital Requirements	
	Current Period	Prior Period	Current Period	Prior Period
1 Credit risk (excluding counterparty credit risk) (CCR) ⁽¹⁾	765.045.505	443.726.454	61.203.640	35.498.116
2 Standardized approach (SA) ⁽¹⁾	765.045.505	443.726.454	61.203.640	35.498.116
3 Internal rating-based (IRB) approach	-	-	-	-
4 Counterparty credit risk ⁽¹⁾	7.692.181	4.577.631	615.374	366.210
5 Standardized approach for counterparty credit risk (SA-CCR)	7.692.181	4.577.631	615.374	366.210
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	28.424.938	8.764.625	2.273.995	701.170
17 Standardized approach (SA)	28.424.938	8.764.625	2.273.995	701.170
18 Internal model approaches (IMM)	-	-	-	-
19 Operational Risk	27.691.243	23.859.627	2.215.299	1.908.770
20 Basic Indicator Approach	27.691.243	23.859.627	2.215.299	1.908.770
21 Standard Approach	-	-	-	-
22 Advanced measurement approach	-	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	3.108.851	2.098.109	248.708	167.849
24 Floor adjustment	-	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	831.962.718	483.026.446	66.557.016	38.642.115

⁽¹⁾ Amounts below the thresholds for deductions from capital are excluded from credit risk standard approach of RWA amount.

⁽¹⁾ Based on the Board Decision dated 28 April 2022 published by the BRSA, CBRT's foreign exchange buying rates as of 31 December 2021 was used in the calculation of the amount subject to credit risk.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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					Not subject to capital requirements or subject to deduction from capital
	Carrying values in financial statements prepared as per TAS	Credit Risk	Counterparty credit risk	Securitization positions	Market Risk	
Assets						
Cash and Balances with the Central Bank	158.973.827	158.973.827	-	-	-	-
Derivative Financial Assets	3.235.190	-	3.235.190	-	170.294	-
Financial assets at fair value through profit and loss	34.130.730	181.000	-	-	1.733	33.947.997
Banks	7.171.336	7.171.336	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-
Financial assets at fair value through OCI (net)	99.060.425	69.015.337	-	-	30.045.088	-
Loans	789.308.322	789.176.962	-	-	-	131.360
Receivables from factoring	-	-	-	-	-	-
Financial assets measured at amortised cost (net)	240.957.221	240.957.221	-	-	-	-
Subsidiaries (net)	1.764.937	1.764.937	-	-	-	-
Associates (net)	17.941.820	17.941.820	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Tangible Assets (net)	12.068.444	11.682.507	-	-	-	385.937
Intangible Assets (net)	574.468	-	-	-	-	574.468
Real estate for investment purpose (net)	360.056	360.056	-	-	-	-
Tax asset	-	-	-	-	-	-
Deferred Tax Assets	8.437.719	-	-	-	-	8.437.719
Assets Held For Sale and Discontinued Operations (net)	-	-	-	-	-	-
Other assets	18.155.679	18.155.335	-	-	344	-
Total Assets	1.392.140.174	1.315.380.338	3.235.190	-	30.217.459	43.477.481
Liabilities						
Deposits	1.060.922.531	-	-	-	-	1.060.922.531
Derivative financial liabilities	823.543	-	-	-	47.228	776.315
Loans	13.422.063	-	-	-	-	13.422.063
Money market borrowings	102.159.168	-	65.542.884	-	-	36.616.284
Securities issued	8.976.077	-	-	-	-	8.976.077
Funds	237.542	-	-	-	-	237.542
Other liabilities	69.075.429	-	-	-	3.404	69.072.025
Factoring payables	-	-	-	-	-	-
Finance lease payables	1.278.489	-	-	-	-	1.278.489
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Provisions	8.717.353	-	-	-	-	8.717.353
Tax Liability	9.469.100	-	-	-	-	9,469,100
Deferred Tax Liability	-	-	-	-	-	-
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated Loans	27.215.261	-	-	-	-	27,215,261
Shareholders' equity	89.843.618	-	-	-	-	89,843,618
Total liabilities	1.392.140.174	-	65.542.884	-	50.632	1.326.546.658

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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	1.392.140.174	1.315.380.338	-	3.235.190	30.217.459
2 Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	65.542.884	50.632
3 Total net amount under regulatory scope of consolidation	1.392.140.174	1.315.380.338	-	(62.307.694)	30.166.827
4 Off-balance Sheet Amounts ⁽¹⁾	773.847.191	195.171.600	-	6.758.247	16.861.344
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	-	1.510.551.938	-	(55.549.447)	47.028.171

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

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

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

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

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

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

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

Counterparty Credit Risk (CCR) Approach Analysis:

	Replacement cost	Potential Future exposure	EEPE ⁽¹⁾	Alpha used for computing regulatory EAD	EAD post-CRM	Risk Weighted Assets
Standardised Approach - CCR (for derivatives)	3.351.340	2.591.634		1,4	5.942.974	2.677.353
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)					6.286.529	4.217.314
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
Total					12.229.503	6.894.667

⁽¹⁾ 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	5.942.974	781.199
Total subject to the CVA capital obligation	5.942.974	781.199

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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	2.557.824	-	-	-	-	-	-	-	-	2.557.824
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	2.917.302	764.218	-	1.846.754	-	-	-	-	5.528.274
Claims on corporates	-	23.422	-	-	3.950.688	-	-	-	-	3.974.110
Claims included in the regulatory retail portfolios	-	-	-	169.295	-	-	-	-	-	169.295
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*	-	-	-	-	-	781.199	-	-	-	781.199
Total	2.557.824	- 2.940.724	764.218	169.295	6.578.641	-	-	-	-	- 13.010.702

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	-	-	-	63.520	-	-
Cash-foreign currency	-	1.732.196	-	424.624	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	1.732.196	-	488.144	-	-

Counterparty Credit Risk-Credit Derivatives:

None.

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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)		16.315
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	815.273	16.305
(i) Over the counter derivative financial instruments	815.273	16.305
(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	236	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	500	10
Unfunded guarantee fund contributions	-	-
Total Exposures to Non-QCCPs		-
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	-	-
(i) Over the counter derivative financial instruments	-	-
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	-	-
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	-	-
Unfunded guarantee fund contributions	-	-

Explanations on securization:

None.

Qualitative Disclosure on Credit Risk:

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

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

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

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

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

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

Credit Quality of Assets

	Gross carrying value as per TAS		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-Defaulted		
1 Loans	18.594.037	824.023.491	53.309.206	789.308.322
2 Debt Securities ⁽¹⁾	-	340.290.657	90.278	340.200.379
3 Off-balance sheet exposures	-	424.644.263	3.159.598	421.484.665
4 Total	18.594.037	1.588.958.411	56.559.082	1.550.993.366

⁽¹⁾ As of 31 December 2022, TRY 33.947.997 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	16.297.182
2 Loans and debt securities defaulted since the last reporting period	10.260.960
3 Receivables back to performing status	183.407
4 Amounts written off	2.104.883
5 Other changes	(5.675.815)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	18.594.037

Additional Disclosure Related To The Credit Quality Of Assets:

Breakdown According to Maturity:

31 December 2022	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Over	Total
Loans ⁽¹⁾	1.756.589	84.296.300	57.269.458	265.185.959	311.110.015	104.405.170	824.023.491

⁽¹⁾ Non-performing loans has not been included in the table above.

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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Exposures Provisioned Against By Major Regions:

31 December 2022	Non-Performing Loans	ECL (Stage 3)
Domestic	18.521.461	15.131.669
European Union (EU) Countries	173	121
OECD Countries	33	25
Off-Shore Banking Regions	-	-
USA, Canada	20	10
Other Countries	72.350	30.486
Total	18.594.037	15.162.311

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 2022	
30-60 days overdue	1.863.028
60-90 days overdue	2.889.147
Total	4.752.175

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

31 December 2022	
Loans Structured from Standard Loans	496.258
Loans Composed of Follow-up Loans	26.626.359
Loans Restructured from Non-Performing Loans	1.945.111

⁽¹⁾ Rediscounts are not 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).

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

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

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

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

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

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

Concentration checks are conducted on guarantors and collateral providers.

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

Credit Risk Mitigation Techniques- Overview

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans ⁽²⁾	415.172.749	374.135.573	229.775.691	26.844.254	21.822.565	-	-
2 Debt Instruments ⁽¹⁾	340.200.379	-	-	-	-	-	-
3 Total	755.373.128	374.135.573	229.775.691	26.844.254	21.822.565	-	-
4 Of which defaulted	1.902.463	1.529.263	987.501	595.118	560.658	-	-

⁽¹⁾ As of 31 December 2022, TRY 33.947.997 of borrowed securities is not included in Financial Assets at Fair Value through Profit or Loss.

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

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

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

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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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	407.085.156	906.793	428.365.144	1.298.475	495.870	%0,12
Claims on regional governments or local authorities	2.030.682	161.435	2.016.360	65.238	1.040.799	%50,00
Claims on administrative bodies and other non-commercial undertakings	2.601.792	1.942.808	2.533.224	917.828	3.451.052	%100,00
Claims on multilateral development banks	-	-	62	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	6.202.017	5.395.625	6.201.919	3.586.315	5.166.137	%52,78
Claims on corporates	296.823.902	224.687.463	277.797.784	144.751.572	359.493.346	%85,08
Claims included in the regulatory retail portfolios	237.815.958	83.143.600	218.415.784	17.744.322	178.427.073	%75,55
Claims secured by residential property	115.676.475	15.348.567	115.676.475	7.818.702	43.223.312	%35,00
Claims secured by commercial property	70.198.237	22.404.499	70.198.237	14.936.715	46.525.678	%54,65
Overdue loans	4.121.977	1.230.080	3.515.807	351.044	3.604.654	%93,22
Higher risk categories decided by the Board	44.309.930	-	44.248.814	-	81.565.098	%184,33
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	18.207.945	-	18.207.945	-	18.207.945	%100,00
Equity share investments	60.538.391	8.089.836	60.538.391	18.844	23.844.541	%39,38
Total	1.265.612.462	363.310.706	1.247.715.946	191.489.055	765.045.505	%53,16

Standardised Approach- Claims By Risk Classification And Risk Weights

Risk Classification	Risk Weights												Total risk amount (pt-CCF and CRM)		
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	4%		500%	
Claims on sovereigns and Central Banks	429.167.748	-	-	-	-	-	495.871	-	-	-	-	-	-	-	429.663.619
Claims on regional governments or local authorities	-	-	-	-	2.081.598	-	-	-	-	-	-	-	-	-	2.081.598
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	3.451.052	-	-	-	-	-	-	-	3.451.052
Claims on multilateral development banks	62	-	-	-	-	-	-	-	-	-	-	-	-	-	62
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	14.005	-	4.583.699	-	1.882.265	-	3.308.265	-	-	-	-	-	-	-	9.788.234
Claims on corporates	5.049.283	-	50.694.906	-	37.201.100	135	327.304.368	2.299.564	-	-	-	-	-	-	422.549.356
Claims included in the regulatory retail portfolios	-	-	-	-	-	230.932.138	5.227.968	-	-	-	-	-	-	-	236.160.106
Claims secured by residential property	-	-	-	123.495.177	-	-	-	-	-	-	-	-	-	-	123.495.177
Claims secured by commercial property	-	-	-	-	77.218.550	-	7.916.402	-	-	-	-	-	-	-	85.134.952
Overdue loans	-	-	-	-	682.961	-	3.025.321	158.569	-	-	-	-	-	-	3.866.851
Higher risk categories decided by the Board	-	-	-	-	-	-	-	13.912.669	30.328.210	-	-	-	-	7.935	44.248.814
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	-	-	-	-	-	-	18.207.945	-	-	-	-	-	-	-	18.207.945
Other receivables	31.936.230	-	5.765.506	-	-	656.239	22.199.260	-	-	-	-	-	-	-	60.557.235
Total	466.167.328	-	61.044.111	123.495.177	119.066.474	231.588.512	391.136.452	16.370.802	30.328.210	-	-	-	-	7.935	1.439.205.001

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

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.

Market Risk: Standardised approach

	RWA
Outright products	
Interest rate risk (general and specific)	12.182.513
Equity risk (general and specific)	2.395.475
Foreign exchange risk	13.489.375
Commodity risk	-
Options	
Simplified approach	-
Delta-plus method	357.575
Scenario approach	-
Securitization	-
Total	28.424.938

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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	10.681.283	16.723.023	16.901.683	14.768.663	15	2.215.299
Amount at Operational Risk (Total * 12,5)						27.691.243

XII. EXPLANATIONS ON REMUNERATION POLICIES

Disclosures related with Remuneration Committee

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

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

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

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

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

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

As of the end of 2022, the number of critical key personnel is 25.

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Information on the design and structure of remuneration process

Benefits to be paid to the managers and employees at all levels are in line with the Bank's ethical values, internal balances and strategic objectives and cannot be associated only with the short term performance of the Bank. Regardless of the performance of the units that are audited by internal audit, the benefits of are determined on the basis of the general wage increase rate set by the Bank. Remuneration policy and practices are one of the important factors in ensuring employee engagement and improving performance. While determining the remuneration policy created to protect employees with high performance, sectoral data are taken into consideration by taking the internal wage balance and budget possibilities into account. Remuneration Committee at its meeting in December 2022 reviewed the remuneration policy and practices.

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

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

Evaluation about how the Bank associates variable remunerations with performance

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

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

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

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

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

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

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and foreign currency	2.917.083	5.974.624	1.899.965	4.958.954
CBRT	28.917.561	121.184.994	17.613.716	98.951.673
Other	-	13	-	27
Total	31.834.644	127.159.631	19.513.681	103.910.654

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand unrestricted amount ⁽¹⁾	28.666.697	38.540.462	17.211.303	34.517.548
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Other ⁽²⁾	250.864	82.644.532	402.413	64.434.125
Total	28.917.561	121.184.994	17.613.716	98.951.673

⁽¹⁾ Reserve deposits kept in the CBRT

⁽²⁾ Blocked reserve deposits amounts held in the CBRT and Central Bank of TRNC are included in the Other.

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

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	-	-	24.112.751	-

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	-	121.865	-	195.839
Swap transactions	319.674	2.745.566	2.721.424	6.017.405
Futures transactions	-	-	-	-
Options	-	48.085	17.442	36.420
Other	-	-	-	-
Total	319.674	2.915.516	2.738.866	6.249.664

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	856.684	499.812	220.083	115.757
Foreign banks	892.789	4.927.845	124.354	3.074.071
Branches and offices abroad	-	-	-	-
Total	1.749.473	5.427.657	344.437	3.189.828

b) Information on foreign banks:

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

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

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

	Unrestricted Balance	Restricted Balance
	Current Period	Prior Period
EU Countries	380.765	1.487
USA and Canada	203.339	-
OECD Countries ⁽¹⁾	889.314	298.911
Offshore Banking Regions	1.009	-
Other	1.423.600	-
Total	2.898.027	300.398

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	18.240.767	33.445.116	11.765.216	25.351.058

a.2. Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	109.178	472.490	56.683	-

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

	Current Period	Prior Period
	Current Period	Current Period
Debt securities	97.814.460	66.476.611
Quoted on a stock exchange	97.814.460	66.476.611
Not quoted	-	-
Equity Securities	1.303.418	585.047
Quoted on a stock exchange	1.197.734	521.493
Not quoted	105.684	63.554
Impairment provision (-)	57.453	1.753.325
Total	99.060.425	65.308.333

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(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	1.246.669	-	625.041	-
Total	1.246.669	-	625.041	-

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

Cash Loans	Loans Under Close Monitoring		Restructured Loans	
	Standard Loans	Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Non-specialized loans	632.800.865	24.075.171	22.410	26.603.945
<i>Corporation loans</i>	372.953.607	17.772.282	-	26.591.496
<i>Export loans</i>	34.493.695	42.749	-	-
<i>Import loans</i>	-	-	-	-
<i>Loans given to financial sector</i>	14.602.882	-	-	-
<i>Consumer loan</i>	101.421.234	851.096	22.410	8.646
<i>Credit cards</i>	35.511.459	1.552.644	-	928
<i>Other</i>	73.817.988	3.856.400	-	2.875
Specialized lending	124.515.992	3.620.213	-	4
Other receivables	-	-	-	-
Accruals	9.472.709	1.906.757	2.109	1.003.316
Total	766.789.566	29.602.141	24.519	27.607.265

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

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	12.176.855	3.646.930	-	-
Significant Increase in Credit Risk	-	-	25.970.040	6.841.916

In the current period, the increase in the Bank's First Stage and Second Stage Expected Credit Loss Provisions is due to the increase in the balances of standard loans and under close monitoring loans, as well as the increase in the risk levels of customers.

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	252.040.264	4.347.065	689.707
Medium and Long Term Loans	514.749.302	25.255.076	26.942.077
Prior Period			
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

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

d) Information on consumer loans, individual credit cards, personnel loans and credit cards⁽¹⁾:

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	1.299.363	98.062.826	99.362.189
Real estate loans	8.291	71.829.365	71.837.656
Automobile loans	58.894	4.889.921	4.948.815
Consumer loans	1.232.178	21.343.540	22.575.718
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	11.455.918	920	11.456.838
Installment	4.559.861	920	4.560.781
Non-installment	6.896.057	-	6.896.057
Individual credit cards-FC	1.834	-	1.834
Installment	-	-	-
Non-installment	1.834	-	1.834
Personnel loans-TRY	97.640	725.142	822.782
Real estate loans	-	42	42
Automobile loans	-	-	-
Consumer loans	97.640	725.100	822.740
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	355.740	-	355.740
Installment	129.770	-	129.770
Non-installment	225.970	-	225.970
Personnel credit cards-FC	196	-	196
Installment	-	-	-
Non-installment	196	-	196
Overdraft accounts-TRY (Retail customers) ⁽¹⁾	2.118.415	-	2.118.415
Overdraft accounts-FC (Retail customers)	-	-	-
Total	15.329.106	98.788.888	114.117.994

⁽¹⁾ Interest income accruals and rediscounts are not included in the table above.
^(*) TRY 67.951 of the overdraft account consists of loans given to personnel.

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Prior 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⁾	1.711.484	-	1.711.484
Overdraft accounts-FC (Retail customers)	-	-	-
Total	7.905.696	72.723.810	80.629.506

⁽¹⁾ Interest income accruals and rediscounts are not included in the table above.
^(*) TRY 42.754 of the overdraft account consists of loans given to personnel.

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e) Information on commercial installments loans and corporate credit cards⁽¹⁾:

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

⁽¹⁾ Interest income accruals and rediscounts are not included in the table above.

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Prior 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)	-	-	-
Total	21.450.933	95.013.895	116.464.828

⁽¹⁾ Interest income accruals and rediscounts are not included in the table above.

f) Loans by customers:

	Current Period	Current Period
Public	34.363.094	12.298.807
Private	789.660.397	510.992.039
Total	824.023.491	523.290.846

⁽¹⁾ Non-performing loans balance is not included in the table above.

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g) Domestic and foreign loans⁽¹⁾:

	Current Period	Prior Period
Domestic loans	821.823.229	521.958.708
Foreign loans	2.200.262	1.332.138
Total	824.023.491	523.290.846

⁽¹⁾ 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	6.710.672	2.916.786
Indirect loans granted to subsidiaries and associates	-	-
Total	6.710.672	2.916.786

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

	Current Period	Prior Period
Loans with Limited Collectability	1.778.357	1.049.450
Loans with Doubtful Collectability	2.189.055	312.066
Uncollectible Loans	11.194.899	10.512.850
Total	15.162.311	11.874.366

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 and the increase in the NPL balance in the current period. Also the increase in the balance of non performing loans is another effect which leads to increase in the balance of specific provisions during the current period.

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

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current period			
Gross amounts before the specific provisions	680.019	332.509	932.583
<i>Restructured loans</i>	<i>680.019</i>	<i>332.509</i>	<i>932.583</i>
Prior period			
Gross amounts before the specific provisions	420.581	66.242	1.122.966
<i>Restructured loans</i>	<i>420.581</i>	<i>66.242</i>	<i>1.122.966</i>

⁽¹⁾ Rediscounts are not included.

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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
Current Period			
Current period end balance	2.424.637	708.929	13.163.616
Additions(+) ^(*)	8.601.080	60.961	1.598.919
Transfers from other categories of loans under non-performing(+)	-	5.053.238	2.101.918
Transfers to other categories of loans under non-performing(-)	5.359.655	1.795.501	-
Collections(-) ⁽¹⁾	2.223.880	747.657	2.887.685
Write-offs(-) ^(1*)	-	-	2.104.883
Sold(-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
Current period end balance	3.442.182	3.279.970	11.871.885
Provision(-)	1.778.357	2.189.055	11.194.899
Net balance on balance sheet	1.663.825	1.090.915	676.986

Prior Period

Prior 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(-) ⁽¹⁾	609.880	379.728	3.329.887
Write-offs(-)	-	-	8.113
Sold(-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
Current period end balance	2.424.637	708.929	13.163.616
Provision(-)	1.049.450	312.066	10.512.850
Net balance on balance sheet	1.375.187	396.863	2.650.766

⁽¹⁾ 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.

^(1*) As of reporting period, the loan granted to LYY Telekomünikasyon A.Ş. amounting to TRY 1.337.985 has been transferred to non-performing loans and 100% stage 3 expected credit losses has been made and at the same time has been written-off in connection with there is no reasonable expectation for its recovery as per the scope of "Procedures and Principals regarding Classifications of Loans and Allowances Allocated for Such Loans".

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j.3. Information on foreign currency non-performing loans and other receivables⁽¹⁾:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current period			
Balance at the end of the period	341.012	786.304	3.966.189
Provisions(-)	279.800	783.961	3.835.240
Net balance in the balance sheet	61.212	2.343	130.949
Prior period			
Balance at the end of the period	373.702	32.607	4.264.678
Provisions(-)	319.850	13.697	3.551.380
Net balance in the balance sheet	53.852	18.910	713.298

⁽¹⁾ Rediscounts are 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
Current period (Net)	1.663.825	1.090.915	676.986
Loans to granted real persons and legal entities (Gross)	3.442.182	3.279.970	11.871.885
Provisions (-)	1.778.357	2.189.055	11.194.899
Loans to granted real persons and legal entities (Net)	1.663.825	1.090.915	676.986
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-
Prior period (Net)	1.375.187	396.863	2.650.766
Loans to granted real persons and legal entities (Gross)	2.424.637	708.929	13.163.616
Specific provisions (-)	1.049.450	312.066	10.512.850
Loans to granted real persons and legal entities (Net)	1.375.187	396.863	2.650.766
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period (Net)	-	-	-
Interest Accruals and Valuation Differences	7.019	6.376	1.743.778
Provision (-)	7.019	6.376	1.743.778
Prior Period (Net)	6.533	1.765	399.049
Interest Accruals and Valuation Differences	12.261	15.101	1.952.998
Provision (-)	5.728	13.336	1.553.949

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

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.

m) Explanations on write-off policy:

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

In the previous period, the Bank derecognised the 5th group non-performing loan amounting to TRY 2.104.883 on the grounds that there was no reasonable expectation, and the Bank's non-performing loan ratio decreased from 2,45% to 2,21% after the loans were written off in accordance with the related the Regulation of Allowance. (In the previous period, the Bank derecognised the 5th group non-performing loan amounting to TRY 8.113 due to lack of reasonable expectations, and this derecognition has no effect on the NPL ratio.)

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked Securities	109.707.592	55.559.702	55.081.664	49.778.434

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(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
Subject to repurchase agreements securities	46.157.728	17.310.081	8.858.706	4.975.643

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

	Current Period	Prior Period
Government bonds	234.826.643	132.010.297
Treasury bills	1.536.051	-
Other public sector debt securities	2.167.490	792.874
Total	238.530.184	132.803.171

c) Information on financial assets measured at amortised cost:

	Current Period	Prior Period
Debt securities	240.989.996	132.853.694
Quoted on a stock exchange	223.107.074	120.512.297
Not quoted	17.882.922	12.341.397
Impairment provision (-)	-	-
Total	240.989.996	132.853.694

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

	Current Period	Prior Period
Beginning balance	132.853.694	84.621.031
Foreign currency differences on monetary assets	23.487.246	17.795.411
Purchases during the year ⁽¹⁾	91.774.783	37.931.041
Disposals through sales and redemptions	(7.125.727)	(7.493.789)
Impairment provision (-)	-	-
Balance at the end of the period	240.989.996	132.853.694

⁽¹⁾ The difference between the discount amount of TRY 67.405.111 as of December 31, 2022 and the amount of discount amount of TRY 31.918.103 as of 31 December 2021 is shown in the line disposed by purchases during the year.

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(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 ⁽¹⁾	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾	Ankara	31,47	33,12
3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ ^{(1),(4)}	Istanbul	33,33	33,33
4. Kredi Kayıt Bürosu AŞ ⁽²⁾	Istanbul	18,18	18,18
5. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ ⁽²⁾	Istanbul	33,33	33,33

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.	34.298.279	4.579.579	50.717	842.867	3.064	196.944	106.321	1.612.921
2.	228.749	226.721	1.323	27.652	-	156.706	13.794	-
3.	33.447	33.398	13	4.081	-	3.398	-	-
4.	781.026	34.415	320.607	67.411	-	(18.412)	58.105	-
5.	413.537	313.485	109.191	38.333	-	(35.010)	(5.804)	-

⁽¹⁾ The financial data is obtained from 31 December 2022 financial statements used in consolidation.

⁽²⁾ The financial data is obtained from unaudited 31 December 2022 financial statement.

⁽³⁾ Financial information about the fair value of Demir Halkbank NV has been obtained from valuation report as of 31 December 2022.

⁽⁴⁾ Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ, one of the subsidiaries of the Bank, in which the Bank has a 33.33% share, is established in the current period.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	1.296.997	752.310
Movements during the period	467.940	544.687
Purchases ^{(1),(2),(3)}	79.539	57.243
Bonus shares obtained profit from current year's share	-	-
Dividends from current year income	-	-
Sales	-	-
Transfers ⁽³⁾	(5.595)	(57.243)
Revaluation decrease (-) / increase	393.996	544.687
Impairment provisions (-) / reversals	-	-
Balance at the end of the period	1.764.937	1.296.997
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ In the current period, the Bank has made a payment TRY 64.994 due to the paid capital increase of Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ.

⁽²⁾ The Bank has made a payment TRY 10.000 for Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ which was established in the current period.

⁽³⁾ In the current period, the Bank has purchased 13,33% of Platform Ödeme Hizmetleri ve Elektronik Para AŞ for TRY 700 increasing its share ratio to 33,33%, and afterwards purchased 66,67% of Platform Ödeme Hizmetleri ve Elektronik Para AŞ for TRY 3.845 and increased its share ratio to 100% and transferred the related associate to the subsidiaries.

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d) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	1.612.921	1.218.924
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	21.518	11.518
Other non- financial investments	130.498	66.555

e) Associates quoted on a stock exchange:

None.

(8) Information on subsidiaries (Net):

a) Information on subsidiaries⁽¹⁾:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ
COMMON EQUITY TIER I CAPITAL							
Paid in Capital	150.000	1.570.000	523.000	1.338.698	246.000	754.199	100
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-
Share premium	-	50.372	-	11.633	-	773.455	-
Reserves	135.372	50.817	34.246	2.769.832	127.042	2.221.736	3.088
Other Comprehensive Income according to TAS	11.174	4.841.036	2.071	-	10	-	-
Profit / Loss	419.256	3.551	208.609	70.296	177.856	205.391	1.711
Net Profit	419.256	3.551	234.525	200.623	177.856	205.391	1.711
Prior Period Profit/Loss	-	-	(25.916)	(130.327)	-	-	-
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 (-)	-	-	-	79.638	-	320.868	-
Leasehold Improvements (-)	-	-	-	18.845	-	16.419	-
Intangible Assets (-)	10.796	1.973	1.594	60.345	4.373	169.825	-
Total Core Capital	705.006	6.513.803	766.332	4.031.631	546.535	3.447.669	4.899
SUPPLEMENTARY CAPITAL	-	-	93.321	97.633	28.252	45.002	-
CAPITAL	705.006	6.513.803	859.653	4.129.264	574.787	3.492.671	4.899
NET AVAILABLE CAPITAL	705.006	6.513.803	859.653	4.129.264	574.787	3.492.671	4.899

⁽¹⁾The information is presented from companies' financial statements as of 31 December 2022.

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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.

b) Information on subsidiaries:

Description	Address (City/Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1. Halk Yatırım Menkul Değerler AŞ ⁽¹⁾	Istanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ ⁽¹⁾⁽²⁾⁽³⁾	Istanbul	79,33	79,36
3. Halk Finansal Kiralama AŞ ⁽¹⁾	Istanbul	100,00	100,00
4. Halk Banka AD, Skopje ⁽¹⁾	Macedonia	99,56	99,56
5. Halk Faktoring AŞ ⁽¹⁾	Istanbul	100,00	100,00
6. Halkbank A.D. Beograd ⁽¹⁾	Serbia	100,00	100,00
7. Halk Varlık Kiralama AŞ ⁽¹⁾	Istanbul	100,00	100,00
8. Platform Ödeme Hizmetleri ve Elektronik Para AŞ ⁽⁴⁾	Istanbul	100,00	100,00

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	3.765.683	715.802	25.107	390.409	14.937	419.256	197.868	1.090.578
2.	10.807.979	6.472.642	7.088.761	28.296	6.253	3.551	40.160	7.400.240
3.	7.186.625	767.926	8.891	796.460	-	234.525	75.184	811.319
4.	26.972.319	4.110.821	901.636	737.610	38.175	200.623	38.472	4.103.294
5.	3.783.697	550.908	7.574	709.044	-	177.856	67.633	931.982
6.	18.857.208	3.633.913	436.697	559.397	70.410	205.391	83.117	3.497.880
7.	3.174.006	4.899	1	-	-	1.711	850	6.182
8.	101.191	101.066	214	2.653	-	737	922	100.345

⁽¹⁾The financial data is obtained from 31 December 2022 financial statements used in consolidation.

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

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

⁽⁴⁾The financial data is obtained from financial statements as of 31 December 2022.

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

d) Movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	7.665.664	5.497.082
Movements during the period	10.276.156	2.168.582
Purchase ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	2.266.422	506.941
Bonus shares obtained profit from current year's share	28.785	81.981
Dividends from current year income	-	-
Sales	-	-
Transfer	5.595	-
Revaluation increase/decrease	7.975.354	1.579.660
Impairment Provisions (-)/ Reversals	-	-
Balance at the end of the period	17.941.820	7.665.664
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ In the current period, the Bank has made a payment TRY 367.008 due to the paid capital increase of Halk Gayrimenkul Yatırım Ortaklığı A.Ş.

⁽²⁾ In the current period, the Bank has made a payment TRY 150.000 due to the paid capital increase of Halk Faktoring A.Ş.

⁽³⁾ In the current period, the Bank has made a payment TRY 200.000 due to the paid capital increase of Halk Finansal Kiralama A.Ş.

⁽⁴⁾ The Bank has made a payment TRY 539.663 due to the paid capital increase of Halk Banka AD, Skopje and increased its share ratio 99,56%.

⁽⁵⁾ In the current period, the Bank has made a payment TRY 94.750 due to the paid capital increase of Platform Ödeme Hizmetleri ve Elektronik Para A.Ş.

⁽⁶⁾ In the current period, the Bank has made a payment TRY 915.001 due to the paid capital increase of Halkbank A.D. Beograd.

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

	Current Period	Prior Period
Banks	7.601.174	4.585.604
Insurance companies	-	-
Factoring companies	931.982	362.348
Leasing companies	811.319	471.661
Financing companies	-	-
Other financial subsidiaries	8.497.000	2.246.051
Other non-financial subsidiaries	100.345	-

f) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock ⁽¹⁾	7.400.240	1.710.255
Quoted foreign stock exchange	-	-

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

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

None.

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

None.

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

None.

(12) Information on tangible assets:

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

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Prior Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
Cost:						
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
Total Cost	9.458.075	2.732.635	579.331	2.419.740	-	10.350.301
Accumulated depreciation (-)						
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
Total Accumulated Depreciation	1.563.653	458.487	139.675	148.731	-	2.013.084
Provision for impairment (-)						
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
Total provision for impairment (-)	17.129	-	3.023	472	-	19.680
Net Book Value	7.877.293	2.274.148	436.633	2.270.537	-	8.317.537

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(1.3) Information on intangible assets:

Current Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
Cost:					
Other intangible assets	923.967	221.680	-	-	1.145.647
Total Cost	923.967	221.680	-	-	1.145.647
Accumulated Depreciation (-)					
Other intangible assets	410.031	161.148	-	-	571.179
Total Accumulated Depreciation	410.031	161.148	-	-	571.179
Net Book Value	513.936	60.532	-	-	574.468
Prior Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
Cost:					
Other intangible assets	834.820	89.147	-	-	923.967
Total Cost	834.820	89.147	-	-	923.967
Accumulated Depreciation (-)					
Other intangible assets	261.895	148.136	-	-	410.031
Total Accumulated Depreciation	261.895	148.136	-	-	410.031
Net Book Value	572.925	(58.989)	-	-	513.936

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

(14) Information on investment property:

	Current Period	Prior Period
Cost:		
Opening Balance	445.071	435.639
Acquisitions	3.695	9.432
Transfer	-	-
Disposals	-	-
Impairment Charge/Reversal	-	-
Ending Balance	448.766	445.071

Accumulated Depreciation (-)

	Current Period	Prior Period
Opening Balance	85.319	81.992
Amortization Charge	3.391	3.327
Transfer	-	-
Disposals	-	-
Impairment Provisions	-	-
Total Accumulated Depreciation (-)	88.710	85.319

	Current Period	Prior Period
Net Book Value	360.056	359.752

(15) Information on tax assets:

	Current Period	Prior Period
Deferred Tax Asset /(Liability)		
Provisions ⁽¹⁾	12.065.255	3.214.984
Revaluation of Financial Assets	(2.221.419)	(5.527.489)
Other	(1.406.117)	2.469.899
Deferred Tax Asset /(Liability):	8.437.719	157.394

	Current Period	Prior Period
Deferred tax accounted under shareholders' equity	(2.783.046)	280.925

Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	(2.665.989)	379.540
Actuarial gains/losses	470.093	117.935
Valuation of subsidiaries	(587.150)	(216.550)

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

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(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 18.186.975 and does not exceed 10% of the balance sheet total (31 December 2021: TRY 6.483.746).

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								Total
	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months -year	1 year and over	Cumulative deposits	
Saving deposits	24.118.081	-	8.307.357	63.747.128	105.970.538	6.174.864	4.274.725	119.802	212.712.495
Foreign currency deposits	87.869.418	-	44.323.679	157.107.794	28.394.564	7.704.248	14.616.868	23.189	340.039.760
Residents in Türkiye	76.991.830	-	42.417.062	150.678.266	27.557.992	6.105.336	10.209.124	22.365	313.981.975
Residents abroad	10.877.588	-	1.906.617	6.429.528	836.572	1.598.912	4.407.744	824	26.057.785
Public sector deposits	6.713.701	-	60.362.673	6.116.194	904.955	21.801	17.221	-	74.136.545
Commercial inst. deposits	52.982.514	-	57.604.663	57.859.345	34.238.292	6.557.775	4.083.234	-	213.325.823
Other inst. deposits	3.448.365	-	5.340.727	18.482.502	6.753.311	7.144.804	570.948	-	41.740.657
Precious metals	36.848.593	-	193.786	6.095.225	338.744	169.169	213.370	-	43.858.887
Interbank deposits	92.281.429	-	15.904.749	26.839.575	108	82.503	-	-	135.108.364
CBRT	1.779	-	-	-	-	-	-	-	1.779
Domestic banks	381.409	-	14.886.939	16.215.175	108	82.503	-	-	31.566.134
Foreign banks	87.003.981	-	217.361	10.624.400	-	-	-	-	97.845.742
Participation banks	4.894.260	-	800.449	-	-	-	-	-	5.694.709
Total	304.262.101	-	192.037.634	336.247.763	176.600.512	27.855.164	23.776.366	142.991.1.060.922.531	

⁽¹⁾As of 31 December 2022, the Bank has a total deposit balance of TRY 147.918.128 without accrual regarding to FX indexed TRY deposit instruments announced by the CBRT and Ministry of Treasury and Finance.

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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	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 Türkiye	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	-	-	-	-	-	-	-	-	-
Total	168.135.064	-	100.264.789	291.658.709	28.042.157	13.280.111	24.371.270	152.371	625.904.471

(*) As of 31 December 2021, the Bank has a total deposit balance of TRY 13.050.234 without accrual regarding to FX indexed TRY deposit instruments announced by the CBRT and Ministry of Treasury and Finance.

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	65.042.724	45.658.688	147.363.380	62.400.473
Foreign currency saving deposits	46.335.866	38.102.218	147.221.761	134.235.893
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	1.252.749	535.794	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

All deposit and participation funds have been covered by insurance except official institutions, credit institutions and financial institutions in accordance with the "Amendment of Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936. The balance of commercial deposits subject to insurance in this scope is TRY 24.870.348. This amount is not included in the above table that includes the insurance and exceeding the insurance limit information for saving deposits only.

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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	524.208	395.337
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	9.454	3.899
Deposits and other accounts covered by assets generated through the offenses mentioned in Article 282 of the Turkish Penal Code No.5237 and dated 26.9.2004	-	-
Deposits in the banks to be engaged exclusively in offshore banking in Türkiye	-	-

(2) Information on derivative financial liabilities:

Negative differences table related to the derivative financial liabilities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward transactions	-	130.934	-	287.630
Swap transactions	-	645.725	357	2.154.315
Future transactions	-	-	-	-
Options	-	46.884	17.830	10.119
Other	-	-	-	-
Total	-	823.543	18.187	2.452.064

(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	177.716	1.527.077	498.522	1.781.127
Foreign banks, institutions and funds	2.551	11.714.719	-	11.265.691
Total	180.267	13.241.796	498.522	13.046.818

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b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	144.838	130.958	363.399	277.642
Medium and long-term	35.429	13.110.838	135.123	12.769.176
Total	180.267	13.241.796	498.522	13.046.818

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 20,05% of saving deposits and 32,05% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets.

The Bank's 80,99% of bank deposits and 41,47% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	7.107.044	-	4.694.698	-
Bonds	857.411	-	706.982	-
Assets Backed Securities	1.011.622	-	1.011.622	-
Total	8.976.077	-	6.413.302	-

(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	1.411	1.350
Long Term	236.131	137.191
Total	237.542	138.541

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(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	70.130	63.898	36.524	36.100
1 - 4 years	429.231	342.423	448.317	362.750
More than 4 years	1.525.874	872.168	838.939	467.733
Total	2.025.235	1.278.489	1.323.780	866.583

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

None (31 December 2021: None).

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(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 2022 the Bank does not have a provision amount of the currency differences on foreign currency indexed loans and finance lease receivables (31 December 2021: None).

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

As of 31 December 2022, the Bank's specific provision for unindemnified non-cash loans balance is TRY 389.456 (31 December 2021: TRY 337.306).

c) Information on other provisions:

Total other provision balance amounting to TRY 3.431.847 (31 December 2021: TRY 1.161.546) consists of TRY 389.456 (31 December 2021: TRY 337.306) for stage 3 expected credit losses of unindemnified and unfunded non-cash loans, TRY 2.770.142 (31 December 2021: 629.840) for stage 1 and stage 2 expected credit losses amount of non-cash loans, TRY 92.820 (31 December 2021: TRY 73.416) for legal cases filed against the Bank, and TRY 179.429 (31 December 2021: TRY 120.984) of other provisions.

d) Movement of employee termination benefits:

Severance indemnity provision as of 31 December 2022 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	%9,90	%15,80
Discount Rate	%13,09	%19,10
Estimated Real Wage Growth Rate	%53,50 ⁽¹⁾	%30,00

⁽¹⁾ It was used 53,50% for 2023 and 10,10% for the following years.

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

	Current Period	Prior Period
As of January 1	1.524.122	932.665
Charge for the year	154.492	90.623
Interest Expense	288.552	117.854
Actuarial gain/loss	1.290.692	415.824
Prior period service cost composed current period	16.166	6.311
Payment/The limitation of benefits/ Loss (Gain) therefore discharge	2.594	1.017
Benefits paid within the period (-)	(74.738)	(40.172)
Total	3.201.880	1.524.122

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e) Liabilities for employee benefits:

As of December 31, 2022, the Bank has unused vacations of TRY 419.515, dividends for personnel amounting to TRY 1.664.111, severance pay liability for Bank personnel amounting to TRY 3.074.256 and severance pay liability for subcontractors amounting to TRY 127.624. (December 31, 2021 unused leave provision: TRY 223.018, 31 December 2021 personnel dividend: TRY 499.783, 31 December 2021 severance pay for Bank personnel: TRY 1.464.422, 31 December 2021 severance pay for subcontractors: TRY 59.700).

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 2022, 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 2022, 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 kadın/erkek	CSO 1980 kadın/erkek

T. Halk Bankası Çalışanları Emekli Sandığı Vakfı, ("Fund") which was established by 20th provisional article of Social Security Law numbered 506. As of 31 December 2022, the number of personnel who benefit from the Fund is 39.857 (31 December 2021: 38.816).

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

Transferable Pension and Medical Benefits:	Current Period	Prior Period
Net Present Value of Total Liabilities Other Than Health	(9.641.633)	(4.839.389)
Net Present Value of Long Term Insurance Line Premiums	9.611.819	4.989.362
Net Present Value of Total Liabilities Other Than Health	(29.814)	149.973
Net Present Value of Health Liabilities	(1.687.560)	(1.134.467)
Net Present Value of Health Premiums	6.004.830	3.117.266
Net Present Value of Health Liabilities	4.317.270	1.982.799
Pension Fund Assets	8.089.148	5.679.944
General Administration Expenses (1%)	(113.292)	(59.739)
Amount of Actuarial and Technical Deficit	12.263.312	7.752.977

Plan assets are comprised as follows:

Total Assets	Current Period	Prior Period
Banks	6.720.925	4.811.099
Marketable Securities	515.350	504.807
Property and Equipment	404.510	179.872
Other	448.363	184.166
Total	8.089.148	5.679.944

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 (%)

Assumptions	Death Benefits	Medical Benefits	Total
Discount rate +1	(%19,9)	(%19,8)	(%19,8)
Discount rate -1	%27,4	%27,1	%27,1
Inflation rate +1	%27,5	%33,6	%33,6
Inflation rate -1	(%20,2)	(%23,4)	(%23,4)

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(10) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 31 December 2022, the Bank's calculated current tax liability is amounting to TRY 8.044.471 and recognized under corporate tax provision account as of the mentioned date (31 December 2021: TRY 8.025 corporate tax asset)

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate tax payable	8.044.471	8.025
Income on securities tax	641.431	409.434
Property income tax	4.713	3.049
Banking and insurance transactions tax (BITT)	491.879	246.819
Foreign exchange transactions tax	16.351	52.359
Value added tax payable	-	-
Other	147.060	74.027
Total	9.345.905	793.713

a.3. Information on premiums:

	Current Period	Prior Period
Social insurance premiums-employee	10	13
Social insurance premiums-employer	11	15
Bank social aid pension fund premium-employee	43.988	22.968
Bank social aid pension fund premium-employer	68.535	37.885
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	3.139	1.653
Unemployment insurance-employer	6.247	3.273
Other	1.265	378
Total	123.195	66.185

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b) Information on deferred tax liability:

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

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

None. (31 December 2021: None.)

(1.2) 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 ⁽¹⁾:

Information on Subordinated Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital borrowings instruments	-	21.173.452	-	15.591.893
<i>Subordinated loans</i>	-	21.173.452	-	15.591.893
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.041.809	-	6.051.459	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.041.809	-	6.051.459	-
Total	6.041.809	21.173.452	6.051.459	15.591.893

⁽¹⁾ Detailed information is disclosed in Section Four Footnote I.

(1.3) Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	4.969.121	2.473.776
Preferred stock	-	-

b) Application of registered capital system and registered capital ceiling amount:

There is an application of registered capital system and registered capital ceiling amount is TRY 10.000.000.

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Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

c) Information on share capital increases and their sources; other information on increased capital shares in the current period.

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

Share capital increased from TRY 2.473.776 to TRY 4.969.121.

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

None.

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

None.

f) Information on the Bank's acquired shares:

Between 1 January 2022 – 31 December 2022, the Bank has repurchased shares amounting to TRY 8.850 and has not resold shares within the scope of the Board of Directors' decision dated 17 March 2020.

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.

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i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	8.133.613	1.833.570	1.719.164	1.350.460
<i>Valuation differences</i>	8.133.613	1.833.570	1.719.164	1.350.460
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	8.556.841	(458.509)	(1.732.203)	(189.790)
<i>Valuation differences</i>	8.556.841	(463.228)	(1.732.203)	(53.336)
<i>Exchange rate difference</i>	-	4.719	-	(136.454)
Total	16.690.454	1.375.061	(13.039)	1.160.670

j) Information on Profit Distribution:

The Ordinary General Assembly Meeting of the Bank was held on March 25, 2022. At the General Assembly Meeting, it was decided to transfer the remaining amount of TRY 1.432.343 to extraordinary reserves, after allocating TRY 75.386 of the unconsolidated net profit amounting to TRY 1.507.729 from the activities of the year 2021 as general legal reserves.

k) Information on Legal Reserves

	Current Period	Prior Period
I. Legal Reserve	1.658.198	1.590.043
II. Legal Reserve	585.488	585.488
Special Reserves	28.696	21.465
Share Buyback Reserve Fund	424.229	351.767
Total	2.696.611	2.548.763

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	26.785.915	25.426.034
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital (-)	-	-
Total	26.785.915	25.426.034

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

(1) Information on off-balance sheet liabilities:

a) Amount and nature of irrevocable loan commitments:

Types of irrevocable commitments	Current Period	Prior Period
Commitments for credit card expenditure limits	34.608.889	17.272.727
Payment commitments for cheques	9.705.677	6.146.359
Loan granting commitments	18.050.815	6.237.140
Forward asset purchase and sale commitments	29.819.815	9.044.334
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	24.391	27.584
Tax and fund liabilities from export commitments	163.349	106.220
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	7.394.063	5.306.244
Total	99.766.999	44.140.608

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	5.678.605	6.864.681
Bank acceptances	23.628.261	11.581.244
Other guarantees	16.820.325	9.543.534
Total	46.127.191	27.989.459

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

	Current Period	Prior Period
Letters of certain guarantees	41.826.204	26.134.531
Letters of advance guarantees	10.733.470	7.724.693
Letters of tentative guarantees	3.167.164	1.930.929
Letters of guarantee given to customs offices	6.241.811	3.716.631
Other letters of guarantee	207.090.607	123.444.557
Total	269.059.256	162.951.341

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c) Information on non-cash loans:

c.1. Total non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	37.360.755	22.991.978
<i>Within one year or less original maturity</i>	2.611.568	2.037.876
<i>Within more than one year maturity</i>	34.749.187	20.954.102
Other non-cash loans	277.825.692	167.948.822
Total	315.186.447	190.940.800

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	569.671	0,28	114.157	0,10	236.420	0,28	315.516	0,29
<i>Farming and Stockbreeding</i>	418.276	0,21	24.656	0,02	183.955	0,22	18.808	0,02
<i>Forestry</i>	25.924	0,01	18	-	8.548	0,01	4.709	-
<i>Fishery</i>	125.471	0,06	89.483	0,08	43.917	0,05	291.999	0,27
Manufacturing	65.835.859	32,28	50.950.496	45,82	19.675.926	23,98	52.137.042	47,88
<i>Mining and Quarrying</i>	2.949.309	1,45	1.740.260	1,56	386.734	0,47	1.708.401	1,57
<i>Production</i>	59.871.713	29,35	45.240.620	40,69	18.195.364	22,18	47.696.899	43,80
<i>Electricity, Gas and Water</i>	3.014.837	1,48	3.969.616	3,57	1.093.828	1,33	2.731.742	2,51
Construction	51.405.050	25,20	34.733.463	31,23	24.509.366	29,88	23.862.796	21,91
Services	83.687.683	41,02	25.049.436	22,53	36.929.178	45,03	32.396.206	29,74
<i>Wholesale and Retail Trade</i>	51.620.210	25,30	10.313.100	9,27	22.727.973	27,72	13.461.503	12,36
<i>Accommodation and Dining</i>	4.332.324	2,12	4.454.922	4,01	409.621	0,50	5.774.150	5,30
<i>Transportation and Telecom.</i>	2.662.042	1,31	5.705.581	5,13	1.543.594	1,88	8.670.681	7,96
<i>Financial Institutions</i>	10.315.427	5,06	61.931	0,06	5.536.689	6,75	102.637	0,09
<i>Real Estate and Rental Services</i>	12.614.788	6,18	4.300.166	3,87	5.290.718	6,45	4.161.907	3,82
<i>Professional Services</i>	67.142	0,03	2.027	-	44.473	0,05	660	-
<i>Educational Services</i>	167.347	0,08	38.229	0,03	106.846	0,13	116.679	0,11
<i>Health and Social Services</i>	1.908.403	0,94	173.480	0,16	1.269.264	1,55	107.989	0,10
Other	2.487.477	1,22	353.155	0,32	677.170	0,83	201.180	0,18
Total	203.985.740	100,00	111.200.707	100,00	82.028.060	100,00	108.912.740	100,00

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

	Group I		Group II	
	TRY	FC	TRY	FC
Non-Cash Loans	202.284.058	106.412.732	1.701.682	4.787.975
Letters of Guarantee	166.964.342	96.056.623	1.701.682	4.336.609
Bills of Exchange and Bank Acceptances	18.466.650	5.124.321	-	37.290
Letters of Credit	53.360	5.211.169	-	414.076
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	16.799.706	20.619	-	-

2) Information on derivative financial instruments:

Types of trading transactions	Derivative transactions according to purposes			
	Trading Derivatives		Derivative Financial Instruments held for Risk Management	
	Current Period	Prior Period	Current Period	Prior Period
Foreign Currency related Derivative Transactions (I):	260.191.837	125.203.414	-	-
Currency Forwards-Purchases/Sales	11.349.912	16.455.764	-	-
Currency Swaps-Purchases/Sales	222.985.233	104.270.304	-	-
Currency Futures-Purchases/Sales	917.751	-	-	-
Currency Options-Purchases/Sales	24.938.941	4.477.346	-	-
Interest Rate related Derivative Transactions (II)	58.627.888	43.976.230	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Swaps-Purchases/Sales	58.627.888	43.976.230	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-
Other Trading Derivatives (III) ⁽¹⁾	30.383.203	30.945.554	-	-
A. Total Trading Derivatives (I+II+III)	349.202.928	200.125.198	-	-
Derivative Financial Instruments held for Risk Management	-	-	-	-
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
FC investment in associates risk hedge	-	-	-	-
B. Total Derivative Financial Instruments held for Risk Management	-	-	-	-
Total Derivative Transactions (A+B)	349.202.928	200.125.198	-	-

⁽¹⁾ Other trading derivative transactions include forward precious metal purchase and sale transactions of TRY 1.001.498 and TRY 5.126.311; respectively, and swap precious metal purchase transactions of TRY 24.255.394.

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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 2022, the Bank has credit default conditioned cross currency swap transaction amounting to USD 110 million with 5 year maturity (weighted average remaining maturity 8 months). 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 9.705.677 (31 December 2021: TRY 6.146.359).

5) Services provided on behalf of others:

None.

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

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans⁽¹⁾				
Short term loans	25.579.560	397.307	12.493.936	199.133
Medium and long term loans	48.500.513	10.026.381	34.302.569	6.840.937
Interest on non-performing loans	1.100.281	-	359.319	-
Premiums from resource utilization support fund	-	-	-	-
Total	75.180.354	10.423.688	47.155.824	7.040.070

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

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	319.750	12.331	1.211.758	-
Domestic banks	95.602	4.608	35.543	303
Foreign banks	58.285	44.708	15.271	7.204
Foreign headquarters and branches	-	-	-	-
Total	473.637	61.647	1.262.572	7.507

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c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	10.746	1.843	10.813	49
Financial Assets at Fair Value through Other Comprehensive Income	12.969.640	1.247.903	7.594.948	690.378
Financial Assets Measured at Amortized Cost	49.636.655	3.675.533	17.056.898	2.435.424
Total	62.617.041	4.925.279	24.662.659	3.125.851

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	486.366	209.133

(2) Information on interest expenses:

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	55.122	261.528	58.924	131.100
CBRT	-	-	-	-
Domestic banks	55.122	39.170	58.924	29.821
Overseas banks	-	222.358	-	101.279
Overseas head office and branches	-	-	-	-
Other institutions	14	41.535	7	27.979
Total	55.136	303.063	58.931	159.079

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

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	198.076	79.013

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	2.233.420	1.467.299	2.002.114	1.266.330

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d) Maturity structure of interest expenses on deposits:

Current Period	Time deposits							Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TRY									
Bank deposits	912	2.860.892	1.162.647	3	-	-	-	4.024.454	
Saving deposits	7	1.217.137	7.061.463	12.616.036	804.521	823.845	13.853	22.536.862	
Public deposits	10	4.524.567	825.161	119.603	26.819	2.376	-	5.498.536	
Commercial deposits	15	6.734.838	6.475.704	2.096.791	3.028.237	2.032.000	-	20.367.585	
Other deposits	1	1.184.771	3.039.744	583.531	684.785	93.690	-	5.586.522	
7 days call accounts	-	-	-	-	-	-	-	-	-
Total	945	16.522.205	18.564.719	15.415.964	4.544.362	2.951.911	13.853	58.013.959	
Foreign currency									
Deposits	68	659.629	3.937.115	982.549	147.395	151.986	130	5.878.872	
Bank deposits	78	52.028	484.705	8	-	-	-	536.819	
7 days call accounts	-	-	-	-	-	-	-	-	-
Precious metal	-	1.017	25.522	1.408	783	1.147	-	29.877	
Total	146	712.674	4.447.342	983.965	148.178	153.133	130	6.445.568	
Grand total	1.091	17.234.879	23.012.061	16.399.929	4.692.540	3.105.044	13.983	64.459.527	

Prior Period	Time deposits							Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TRY									
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	-	-	-	-	-	-	-	-	-
Total	1.701	11.229.042	23.008.213	2.203.101	1.154.014	1.902.360	13.467	39.511.898	
Foreign currency									
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	
Total	178	276.457	1.956.019	103.270	49.749	111.689	91	2.497.453	
Grand total	1.879	11.505.499	24.964.232	2.306.371	1.203.763	2.014.049	13.558	42.009.351	

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(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	11.998	7.787
Other	414.211	184.850
Total	426.209	192.637

(4) Information on trading profit/loss:

	Current Period	Prior Period
Profit	160.504.497	215.349.702
Profit from the capital market transactions	280.124	40.811
Profit on derivative financial transactions	36.811.647	50.580.757
Foreign exchange gains	123.412.726	164.728.134
Loss (-)	166.380.497	222.767.875
Loss from the capital market transactions	74.964	2.372
Loss from derivative financial transactions	28.978.838	32.061.947
Foreign exchange losses	137.326.695	190.703.556

Information on gain/loss from derivative financial instruments:

	Current Period	Prior Period
Profit on derivative financial instruments	36.811.647	50.580.757
Effect of the change in foreign exchange on profit	36.001.861	50.197.393
Effect of the change in interest rate on profit	809.786	383.364
Loss on derivative financial instruments (-)	28.978.838	32.061.947
Effect of the change in foreign exchange on loss	28.206.774	31.744.596
Effect of the change in interest rate on loss	772.064	317.351
Profit/loss on derivative financial instruments	7.832.809	18.518.810

(5) Impairment losses on loans and other receivables:

	Current Period	Prior Period
Adjustments for prior period expenses	1.683.749	5.695.187
Income from the asset sale	1.140.677	404.184
Rent income	83.927	59.657
Other income	664.771	107.826
Total	3.573.124	6.266.854

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

	Current Period	Prior Period
Expected Credit Losses	36.785.104	11.884.553
12 Month Expected Credit Loss (Stage 1)	11.853.564	2.301.508
Significant Increase in Credit Risk (Stage 2)	19.330.593	5.316.337
Non – Performing Loans (Stage 3)	5.600.947	4.266.708
Marketable Securities Impairment Expense	165.683	-
Financial Assets at Fair Value through Profit or Loss	165.683	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	19.430	27.988
Total	36.970.217	11.912.541

(7) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	387.066	175.633
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	8.658	3.023
Depreciation expenses of fixed assets	540.865	442.113
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	161.148	148.136
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	21.264	16.373
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	5.662.249	2.771.140
Leasing Expenses on TFRS 16 Exceptions	211.663	128.039
Maintenance expenses	99.840	68.120
Advertisement expenses	1.190.042	466.325
Other expenses	4.160.704	2.108.656
Loss on sales of assets	4.565	6.575
Other	2.709.469	1.798.853
Total	9.495.284	5.361.846

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

The Bank's income before tax/loss is due from continuing activities. Net interest income is TRY 68.245.168 (31 December 2021: TRY 19.859.771 net interest income), net fees and commissions income is TRY 8.461.949 (31 December 2021: TRY 4.087.789) and the profit from operations before tax is TRY 20.144.254 (31 December 2021: TRY 1.406.093 profit from operations before tax).

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

For the period then ended 31 December 2022, the Bank's tax provision expense amounting to TRY 5.390.358 (31 December 2021: TRY 101.636 tax provision income) consists of TRY 16.734.654 (31 December 2021: TRY 19.615) of current tax charge and TRY 5.594.165 (31 December 2021: TRY 4.698.320) of deferred tax charge, TRY 16.938.461 (31 December 2021: TRY 4.819.571) of deferred tax income.

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

As of 31 December 2022, the Bank's net operating income after tax is amounting to TRY 14.753.896 (31 December 2021: TRY 1.507.729)

(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.

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VI. EXPLANATIONS AND NOTES RELATED TO THE CASH FLOW STATEMENT

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

The “net increase in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TRY 16.218.927 increase for the year 2022 (31 December 2021: TRY 49.935.990 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 70.490.914 for the year 2022 (31 December 2021: TRY 35.563.598 decrease).

For the year ended 31 December 2022, the effect of change in foreign exchange rate on cash and cash equivalents is TRY 14.962.468 increase (31 December 2021: TRY 23.367.773 increase). The average exchange rates of last five weekdays were taken into consideration as of the balance sheet date when calculating the effect of change in the exchange rates.

(2) Items used in determination of cash and cash equivalents:

Cash in TRY, cash in foreign currency, demand Central Bank and demand bank deposits are defined as cash, whereas time bank deposits up to three months and money market receivables are defined as 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	60.969.308	41.125.326
<i>Cash in TRY, foreign currency and others⁽¹⁾</i>	6.858.945	4.779.792
<i>Demand CBRT and Banks</i>	54.110.363	36.345.534
Cash equivalents	1.150.143	955.685
<i>Time Bank Deposits Up to 3 Months</i>	1.150.143	955.685
<i>Money Market Placements</i>	-	-
Total Cash and Cash Equivalents	62.119.451	42.081.011

⁽¹⁾ Others items include cheques received.

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

	Current Period	Prior Period
Cash	80.244.778	60.969.308
<i>Cash in TRY, foreign currency and others⁽¹⁾</i>	8.891.720	6.858.945
<i>Demand CBRT and Banks</i>	71.353.058	54.110.363
Cash equivalents	3.019.769	1.150.143
<i>Time Bank Deposits Up to 3 Months</i>	3.019.769	1.150.143
<i>Money Market Placements</i>	-	-
Total Cash and Cash Equivalents	83.264.547	62.119.451

⁽¹⁾ 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:

Current Period

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning Balance	2.916.786	244.149	-	-	-	-
Closing Balance	6.710.672	185.644	-	-	-	-
Interest and commissions income	450.868	1.345	-	-	-	-

Prior Period

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning Balance	3.164.527	265.880	-	-	-	-
Closing Balance	2.916.786	244.149	-	-	-	-
Interest and commissions income	209.133	1.452	-	-	-	-

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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	861.235	674.655	-	-	-	-
Closing Balance	3.771.699	861.235	-	-	-	-
Interest expense on deposits	198.076	79.013	-	-	-	-

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	28.466	-	-	-	-	-
Closing Balance	325.860	28.466	-	-	-	-
Total Profit/Loss	5.370	16	-	-	-	-

(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	6.710.672	0,80
Non-Cash Loans	185.644	0,06
Deposits	3.771.699	0,36
Forward and Option Contracts	325.860	0,09

Prior 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

Pricing of these transactions are in accordance with the general pricing policies of the Bank and are in line with market rates.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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 19.273 as of 31 December 2022 (31 December 2021: TRY 13.412).

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	1.032	20.688			
Abroad Agencies	1	1	IRAN		
	1	1	ENGLAND		
Overseas Branch	5	88	T.R.N.C.	6.114.197	-
	1	3	BAHRAIN	65.777.681	-
Off-shore Branches	-	-	-	-	-

Prior 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 ⁽¹⁾		
Overseas Branch	4	62	T.R.N.C.	2.556.755	-
	1	3	BAHRAIN	43.382.845	-
Off-shore Branches	-	-	-	-	-

⁽¹⁾ Singapore Representative activities were terminated on December 31, 2021.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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:

During the year 2022, the Bank opened 15 branches, 1 of them being a foreign branch.

Singapore Representative activities were terminated on December 31, 2021.

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	8.219	5.006
Fees for tax advisory	-	-
Fees for other assurance services	123	65
Fees for other services except independent audit	524	154
Total	8.866	5.225

X. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

The procedures and principles of the articles of law that allow the revaluation of immovable and depreciable economic assets have been revised on the Communiqué Amending the General Communiqué on Tax Procedure Law No. 547 published in the Official Gazette dated 14 January 2023 and numbered 32073. Accordingly, in terms of corporate tax calculation, the Bank will be able to revalue its immovable and depreciable economic assets in the balance sheet, provided that the conditions in the related articles of Tax Procedure Law are met.

With the Board Decision of the BRSA dated 31 January 2023, in accordance with the Regulation on the Measurement and Assessment of the Capital Adequacy of Banks, in the calculation of the amount based on credit risk for TRY amount, the foreign currency items are decided to be calculated using the CBRT foreign exchange buying rate of 30 December 2022, instead of the CBRT foreign exchange buying rate of 31 December 2021 and also SME and retail limits are updated.

On 2, 7, 15 and 16 February, the Bank repurchased shares amounting to TRY 5.000, TRY 7.500, TRY 150 and TRY 2.500 within the scope of the Board of Directors' decision dated 17 March 2020, respectively.

On 6 February 2023, an earthquake, which the epicenter was Kahramanmaraş occurred and struck 10 provinces. After the disaster, BRSA, CBRT, TBB and Revenue Administration implemented several regulatory reliefs for the residents of the provinces in the disaster area. The Bank management has taken all necessary measures within the scope of aforementioned reliefs, and further studies on the subject is in progress. As announced in the Official Gazette numbered 32098 and dated 8 February 2023, a State of Emergency was declared for 3 months in Adana, Adiyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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 Second Circuit on December 17, 2019. On February 21, 2020, the Second Circuit denied Bank's objection.

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

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

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

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

District Court denied Bank's motion to dismiss the indictment on October 1, 2020. The Bank appealed the Second Circuit through the motion to dismiss the indictment based on the Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On December 23, 2020, the Second Circuit accepted to hear the appeal on the merits and granted Bank's motion to stay the case pending sovereign immunity appeal. Before the Second Circuit, the oral argument was presented on April 12, 2021. The Second Circuit denied the Bank's appeal on October 22, 2021. The Bank filed its petition with the Second Circuit for an en banc rehearing. Second Circuit denied Bank's petition on December 15, 2021.

As the Bank would file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the Second Circuit to stay the mandate so that the stay on the proceedings in the District Court continues. The petition was granted by the Second Circuit on January 14, 2022. The proceedings in the District Court are stayed until the process is completed in the US Supreme Court.

The Bank filed its FSIA petition for a writ of certiorari with the US Supreme Court on May 13, 2022. The Solicitor General under the U.S. Department of Justice filed their brief in opposition to the Bank's writ of certiorari on July 18, 2022, and the briefing was concluded on August 2, 2022.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

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

The US Supreme Court reviewed the Bank's petition for a writ of certiorari on September 28, 2022 and announced its decision to grant review on October 3, 2022. Following the grant of review, the Bank filed its appeal on the merits with the Supreme Court on November 14, 2022. Then, the Solicitor General under the U.S. Department of Justice filed its reply brief on December 14, 2022. Briefing was concluded with the Bank filing its counter reply brief with the Court on January 6, 2023.

The U.S. Supreme Court heard the oral argument on January 17, 2023. In the course of the next phase the US Supreme Court is expected to announce its opinion regarding the Bank's FSIA appeal. If the US Supreme Court rules favorably, the case will be dismissed before the trial process. In the case of an adverse ruling, the case will be returned to the District Court for the Southern District of New York 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 Southern District of New York Court "on the grounds that they (the plaintiffs) could not collect their judgments from Iran due to violations of sanctions" and it was served to the Bank's attorneys on July 1, 2020. The Bank filed a motion at the District Court to dismiss the complaint of plaintiffs, and thereby dismiss the case on September 25, 2020. The case was fully briefed on December 16, 2020. District Court conditionally granted Bank's motion to dismiss on the grounds of forum non conveniens on February 16, 2021. The case was closed at the District Court on March 3, 2021.

The Plaintiffs filed their appeal brief with the Second Circuit as to the District Court's Decision on June 30, 2021. The case is fully briefed, and the oral arguments were heard before the Second Circuit on October 13, 2022. The Second Circuit's decision is pending.

The proceedings of both the criminal case and the civil case are closely monitored by the Bank through U.S. law firms with relevant expertise.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Unconsolidated Financial Statements for the Period Ended 31 December 2022

(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 2022 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 17 February 2023 is presented in front of the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

Türkiye Halk Bankası Anonim Şirketi

Consolidated Financial Statements as of
31 December 2022 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 2022, 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 2022, 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 2022 amounted to TRY 31.249.779 thousand. If such classification were not made, total assets and shareholders' equity excluding tax effect would be lower by TRY 3.501.034 thousand as at 31 December 2022.

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 Parent Bank in the Southern District of New York Court ("District Court") for the violations of Iranian sanctions. This criminal case is pending at the District Court. The proceedings are stayed as the Parent Bank requests an appeal under the "Foreign Sovereign Immunity Act" ("FSIA"). The process is currently at the stage of appealing 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 ("Second Circuit"). The Court's decision 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 financial statements of the Parent Bank related to these matters. However, the above mentioned matters do not affect the opinion provided by us.

4) Key Audit Matters

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



Key Audit Matter

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 866.172.524 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 54.142.363 as at 31 December 2022.

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.

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 1.5.

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 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 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 2022, 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.e considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this a key audit matter.

How the matter was addressed in the audit

Our audit work included the following procedures:

We involved internal experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates.

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.

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.



TÜRKİYE HALK BANKASI AŞ
THE CONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code ("TCC"), nothing has come to our attention that may cause us to believe that the Group's set of accounts for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the the Parent Bank's articles of association in relation to financial reporting.

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

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

Additional Paragraph for English Translation

BRSA Accounting and Reporting Regulations explained in detail in Section 3 differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

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

Müjde Aslan
Partner
Istanbul, 17 February 2023

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 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-Halkbank NV
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ	2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ
3. Halk Finansal Kiralama AŞ	3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş.
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 2022 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, 17 February 2023

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
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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/ Senior Specialist
Tel No : 0216 503 52 48
Fax No : 0212 340 09 90

SECTION ONE		
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Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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 2022 the shareholders' structure and their respective ownerships are summarized as follows:

Shareholders	31 December 2022	%	31 December 2021	%
Türkiye Varlık Fonu ⁽¹⁾	4.357.946	87,70	1.862.602	75,29
Public shares ⁽¹⁾	611.094	12,30	611.094	24,70
Other shareholders ⁽²⁾	81	0,00	80	0,01
Total	4.969.121	100,00	2.473.776	100,00

⁽¹⁾ The shares of the Türkiye Varlık Fonu amounting to TRY 3.719.671 have been included in Public shares.

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

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

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

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

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

a) The Parent Bank's top management members who have assigned to their position in 2022 are listed with titles and dates of assignment.

Title	Name and Surname	Beginning Date
Member of the Board of Directors	Mesut KARAKAŞ	25 March 2022
Executive Vice President	Fatih ŞAHBAZ	22 November 2022
Executive Vice President	Altan TAŞKIRAN	22 November 2022
Executive Vice Presidentsdfs	Tahir DEMİRKIRAN	28 November 2022

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

b) The Parent Bank's top management members who have left their position in 2022 are listed with titles and dates of leaving.

Title	Name and Surname	Leaving Date
Vice Chairman of the Board of Directors	Himmet KARADAĞ	25 March 2022

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

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

V. BRIEF INFORMATION ON THE PARENT BANK'S FUNCTIONS AND LINES OF ACTIVITY

1) General information about the Parent Bank:

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

2) Restructuring process of the Parent Bank:

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

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

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

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 2022, the Parent Bank operates with a total of 1.038 branches consisting of 1.032 domestic and 6 foreign branches that are 5 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 30 satellite branches. The Parent Bank has also 2 representative offices in England and Iran.

VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION

The Parent Bank and its subsidiaries;

- Halk Yatırım Menkul Değerler A.Ş.
- Halk Gayrimenkul Yatırım Ortaklığı A.Ş.
- Halk Finansal Kiralama A.Ş.
- Halk Faktoring A.Ş.
- Halk Banka A.D., Skopje
- Halkbank A.D. Beograd
- Halk Varlık Kiralama A.Ş.

are consolidated "line by line" in the accompanying consolidated financial statements.

The Parent Bank's associates;

- Demir-Halkbank N.V.
- Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş.
- Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş.

are accounted for at "equity method" in the accompanying consolidated financial statements.

Halk Gayrimenkul Yatırım Ortaklığı A.Ş. ("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.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

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 A.Ş. ("Halk Leasing") was established in September 1991 in Türkiye and its main line of business is financial leasing. Halk Leasing operates under the provisions of the Turkish financial leasing law number 6361.

Halk Banka 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 A.Ş.'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 A.Ş. ("Halk Yatırım"), was established in 1997 to carry out capital markets activities, to purchase and sell capital markets instruments, and to execute stock exchange transactions. Halk Yatırım became a subsidiary in early 2006 when Halkbank bought the shares of Türkiye Halk Bankası Personnel Provident Fund.

Halk Varlık Kiralama A.Ş. 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".

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

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

As a result of the difference between the consolidation principles according to Turkish Accounting Standards and Communiqué of the Preparation of Financial Statements, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş., which is non-financial associate, and Platform Ödeme Hizmetleri ve Elektronik Para A.Ş., which is non-financial subsidiary, are not consolidated in the financial statements prepared in accordance with the related Communiqué. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş. is included in the scope of consolidation according to the equity method and Platform Ödeme Hizmetleri ve Elektronik Para A.Ş. is included in the scope of consolidation by line-by-line method in the consolidated financial statements prepared in accordance with International Financial Reporting Standards.

The Parent Bank's subsidiaries Halk Yatırım Menkul Değerler A.Ş., Halk Gayrimenkul Yatırım Ortaklığı A.Ş., Halk Finansal Kiralama A.Ş., Halk Banka A.D. Skopje and its subsidiary Halk Osiguruvanje A.D. Skopje, Halk Faktoring AŞ, Halkbank A.D. Beograd and Halk Varlık Kiralama A.Ş. are included in the scope of consolidation by line-by-line method.

Demir-Halkbank N.V. ("Demir Halk Bank"), Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. and Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş. which are classified 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 Parent Bank participates to equity with significant influence but without controlling interest.

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

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

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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

Türkiye Halk Bankası A.Ş.

Consolidated Balance Sheet as of 31 December 2022

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

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

CONSOLIDATED ASSETS	Note	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
		TRY	FC	TOTAL	TRY	FC	TOTAL
		I. FINANCIAL ASSETS (NET)		128.790.691	184.711.592	313.502.283	87.010.685
1.1 Cash and Cash Equivalents		33.708.830	139.180.134	172.888.964	19.878.637	110.657.200	130.535.837
1.1.1 Cash and Balances with Central Bank	(1)	31.836.044	132.383.837	164.219.881	19.514.354	106.515.213	126.029.567
1.1.2 Banks	(3)	1.905.320	6.797.184	8.702.504	397.656	4.142.797	4.540.453
1.1.3 Money Markets		25.005	-	25.005	1.001	-	1.001
1.1.4 Expected Loss Provision (-)		57.539	887	58.426	34.374	810	35.184
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	34.359.163	157.292	34.516.455	25.218.576	29.518	25.248.094
1.2.1 Government Debt Securities		34.159.249	923	34.160.172	24.928.717	725	24.929.442
1.2.2 Equity Instruments		-	23.541	23.541	167.148	28.793	195.941
1.2.3 Other Financial Assets		199.914	132.828	332.742	122.711	-	122.711
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	60.403.024	42.459.170	102.862.194	39.174.606	29.762.118	68.936.724
1.3.1 Government Debt Securities		59.787.086	42.005.627	101.792.713	38.593.800	29.416.308	68.010.108
1.3.2 Equity Instruments		88.535	453.543	542.078	56.023	345.810	401.833
1.3.3 Other Financial Assets		527.403	-	527.403	524.783	-	524.783
1.4 Derivative Financial Assets	(2)(11)	319.674	2.914.996	3.234.670	2.738.866	6.250.029	8.988.895
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		319.674	2.914.996	3.234.670	2.738.866	6.250.029	8.988.895
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST(Net)		782.365.497	280.723.057	1.063.088.554	448.197.169	225.983.967	674.181.136
2.1 Loans	(5)	661.625.670	204.546.854	866.172.524	389.086.149	168.534.070	557.620.219
2.2 Lease Receivables	(10)	3.765.017	2.150.295	5.915.312	2.337.332	2.566.281	4.903.613
2.3 Factoring Receivables		3.563.972	156.625	3.720.597	1.570.484	184.114	1.754.598
2.4 Other Financial Assets Measured at Amortised Cost	(6)	166.986.452	74.468.807	241.455.259	77.789.153	55.389.511	133.178.664
2.4.1 Government Debt Securities		164.526.640	74.468.807	238.995.447	77.738.630	55.389.511	133.128.141
2.4.2 Other Financial Assets		2.459.812	-	2.459.812	50.523	-	50.523
2.5 Expected Credit Loss (-)		53.575.614	599.524	54.175.138	22.585.949	690.009	23.275.958
III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(16)	1.772	-	1,772	2,481	-	2,481
3.1 Held for Sale		1.772	-	1,772	2,481	-	2,481
3.2 Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		313.324	1.373.880	1.687.204	87.462	1.108.396	1.195.858
4.1 Investments in Associates (Net)	(7)	212.979	1.373.880	1.586.859	87.462	1.108.396	1.195.858
4.1.1 Associates Valued Based on Equity Method		82.481	1.373.880	1.456.361	20.907	1.108.396	1.129.303
4.1.2 Unconsolidated Associates		130.498	-	130.498	66.555	-	66.555
4.2 Subsidiaries (Net)	(8)	100.345	-	100.345	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non- Financial Subsidiaries		100.345	-	100.345	-	-	-
4.3 Joint Ventures (Net)	(9)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	(12)	19.149.945	1.115.114	20.265.059	10.813.557	859.307	11.672.864
VI. INTANGIBLE ASSETS (Net)	(13)	593.204	245.351	838.555	525.246	154.870	680.116
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		593.204	245.351	838.555	525.246	154.870	680.116
VII. INVESTMENT PROPERTIES (Net)	(14)	2.087.840	22.175	2.110.015	1.357.537	16.280	1.373.817
VIII. CURRENT TAX ASSET		-	10.862	10.862	-	2.013	2.013
IX. DEFERRED TAX ASSET	(15)	8.509.725	8.059	8.517.784	223.025	8.018	231.043
X. OTHER ASSETS (Net)	(17)	21.596.611	2.280.051	23.876.662	7.768.396	868.944	8.637.340
TOTAL ASSETS		963.408.609	470.490.141	1.433.898.750	555.985.558	375.700.660	931.686.218

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

Türkiye Halk Bankası A.Ş.

Consolidated Balance Sheet as of 31 December 2022

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

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

CONSOLIDATED LIABILITIES	Note	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
		TRY	FC	TOTAL	TRY	FC	TOTAL
		I. DEPOSITS	(1)	565.018.355	524.637.062	1.089.655.417	259.451.635
II. FUNDS BORROWED	(3)	963.441	16.131.815	17.095.256	938.425	16.660.140	17.598.565
III. MONEY MARKETS		97.182.447	8.057.568	105.240.015	137.390.073	2.644.672	140.034.745
IV. SECURITIES ISSUED (Net)	(4)	13.330.441	-	13.330.441	8.176.772	-	8.176.772
4.1 Bills		8.292.627	-	8.292.627	4.890.092	-	4.890.092
4.2 Assets Backed Securities		4.180.403	-	4.180.403	2.579.698	-	2.579.698
4.3 Bonds		857.411	-	857.411	706.982	-	706.982
V. FUNDS	(5)	237.542	-	237.542	138.541	-	138.541
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		237.542	-	237.542	138.541	-	138.541
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)(8)	-	822.352	822.352	18.187	2.452.250	2.470.437
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	822.352	822.352	18.187	2.452.250	2.470.437
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		1.134	2	1.136	771	1.346	2,117
IX. LEASE LIABILITIES	(7)	1.291.125	228.037	1,519.162	867.842	188.993	1,056.835
X. PROVISIONS	(9)	8.778.197	348.650	9,126.847	3,437.997	275.837	3,713.834
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		5.341.226	47.941	5.389.167	2.272.800	46.666	2.319.466
10.3 Insurance for Technical Provision (Net)		-	269.536	269.536	-	206.379	206.379
10.4 Other Provisions		3.436.971	31.173	3.468.144	1.165.197	22.792	1.187.989
XI. CURRENT TAX LIABILITY	(10)	9.672.270	6.100	9,678.370	948.351	673	949.024
XII. DEFERRED TAX LIABILITIES	(10)	-	2.152	2,152	-	2,152	2,152
XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	6.041.809	21.173.452	27,215.261	6,051.459	15,591.893	21,643.352
14.1 Loans		-	21.173.452	21.173.452	-	15.591.893	15.591.893
14.2 Other Debt Instruments		6.041.809	-	6,041.809	6,051.459	-	6,051.459
XV. OTHER LIABILITIES	(6)	67.184.172	5,363.549	72,547.721	41,711.494	2,747.694	44,459.188
XVI. SHAREHOLDERS' EQUITY	(13)	85.733.049	1,694.029	87,427.078	42,439.742	1,571.629	44,011.371
16.1 Paid-in Capital		4.969.121	-	4,969.121	2,473.776	-	2,473.776
16.2 Capital Reserves		17.570.431	207.425	17,777.856	6,844.632	150.373	6,995.005
16.2.1 Share Premium		16.720.856	-	16,720.856	5,815.863	-	5,815.863
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		849.575	207.425	1,057.000	1,028.769	150.373	1,179.142
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		8.262.160	(5.829)	8,256.331	3,244.094	379	3,244.473
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		7.933.780	(889.029)	7,044.751	(1,817.314)	(278.853)	(2,096.167)
16.5 Profit Reserves		29,714.575	1,882.591	31,597.166	28,006.515	1,361.322	29,367.837
16.5.1 Legal Reserves		2.855.827	274.605	3,130.432	2,657.665	133.811	2,791.476
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		26.811.567	137.899	26,949.466	25,301.669	168.943	25,470.612
16.5.4 Other Profit Reserves		47.181	1,470.087	1,517.268	47.181	1,058.568	1,105.749
16.6 Income or (Loss)		16,873.523	481.381	17,354.904	3,419.585	325.178	3,744.763
16.6.1 Prior Periods' Income or (Loss)		1.779.599	109.793	1,889.392	1,689.647	219.145	1,908.792
16.6.2 Current Period Income or (Loss)		15,093.924	371.588	15,465.512	1,729.938	106.033	1,835.971
16.7 Minority Shares	(14)	409.459	17.490	426.949	268.454	13.230	281.684
TOTAL LIABILITIES		855.433.982	578.464.768	1,433.898.750	501.571.289	430.114.929	931.686.218

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

Türkiye Halk Bankası A.Ş.

Consolidated Statement of Off-Balance Sheet Items as of 31 December 2022

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

II. CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS

	Note	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
		TRY	FC	TOTAL	TRY	FC	TOTAL
CONSOLIDATED OFF-BALANCE SHEET							
A. COMMITMENTS AND CONTINGENCIES (I+II+III)		415.520.121	376.510.898	792.031.019	177.033.710	274.567.982	451.601.692
I. GUARANTEES AND WARRANTIES	[1]	203.851.482	118.712.438	322.563.920	81.865.909	113.439.756	195.305.665
1.1 Letters of guarantee		168.531.766	107.098.618	275.630.384	71.263.082	95.656.326	166.919.408
1.1.1 Guarantees subject to public procurement law		6.914.095	13.846.314	20.760.409	4.022.784	9.819.863	13.842.647
1.1.2 Guarantees given for foreign trade operations		260.008	27.084.154	27.344.162	188.413	18.996.368	19.184.781
1.1.3 Other letters of guarantee		161.357.663	66.168.150	227.525.813	67.051.885	66.840.095	133.891.980
1.2 Bank loans		18.466.650	5.161.611	23.628.261	1.079.481	10.501.763	11.581.244
1.2.1 Import acceptances		-	486.033	486.033	-	272.303	272.303
1.2.2 Other bank acceptances		18.466.650	4.675.578	23.142.228	1.079.481	10.229.460	11.308.941
1.3 Letters of credit		53.360	6.262.789	6.316.149	22.275	7.111.154	7.133.429
1.3.1 Documentary letters of credit		53.360	6.262.789	6.316.149	22.275	7.111.154	7.133.429
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed refinancing		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase guarantees on marketable security issuance		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		16.799.706	189.420	16.989.126	9.501.071	170.513	9.671.584
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		85.805.725	33.058.744	118.864.469	38.457.173	17.199.370	55.656.543
2.1 Irrevocable commitments	[1]	82.028.145	19.145.158	101.173.303	37.152.475	7.892.295	45.044.770
2.1.1 Forward asset purchase commitments		13.574.406	16.245.409	29.819.815	3.206.791	5.837.543	9.044.334
2.1.2 Forward deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3 Capital commitments to subsidiaries and associates		-	-	-	-	-	-
2.1.4 Loan granting commitments		16.557.370	1.743.365	18.300.735	5.086.550	1.315.230	6.401.780
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Payment commitments for reserve deposits		-	-	-	-	-	-
2.1.7 Payment commitments for Cheques	[4]	9.705.677	-	9.705.677	6.146.359	-	6.146.359
2.1.8 Tax and fund liabilities from export commitments		163.349	-	163.349	106.220	-	106.220
2.1.9 Commitments for credit card expenditure limits		34.608.889	333.556	34.942.445	17.272.727	192.393	17.465.120
2.1.10 Commitments for credit cards and banking services promotions		24.391	-	24.391	27.584	-	27.584
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		7.394.063	822.828	8.216.891	5.306.244	547.129	5.853.373
2.2 Revocable commitments		3.777.580	13.913.586	17.691.166	1.304.698	9.307.075	10.611.773
2.2.1 Revocable loan granting commitments		-	6.223.756	6.223.756	-	4.340.194	4.340.194
2.2.2 Other revocable commitments		3.777.580	7.689.830	11.467.410	1.304.698	4.966.881	6.271.579
III. DERIVATIVE FINANCIAL INSTRUMENTS	[2][3]	125.862.914	224.739.716	350.602.630	56.710.628	143.928.856	200.639.484
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value risk hedging transactions		-	-	-	-	-	-
3.1.2 Cash flow risk hedging transactions		-	-	-	-	-	-
3.1.3 Net foreign investment risk hedging transactions		-	-	-	-	-	-
3.2 Transactions for trading		125.862.914	224.739.716	350.602.630	56.710.628	143.928.856	200.639.484
3.2.1 Forward foreign currency buy/sell transactions		540.243	10.794.739	11.334.982	1.524.482	14.931.282	16.455.764
3.2.1.1 Forward foreign currency transactions-buy		481.250	7.270.497	7.751.747	770.538	9.871.952	10.642.490
3.2.1.2 Forward foreign currency transactions-sell		58.993	3.524.242	3.583.235	753.944	5.059.330	5.813.274
3.2.2 Currency and interest rate swaps		113.069.406	169.958.347	283.027.753	54.300.111	94.460.632	148.760.743
3.2.2.1 Currency swap-buy		-	101.080.438	101.080.438	-	45.197.519	45.197.519
3.2.2.2 Currency swap-sell		112.749.406	10.570.021	123.319.427	53.790.111	5.796.883	59.586.994
3.2.2.3 Interest rate swap-buy		160.000	29.153.944	29.313.944	255.000	21.733.115	21.988.115
3.2.2.4 Interest rate swap-sell		160.000	29.153.944	29.313.944	255.000	21.733.115	21.988.115
3.2.3 Currency, interest rate and marketable securities options		11.743.835	13.195.106	24.938.941	885.958	3.591.388	4.477.346
3.2.3.1 Currency call options		6.189.963	6.289.150	12.479.113	442.917	1.795.760	2.238.677
3.2.3.2 Currency put options		5.553.872	6.905.956	12.459.828	443.041	1.795.628	2.238.669
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Marketable securities call options		-	-	-	-	-	-
3.2.3.6 Marketable securities put options		-	-	-	-	-	-
3.2.4 Currency futures		509.430	408.321	917.751	-	-	-
3.2.4.1 Currency futures-buy		37.954	372.896	410.850	-	-	-
3.2.4.2 Currency futures-sell		471.476	35.425	506.901	-	-	-
3.2.5 Interest rate buy/sell futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	30.383.203	30.383.203	77	30.945.554	30.945.511
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)		3.561.952.682	1.174.087.485	4.736.040.167	1.741.759.115	862.522.036	2.604.281.151
IV. CUSTODIES		1.380.747.760	148.086.507	1.528.834.267	715.432.584	96.026.233	811.458.817
4.1 Assets under management		-	-	-	-	-	-
4.2 Custody marketable securities		179.024.164	12.803.462	191.827.626	140.142.055	5.684.265	145.826.320
4.3 Cheques in collection process		82.494.038	88.907.910	171.401.948	35.411.665	63.657.110	99.068.775
4.4 Commercial notes in collection process		1.068.394.837	24.552.721	1.092.947.558	494.230.474	19.077.446	513.307.920
4.5 Other assets in collection process		-	-	-	-	-	-
4.6 Underwritten securities		-	-	-	-	-	-
4.7 Other custodies		709.192	53.957	763.149	870.991	1.702.098	2.573.089
4.8 Custodians		50.125.529	21.768.457	71.893.986	44.777.399	5.905.314	50.682.713
V. PLEDGED ASSETS		2.181.204.922	1.026.000.978	3.207.205.900	1.026.326.531	766.495.803	1.792.822.334
5.1 Marketable securities		11.601.810	2.337.804	13.939.614	9.295.804	2.381.421	11.677.225
5.2 Collateral notes		40.176.584	2.295.855	42.472.439	15.652.676	3.284.084	18.936.760
5.3 Commodity		25.812	-	25.812	-	-	25.812
5.4 Warranty		-	-	-	-	-	-
5.5 Land and buildings		1.733.386.899	749.471.139	2.482.858.038	778.975.982	586.021.434	1.364.997.416
5.6 Other pledged assets		269.193.018	182.899.274	452.092.292	171.863.800	112.178.647	284.042.447
5.7 Pledges		126.820.799	88.996.906	215.817.705	90.512.457	62.830.217	113.142.674
VI. ACCEPTED BILL GUARANTEES AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		3.977.472.803	1.550.598.383	5.528.071.186	1.918.792.825	1.137.090.018	3.055.882.843

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

Türkiye Halk Bankası A.Ş.

Consolidated Statement of Profit or Loss for the Period Ended 31 December 2022

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

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Audited Current Period		Audited Prior Period	
		1 January -31 December 2022	1 January -31 December 2021	1 January -31 December 2021	1 January -31 December 2021
I. INCOME AND EXPENSES					
I. INTEREST INCOME	[1]	156.577.081	84.820.851	156.577.081	84.820.851
1.1 Interest on Loans		86.319.049	54.577.733	86.319.049	54.577.733
1.2 Interest on Reserve Requirements		8.882	3.387	8.882	3.387
1.3 Interest on Banks		537.116	1.284.000	537.116	1.284.000
1.4 Interest on Money Market Transactions		123.807	106.931	123.807	106.931
1.5 Interest on Marketable Securities Portfolio		67.672.095	27.860.576	67.672.095	27.860.576
1.5.1 Fair Value Through Profit or Loss		33.779	26.433	33.779	26.433
1.5.2 Fair Value Through Other Comprehensive Income		14.318.902	8.339.941	14.318.902	8.339.941
1.5.3 Measured at Amortized Cost		53.319.414	19.494.202	53.319.414	19.494.202
1.6 Financial Lease Interest Income		794.237	440.076	794.237	440.076
1.7 Other Interest Income		1.121.895	548.148	1.121.895	548.148
II. INTEREST EXPENSE (-)	[2]	86.456.900	64.079.138	86.456.900	64.079.138
2.1 Interest on Deposits		64.524.025	42.067.453	64.524.025	42.067.453
2.2 Interest on Funds Borrowed		622.010	385.278	622.010	385.278
2.3 Interest Expense on Money Market Transactions		16.123.838	17.743.935	16.123.838	17.743.935
2.4 Interest on Securities Issued		3.768.626	3.300.097	3.768.626	3.300.097
2.5 Interest on Leases		139.731	110.553	139.731	110.553
2.6 Other Interest Expenses		1.278.670	471.822	1.278.670	471.822
III. NET INTEREST INCOME (I - II)		70.120.181	20.741.713	70.120.181	20.741.713
IV. NET FEES AND COMMISSIONS INCOME		9.372.362	4.524.121	9.372.362	4.524.121
4.1 Fees and Commissions Received		12.910.244	6.254.189	12.910.244	6.254.189
4.1.1 Non - cash Loans		2.720.334	1.357.298	2.720.334	1.357.298
4.1.2 Other	[13]	10.189.910	4.896.891	10.189.910	4.896.891
4.2 Fees and Commissions Paid (-)		3.537.882	1.730.068	3.537.882	1.730.068
4.2.1 Non - cash Loans		18.508	6.554	18.508	6.554
4.2.2 Other	[13]	3.519.374	1.723.514	3.519.374	1.723.514
V. DIVIDEND INCOME	[3]	54.260	4.051	54.260	4.051
VI. TRADING INCOME / LOSS (Net)	[4]	(5.752.036)	(7.302.869)	(5.752.036)	(7.302.869)
6.1 Trading Gains / (Losses) on Securities		261.258	67.410	261.258	67.410
6.2 Gains / (Losses) on Derivate Financial Transactions		7.890.502	18.541.329	7.890.502	18.541.329
6.3 Foreign Exchange Gains					

Türkiye Halk Bankası A.Ş.

Consolidated Statement of Cash Flows for the Period Ended 31 December 2022

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

VI. CONSOLIDATED STATEMENT OF CASH FLOW

	Note	Audited	Audited
		Current Period	Prior Period
		1 January -31 December 2022	1 January -31 December 2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	(34.807.126)	(30.624.282)
1.1.1	Interest received	109.435.897	61.529.283
1.1.2	Interest paid	(79.814.392)	(62.211.565)
1.1.3	Dividend received	54.260	4.051
1.1.4	Fees and commissions received	14.018.036	5.904.352
1.1.5	Other income	2.407.313	3.410.697
1.1.6	Collections from previously written off loans	4.548.898	2.400.110
1.1.7	Cash payments to personnel and service suppliers	(8.929.208)	(4.682.688)
1.1.8	Taxes paid	(9.355.867)	(479.404)
1.1.9	Other	(1) (67.172.063)	(36.499.118)
1.2	Changes in Assets and Liabilities Subject to Banking Operations	83.898.206	50.775.271
1.2.1	Net Increase / decrease in financial assets at fair value through profit or loss	(9.269.840)	(9.520.702)
1.2.2	Net (increase) / decrease in due from banks	(6.694)	(115.480)
1.2.3	Net (increase) / decrease in loans	(265.690.548)	(26.523.151)
1.2.4	Net (increase) / decrease in other assets	(33.082.414)	(46.313.725)
1.2.5	Net increase / (decrease) in bank deposits	58.256.933	16.477.100
1.2.6	Net increase / (decrease) in other deposits	345.960.768	65.648.431
1.2.7	Net Increase / decrease in financial liabilities at fair value through profit or loss	-	-
1.2.8	Net increase / (decrease) in funds borrowed	(2.031.020)	3.181.246
1.2.9	Net increase / (decrease) in matured payables	-	-
1.2.10	Net increase / (decrease) in other liabilities	(1) (10.238.979)	47.941.552
I.	Net cash provided from banking operations	49.091.080	20.150.989
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II.	Net cash provided from/ (used in) investing activities	(65.743.172)	(18.137.234)
2.1	Cash paid for purchase of joint ventures, associates and subsidiaries	(174.289)	(57.435)
2.2	Cash obtained from sale of entities joint ventures, associates and subsidiaries	-	-
2.3	Fixed assets purchases	(3.293.844)	(1.463.907)
2.4	Fixed assets sales	3.059.903	2.720.721
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income	(27.380.598)	(9.217.105)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income	11.665.965	3.189.231
2.7	Cash paid for purchase of investment securities	(60.663.931)	(23.878.099)
2.8	Cash obtained from sale of investment securities	11.460.146	10.839.704
2.9	Other	(416.524)	(270.344)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flow from financing activities	23.067.771	(5.632.148)
3.1	Cash obtained from loans borrowed and securities issued	25.860.880	12.527.707
3.2	Cash used for repayment of loans borrowed and securities issued	(15.864.825)	(17.927.019)
3.3	Bonds issued	13.400.338	-
3.4	Dividends paid	(826)	-
3.5	Payments for leases	(327.796)	(232.836)
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(1) 15.559.295	24.031.077
V.	Net increase / (decrease) in cash and cash equivalents	21.974.974	20.412.684
VI.	Cash and cash equivalents at beginning of the period	(4) 63.534.237	43.121.553
VII.	Cash and cash equivalents at end of the period	(5) 85.509.211	63.534.237

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

Türkiye Halk Bankası A.Ş.

Statement of Profit Distribution for the Period Ended 31 December 2022

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

VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited	Audited	
	Current Period *	Prior Period	
	31 December 2022	31 December 2021	
I. DISTRIBUTION OF CURRENT YEAR PROFIT			
1.1.	Current Period Profit	20.144.254	1.406.093
1.2.	Taxes and Legal Duties Payables (-)	(5.390.358)	101.636
1.2.1.	Corporate Tax (Income Tax)	(16.734.654)	(19.615)
1.2.2.	Withholding Tax	-	-
1.2.3.	Other Taxes and Duties	11.344.296	121.251
A.	Net Profit For The Period (1.1-1.2)	14.753.896	1.507.729
1.3.	Accumulated Losses (-)	-	-
1.4.	First Legal Reserves (-)	-	75.386
1.5.	Other Statutory Reserves (-)	-	-
B.	Net Profit Available for Distribution [(A)-(1.3+1.4+1.5)]	-	1.432.343
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 (-)	-	1.432.343
1.12.	Extraordinary Reserves(2)	-	-
1.13.	Other Reserves	-	-
II. Distribution of Reserves			
2.1.	Appropriated Reserves	-	-
2.2.	Second Legal Reserves (-)	-	-
2.2.1.	Dividends to Shareholders (-)	-	-
2.2.2.	To Owners of Ordinary Shares	-	-
2.2.3.	To Owners of Privileged Shares	-	-
2.2.4.	To Profit Sharing Bonds	-	-
2.2.5.	To Holders of Profit and Loss Sharing Certificates	-	-
2.3.	Dividends to Personnel (-)	-	-
2.4.	Dividends to the Boards of Directors (-)	-	-
III. Earnings per Share			
3.1.	To Owners of Ordinary Shares	3,295,569,19	0,609,484,90
3.2.	To Owners of Ordinary Shares (%)	329,56%	60,95%
3.3.	To Owners of Privileged Shares	-	-
3.4.	To Owners of Privileged Shares (%)	-	-
IV. Dividend per Share			
4.1.	To Owners of Ordinary Shares	-	-
4.2.	To Owners of Ordinary Shares (%)	-	-
4.3.	To Owners of Privileged Shares	-	-
4.4.	To Owners of Privileged Shares (%)	-	-

(*) As of 31 December 2022 financial reporting date, General Assembly has not been held yet.

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

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

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

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

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. There is no other explanation made by POA as of the date in preparation of the financial statements. Therefore, no inflation adjustment has been made as per TAS 29 in the financial statements as of 31 December 2022.

As of the current period, the Parent Bank has reclassified the Gold Indexed Bonds booked in the Financial Assets Measured at Amortized Cost portfolio into the foreign currency items. Accordingly, reclassification is made for the Gold Indexed Bonds under Financial Assets Measured at Amortized Cost portfolio amounting to TRY 12.341.396 into the foreign currency items in the prior period's statement of financial position and interest income amounting to TRY 5.300.077 is reclassified to the foreign currency exchange gains in the prior period's statement of profit or loss in order to be in line with the financial statements dated 31 December 2022.

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, BRSA, CBRT, CMB and TBA have taken various decisions regarding the banking sector in our country. The Parent Bank regulated its activities within the scope of these decisions.

As regard to the consideration of macroeconomic factors, the Parent Bank regularly evaluates scenario weights and macroeconomic factors in its model and makes additional provision through individual assessment if deemed necessary.

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.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

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

a) The Group's strategy on financial instruments:

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

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

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

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

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

Assets and liabilities of the foreign branches and subsidiaries of the Parent Bank are converted into TRY by using the prevailing exchange rates at the balance sheet date. The foreign branches' income and expenses are converted by at exchange rates at the dates of the transactions. The foreign subsidiaries' income and expenses are converted by average rate of the exchange of the current year.

The Group hedged the net investment risk from the foreign currency exchange rate fluctuations on foreign financial investments (Halkbank 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.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

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"), Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. and Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş. are presented in the accompanying financial statements based on the equity method of accounting. An associate is an entity established domestically and abroad in which the Parent Bank invests with a significant influence but no control.

Significant influence is the power to participate in the financial and operating policy of the investee. If the Parent Bank holds ten percent or more of the voting power of the associate, it is presumed that the Parent Bank has significant influence unless otherwise demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

Qualified share is the share that directly or indirectly constitute ten percent of a subsidiary's capital or voting rights and irrespective of this requirement, possession of preferred shares giving right to appoint members of board of directors.

Equity accounting method is an evaluation method of associates by which the Parent Bank's share in the associates' equity is compared with the book value of the associate accounted for in the Parent Bank's balance sheet.

Accounting principles used by the consolidated associates accounted for at equity method, Demir-Halk Bank N.V., Kobi Girişim Sermayesi A.Ş. and Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş. 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.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

Acquisitions after 1 January 2010

Goodwill at the acquisition date for business combinations on or after 1 January 2010 are measured as below:

- The fair value of the acquisition cost; plus
- The recognized amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When this total is negative, the gain on acquisition is recognized immediately in profit or loss.

Fair values of the identifiable acquired assets, liabilities and contingent liabilities if the initial recognition of the combination is to be made temporarily at the end of the period in which the combination takes place since the cost of the combination can be determined only temporarily on the basis of the carrying values, the acquirer accounts for the business combination on with temporary amounts. The temporary acquisition value of the combination should be adjusted within 12 months to reflect the completion of the transaction, including adjusting the goodwill.

The acquisition cost does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent liability is recognized at fair value at the acquisition date. If the contingent amount is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent amount are recognized in profit or loss.

For acquisitions before 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognized amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, the gain on acquisition is recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations are capitalized as part of the cost of the acquisitions.

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.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

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

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

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.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

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

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

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

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

3. Other Business Models:

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

Measurement Categories of Financial Assets and Liabilities

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

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

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

In addition, the Parent Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Parent Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Parent Bank's expectations is updated during the year when deemed necessary. As of December 31, 2022, the valuation of the related assets was made according to the annual inflation forecast of 64,27%.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

a. Financial Assets Measured at Amortised Cost

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

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

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

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

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

- 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.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

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.

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.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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 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.

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 Parent Bank shall measure provision for loss of related financial instrument as equal as expected lifetime expected credit loss amount.

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

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

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"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.

- 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
- 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:

- 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 (Transactions with Treasury Republic of Türkiye)
- Loans guaranteed by Treasury of Republic of Türkiye

Significant Increase in Credit Risk

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

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2.

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.

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

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

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

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

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

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

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

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, there is no goodwill recorded in the consolidated balance sheet of the Group.

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment 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.

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

As of 1 April 2015, the Group adopted the revaluation method for buildings in tangible assets in accordance with Turkish Accounting Standard No: 16 "Property, Plant and Equipment" (TAS 16). Expertise values calculated by independent appraisal companies are reflected in the financial statements as of year-ends. Revaluation differences are recorded in shareholders' equity.

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

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

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

Leasehold improvements are depreciated over the 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 cumbances designated for the property, plant and equipment.

Classification of Investment Properties

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

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

XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

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

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.

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XV. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portions of the payables are recognized as a deferred amount of interest. Assets held under financial leases are recognized under the property and equipment (movable properties) account and are depreciated by using the straight line method.

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

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

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.

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.

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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.

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.

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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 2022 no technical deficit has been reported.

XVIII. EXPLANATIONS ON TAXATION

The 20% rate in the first paragraph of Article 32 of the Corporate Tax Law, determined as 25% with the amendment made in the temporary Article 13 of the Corporate Tax Law numbered 5520 with the Law No. 7394 published in the Official Gazette No. 31810 dated 15 April 2022. The amendment has been applied to tax returns which will be submitted on or after 1 July 2022 for the corporate earnings for the taxation period starting from 1 January 2022. The Parent Bank has used 25% tax rate over the corporate earnings in the corporate tax calculations for 31 December 2022 taxation period.

As of the current period, 25% tax rate is used in the calculation of deferred tax assets and liabilities.

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

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

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

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

Since current tax payable amounts are related to prepaid tax amounts, consolidated entities are included in consolidation by offsetting in their non-consolidated financial statements. Deferred tax asset and liability is included in consolidation by offsetting in consolidated entities' non-consolidated financial statements.

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Pursuant to the Repetitive Article 298 of the Tax Procedure Law No. 213, the inflation adjustment requirement for the financial statements has occurred depending on the fact that the increase in the price index in the 2021 accounting period is more than 100% in the last three accounting periods, including the current period, and more than 10% in the current accounting period. However, with the Provisional Article 33 added to the Tax Procedure Law with the Law No. 7352, the financial statements should be prepared regardless of whether the conditions for the inflation adjustment within the scope of the repetitive article 298 are met in the 2021 and 2022 accounting periods and the 2023 accounting period temporary tax periods, including the temporary tax periods. Accordingly, it is stated that, the financial statements for the 2021 is not subject to inflation adjustment in accordance with the TPL, and the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions have been met, and the profit/loss difference arising from the inflation adjustment will be shown in the retained earnings.

Tax practices in the countries that foreign branches operate:

Turkish Republic of Northern Cyprus (TRNC)

According to the tax regulations in the Turkish Republic of Northern Cyprus, corporate gains are subject to 10% of corporate tax and this taxed amount is subject to 15% of income tax. Advance corporate tax is calculated as 15% of taxable income.

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 2022 – 31 March 2022, in May 2022. Second period advance corporate tax return for the period 1 April 2022 - 30 June 2022 was issued and paid to Revenue and Tax Office in August 2022. Third period advance corporate tax return for the period 1 July 2022 - 30 September 2022 was issued and paid to Revenue and Tax Office will be issued in November and fourth period advance corporate tax return for the period 1 October 2022 - 31 December 2022 will be issued in February 2023, and will be paid following its assessment date.

Bahreyn

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

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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 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.

XX. EXPLANATIONS ON SHARES ISSUED

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

The Parent Bank has not issued any shares in the current and prior period. In accordance with the decision of the Higher Council of Privatization dated 5 February 2007 and numbered 2007/8, the process of public offering for the 24,98% of shares pertaining to the Privatization Administration was completed and the Parent Bank shares were registered with the Capital Markets Board as per the CMB decision dated 26 April 2007 and numbered 16/471, and the shares were traded on the Borsa İstanbul AŞ as of 10 May 2007.

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

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

In accordance with the decision of the Board of Directors of the Parent Bank dated 9 February 2022, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 13.400.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 17 February 2022. Accordingly, the recognition of the capital increase of TRY 2.495.345 on 9 March 2022 was realized on 14 March 2022, based on the permission obtained from the BRSA. The change made to the relevant Articles of Association was registered on 22 March 2022, and it was announced in the Trade Registry Gazette dated 23 March 2022 and numbered 10543. After the increase, TRY 2.495.345 of nominal and TRY 10.904.655 of share premium, amounting to a capital increase of TRY 13.400.000, were recognized in the financial statements. Mentioned capital increase was made by the Parent Bank's main shareholder Türkiye Varlık Fonu. Share capital increased from to TRY 2.473.776 to TRY 4.969.121.

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.

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

I. EXPLANATIONS ON THE CONSOLIDATED EQUITY

Equity amount and capital adequacy standard ratio calculation is made within the framework of "Regulation on Equities of the Banks" and "Regulation on Measurement and Evaluation of Banks' Capital Adequacy" and in accordance with the amendments announced by the BRSA in the resolution dated 21 December 2021 and 28 April 2022.

According to the related regulation, the calculation of the amount subject to credit risk with the Central Bank's foreign exchange buying rates on 31 December 2021, 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 2022, the capital adequacy ratio and the capital amount of the Group were realized as 13,89% (31 December 2021: 13,90%) and TRY 119.399.165 (31 December 2021: TRY 70.103.207) which were calculated within the scope of the above-mentioned regulation amendments.

(1) Information About Total Consolidated Equity Items:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	6.189.572	3.694.227
Share Premium	16.720.856	5.815.863
Reserves	31.597.166	29.367.837
Other Comprehensive Income according to TAS	17.379.457	4.226.587
Profit	17.354.904	3.744.763
Current Period Profit	15.465.512	1.835.971
Prior Period Profit	1.889.392	1.908.792
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	225.515	167.434
Minority Interest	4.863	3.873
Common Equity Tier 1 Capital Before Deductions	89.472.333	47.020.584
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	1.882.715	1.193.798
Leasehold Improvements on Operational Leases (-)	421.201	225.897
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	838.555	680.116
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 (-)	424.229	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 (-)	-	-
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 (-)	-	-
Total Deductions from Common Equity Tier I Capital	3.566.700	2.451.578
Total Common Equity Tier I Capital	85.905.633	44.569.006

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Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

	Current Period	Prior Period
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	17.921.340	13.807.080
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	17.921.340	13.807.080
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	17.921.340	13.807.080
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	103.826.973	58.376.086
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	5.729.795	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)	9.973.757	5.807.252
Tier II Capital Before Deductions	15.703.552	11.737.047
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	15.703.552	11.737.047
Total Equity (Total Tier I and Tier II Capital)	119.530.525	70.113.133
Total Tier I and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	131.360	9.926

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

	Current Period	Prior Period
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance. The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
TOTAL CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	119.399.165	70.103.207
Total Risk Weighted Assets	859.855.891	504.370.752
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	9,99	8,84
Tier I Capital Ratio (%)	12,07	11,57
Capital Adequacy Ratio (%)	13,89	13,90
BUFFERS		
Bank-specific total CET1 Capital Ratio (a+b+c)	3,550	4,050
a) Capital Conservation Buffer Ratio (%)	2,500	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,050	0,050
c) Systemic significant bank buffer ratio %	1,000	1,500
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	5,886	4,337
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	509.314	247.146
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	8.517.784	3.540.726
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	41.261.488	11.369.256
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	9.973.757	5.807.252
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

(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 accordance with the regulation, operating lease development costs, which are presented under the Tangible Assets item in the balance sheet and Intangible Fixed Assets for the calculation of capital adequacy are taken into account as a discount item from the core capital. Similarly, some accounts determined by the Board are deducted from the total Equity in the calculation of the "Equity" amount, which is the basis for the capital adequacy calculation.

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Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

	Details on Subordinated Liabilities:			
Issuer	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	T. Halk Bankası A.Ş.	Türkiye Varlık Fonu
Unique identifier (CUSIP, ISIN etc.)	TRSTHAL62716	TRSTHAL62811	TRSTHAL92826	-
Governing Law(s) of the instrument	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA Legislation
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated / consolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	800	1.950	2.980	17.921
Par value of instrument (Currency in mil)	1.000	1.950	2.980	-
Accounting classification	346.011	346.011	346.011	347.0001
Original date of issuance	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Demand or dated	Dated	Dated	Dated	Demand
Original maturity date	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Issuer call subject to prior supervisory approval	At the end of the fifth year, the Parent Bank has an early redemption option.	At the end of the fifth year, the Parent Bank has an early redemption option.	At the end of the fifth year, the Parent Bank has an early redemption option.	At the end of the fifth year, the Parent Bank has an early redemption option.
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating Coupon	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	Government Debt Security for 5 years +350 base points	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
Convertible or non-convertible				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature				
If write-down, write-down trigger(s)	-	-	-	Decrease in core capital adequacy ratio below 5,125%
If write-down, full or partial	-	-	-	Fully or partially
If write-down, permanent or temporary	-	-	-	Permanent or temporary
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowings and Additional Tier II Capital
In compliance with article number 7 and 8 of "Own fund regulation"	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 7.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 8.

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Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK

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

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

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

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

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

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

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

The Group's largest 100 and 200 cash loan customers compose 25,99% and 30,92% of the total cash loan portfolio, respectively.

The Group's largest 100 and 200 non-cash loan customers compose 35,56% and 46,03% of the total non-cash loan portfolio, respectively.

The Group's largest 100 ve 200 cash and non-cash loan customers represent 16,17% and 20,48% of the total "on and off balance sheet" assets, respectively.

Stage I and Stage II expected losses for credit risks of the Group is TRY 38.275.587 (31 December 2021: TRY 10.573.124).

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Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

Exposure Categories:	Current Period		Prior Period	
	Credit Risk Amount ⁽¹⁾	Average Risk Amount	Credit Risk Amount ⁽¹⁾	Average Risk Amount
Conditional and unconditional exposures to central governments or central banks	434.769.422	333.418.044	265.520.773	208.288.502
Conditional and unconditional exposures to regional governments or local authorities	2.083.413	1.901.863	1.969.678	2.199.866
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	3.668.228	3.084.192	2.293.927	2.092.603
Conditional and unconditional exposures to multilateral development banks	63	215	359	16.501
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	12.574.963	10.712.493	6.469.267	6.631.104
Conditional and unconditional exposures to corporates	428.336.952	351.991.283	250.594.888	220.486.960
Conditional and unconditional retail exposures	245.813.074	198.796.456	170.364.098	154.660.589
Conditional and unconditional exposures secured by real estate property	218.375.156	166.379.820	117.013.294	104.746.973
Past due items	4.136.973	4.615.323	4.160.323	5.762.511
Items in regulatory high-risk categories	45.616.005	23.963.610	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	1.637.071	1.549.821	1.187.194	1.059.460
Other Receivables	73.367.390	48.307.569	31.591.874	26.635.206

⁽¹⁾ Includes the risk amounts after credit conversions.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

Risk Classifications ⁽¹⁾												
Current Period	Conditional and unconditional exposures to central governments or banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to non-commercial banks	Conditional and unconditional exposures to Development banks	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to real estate	Conditional and unconditional exposures to secured property	Items in regulatory high-risk categories	Stock Investments	Other	Total	
1. Domestic [EU] Countries	2.081.598	3.475.623	63	6.103.784	421.641.444	237.513.333	208.480.241	3.957.396	45.614.841	-	70.394.927	1.429.022.679
2. European Union [EU] Countries	2	-	-	2.036.715	396.629	31.377	23.845	1.310	750	-	172.672	2.663.300
3. OECD Countries ⁽²⁾	2	-	-	847.912	210.538	136	3.587	7	25	-	3.932	1.066.139
4. Off-Shore Banking Regions	-	-	-	18.193	319.911	48	9.472	-	-	-	801	348.425
5. USA, Canada	5	-	-	282.187	-	2.642	762	-	5	-	50	285.651
6. Other Countries	5.009.984	1.815	192.605	3.286.172	5.768.430	8.265.538	9.857.249	178.260	384	-	2.795.008	35.355.445
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	1.637.071	1.637.071
8. Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-
Total	434.769.422	2.083.413	3.668.228	63	12.574.963.428.336.952	245.813.074	218.375.156	4.136.973	45.616.005	1.637.071	73.367.390.147.037.871	856.218.269
Prior Period												
1. Domestic [EU] Countries	1.965.982	2.254.823	359	21.625.50	247.443.850	164.467.758	110.895.499	4.013.036	5.049.926	-	29.751.469	831.066.907
2. European Union [EU] Countries	12	-	-	1.520.416	382.526	7.260	18.712	27	404	-	75.276	2.004.633
3. OECD Countries ⁽²⁾	-	-	-	426.176	126.367	50	3.045	4	-	-	371	556.013
4. Off-Shore Banking Regions	-	-	-	1.437	60.567	236	1.031	-	1.880	-	1	65.152
5. USA, Canada	4	-	-	1.40.419	-	1.394	46	-	280	-	25	142.168
6. Other Countries	2.459.102	3.696	39.104	2.218.269	2.581.578	5.887.400	6.094.961	147.256	104	-	1.764.732	21.196.202
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	1.187.194	1.187.194
8. Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-
Total	265.620.773	1.969.678	2.293.927	359	6.469.267.250.594.888	170.364.098	117.013.294	4.160.323	5.052.594	1.187.194	31.591.874	856.218.269

⁽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.

Profile of significant exposures in major regions:

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

Risk Classifications ⁽¹⁾														
Current Period	Conditional and unconditional exposures to central governments or banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to non-commercial banks	Conditional and unconditional exposures to Development banks	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to real estate	Conditional and unconditional exposures to secured property	Items in regulatory high-risk categories	Stock Investments	Other	TRY	FC	Total	
Agriculture	95.787	-	4.031	-	1.652.157	2.006.910	937.144	35.860	70.959	-	67	4.342.182	460.733	4.802.915
Farming and Stockbreeding	42.673	-	4.025	-	1.218.249	1.010.740	527.936	11.258	47.250	-	26	2.641.807	220.350	2.862.157
Forestry	36.442	-	6	-	190.983	911.173	334.681	22.524	-	-	37	1.319.355	176.191	1.495.546
Fishery	16.672	-	-	-	24.325	84.897	74.527	2.078	23.709	-	4	381.020	64.192	445.212
Manufacturing	9.909.602	-	110.577	-	176.011.307	30.741.591	46.031.928	498.306	9.025.780	-	533	207.307.457	65.022.167	272.329.624
Mining and Quarrying	244.559	-	-	-	8.264.529	4.20.111	659.405	4.637	140.872	-	22	5.025.572	4.708.563	9.734.135
Production	9.501.346	-	110.577	-	132.076.476	300.09.001	43.740.930	491.689	8.365.596	-	511	181.580.083	40.776.063	224.356.146
Electricity, Gas and Water	163.677	-	-	-	35.670.802	252.479	1.631.593	1.980	519.312	-	-	18.701.802	19.537.541	38.239.343
Construction	2.324.022	-	-	-	52.965.389	77.57.889	20.894.150	332.079	7.504.793	-	10	74.905.461	16.872.871	91.778.332
Services	296.463.718	1.960.033	3.331.615	63	5.682.332	120.683.998	133.605.584	72.178.041	2.121.992	11.709.130	10.221	515.369.938	132.374.789	647.744.727
Wholesale and Retail Trade	5.250.936	-	31.676	63	67.923.535	81.875.542	40.882.205	1.376.921	6.828.914	-	1.107	193.596.264	10.574.635	204.170.899
Accommodation and Dining	1.988.150	10	-	-	17.835.235	6.643.238	16.483.602	312.562	585.176	-	30	19.437.053	24.410.950	43.848.003
Transportation and Telecom.	296.901	-	-	-	9.578.708	34.875.414	3.149.144	284.250	297.440	-	70	41.142.593	7.539.334	48.681.927
Financial Institutions	18.828	-	87	-	5.682.332	7.168.206	291.278	1.089.755	1.410	1.644.144	61.49	13.924.412	1.977.777	15.902.189
Real Estate and Rental Services	167.722	-	-	-	10.924.422	3.138.451	5.552.028	68.523	728.615	-	10	16.278.287	4.290.184	20.568.471
Professional Services	62.219	-	-	-	17.025	3.688.372	673.911	44.284	-	-	190	4.455.637	374	4.456.011
Educational Services	159.979	-	1.372.722	-	571.469	841.286	1.073.115	21.303	391.936	-	12	4.330.859	100.903	4.431.762
Health and Social Services	288.516.983	1.960.023	1.927.130	-	6.666.458	2.292.003	3.074.281	12.729	1.232.905	-	2.653	222.204.533	83.480.632	305.685.165
Other	125.978.293	133.380	222.005	-	6.892.631	77.024.101	78.333.893	1.148.736	17.306.343	1.637.071	73.356.559	268.809.467	184.913.445	453.723.112
Total	434.769.422	2.083.413	3.668.228	63	12.574.963.428.336.952	245.813.074	218.375.156	4.136.973	45.616.005	1.637.071	73.367.390	1.070.734.705	399.644.005	1.470.378.710

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

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(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 regional governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to real estate property	Stock investments	Items in regulatory categories	Other			
Agriculture	194.840	-	1.693	-	631.338	1.228.261	408.278	271.24	-	65	1.997.821	493.798	2.491.619
Farming and Stockbreeding	84.400	-	1.688	-	259.353	598.924	150.489	7.919	-	26	950.225	152.774	1.102.999
Forestry	66.938	-	5	-	87.832	564.587	223.644	10.881	-	36	802.874	151.049	953.923
Fishery	43.502	-	-	-	284.173	647.50	33.945	8.324	-	3	244.722	189.975	434.697
Manufacturing	10.289.979	-	59.391	-	92.016.604	24.453.838	21.803.529	1.031.095	-	536	93.786.222	55.868.750	149.654.972
Mining and Quarrying	204.352	-	-	-	4.608.625	377.233	332.837	23.467	-	22	1.886.597	3.659.939	5.546.536
Production	9.963.696	-	59.391	-	68.728.532	23.893.014	20.563.593	77.4652	-	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	-	-	-	32.634.892	5.213.316	11.839.031	671.210	-	10	41.602.980	11.630.695	53.233.675
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	95.010.995	362.651.465
Wholesale and Retail Trade	9.279.377	-	6.857	359	34.427.111	53.563.003	16.129.438	805.312	-	1.253	102.647.080	11.565.650	114.212.710
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	29.778.537
Transportation and Telecom.	560.121	-	5	-	10.012.134	21.042.651	1.400.933	107.799	-	71	24.132.319	8.991.395	33.123.714
Financial Institutions	53.118	-	-	-	4.910.042	1.26.377	1.196.333	1.253	-	5.866	7.410.810	1.838.667	9.249.477
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	11.625.287
Professional Services	167.425	-	-	-	29	2.132.149	202.588	11.069	-	192	2.512.297	155	2.513.452
Educational Services	236.091	-	1.329.555	-	452.764	507.154	683.799	327.446	-	12	3.178.240	358.561	3.536.821
Health and Social Services	148.064.441	1.927.377	850.576	-	5.038.514	8.30.355	1.880.358	17.262	-	2.584	110.256.908	48.354.559	158.611.467
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	1.107.194	31.581.245	157.451.848
Total	265.520.773	1.969.678	2.293.927	359	6.469.267	250.594.888	170.364.098	117.013.294	4.160.323	5.052.594	1.187.194	31.591.874	562.479.341

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

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

Analysis of maturity-bearing exposures according to remaining maturities⁽¹⁾:

Current Period	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
1. Conditional and unconditional exposures to central governments or central banks	127.731.327	3.638.171	11.904.506	29.475.654	262.019.764
2. Conditional and unconditional exposures to regional governments or local authorities	59.612	9.914	47.109	74.036	1.892.742
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	579.261	168.782	117.595	475.622	2.326.968
4. Conditional and unconditional exposures to Multilateral Development Banks	-	-	-	-	63
5. Conditional and unconditional exposures to banks and brokerage houses	11.474.947	26.928	66.528	215.142	791.418
6. Conditional and unconditional exposures to corporates	69.280.575	32.595.986	41.740.701	81.401.781	203.317.909
7. Conditional and unconditional retail exposures	34.911.694	6.821.835	15.808.477	32.590.432	155.680.636
8. Conditional and unconditional exposures secured by real estate property	24.390.395	8.364.405	14.177.892	39.663.373	131.779.091
9. Past due items	4.037.925	475	2.484	6.431	89.658
10. Items in Regulatory High-Risk Categories	1.359.397	878.888	7.007.547	12.609.660	23.760.513
11. Stock Investments	1.637.071	-	-	-	-
12. Other Items	73.336.325	3.206	10.746	13.055	4.058
Total	348.798.529	52.508.590	90.883.585	196.525.186	781.662.820

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

Prior Period	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
Total	188.540.723	27.982.655	35.966.363	89.006.700	514.721.828

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

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

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

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

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

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

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

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

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

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

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

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Credit Quality Grade	Credit Quality Grade and Rating Matching Table									
	IIRA		Fitch					ICR Eurasia		
	Rating	Exposures to Central Governments or Central Banks	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	Exposures to Corporates	Rating	Exposures to Corporates (TRY)
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					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
Türkiye	653.204.406	-	653.204.406
North Macedonia	6.155.647	-	6.155.647
Serbia	4.637.786	-	4.637.786
Cyprus	1.343.068	-	1.343.068
Marshall Islands	319.911	-	319.911
Other	1.229.009	-	1.229.009

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(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%	500%	Deductions from Equity
1. Exposures before Credit Risk Mitigation	445.888.981	-	72.675.926	-	55.225.969	479.820.326	567.902.210	17.376.776	31.695.401	1.243.540	-	7.935	131.360
2. Exposures after Credit Risk Mitigation	467.555.494	-	61.138.044	127.359.420	125.548.243	241.241.479	398.204.298	16.384.856	31.695.401	1.243.540	-	7.935	131.360
Prior Period													
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	500%	Deductions from Equity
1. Exposures before Credit Risk Mitigation	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

Information by major sectors and type of counterparties:

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

^[1] Income accruals amounting to TRY 2.937.867 are not included in the table.

^[2] Income accruals amounting to TRY 1.770.617 are not included in the table.

^[3] The accruals of amounting to TRY 3.103.890 are not included in the table.

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Prior Period	Credits		
	Significant Increase in Credit Risk (Stage II) ^[1]	Credit – Impaired Losses (Stage III) ^[2]	Expected Credit Loss (IFRS 9) ^[3]
Major Sectors /Counterparties			
Agriculture	467.280	118.801	147.295
Farming and Stockbreeding	462.950	89.699	125.892
Forestry	1.873	760	706
Fishery	2.457	28.342	20.697
Manufacturing	12.868.423	3.951.106	4.519.952
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
Construction	4.903.520	3.272.852	3.704.702
Services	24.621.822	5.316.448	7.558.565
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
Other	4.172.495	2.093.560	1.413.410
Total	47.033.540	14.752.767	17.343.924

^[1] Income accruals amounting to TRY 2.231.694 are not included in the table.

^[2] Income accruals amounting to TRY 1.997.126 are not included in the table.

^[3] The accruals of amounting to TRY 1.672.888 are 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	12.112.779	5.621.309	(2.348.434)	-	15.385.654
2. Stage I and Stage II expected credit loss	10.573.124	29.072.098	(1.369.635)	-	38.275.587
Prior 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

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

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

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

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

Collateral Types	Net Value of Collateral	
	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
Real estate mortgage	9.719.256	
Salary pledge, vehicle pledge and pledge of commercial undertaking	524.665	
Financial collaterals (cash, securities pledge, etc.)	86.989	
Cheque / bills	129.828	
Sureties	23.920.324	
CGF	3.122.178	
Other ⁽²⁾	9.530.300	
Total	47.033.540	

⁽¹⁾ Income accruals amounting to TRY 2.231.694 are not included in the table.

⁽²⁾ 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.

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

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

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

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Collateral Types	Net Value of Collateral	
	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
Cash	13.013	
Mortgage	3.134.765	
Pledge	158.480	
Cheque / bills	23.736	
Sureties	7.515.646	
Other ⁽²⁾	3.907.127	
Total	14.752.767	

⁽¹⁾ Income accruals amounting to TRY 1.997.126 are not included in the table.

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

III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

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

In accordance with "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", the foreign currency position risk of the Group is measured by "standard method" and is calculated daily and is reported monthly. Also VAR based values and limits are reported to the Executives on a daily basis by using internal model methods. In addition, the value at risk limit determined by the Board of Directors of the Parent Bank for the value at risk including foreign currency risk is monitored 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.

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:

	23.12.2022	26.12.2022	27.12.2022	28.12.2022	29.12.2022	30.12.2022
USD	18,6150000	18,6212000	18,6418000	18,6407000	18,6482000	18,6448000
CHF	19,9603000	19,9584000	19,9988000	20,1067000	20,1802000	20,1984000
GBP	22,3956000	22,4523000	22,3720000	22,5344000	22,4411000	22,4761000
JPY	0,1396002	0,1396414	0,1392461	0,1389308	0,1395972	0,1411187
EUR	19,7505000	19,7943000	19,7985000	19,8654000	19,8706000	19,9126000

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:

	Monthly Average Buying Rate of Exchange
USD	18,5912864
CHF	19,9305591
GBP	22,6094273
JPY	0,1375054
EUR	19,6971409

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

Information related to currency risk:

Current Period	EUR	USD	OTHER FC	TOTAL
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	63.471.426	57.225.004	11.687.407	132.383.837
Banks	1.604.399	1.556.418	3.636.367	6.797.184
Financial assets at fair value through profit and loss	39.649	94.102	23.541	157.292
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	8.714.928	29.787.517	3.956.725	42.459.170
Loans ⁽²⁾	112.948.472	74.458.365	17.140.017	204.546.854
Subsidiaries, associates and entities under common control	1.373.880	-	-	1.373.880
Financial assets measured at amortised cost	21.173.443	37.291.203	16.004.161	74.468.807
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	1.115.114	1.115.114
Intangible assets	-	-	-	-
Other assets ⁽³⁾	2.808.915	1.250.510	715.349	4.774.774
Total assets	212.135.112	201.663.119	54.278.681	468.076.912
Liabilities				
Bank deposits	91.126.163	14.312.826	4.262.510	109.701.499
Foreign currency deposits	167.319.505	182.018.469	65.597.589	414.935.563
Money market balances	-	8.057.568	-	8.057.568
Funds provided from other financial institutions	9.723.842	6.367.403	40.570	16.131.815
Bonds issued	-	-	-	-
Miscellaneous Payables	807.452	2.068.435	483.046	3.358.933
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities ⁽³⁾	22.200.325	1.100.376	1.084.834	24.385.535
Total liabilities	291.177.287	213.925.077	71.468.549	576.570.913
Net balance sheet position	(79.042.175)	(12.261.958)	(17.189.868)	(108.494.001)
Net off-balance sheet position				
Financial derivative assets ⁽⁴⁾	89.726.675	21.410.328	31.992.047	143.129.050
Financial derivative liabilities ⁽⁴⁾	14.501.861	16.382.514	8.663.812	39.548.187
Non-cash loans ⁽¹⁾	62.875.922	46.268.411	9.568.105	118.712.438
Prior period				
Total assets	170.876.627	159.992.737	39.229.009	370.098.373
Total liabilities	188.587.412	185.972.205	52.246.876	426.806.493
Net balance sheet position	(17.710.785)	(25.979.468)	(13.017.867)	(56.708.120)
Net off-balance sheet position				
Financial derivative assets	19.120.011	34.932.718	27.421.290	81.474.019
Financial derivative liabilities	4.652.671	10.701.456	9.460.663	24.814.790
Non-cash loans ⁽¹⁾	64.219.309	42.320.975	6.899.472	113.439.756

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

⁽²⁾ In the current period, there are no foreign currency indexed loans. (31 December 2021: TRY 14.553)

⁽³⁾ 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 in asset, 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.

⁽⁴⁾ Financial derivative assets include forward precious metal purchase transactions amounted to TRY 1.001.498 and swap precious metal purchase transactions amounted to TRY 24.255.394. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 5.126.311 Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

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Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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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
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	298.570	-	-	-	-	163.921.311	164.219.881
Banks and financial institutions	2.894.127	604	24.591	80.971	-	5.702.211	8.702.504
Financial assets at fair value through profit and loss	248.098	39.656	104.845	41	535	34.123.280	34.516.455
Money market placements	-	25.005	-	-	-	-	25.005
Financial assets at fair value through other comprehensive income	16.234.678	13.459.853	45.845.861	22.385.198	4.394.526	542.078	102.862.194
Loans	294.637.156	208.485.544	150.547.275	108.916.707	67.358.303	36.227.539	866.172.524
Financial assets measured at amortised cost	54.632.901	20.906.711	31.620.006	64.389.194	69.906.447	-	241.455.259
Other assets ⁽¹⁾⁽⁴⁾	5.471.919	3.233.695	1.310.940	4.308.275	1.453.756	166.343	15.944.928
Total assets	374.417.449	246.151.068	229.453.518	200.080.386	143.113.567	240.682.762	1.433.898.750
Liabilities							
Bank deposits	28.851.440	14.108.834	82.503	-	-	92.344.473	135.387.250
Other deposits	488.605.288	181.696.293	45.831.550	5.207.985	299.106	232.627.945	954.268.167
Money market balances	103.182.840	1.953.674	-	-	-	103.501	105.240.015
Miscellaneous Payables	6.642.967	-	-	-	-	20.386.320	27.029.287
Bonds issued	2.827.712	9.268.302	1.000.000	-	-	234.427	13.330.441
Funds provided from other financial institutions ⁽³⁾	957.738	8.193.024	3.082.228	3.865.015	816.966	180.285	17.095.256
Other liabilities ⁽¹⁾⁽²⁾	1.308.307	335.716	34.199.181	17.921.340	4.929.795	122.853.995	181.548.334
Total liabilities	632.376.292	215.555.843	84.195.462	26.994.340	6.045.867	468.730.946	1.433.898.750
Balance sheet long position	-	30.595.225	145.258.056	173.086.046	137.067.700	-	486.007.027
Balance sheet short position	(257.958.843)	-	-	-	-	(228.048.184)	(486.007.027)
Off-balance sheet long position	129.108.012	15.805.919	17.382.650	5.186.201	9.476.359	-	176.959.141
Off-balance sheet short position	(128.449.656)	(12.766.930)	(17.503.892)	(5.446.650)	(9.476.361)	-	(173.643.489)
Total position	(257.300.487)	33.634.214	145.136.814	172.825.597	137.067.698	(228.048.184)	3.315.652

⁽¹⁾ TRY 8.517.784 of deferred tax assets is disclosed under the non-bearing interest column in other assets, TRY 2.152 of deferred tax liability is disclosed under the non-bearing interest column in other liabilities.

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

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

⁽⁴⁾ Provision amounts are included in the non-bearing interest column.

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Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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
Assets							
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 ⁽¹⁾⁽⁴⁾	10.019.982	1.238.408	1.655.294	2.207.805	716.755	293.252	16.131.496
Total assets	170.558.852	164.845.339	170.325.316	168.279.282	92.293.783	165.383.646	931.686.218
Liabilities							
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 ⁽³⁾	893.628	7.592.241	4.714.786	3.271.718	864.575	261.617	17.598.565
Other liabilities ⁽¹⁾⁽²⁾	1.000.779	1.546	24.875.066	13.808.799	4.929.795	61.411.561	106.027.546
Total liabilities	477.757.332	116.579.702	59.289.719	22.239.008	5.878.221	249.942.236	931.686.218
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)
Total position	(300.133.225)	47.524.748	110.942.551	146.040.274	86.415.562	(84.558.590)	6.231.320

⁽¹⁾ 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.

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

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

⁽⁴⁾ Provision amounts are included in the non-bearing interest column.

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

Current Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks ⁽¹⁾	-	2,76	-	21,43
Financial assets at fair value through profit and loss ⁽⁵⁾	3,50	4,53	-	11,22
Money market placements	-	-	-	4,00
Financial assets at fair value through other comprehensive income	2,98	4,41	-	22,38
Loans ⁽²⁾	5,24	7,97	-	14,77
Financial assets measured at amortised cost	4,66	5,61	-	35,66
Liabilities				
Bank deposits ⁽⁴⁾	0,22	3,23	-	18,45
Other deposits ⁽⁴⁾	1,58	2,55	-	14,37
Money market borrowings	-	2,56	-	9,86
Miscellaneous Payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	18,24
Funds provided from other financial institutions	1,75	4,50	-	18,01

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

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

⁽³⁾ Declared TRY deposits interest rate with a maturity of twelve months as of 31 December 2022.

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

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

Prior Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT ⁽⁵⁾	-	-	-	8,50
Due from banks ⁽¹⁾	0,20	0,50	-	15,65
Financial assets at fair value through profit and loss ⁽⁶⁾	-	6,95	-	18,66
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,02	3,37	-	19,71
Loans ⁽²⁾	4,87	5,63	-	15,16
Financial assets measured at amortised cost	4,76	5,97	-	24,19
Liabilities				
Bank deposits ⁽⁴⁾	0,15	0,87	-	17,05
Other deposits ⁽⁴⁾	0,43	1,00	-	13,82
Money market borrowings	-	4,19	-	14,06
Miscellaneous Payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	15,08
Funds provided from other financial institutions	1,32	1,56	-	16,98

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

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

⁽³⁾ Declared TRY deposits interest rate with a maturity of twelve months as of 31 December 2021.

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

⁽⁵⁾ Average interest rates for reserve requirements of the CBRT as of the balance sheet date.

⁽⁶⁾ Borrowed securities are not included in the average interest rate calculation.

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

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

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

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

Current Period				
Currency	Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity -Losses/Shareholders' Equities	
1 TRY	500	(8.071.845)	(6,57%)	
	(400)	7.906.393	6,43%	
2 EUR*	200	1.063.399	0,87%	
	(200)	(2.103.244)	(1,71%)	
3 USD	200	(3.240.574)	(2,64%)	
	(200)	4.325.730	3,52%	
Total (For negative shocks)		10.128.879	8,24%	
Total (For positive shocks)		(10.249.020)	(8,34%)	
Prior 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%	
Total (For negative shocks)		6.888.287	9,97%	
Total (For positive shocks)		(7.274.545)	(10,53%)	

(*) Other currencies are shown under EUR.

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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	Carrying Value ⁽¹⁾	Comparison		Capital Requirements
		Fair Value Change ⁽²⁾	Market Value	
Stock investment excluding A,B,C,D group	1.687.204	1.713.266	-	345.355

⁽¹⁾ Includes TRY 130.498 of unconsolidated associates, TRY 100.345 of unconsolidated subsidiary and TRY 1.456.361 of associates accounted for under the equity method.

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

Realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capitals:

Portfolio	Realized gains/ losses in the current period			Unrealized gains and losses		
	Realized gains/ losses in the current period	Total	Included To Total Core Capital	Total	Included To Total Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted on a stock exchange	-	-	-	-	-	-
3. Other share certificates	-	15.040	15.040	-	-	-
Total	-	15.040	15.040	-	-	-

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 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 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 Parent 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.

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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.

In the fourth quarter of 2022, increase in the Parent Bank's deposits in TRY and FC, decreased its secured borrowings from money markets. Thus, the growth of the securities portfolio has increased the total of unrestricted securities not given for collateral, and also the increase of FC and TRY assets held at CBRT have increased the total of high quality liquid assets. The increase in net cash outflows, on the other hand, was smaller both in foreign currency (FC) and in total (TRY+FC) terms compared to the growth in the stock of high quality liquid assets, and accordingly, there was an increase in Liquidity Coverage Ratios during the period.

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Consolidated high quality liquid assets are composed of 41,74% accounts held by the CBRT and the Central Banks of the foreign branches, 55,88% securities considered as high quality liquid assets and 2,37% 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 are TRY 1.807.597.

The Parent Bank does not have any operational or legal restrictions on liquidity transfer to subsidiaries or foreign branches. Each of the consolidated subsidiaries manage their own liquidity risk and liquidity adequacy is ensured on a consolidated basis.

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 Parent Bank are calculated on a daily basis and the changes in these ratios are reported to the Parent 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 consolidated liquidity coverage ratios for the last three months are indicated in the table below.

PERIOD	FC (%)	TRY+FC (%)
October 2022	553.53	161.89
November 2022	610.80	169.76
December 2022	601.07	164.64

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Liquidity Coverage Ratio:

Current Period	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			371.090.566	171.095.004
Cash Outflows				
Retail and Small Business Customers, of which;	454.195.710	214.631.550	42.384.913	21.458.856
Stable Deposits	60.558.720	42.990	3.021.214	-
Less Stable Deposits	393.636.990	214.588.560	39.363.699	21.458.856
Unsecured wholesale funding , of which;	471.195.518	215.077.291	205.358.959	80.194.017
Operational Deposits	101.363.428	81.222.852	25.340.857	20.305.713
Non-operational Deposits	344.177.699	128.395.124	161.847.927	54.552.303
Other Unsecured Funding	25.654.391	5.459.315	18.170.175	5.336.001
Secured Funding			-	-
Other cash outflows, of which;	11.659.878	2.332.129	9.158.303	2.329.755
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.570.020	2.328.173	2.570.020	2.328.173
Obligations related to structured financial products	211.538	-	211.538	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.878.320	3.956	6.376.745	1.582
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	301.551.154	114.560.256	24.903.147	9.961.478
Total Cash Outflows			281.805.322	113.944.106
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	91.193.133	18.116.262	56.326.600	14.272.544
Other Cash Inflows	1.103.926	83.853.871	1.103.926	83.853.871
Total Cash Inflows	92.297.059	101.970.133	57.430.526	98.126.415
			Total Adjusted Value	
Total HQLA Stock			371.090.566	171.095.004
Total Net Cash Outflows			224.374.796	29.207.539
Liquidity Coverage Ratio (%)			165,38%	588,22%

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

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

Prior Period	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
	TRY+FC	FC	TRY+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			180.246.769	107.378.740
Cash Outflows				
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
Total Cash Outflows			160.476.794	81.007.686
Cash Inflows				
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
Total Cash Inflows	50.019.677	55.509.432	35.517.570	53.630.109
			Total Adjusted Value	
Total HQLA Stock			180.246.769	107.378.740
Total Net Cash Outflows			124.959.224	28.904.201
Liquidity Coverage Ratio (%)			144,52%	418,14%

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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
Assets								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	13.645.539	149.341.782	342.848	889.712	-	-	-	164.219.881
Banks	6.406.475	2.142.617	135	24.686	80.449	31.737	16.405	8.702.504
Financial assets at fair value through profit and loss	175.283	166.855	53.778	34.053.009	66.995	535	-	34.516.455
Money market placements	-	25.005	-	-	-	-	-	25.005
Financial assets at fair value through other comprehensive income	-	9.055.182	6.451.899	41.523.959	33.174.843	12.114.233	542.078	102.862.194
Loans ⁽⁴⁾	1.756.589	84.872.544	58.491.587	269.899.525	319.972.533	112.126.835	19.052.911	866.172.524
Financial assets measured at amortised cost	-	21.248.775	9.916.722	21.980.311	87.079.530	101.229.921	-	241.455.259
Other assets ⁽²⁾	1.160.349	3.124.867	3.781.369	2.085.091	5.271.805	1.508.558	(987.111)	15.944.928
Total assets	23.144.235	269.977.627	79.038.338	370.456.293	445.646.155	227.011.819	18.624.283	1.433.898.750
Liabilities								
Bank deposits	92.070.027	29.095.562	14.138.965	82.696	-	-	-	135.387.250
Other deposits	223.723.436	495.108.879	183.383.390	46.382.448	5.365.012	305.002	-	954.268.167
Funds provided from other financial institutions ⁽³⁾	-	378.199	963.235	2.059.924	4.413.305	9.280.593	-	17.095.256
Money market balances	-	103.264.950	110.585	-	-	1.864.480	-	105.240.015
Bonds issued	-	2.816.475	8.644.933	1.738.484	130.549	-	-	13.330.441
Miscellaneous Payables	43.616	13.799.743	339.598	1.488.846	6.234.741	58.410	5.064.333	27.029.287
Other liabilities ⁽¹⁾	340.488	10.937.285	301.404	34.567.776	22.695.008	5.758.746	106.947.627	181.548.334
Total liabilities	316.177.567	655.401.093	207.882.110	86.320.174	38.838.615	17.267.231	112.011.960	1.433.898.750
Liquidity Gap	(293.033.332)	(385.423.466)	(128.843.772)	284.136.119	406.807.540	209.744.588	(93.387.677)	-
Net off-Balance Sheet Position								
Derivative Financial Assets	-	129.103.012	13.590.693	4.048.663	11.264.053	18.952.720	-	176.959.141
Derivative Financial Liabilities	-	(128.439.656)	(12.048.288)	(3.610.563)	(10.592.262)	(18.952.720)	-	(173.643.489)
Non-Cash Loans	101.186.193	8.326.129	32.413.891	108.863.398	57.123.993	14.407.311	243.005	322.563.920
Prior Period								
Total Assets	17.487.137	168.915.439	48.879.547	210.156.881	316.365.565	152.805.566	17.076.083	931.686.218
Total Liabilities	176.543.365	489.077.211	108.791.556	64.216.952	29.989.199	16.338.729	46.729.206	931.686.218
Liquidity Gap	(159.056.228)	(320.161.772)	(59.912.009)	145.939.929	286.376.366	136.466.837	(29.653.123)	-
Net off-Balance Sheet Position								
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)
Non-Cash Loans	56.312.661	6.267.027	18.625.046	73.407.527	34.027.593	6.514.648	151.163	195.305.665

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

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

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

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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 ⁽¹⁾	Total
Liabilities							
Deposits	841.247.760	201.613.567	48.029.089	5.435.369	305.217	(6.975.585)	1.089.655.417
Funds provided from other financial institutions	378.886	1.035.568	2.334.102	5.806.383	10.536.711	(2.996.394)	17.095.256
Money market borrowings	103.332.690	130.408	131.786	702.357	2.040.085	(1.097.311)	105.240.015
Securities issued	2.938.153	8.838.302	1.754.852	155.120	-	(355.986)	13.330.441
Funds	6.866	22.309	72.203	126.174	9.990	-	237.542
Total	947.904.355	211.640.154	52.322.032	12.225.403	12.892.003	(11.425.276)	1.225.558.671
Prior Period							
Liabilities							
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 institutions	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
Total	648.464.444	109.684.464	39.002.647	11.006.535	10.172.078	(4.952.260)	813.377.908

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

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

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

Prior Period: ⁽²⁾	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	-	-	-	-	-	-
Total	140.841.888	13.637.021	10.142.376	8.064.927	36.986.168	209.672.380

⁽¹⁾ Foreign exchange purchase and sale commitments of TRY 29.819.815 are included in the table

⁽²⁾ Foreign exchange purchase and sale commitments of TRY 9.032.973 are included in the table.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

VII. EXPLANATIONS ON THE CONSOLIDATED LEVERAGE RATIO

	Current Period	Prior Period
Total Assets in The Consolidated Financial Statements Prepared in Accordance with TAS ⁽¹⁾	1.122.620.437	930.895.006
The difference between Total Assets in the Consolidated Financial Statements Prepared in Accordance with TAS and the Communiqué on Preparation of Consolidated Financial Statements of Banks ⁽¹⁾	(197.719)	(791.212)
The difference between total amount of derivative financial instruments and credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk balances of such instruments ⁽²⁾	150.903.788	83.424.174
The difference between total amount of risk investment securities or commodity collateral financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such instruments ⁽²⁾	41.811.348	30.891.069
The difference between total amount of off-balance sheet transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such items ⁽²⁾	15.758.540	8.480.178
The other differences between amount of assets in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such items	-	-
Total Risk Amount	1.800.987.628	1.087.097.539

⁽¹⁾ The amounts are represented in the table as of 30 June 2022 and 31 December 2021.

⁽²⁾ The amounts in the table represent three-month averages.

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

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-Balance Sheet Assets		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	1.401.429.984	861.562.969
2.Assets That Are Deducted from Core Capital	(1.107.374)	(836.302)
3.Total on Balance Sheet Exposures	1.400.322.610	860.726.667
Derivative Exposures And Credit Derivatives		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	3.067.627	6.112.940
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	2.757.617	1.062.784
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives	5.825.244	7.175.724
Investment Securities Or Commodity Collateral Financing Transactions		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	6.132.299	2.908.372
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions	6.132.299	2.908.372
Off -Balance Sheet Items		
10.Gross Notional Amount of Off-Balance Sheet Items	404.466.015	224.766.954
11.Adjustments for Conversion to Credit Equivalent Amounts	(15.758.540)	(8.480.178)
12.The Total Risk of Off-Balance Sheet Items	388.707.475	216.286.776
Capital And Total Exposures		
13.Tier 1 Capital	97.079.431	54.798.407
14.Total Exposures	1.800.987.628	1.087.097.539
Leverage Ratio		
15.Leverage Ratio	5,39%	5,04%

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

VIII. EXPLANATIONS RELATED TO THE CONSOLIDATED BUSINESS SEGMENTATION

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

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

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

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

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

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

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

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

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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 2022 are presented in the table below.

Current Period	Commercial/ Corporate	Integrated	Treasury/ Investment ⁽¹⁾	Other ⁽¹⁾	Total
1 January - 31 December 2022					
OPERATING INCOME / EXPENSES					
Interest Income	26.231.967	59.003.530	69.837.838	1.503.746	156.577.081
Interest on Loans	26.000.171	58.096.815	2.222.063	-	86.319.049
Interest Income on Marketable Securities	-	866.067	66.806.028	-	67.672.095
Interest Received from Banks	-	-	528.733	8.383	537.116
Other Interest Income	231.796	40.648	281.014	1.495.363	2.048.821
Interest Expense	26.747.756	36.218.862	23.030.751	459.531	86.456.900
Interest on Deposits	26.422.390	35.471.004	2.630.631	-	64.524.025
Interest on Borrowings	24.009	70.374	304.633	222.994	622.010
Interest on Money Market Borrowings	-	269.111	15.672.137	182.590	16.123.838
Interest on Marketable Bonds Issued	-	-	3.715.519	53.107	3.768.626
Other Interest Expense	301.357	408.373	707.831	840	1.418.401
Net Interest Income	(515.789)	22.784.668	46.807.087	1.044.215	70.120.181
Net Fees and Commissions Income	2.685.153	4.933.816	1.729.770	23.623	9.372.362
Net Trading Profit / (Loss)	37.893	6.063.174	(11.865.486)	12.383	(5.752.036)
Dividend Income	-	-	54.260	-	54.260
Other Income	822.708	1.203.463	1.857.679	138.730	4.022.580
Expected Loss Provisions	1.688.139	2.998.944	32.379.032	94.495	37.160.610
Other Expenses	1.462.794	8.517.751	9.332.205	188.161	19.500.911
Income Before Taxes	(120.968)	23.468.426	(3.127.927)	936.295	21.155.826
Income Tax Provision	-	-	(5.554.380)	(130.143)	(5.684.523)
Net Profit For The Period	(120.968)	23.468.426	(8.682.307)	806.152	15.471.303

SEGMENT ASSETS

31 December 2022

Marketable Securities ⁽²⁾	-	17.824.827	360.975.678	628	378.801.133
Derivative Financial Assets Held for Trading	-	250.665	2.984.005	-	3.234.670
Banks and Money Market Receivables ⁽²⁾	-	427.159	8.188.383	105.703	8.721.245
Associates and Subsidiaries (Net)	-	-	1.687.204	-	1.687.204
Loans ⁽²⁾	284.922.174	497.341.919	30.247.190	-	812.511.283
Other Assets ⁽²⁾	3.723.562	12.657.863	199.781.771	12.780.019	228.943.215
TOTAL ASSETS	288.645.736	528.502.433	603.864.231	12.886.350	1.433.898.750

SEGMENT LIABILITIES

31 December 2022

Deposits	361.738.703	585.394.896	142.521.818	-	1.089.655.417
Derivative Financial Liabilities	-	301.279	521.073	-	822.352
Money Market Balances	-	7.585.020	96.159.760	1.495.235	105.240.015
Borrowing Funding Loans	395.181	589.094	15.182.741	928.240	17.095.256
Bonds Issued	-	-	9.723.707	3.606.734	13.330.441
Other Liabilities	8.287.920	16.366.361	76.494.973	371.568	101.520.822
Provisions and Tax Payable	342.318	535.444	17.840.773	88.834	18.807.369
Shareholders' Equity	3.424.863	26.027.659	56.650.823	1.323.733	87.427.078
TOTAL LIABILITIES	374.188.985	636.799.753	415.095.668	7.814.344	1.433.898.750

OFF-BALANCE SHEET ITEMS

31 December 2022

Guarantees and Sureties	158.431.430	117.125.931	47.006.559	-	322.563.920
Commitments	1.420.003	32.386.264	85.053.259	4.943	118.864.469
Derivative Financial Instruments	-	35.087.036	315.515.594	-	350.602.630
TOTAL OFF-BALANCE SHEET ITEMS	159.851.433	184.599.231	447.575.412	4.943	792.031.019

⁽¹⁾ Amounts arising from transactions of general directorate and Halk Yatırım Menkul Değerler 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.

⁽²⁾ TFRS 9 Expected Credit Loss provisions are presented in related lines

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

Prior Period	Commercial/Corporate	Integrated Treasury/ Investment ⁽¹⁾	Other ⁽¹⁾	Total	
1 January -31 December 2021					
OPERATING INCOME / EXPENSES					
Interest Income	15.819.162	38.342.805	29.912.378	746.506	84.820.851
Interest on Loans	15.647.171	38.083.916	846.646	-	54.577.733
Interest Income on Marketable Securities	-	232.578	27.627.998	-	27.860.576
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
Interest Expense	15.536.256	24.415.122	23.823.283	304.477	64.079.138
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
Net Interest Income	282.906	13.927.683	6.089.095	442.029	20.741.713
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	(14.425.307)	61.463	(7.302.869)
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
Income Before Taxes	2.518.396	18.143.057	(19.173.561)	395.057	1.882.949
Income Tax Provision	-	-	23.028	(61.519)	(38.491)
Net Profit For The Period	2.518.396	18.143.057	(19.150.533)	333.538	1.844.458

SEGMENT ASSETS

31 December 2021					
Marketable Securities ⁽²⁾	-	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 ⁽²⁾	-	287.484	4.196.188	55.854	4.539.526
Associates and Subsidiaries (Net)	-	-	1.195.858	-	1.195.858
Loans ⁽²⁾	192.127.215	321.749.042	21.058.059	-	534.934.316
Other Assets ⁽²⁾	3.472.032	4.900.834	139.117.296	7.190.687	154.680.849
TOTAL ASSETS	195.599.247	332.378.843	396.460.959	7.247.169	931.686.218

SEGMENT LIABILITIES

31 December 2021					
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
TOTAL LIABILITIES	202.681.846	416.610.945	306.746.750	5.646.677	931.686.218

OFF-BALANCE SHEET ITEMS

31 December 2021					
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
TOTAL OFF-BALANCE SHEET ITEMS	100.465.921	99.912.190	251.221.687	1.894	451.601.692

⁽¹⁾ 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.

⁽²⁾ TFRS 9 Expected Credit Loss provisions are presented in related lines

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

	Current Period		Prior Period	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets	1.371.123.616	1.384.331.244	877.708.986	842.947.609
Cash and Balances with the Central Bank of Türkiye	164.219.881	164.219.881	126.029.567	126.029.567
Financial assets at fair value through P&L ⁽³⁾ ⁽⁴⁾	214.435	214.435	84.276	84.276
Banks	8.702.504	8.653.187	4.540.453	4.540.067
Money Market Placements	25.005	25.005	1.001	1.001
Financial Assets at Fair Value Through Other Comprehensive Income ⁽¹⁾	100.232.132	100.232.132	66.919.835	66.919.835
Other Financial Assets Measured at Amortised Cost	241.455.259	263.082.145	133.178.664	109.974.846
Loans ⁽²⁾	847.119.613	838.749.672	540.870.326	529.313.153
Lease Receivables	5.547.035	5.547.035	4.389.595	4.389.595
Factoring Receivables	3.607.752	3.607.752	1.695.269	1.695.269
Financial Liabilities	1.254.691.930	1.249.461.208	829.185.944	827.670.247
Banks Deposits	135.387.250	135.270.655	64.054.408	63.975.310
Other Deposits	954.268.167	949.101.524	583.374.877	581.679.000
Derivative financial liabilities held for trading	822.352	822.352	2.470.437	2.470.437
Funds provided from other financial institutions	17.095.256	17.508.277	17.598.565	17.852.088
Money market borrowings	105.240.015	105.236.717	140.034.745	140.038.714
Securities issued	13.330.441	12.973.234	8.176.772	8.178.558
Miscellaneous payables	27.029.287	27.029.287	12.419.305	12.419.305
Leasing payables	1.519.162	1.519.162	1.056.835	1.056.835

⁽¹⁾ As of 31 December 2022, TRY 2.630.062 (31 December 2021: TRY 2.016.889) of "equity investments not quoted on stock exchange" followed in financial assets at fair value through other comprehensive income are not included.

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

⁽³⁾ As of 31 December 2022, marketable securities amounting to TRY 354.023 (31 December 2021: TRY 294.710) that are not valued with market price, are not included in financial assets at fair value through Profit and Loss.

⁽⁴⁾ Securities lending transactions amounting to TRY 33.947.997 (31 December 2021: TRY 24.869.108) is not included in the financial assets at fair value through P&L.

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

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

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

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Classification of Fair Value Measurement

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

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

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

Financial Liabilities Measured at Fair Value:

Derivative financial liabilities	-	822.352	-	822.352
Total Financial Liabilities	-	822.352	-	822.352

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

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

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

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

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Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value:				
Financial Assets Measured at Fair Value through Profit/Loss ⁽²⁾ ⁽⁴⁾	84.276	-	-	84.276
Derivative financial assets	-	8.988.895	-	8.988.895
Financial Assets at Fair Value through Other Comprehensive Income ⁽¹⁾	66.919.835	-	-	66.919.835
Subsidiaries	-	-	-	-
Associates ⁽³⁾	-	-	1.108.396	1.108.396
Total Financial Assets	67.004.111	8.988.895	1.108.396	77.101.402

Financial Liabilities Measured at Fair Value:

Derivative financial liabilities	-	2.470.437	-	2.470.437
Total Financial Liabilities	-	2.470.437	-	2.470.437

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ Parent Bank's associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı 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 Ödeme Hizmetleri ve Elektronik Para A.Ş. (TRY 1.050) are not included in the table.

⁽⁴⁾ 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.

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

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

	Prior 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	-
Period End Balance	1.108.396

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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 July 2014 and subject to the Board of Directors through the Audit Committee.

The structure of the internal systems determines the level of risk by identifying the risks that the bank is exposed to. The Department of Compliance, another unit within the scope of internal systems, performs the compliance function of the Parent Bank's activities regarding MASAK and Anti-Money Laundering and Prevention of Terrorist Financing.

In this direction, the relevant units are responsible for monitoring, controlling and reporting risks, limited to their areas of responsibility. Outside of internal systems, Top Management is directly responsible to the Board of Directors for the risks to which the Parent Bank is exposed in relation to its duties.

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

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

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

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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.

Overview of Risk Weighted Amounts ^(*):

	Risk Weighted Amounts		Minimum Capital Requirements	
	Current Period	Prior Period	Current Period	Prior Period
1 Credit risk (excluding counterparty credit risk) (CCR) ^(**)	786.720.694	457.884.181	62.937.656	36.630.734
2 Standardized approach (SA)	786.720.694	457.884.181	62.937.656	36.630.734
3 Internal rating-based (IRB) approach	-	-	-	-
4 Counterparty credit risk ^(**)	8.071.010	4.597.834	645.681	367.827
5 Standardized approach for counterparty credit risk (SA-CCR)	8.071.010	4.597.834	645.681	367.827
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	32.488.100	13.829.113	2.599.048	1.106.329
17 Standardized approach (SA)	32.488.100	13.829.113	2.599.048	1.106.329
18 Internal model approaches (IMM)	-	-	-	-
19 Operational Risk	29.467.236	25.961.517	2.357.379	2.076.921
20 Basic Indicator Approach	29.467.236	25.961.517	2.357.379	2.076.921
21 Standard Approach	-	-	-	-
22 Advanced measurement approach	-	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	3.108.851	2.098.107	248.708	167.849
24 Floor adjustment	-	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	859.855.891	504.370.752	68.788.472	40.349.660

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

^(**) Based on the Board Decision dated 28 April 2022 published by the BRSA, CBRT's foreign exchange buying rates as of 31 December 2021 was used in the calculation of the amount subject to credit risk.

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

	Carrying values of items in accordance with Turkish Accounting Standards					Not subject to capital requirements or subject to deduction from capital
	Carrying values in financial statements prepared as per TAS	Credit Risk	Counterparty credit risk	Securitization positions	Market Risk	
Assets						
Cash and Balances with the Central Bank	164.199.016	164.199.016	-	-	-	-
Derivative Financial Assets	3.234.670	-	3.234.670	-	172.742	-
Financial assets at fair value through profit and loss	34.516.455	144.824	-	-	3.993	34.367.638
Banks	8.696.239	8.696.239	-	-	-	-
Receivables from Money markets	25.005	-	25.005	-	-	-
Financial assets at fair value through OCI (net)	102.862.194	72.249.173	-	-	30.613.021	-
Loans	812.511.283	812.379.923	-	-	-	131.360
Receivables from factoring	3.607.752	3.607.752	-	-	-	-
Financial assets measured at amortised cost (net)	241.422.483	241.422.483	-	-	-	-
Subsidiaries (net)	1.586.859	1.586.859	-	-	-	-
Associates (net)	100.345	100.345	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-
Finance lease receivables	5.547.035	5.547.035	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Tangible Assets (net)	20.265.059	19.879.122	-	-	-	385.937
Intangible Assets (net)	838.555	264.087	-	-	-	574.468
Real estate for investment purpose (net)	2.110.015	2.110.015	-	-	-	-
Tax asset	10.862	10.862	-	-	-	-
Deferred Tax Assets	8.517.784	-	-	-	-	8.517.784
Assets Held For Sale and Discontinued Operations (net)	1.772	1.772	-	-	-	-
Other assets	23.845.367	23.845.023	-	-	344	-
Total Assets	1.433.898.750	1.356.044.530	3.259.675	-	30.790.100	43.977.187
Liabilities						
Deposits	1.089.655.417	-	-	-	-	1.089.655.417
Derivative financial liabilities	822.352	-	-	-	49.005	773.347
Loans	17.095.256	-	-	-	-	17.095.256
Money market borrowings	105.240.015	-	65.634.823	-	-	39.605.192
Securities issued	13.330.441	-	-	-	-	13.330.441
Funds	237.542	-	-	-	-	237.542
Other liabilities	72.547.721	-	-	-	3.404	72.544.317
Factoring payables	1.136	-	-	-	-	1.136
Finance lease payables	1.519.162	-	-	-	-	1.519.162
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Provisions	9.126.847	-	-	-	-	9.126.847
Tax Liability	9.678.370	-	-	-	-	9.678.370
Deferred Tax Liability	2.152	-	-	-	-	2.152
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated Loans	27.215.261	-	-	-	-	27.215.261
Shareholders' equity	87.427.078	-	-	-	-	87.427.078
Total liabilities	1.433.898.750	-	65.634.823	-	52.409	1.368.211.518

* Expected Loss Provisions presented in related lines.

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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	1.433.898.750	1.356.044.530	-	3.259.675	30.790.100
2 Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	65.634.823	52.409
3 Total net amount under regulatory scope of consolidation	1.433.898.750	1.356.044.530	-	(62.375.148)	30.737.691
4 Off-balance Sheet Amounts ^(*)	792.031.019	196.879.642	-	7.273.137	18.285.021
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	-	1.552.924.172	-	(55.102.011)	49.022.712

Explanations of differences between accounting and regulatory exposure amounts:

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

Explanations Related to Counterparty Credit Risk

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

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

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

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

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

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

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Counterparty Credit Risk (CCR) Approach Analysis:

	Replacement cost	Potential Future exposure	EEPE ⁽¹⁾	Alpha used for computing regulatory EAD	EAD post-CRM	Risk Weighted Assets
Standardised Approach - CCR (for derivatives)	3.355.493	2.599.279		1,4	5.954.772	2.678.160
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)					6.287.155	4.217.809
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions						
Total					12.241.927	6.895.969

* 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	5.954.772	781.196
Total subject to the CVA capital obligation	5.954.772	781.196

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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	2.568.183	-	-	-	-	-	-	-	-	2.568.183
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	2.918.093	764.218	-	1.847.403	-	-	-	5.529.714
Claims on corporates	-	-	23.543	-	-	3.951.057	-	-	-	3.974.600
Claims included in the regulatory retail portfolios	-	-	-	-	169.430	-	-	-	-	169.430
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*	-	-	-	-	-	781.196	-	-	-	781.196
Total	2.568.183	-	2.941.636	764.218	169.430	6.579.656	-	-	-	13.023.123

⁽¹⁾ 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	-	-	-	-	63.520	-
Cash-foreign currency	-	1.732.196	-	-	424.624	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	1.732.196	-	-	488.144	-

Counterparty Credit Risk-Credit Derivatives:

None.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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)		393.845
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	1.318.365	393.631
(i) Over the counter derivative financial instruments	815.273	16.305
(ii) Other derivative financial instruments	503.092	377.326
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	10.461	
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	10.725	214
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:

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

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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 Parent Bank are carried out in accordance with the Parent Bank's policies determined in compliance with the legal regulations. The Risk Management Department, which is the risk unit within the internal systems, performs the functions of measuring, monitoring, controlling and reporting on the credit risk to which the Parent Bank is exposed to. These units are regularly reporting the risks exposed to the Parent Bank's Senior Management.

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

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

Credit Quality of Assets

	Gross carrying value as per TAS		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-Defaulted		
1 Loans	19.052.911	847.119.613	53.661.241	812.511.283
2 Debt Securities ⁽¹⁾	-	344.943.414	90.278	344.853.136
3 Off-balance sheet exposures	-	441.428.389	3.162.583	438.265.806
4 Total	19.052.911	1.633.491.416	56.914.102	1.595.630.225

⁽¹⁾ As of 31 December 2022, TRY 33.947.997 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	16.749.893
2 Loans and debt securities defaulted since the last reporting period	10.672.220
3 Receivables back to performing status	183.407
4 Amounts written off	2.283.484
5 Other changes	(5.902.311)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	19.052.911

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

Additional Disclosure Related To The Credit Quality Of Assets:

Breakdown According to Maturity:

31 December 2022	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Over	Total
Loans	20.809.500	84.872.544	58.491.587	269.899.525	319.972.533	112.126.835	866.172.524

Exposures Provisioned Against By Major Regions:

31 December 2022	Non-Performing Loans	ECL (Stage 3)
Domestic	18.522.690	15.132.085
European Union (EU) Countries	1.910	192
OECD Countries	33	25
Off-Shore Banking Regions	-	-
USA, Canada	20	10
Other Countries	528.258	253.342
Total	19.052.911	15.385.654

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 2022	
30-60 days overdue	2.277.069
60-90 days overdue	3.047.541
Total	5.324.610

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

31 December 2022	
Loans Structured from Standard Loans	496.258
Loans Composed of Follow-up Loans	26.836.059
Loans Restructured from Non-Performing Loans	2.087.915

* Rediscounts are not included in the amount.

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Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

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

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

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

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

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

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

Concentration checks are conducted on guarantors and collateral providers.

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

Credit Risk Mitigation Techniques- Overview

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans ⁽²⁾	433.220.972	388.445.098	242.658.357	26.856.075	21.833.243	-	-
2 Debt Instruments ⁽¹⁾	344.853.136	-	-	-	-	-	-
3 Total	778.074.108	388.445.098	242.658.357	26.856.075	21.833.243	-	-
4 Of which defaulted	2.106.371	1.656.963	1.103.396	596.524	562.031	-	-

⁽¹⁾ As of 31 December 2022, TRY 33.947.997 of borrowed securities is not included in Financial Assets at Fair Value through Profit or Loss.

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

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

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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	412.182.231	906.793	433.470.949	1.298.473	495.871	0,11%
Claims on regional governments or local authorities	2.032.493	161.442	2.018.172	65.241	1.041.707	50,00%
Claims on administrative bodies and other non-commercial undertakings	2.801.642	2.162.994	2.733.072	935.156	3.668.228	100,00%
Claims on multilateral development banks	-	-	63	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	8.965.067	5.911.660	8.962.657	3.612.306	7.381.501	58,70%
Claims on corporates	301.906.625	230.760.999	282.647.421	145.689.531	370.593.716	86,52%
Claims included in the regulatory retail portfolios	247.422.116	87.195.357	227.784.916	18.028.158	185.666.799	75,53%
Claims secured by residential property	119.476.448	15.711.986	119.476.448	7.882.972	44.575.796	35,00%
Claims secured by commercial property	75.758.795	24.101.029	75.758.795	15.256.941	49.491.251	54,38%
Overdue loans	4.394.733	1.230.080	3.785.928	351.045	3.803.769	91,95%
Higher risk categories decided by the Board	45.677.121	-	45.616.005	-	84.299.479	184,80%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	393.531	-	393.531	-	393.531	100,00%
Equity share investments	73.350.548	8.089.836	73.348.546	18.844	35.309.047	48,13%
Total	1.294.361.350	376.232.176	1.275.996.503	193.138.667	786.720.695	53,55%

Standardised Approach- Claims By Risk Classification And Risk Weights

Risk Classification	Risk Weights											Total risk amount (pt-CCF and CRM)	
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%		500%
Claims on sovereigns and Central Banks	434.273.553	-	-	-	-	-	495.869	-	-	-	-	-	434.769.422
Claims on regional governments or local authorities	-	-	-	-	2.083.413	-	-	-	-	-	-	-	2.083.413
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	3.668.228	-	-	-	-	-	3.668.228
Claims on multilateral development banks	63	-	-	-	-	-	-	-	-	-	-	-	63
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	5.219.269	-	2.036.093	-	5.319.601	-	-	-	-	-	12.574.963
Claims on corporates	-	-	50.153.269	-	37.544.753	135	338.335.217	2.303.578	-	-	-	-	428.336.952
Claims included in the regulatory retail portfolios	-	-	-	-	-	240.585.105	5.227.969	-	-	-	-	-	245.813.074
Claims secured by residential property	-	-	-	127.359.420	-	-	-	-	-	-	-	-	127.359.420
Claims secured by commercial property	-	-	-	-	83.048.968	-	7.966.768	-	-	-	-	-	91.015.736
Overdue loans	-	-	-	-	835.016	-	3.133.348	168.609	-	-	-	-	4.136.973
Higher risk categories decided by the Board	-	-	-	-	-	-	-	13.912.669	31.695.401	-	-	7.935	45.616.005
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	-	-	-	-	-	-	393.531	-	-	-	-	-	393.531
Other receivables	33.281.878	-	5.765.506	-	-	656.239	33.663.767	-	-	-	-	-	73.367.390
Total	467.555.494	-	61.138.044	127.359.420	125.548.243	241.241.479	398.204.298	16.384.856	31.695.401	-	-	7.935	1.469.135.170

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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 Parent Banks' Capital Adequacy" published in the Official Gazette dated 23 October 2015 and numbered 29511. In addition, the risk measurement model and the value at risk (VAR) are measured in accordance with the "Communiqué on Calculation of Market Risk and Risk Measurement Models and Evaluation of Risk Measurement Models" published in the Official Gazette dated 23 October 2015 and numbered 29511. Historical simulation method is used in VAR measurements.

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

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

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

Market Risk: Standardised approach

	RWA
Outright products	
Interest rate risk (general and specific)	13.146.838
Equity risk (general and specific)	885.350
Foreign exchange risk	18.098.337
Commodity risk	-
Options	
Simplified approach	-
Delta-plus method	357.575
Scenario approach	-
Securitization	-
Total	32.488.100

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	11.301.244	17.550.992	18.295.342	15.715.859	15	2.357.379
Amount at Operational Risk (Total * 12,5)						29.467.236

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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XII. EXPLANATIONS ON REMUNERATION POLICIES

Explanations on Remuneration Committee

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

- The scope and structure of the Parent Bank's operations and strategies ensure the effectiveness of a wage policy and wage policy that is consistent with its long-term goals and risk management structures, prevents excessive risk taking and contributes to effective risk management.
- Controls and follows the remuneration practices on behalf of the Board of Directors
- Ensures accordance of ethical values, 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 as key personnel by the Parent Bank:

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

As of the end of 2022, the number of critical key personnel is 25.

Information on the design and structure of remuneration process

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

Remuneration Committee at its meeting in December 2022 reviewed the remuneration policy and practices.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

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

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

Evaluation about how the Parent Bank associates variable remunerations with performance

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

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

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

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

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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 Türkiye and information on balances with the Central Bank of the Republic of Türkiye:

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and foreign currency	2.918.483	6.866.742	1.900.638	5.512.483
CBRT	28.917.561	121.184.994	17.613.716	98.951.673
Other ⁽¹⁾	-	4.332.101	-	2.051.057
Total	31.836.044	132.383.837	19.514.354	106.515.213

⁽¹⁾ It includes the reserve requirement held by the Central Bank of Macedonia and Central Bank of Serbia.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand unrestricted amount ⁽¹⁾	28.666.697	38.540.462	17.211.303	34.517.548
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Other ⁽²⁾	250.864	82.644.532	402.413	64.434.125
Total	28.917.561	121.184.994	17.613.716	98.951.673

⁽¹⁾ Reserve deposits kept in CBRT.

⁽²⁾ Blocked reserve deposits amounts held in the CBRT and Central Bank of TRNC are included in the Other.

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

With the Board of Directors decision No. 177/21 dated 2022 of the Central Bank of Macedonia, reserve requirement ratio is 5% for MKD currency liabilities, 18% 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.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	34.015.603	-	-	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	93.792	-	24.163.846	-

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	-	121.833	-	195.839
Swap transactions	319.674	2.745.078	2.721.424	6.017.770
Futures transactions	-	-	-	-
Options	-	48.085	17.442	36.420
Other	-	-	-	-
Total	319.674	2.914.996	2.738.866	6.250.029

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	1.012.531	780.750	273.302	256.026
Foreign banks	892.789	6.016.434	124.354	3.886.771
Branches and offices abroad	-	-	-	-
Total	1.905.320	6.797.184	397.656	4.142.797

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

b) Information on foreign banks:

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

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

	Unrestricted Balance	Restricted Balance
	Prior Period	Prior Period
EU Countries	555.808	373.545
USA and Canada	214.266	-
OECD Countries ⁽¹⁾	895.112	332.114
Offshore Banking Regions	1.009	-
Other	675.651	963.620
Total	2.341.846	1.669.279

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	18.240.767	33.445.116	11.765.216	25.351.058

a.2. Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	109.178	472.490	56.683	-

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

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

	Current Period	Prior Period
	Debt securities	102.360.287
<i>Quoted on a stock exchange</i>	99.831.814	68.309.354
<i>Not quoted</i>	2.528.473	1.960.004
Equity Securities	559.360	420.691
<i>Quoted on a stock exchange</i>	440.490	346.525
<i>Not quoted</i>	118.870	74.166
Impairment provision (-)	57.453	1.753.325
Total	102.862.194	68.936.724

(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	1.487.680	-	792.643	-
Total	1.487.680	-	792.643	-

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	Refinance
Non-specialized loans	653.239.772	26.421.778	232.110	26.603.945
<i>Corporation loans</i>	389.163.977	19.716.406	207.273	26.591.496
<i>Export loans</i>	34.493.695	42.749	-	-
<i>Import loans</i>	-	-	-	-
<i>Loans given to financial sector</i>	7.850.727	-	-	-
<i>Consumer loan</i>	111.991.072	1.214.848	24.837	8.646
<i>Credit cards</i>	35.922.313	1.591.375	-	928
<i>Other</i>	73.817.988	3.856.400	-	2.875
Specialized lending	124.515.992	3.620.213	-	4
Other receivables	-	-	-	-
Accruals	9.547.932	1.928.865	5.686	1.003.316
Total	787.303.696	31.970.856	237.796	27.607.265

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	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	12.229.027	3.669.091	-	-
Significant Increase in Credit Risk	-	-	26.046.560	6.904.033

In the current period, the increase in expected loss provisions of first stage and second stage is due to the increase in the balance of standard loans and under close monitoring loans, as well as the increase in the risk levels of customers.

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	253.340.565	4.620.365	691.736
Medium and Long Term Loans	533.963.131	27.350.491	27.153.325
Prior Period			
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

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

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	1.299.363	98.062.826	99.362.189
Real estate loans	8.291	71.829.365	71.837.656
Automobile loans	58.894	4.889.921	4.948.815
Consumer loans	1.232.178	21.343.540	22.575.718
Other	-	-	-
Consumer loans- Indexed to FC	3.561	1.565.305	1.568.866
Real estate loans	-	1.466.015	1.466.015
Automobile loans	-	21.617	21.617
Consumer loans	3.561	77.673	81.234
Other	-	-	-
Consumer loans- FC	28.103	8.806.792	8.834.895
Real estate loans	538	2.887.399	2.887.937
Automobile loans	364	10.440	10.804
Consumer loans	23.343	5.876.537	5.899.880
Other	3.858	32.416	36.274
Individual credit cards-TRY	11.455.918	920	11.456.838
Installment	4.559.861	920	4.560.781
Non-installment	6.896.057	-	6.896.057
Individual credit cards-FC	1.834	419.016	420.850
Installment	-	400.887	400.887
Non-installment	1.834	18.129	19.963
Personnel loans-TRY	97.640	725.142	822.782
Real estate loans	-	42	42
Automobile loans	-	-	-
Consumer loans	97.640	725.100	822.740
Other	-	-	-
Personnel loans-Indexed to FC	138	73.712	73.850
Real estate loans	-	71.981	71.981
Automobile loans	-	157	157
Consumer loans	138	1.300	1.438
Other	-	274	274
Personnel loans-FC	1.343	152.865	154.208
Real estate loans	260	92.356	92.616
Automobile loans	-	-	-
Consumer loans	1.077	60.186	61.263
Other	6	323	329
Personnel credit cards-TRY	355.740	-	355.740
Installment	129.770	-	129.770
Non-installment	225.970	-	225.970
Personnel credit cards-FC	196	10.370	10.566
Installment	-	-	-
Non-installment	196	10.370	10.566
Overdraft accounts-TRY (Retail customers) ^(**)	2.118.415	-	2.118.415
Overdraft accounts-FC (Retail customers) ^(***)	276.909	27.289	304.198
Total	15.639.160	109.844.237	125.483.397

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

(**) TRY 67.951 of the overdraft account consists of loans given to personnel.

(***) TRY 2.583 of the overdraft account consists of loans given to personnel.

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

Prior 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	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) ^(*)	1.711.484	-	1.711.484
Overdraft accounts-FC (Retail customers) ^(**)	194.876	19.136	214.012
Total	8.116.955	80.751.879	88.868.834

(*) Interest income accruals and rediscounts 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.

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(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	2.717.960	57.612.595	60.330.555
Business premises loans	1.654	1.591.953	1.593.607
Automobile loans	89.786	2.402.499	2.492.285
Consumer loans	2.626.520	53.618.143	56.244.663
Other	-	-	-
Commercial installment loans- Indexed to FC	964.604	3.744.442	4.709.046
Business premises loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	964.604	3.744.442	4.709.046
Commercial installment loans - FC	2.908.865	82.139.278	85.048.143
Business premises loans	-	-	-
Automobile loans	-	-	-
Consumer loans	391.917	71.059.454	71.451.371
Other	2.516.948	11.079.824	13.596.772
Corporate credit cards-TRY	25.249.390	-	25.249.390
Installment	10.623.531	-	10.623.531
Non-installment	14.625.859	-	14.625.859
Corporate credit cards-FC	1.033	20.199	21.232
Installment	-	10.250	10.250
Non-installment	1.033	9.949	10.982
Overdraft accounts-TRY (Commercial customers)	23.866.070	-	23.866.070
Overdraft accounts-FC (Commercial customers)	55.948	-	55.948
Total	55.763.870	143.516.514	199.280.384

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

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	1.520.962	36.567.506	38.088.468
Business premises loans	3.550	787.833	791.383
Automobile loans	32.484	969.733	1.002.217
Consumer loans	1.484.928	34.809.940	36.294.868
Other	-	-	-
Commercial installment loans- Indexed to FC	336.819	2.341.018	2.677.837
Business premises loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	2.056	2.056
Other	336.819	2.338.962	2.675.781
Commercial installment loans - FC	1.940.599	66.195.326	68.135.925
Business premises loans	-	-	-
Automobile loans	-	-	-
Consumer loans	312.007	58.444.333	58.756.340
Other	1.628.592	7.750.993	9.379.585
Corporate credit cards-TRY	14.274.775	-	14.274.775
Installment	6.228.064	-	6.228.064
Non-installment	8.046.711	-	8.046.711
Corporate credit cards-FC	1.611	9.763	11.374
Installment	-	7.535	7.535
Non-installment	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
Total	23.457.126	105.113.613	128.570.739

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

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

f) Loans by customers

	Current Period	Prior Period
Public	34.412.916	12.323.186
Private	812.706.697	528.547.140
Total	847.119.613	540.870.326

(⁽¹⁾ Non-performing loans balance is not included in the table above.

g) Domestic and foreign loans⁽¹⁾:

	Current Period	Prior Period
Domestic loans	815.375.195	519.241.284
Foreign loans	31.744.418	21.629.042
Total	847.119.613	540.870.326

(⁽¹⁾ Non-performing loans balance is not included in the table above.

h) Loans granted to subsidiaries and associates:

None. (31 December 2021: None.)

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

	Current Period	Prior Period
Loans with Limited Collectability	1.832.288	1.081.673
Loans with Doubtful Collectability	2.220.847	332.075
Uncollectible Loans	11.332.519	10.699.031
Total	15.385.654	12.112.779

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 and the increase in the NPL balance in the current period. Also the increase in the balance of non performing loans is another effect which leads to increase in the balance of specific provisions during the current period.

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

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

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current period			
Gross amounts before the specific provisions	740.290	339.119	1.008.506
Restructured loans	740.290	339.119	1.008.506
Prior period			
Gross amounts before the specific provisions	503.625	72.765	1.196.092
Restructured loans	503.625	72.765	1.196.092

(⁽¹⁾ Rediscounts are not included.

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
Current Period			
Current period end balance	2.561.869	761.381	13.426.643
Additions (+) ⁽¹⁾	8.800.771	153.726	1.717.723
Transfers from other categories of loans under non-performing (+)	-	5.111.990	2.172.798
Transfers to other categories of loans under non-performing (-)	5.421.194	1.863.594	-
Collections (-) ⁽¹⁾	2.357.057	787.943	2.940.718
Write-offs (-) ⁽¹⁾	2	735	2.270.648
Sold (-)	-	-	12.099
Corporate and Commercial Loans	-	-	12.099
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	3.584.387	3.374.825	12.093.699
Provision (-)	1.832.288	2.220.847	11.332.519
Net balance on balance sheet	1.752.099	1.153.978	761.180
Prior Period			
Prior 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 (-) ⁽¹⁾	643.133	388.630	3.364.230
Write-offs (-)	-	859	38.354
Sold (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	2.561.869	761.381	13.426.643
Provision (-)	1.081.673	332.075	10.699.031
Net balance on balance sheet	1.480.196	429.306	2.727.612

(⁽¹⁾ 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.

(⁽¹⁾) As of reporting period, the loan granted to LYY Telekomünikasyon A.Ş. amounting to TRY 1.337.985 has been transferred as non-performing loans and 100% stage 3 expected credit losses has been made and at the same time has been written-off in connection with there is no reasonable expectation for its recovery as per the scope of "Procedures and Principals regarding Classifications of Loans and Allowances Allocated for Such Loans".

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Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

j.3. Information on foreign currency non-performing loans and other receivables⁽¹⁾:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current period			
Balance at the end of the period	483.217	881.159	4.188.003
Provisions(-)	333.731	815.753	3.972.860
Net balance in the balance sheet	149.486	65.406	215.143
Prior period			
Balance at the end of the period	510.934	85.059	4.527.705
Provisions(-)	352.073	33.706	3.737.561
Net balance in the balance sheet	158.861	51.353	790.144

⁽¹⁾ Rediscounts are 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
Current period (Net)	1.752.099	1.153.978	761.180
Loans to granted real persons and legal entities (Gross)	3.584.387	3.374.825	12.093.699
Provisions (-)	1.832.288	2.220.847	11.332.519
Loans to granted real persons and legal entities (Net)	1.752.099	1.153.978	761.180
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-
Prior period (Net)	1.480.196	429.306	2.727.612
Loans to granted real persons and legal entities (Gross)	2.561.869	761.381	13.426.643
Specific provisions (-)	1.081.673	332.075	10.699.031
Loans to granted real persons and legal entities (Net)	1.480.196	429.306	2.727.612
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-

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(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 Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period (Net)	819	240	1.082
Interest Accruals and Valuation Differences	8.737	7.959	1.753.921
Provision (-)	7.918	7.719	1.752.839
Prior Period (Net)	7.400	1.908	399.497
Interest Accruals and Valuation Differences	16.817	16.841	1.963.468
Provision (-)	9.417	14.933	1.563.971

l) Main guidelines of the liquidation policy of the Bank 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 and principle receivables from loans.

m) Explanations on write-off policy:

The Group derecognised the non-performing loan amounting to TRY 2.271.385 on the grounds that there was no reasonable expectation, and the Group's non-performing loan ratio decreased from 2,46% to 2,20% after the loans were written off. (In the previous period, the Group derecognised the non-performing loan amounting to TRY 39.213 due to lack of reasonable expectations, and this derecognition has no effect on the NPL ratio.)

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked Securities	109.707.592	55.559.702	55.081.664	49.778.434

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	46.157.728	17.310.081	8.858.706	4.975.643

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

	Current Period	Prior Period
Government bonds	234.845.851	132.029.922
Treasury bills	1.982.106	305.345
Other public sector debt securities	2.167.490	792.874
Total	238.995.447	133.128.141

c) Information on financial assets measured at amortised cost:

	Current Period	Prior Period
Debt securities	241.455.259	133.178.664
Quoted on a stock exchange	223.107.074	120.512.297
Not quoted	18.348.185	12.666.367
Impairment provision (-)	-	-
Total	241.455.259	133.178.664

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

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

	Current Period	Prior Period
Beginning balance	133.178.664	84.804.689
Foreign currency differences on monetary assets	23.584.831	17.932.370
Purchases during the year ⁽¹⁾	96.151.910	41.281.309
Disposals through sales and redemptions	(11.460.146)	(10.839.704)
Impairment provision (-)	-	-
Balance at the end of the period	241.455.259	133.178.664

⁽¹⁾ The difference between the discount amount of TRY 67.406.334 as of 31 December 2022 and the amount of discount amount of TRY 31.918.355 as of 31 December 2021 is shown in the line disposed by purchases during the year.

(7) Information on associates (Net):

a) The reasons behind unconsolidated associates being out of consolidation scope:

In accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks, associates that are financial institutions are included in the consolidation, associates that are non-financial institutions are not included in the scope of consolidation.

b) Information on unconsolidated associates:

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1. Kredi Kayıt Bürosu AŞ ⁽¹⁾	Istanbul	18,18	18,18
2. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ ⁽¹⁾	Istanbul	33,33	33,33

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	781.026	34.415	320.607	67.411	-	(18.412)	58.105	-
2.	413.537	313.485	109.191	38.333	-	(35.010)	(5.804)	-

⁽¹⁾ The financial data is obtained from unaudited 31 December 2022 financial statement .

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

d) Information on consolidated associates:

Description	Address (City/Country)	Bank's share percentage, if different voting percentage (%)	Bank's risk group share percentage (%)
1. Demir-Halkbank NV ⁽¹⁾	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾	Ankara	31,47	33,12
3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾⁽³⁾	Istanbul	33,33	33,33

e) Information related to the associates as shown in (d):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value ⁽²⁾
1.	34.298.279	4.579.579	50.717	842.867	3.064	196.944	106.321	1.612.921
2.	228.749	226.721	1.323	27.652	-	156.706	13.794	-
3.	33.447	33.398	13	4.081	-	3.398	-	-

⁽¹⁾ The financial data is obtained from 31 December 2022 financial statements used in consolidation.

⁽²⁾ Financial information about the fair value of Demir Halkbank NV has been obtained from valuation report as of 31 December 2022.

⁽³⁾ Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ, one of the subsidiaries of the Parent Bank, in which the Parent Bank has a 33.33% share, is established in the current period.

f) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	1.195.858	764.460
Movements during the period	391.001	431.398
Purchases ⁽¹⁾⁽²⁾⁽³⁾	79.539	57.243
Bonus shares obtained profit from current year's share	-	-
Dividends from current year income	-	-
Sales	-	-
Transfers ⁽³⁾	(5.595)	(57.243)
Revaluation decrease (-) / increase	317.057	431.398
Impairment provisions (-)/ reversals	-	-
Balance at the end of the period	1.586.859	1.195.858
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ In the current period, the Parent Bank has made a payment TRY 64.994 due to the paid capital increase of Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.

⁽²⁾ The Parent Bank has made a payment TRY 10.000 for Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ which was established in the current period.

⁽³⁾ In the current period, the Parent Bank has purchased 13,33% of Platform Ödeme Hizmetleri ve Elektronik Para A.Ş. for TRY 700 increasing its share ratio to 33,33%, and afterwards purchased 66,67% of Platform Ödeme Hizmetleri ve Elektronik Para A.Ş. for TRY 3.845 and increased its share ratio to 100% and transferred the related associate to the subsidiaries.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

g) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	1.373.880	1.108.396
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	82.481	20.907
Other non- financial investments	130.498	66.555

h) Associates quoted to a stock exchange:

None.

(8) Information on subsidiaries (Net):

a) Information on consolidated subsidiaries ⁽¹⁾:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ	Halk Osiguruvanje AD, Skopje
COMMON EQUITY TIER I CAPITAL								
Paid in Capital	150.000	1.570.000	523.000	1.338.698	246.000	754.199	100	110.639
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-	-
Share premium	-	50.372	-	11.633	-	773.455	-	-
Reserves	135.372	50.817	34.246	2.769.832	127.042	2.221.736	3.088	354.925
Other Comprehensive Income according to TAS	11.174	4.841.036	2.071	-	10	-	-	-
Profit / Loss	419.256	3.551	208.609	70.296	177.856	205.391	1.711	(139.361)
Net Profit	419.256	3.551	234.525	200.623	177.856	205.391	1.711	(58.178)
Prior Period Profit/Loss	-	-	(25.916)	(130.327)	-	-	-	(81.183)
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 (-)	-	-	-	79.638	-	320.868	-	-
Leasehold Improvements (-)	-	-	-	18.845	-	16.419	-	-
Intangible Assets (-)	10.796	1.973	1.594	60.345	4.373	169.825	-	4.147
Total Core Capital	705.006	6.513.803	766.332	4.031.631	546.535	3.447.669	4.899	322.056
SUPPLEMENTARY CAPITAL	-	-	93.321	97.633	28.252	45.002	-	-
CAPITAL	705.006	6.513.803	859.653	4.129.264	574.787	3.492.671	4.899	322.056
NET AVAILABLE CAPITAL	705.006	6.513.803	859.653	4.129.264	574.787	3.492.671	4.899	322.056

⁽¹⁾ The information is presented from companies' financial statements as of 31 December 2022.

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

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.

b) Unconsolidated subsidiaries, reasons for not consolidating if any and information on total needed shareholder's equity that is subjected to minimum capital requirements:

In accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks, subsidiaries that are financial institutions are included in the consolidation, subsidiaries that are non-financial institutions are not included in the scope of consolidation.

In this context, subsidiary of the Parent Bank, Platform Ödeme Hizmetleri ve Elektronik Para A.Ş., which is non-financial institution, is not included in the scope of consolidation.

c) Information on unconsolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage, if different voting percentage (%)	Bank's risk group share percentage (%)
1. Platform Ödeme Hizmetleri ve Elektronik Para A.Ş. ⁽¹⁾	Istanbul	100,00	100,00

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	101.191	101.066	214	2.653	-	737	922	100.345

⁽¹⁾ The financial data is obtained from 31 December 2022 financial statements.

e) Information on consolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage, if different voting percentage (%)	Bank's risk group share percentage (%)
1. Halk Yatırım Menkul Değerler AŞ	Istanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ ^{(2) (3)}	Istanbul	79,33	79,36
3. Halk Finansal Kiralama AŞ	Istanbul	100,00	100,00
4. Halk Banka AD, Skopje	Macedonia	99,56	99,56
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
8. Halk Osiguruvanje A.D., Skopje	Macedonia	-	99,56

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

f) Information related to the subsidiaries as shown in (e):⁽¹⁾

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	3.765.683	715.802	25.107	390.409	14.937	419.256	197.868	1.090.578
2.	10.807.979	6.472.642	7.088.761	28.296	6.253	3.551	40.160	7.400.240
3.	7.186.625	767.926	8.891	796.460	-	234.525	75.184	811.319
4.	26.972.319	4.110.821	901.636	737.610	38.175	200.623	38.472	4.103.294
5.	3.783.697	550.908	7.574	709.044	-	177.856	67.633	931.982
6.	18.857.208	3.633.913	436.697	559.397	70.410	205.391	83.117	3.497.880
7.	3.174.006	4.899	1	-	-	1.711	850	6.182
8.	388.682	326.203	13.927	2.127	1.343	(58.178)	(41.528)	-

⁽¹⁾ The financial data is obtained from 31 December 2022 financial statements used in consolidation.

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

⁽³⁾ The Parent Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı AŞ was privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa İstanbul AŞ

g) Movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period (Before Elimination)	7.733.280	5.516.428
Movements during the period	10.276.156	2.216.852
Purchase ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	2.266.422	555.211
Bonus shares obtained profit from current year's share	28.785	81.981
Dividends from current year income	-	-
Sales	-	-
Transfer	5.595	-
Revaluation increase/decrease	7.975.354	1.579.660
Impairment Provisions (-)/ Reversals	-	-
Share capital elimination of subsidiaries	(17.909.091)	(7.733.280)
Balance at the end of the period	100.345	-
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ In the current period, the Parent Bank has made a payment TRY 367.008 due to the paid capital increase of Halk Gayrimenkul Yatırım Ortaklığı AŞ.

⁽²⁾ In the current period, the Parent Bank has made a payment TRY 150.000 due to the paid capital increase of Halk Faktoring AŞ.

⁽³⁾ In the current period, the Parent Bank has made a payment TRY 200.000 due to the paid capital increase of Halk Finansal Kiralama AŞ.

⁽⁴⁾ The Parent Bank has made a payment TRY 539.663 due to the paid capital increase of Halk Banka A.D., Skopje and increased its share ratio 99,56%.

⁽⁵⁾ In the current period, the Parent Bank has made a payment TRY 94.750 due to the paid capital increase of Platform Ödeme Hizmetleri ve Elektronik Para AŞ.

⁽⁶⁾ In the current period, the Parent Bank has made a payment TRY 915.001 due to the paid capital increase of Halkbank A.D. Beograd.

Türkiye Halk Bankası A.Ş.

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

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

	Current Period	Prior Period
Banks	7.601.174	4.585.604
Insurance companies	67.616	67.616
Factoring companies	931.982	362.348
Leasing companies	811.319	471.661
Financing companies	-	-
Other financial subsidiaries	8.497.000	2.246.051
Other non-financial subsidiaries	100.345	-

i) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock ⁽¹⁾	7.400.240	1.710.255
Quoted foreign stock exchange	-	-

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

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

None.

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

a) Maturity structure of investments on financial lease:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	3.126.042	424.461	2.058.860	1.626.152
1 - 4 years	3.286.853	3.376.404	2.482.054	1.901.548
More than 4 years	1.459.005	1.811.085	1.182.442	894.281
Total	7.871.900	5.611.950	5.723.356	4.421.981

b) Information on net investments of financial lease:

	Current Period	Prior Period
Gross financial lease investment	7.871.900	5.723.356
Unearned revenues from financial lease	(2.259.950)	(1.301.375)
Total	5.611.950	4.421.981

Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

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

	Current Period	Prior Period
Financial lease receivables with limited collectability	2.276	38.909
Financial lease receivables with doubtful collectability	7.289	23.316
Uncollectible financial lease receivables	293.797	419.407
Provisions	(274.956)	(414.935)
Total	28.406	66.697

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

None (31 December 2021: None).

(12) Information on tangible assets:

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

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

Prior Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
Cost:						
Immovable	4.363.469	677.157	789.128	42.323	40.352	5.827.783
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	1.218.128	655.846	-	297.628	-	1.576.346
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
Total Cost	12.222.862	3.760.069	789.128	2.457.765	32.731	14.347.025
Accumulated depreciation (-)						
Immovable	353.193	57.716	139.675	3.926	391	547.049
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	362.579	305.276	-	65.667	-	602.188
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
Total Accumulated Depreciation	1.926.845	765.347	139.675	177.393	7	2.654.481
Provision for impairment (-)						
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
Total provision for impairment (-)	17.129	-	3.023	472	-	19.680
Net Book Value	10.278.888	2.994.722	646.430	2.279.900	32.724	11.672.864

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Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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
Cost:					
Other intangible assets	1.248.573	416.524	-	-	1.665.097
Total Cost	1.248.573	416.524	-	-	1.665.097
Accumulated Depreciation (-)					
Other intangible assets	568.457	258.085	-	-	826.542
Total Accumulated Depreciation	568.457	258.085	-	-	826.542
Net Book Value	680.116	158.439	-	-	838.555
Prior Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
Cost:					
Other intangible assets	980.987	270.344	2.758	-	1.248.573
Total Cost	980.987	270.344	2.758	-	1.248.573
Accumulated Depreciation (-)					
Other intangible assets	342.279	228.538	2.360	-	568.457
Total Accumulated Depreciation	342.279	228.538	2.360	-	568.457
Net Book Value	638.708	41.806	398	-	680.116

Türkiye Halk Bankası A.Ş.**Explanations and Notes to the Consolidated Financial Statements
for the Period Ended 31 December 2022**

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

(14) Information on investment property:

	Current Period	Prior Period
Cost:		
Opening Balance	1.478.497	1.303.741
Acquisitions	648.032	251.888
Transfer	121.787	(40.352)
Disposals	(28.280)	(36.780)
Impairment Charge/Reversal	-	-
Ending Balance	2.220.036	1.478.497
Accumulated Depreciation (-)		
Opening Balance	104.680	96.480
Amortization Charge	8.844	8.835
Transfer	787	(391)
Disposals	(4.290)	(244)
Impairment Provisions	-	-
Total Accumulated Depreciation (-)	110.021	104.680
Net Book Value	2.110.015	1.373.817

(15) Information on deferred tax assets:

	Current Period	Prior Period
Deferred Tax Asset /(Liability)		
Provisions ⁽¹⁾	12.105.270	3.262.334
Revaluation of Financial Assets	(2.220.087)	(5.524.767)
Other	(1.369.551)	2.491.324
Deferred Tax Asset /(Liability):	8.515.632	228.891
Deferred tax accounted under shareholders' equity	(2.715.564)	359.641
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	(2.598.507)	458.256
Actuarial gains/losses	470.093	117.935
Valuation of subsidiaries	(587.150)	(216.550)

⁽¹⁾ Includes reserve for employee benefits and other provisions.⁽²⁾ Net deferred tax assets amounting to TRY 8.515.632 consists of deferred tax assets which amounting to TRY 8.517.784 and deferred tax liabilities amounting to TRY 2.152.**Türkiye Halk Bankası A.Ş.****Explanations and Notes to the Consolidated Financial Statements
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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

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

	Current Period	Prior Period
Cost	1.772	2.481
Accumulated Depreciation (-)	-	-
Net book value	1.772	2.481
Opening Balance	2.481	1.441
Acquisition	1	1.110
Transfer (Net)	-	-
Disposals (Net)	(710)	(70)
Revaluation Increase	-	-
Impairment (-) / Reversal	-	-
Depreciation (-)	-	-
Closing net book value	1.772	2.481

(17) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 23.876.662 and does not exceed 10% of the balance sheet total (31 December 2021: TRY 8.637.340).

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Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

(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	24.119.641	-	8.307.357	63.747.128	105.970.538	6.174.864	4.274.725	119.802	212.714.055
Foreign currency deposits	99.768.616	-	49.866.705	159.022.163	31.834.515	10.947.876	19.613.612	23.189	371.076.676
Residents in Türkiye	76.567.976	-	42.417.062	150.678.266	27.557.992	6.105.336	10.209.124	22.365	313.558.121
Residents abroad	23.200.640	-	7.449.643	8.343.897	4.276.523	4.842.540	9.404.488	824	57.518.555
Public sector deposits	6.713.701	-	60.362.673	6.116.194	904.955	21.801	17.221	-	74.136.545
Commercial inst. deposits	52.824.520	-	57.388.655	55.648.871	34.238.292	6.557.775	4.083.234	-	210.741.347
Other inst. deposits	3.448.365	-	5.340.727	18.482.502	6.753.311	7.144.804	570.948	-	41.740.657
Precious metals	36.848.593	-	193.786	6.095.225	338.744	169.169	213.370	-	43.858.887
Interbank deposits	92.070.027	-	16.380.144	26.854.275	108	82.696	-	-	135.387.250
CBRT	1.779	-	-	-	-	-	-	-	1.779
Domestic banks	381.409	-	14.886.939	16.215.175	108	82.503	-	-	31.566.134
Foreign banks	86.792.579	-	692.756	10.639.100	-	193	-	-	98.124.628
Participation banks	4.894.260	-	800.449	-	-	-	-	-	5.694.709
Total	315.793.463	-	197.840.047	335.966.358	180.040.463	31.098.985	28.773.110	142.991	1.089.655.417

(¹) As of 31 December 2022, the Parent Bank has a total of TRY 147.918.128 without accruals FX indexed TRY deposit instrument of which published by the CBRT and Ministry of Treasury and Finance.

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	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 Türkiye	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	-	-	-	-	-	-	-	-	-
Total	173.352.465	-	107.220.611	292.549.604	31.030.325	14.966.053	28.157.856	152.371	647.429.285

(¹) As of 31 December 2021, the Parent Bank has a total of TRY 13.050.234 without accruals FX indexed TRY deposit instrument of which published by the CBRT and Ministry of Treasury and Finance.

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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	65.044.411	45.659.431	147.363.380	62.400.473
Foreign currency saving deposits	56.563.132	44.442.049	151.351.055	136.615.979
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	1.252.749	535.794	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

All deposit and participation funds have been covered by insurance except official institutions, credit institutions and financial institutions in accordance with the "Amendment of Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936. In this scope, the balance of commercial deposits of the Parent Bank subject to insurance is TRY 24.870.348. This amount is not included at the above table that includes the insurance and exceeding the insurance limit saving deposit informations.

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

c) Saving deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign branches' saving deposits and other accounts	524.208	395.337
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	21.252	16.627
Deposits and other accounts covered by assets generated through the offenses mentioned in Article 282 of the Turkish Penal Code No.5237 and dated 26.9.2004	-	-
Deposits in the banks to be engaged exclusively in offshore banking in Türkiye	-	-

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(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	-	130.902	-	287.630
Swap transactions	-	644.566	357	2.154.501
Future transactions	-	-	-	-
Options	-	46.884	17.830	10.119
Other	-	-	-	-
Total	-	822.352	18.187	2.452.250

(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	960.890	1.690.542	938.425	3.229.997
Foreign banks, institutions and funds	2.551	14.441.273	-	13.430.143
Total	963.441	16.131.815	938.425	16.660.140

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	722.863	319.001	792.744	1.617.915
Medium and long-term	240.578	15.812.814	145.681	15.042.225
Total	963.441	16.131.815	938.425	16.660.140

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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 19,52% of saving deposits and 34,05% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Group borrows loans from interbank money markets.

The Group's 81,03% of bank deposits and 43,48% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (Net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	8.292.627	-	4.890.092	-
Bonds	857.411	-	706.982	-
Assets Backed Securities	4.180.403	-	2.579.698	-
Total	13.330.441	-	8.176.772	-

(5) Explanations to the funds:

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

Maturity structure of funds:

	Current Period	Prior Period
	Short Term	1.411
Long Term	236.131	137.191
Total	237.542	138.541

(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 Parent Bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the related accounting standards.

b) Explanation on finance lease payables:

None (31 December 2021: None).

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c) Explanations on operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	89.013	79.589	42.617	41.416
1 - 4 years	519.305	419.253	536.782	427.750
More than 4 years	1.689.033	1.020.320	959.620	587.669
Total	2.297.351	1.519.162	1.539.019	1.056.835

(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 2022 the Group does not have a provision amount of the currency differences on foreign currency indexed loans and finance lease receivables (31 December 2021: None).

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

As of 31 December 2022, the Group's stage 3 expected credit losses for unindemnified and unfunded non-cash loans balance is TRY 389.456 (31 December 2021: TRY 337.306).

c) Information on other provisions:

Total other provision balance amounting to TRY 3.468.144 (31 December 2021: TRY 1.187.989) consists of TRY 389.456 (31 December 2021: TRY 337.306) for stage 3 expected credit losses of unindemnified and unfunded non-cash loans, TRY 2.773.127 (31 December 2021: 637.107) for stage 1 and stage 2 expected credit loss amount of non-cash loans, TRY 107.145 (31 December 2021: TRY 84.445) for legal cases filed against the Group, and TRY 198.416 (31 December 2021: TRY 129.131) of other provisions.

d) Movement of employee termination benefits:

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

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

	Current Period	Prior Period
Inflation Rate	9,90%	15,80%
Discount Rate	13,09%	19,10%
Estimated Real Wage Growth Rate	53,50% ⁽¹⁾	30,00%

⁽¹⁾It was used 53,50% for 2023 and 10,10% for the following years.

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

	Current Period	Prior Period
As of January 1	1.538.791	941.282
Charge for the year	205.223	96.220
Interest Expense	289.635	118.500
Actuarial gain/loss	1.293.936	416.791
Prior period service cost composed current period	16.166	6.311
Payment/The limitation of benefits/ Loss (Gain) therefore discharge	2.490	657
Benefits paid within the period (-)	(76.513)	(40.970)
Total	3.269.728	1.538.791

e) Liabilities for employee benefits:

As of 31 December 2022, unused vacation accruals are TRY 429.828, personnel dividend provision is TRY 1.689.611, severance indemnity provision for Group personnel is TRY 3.102.569 and severance indemnity provision for outsourcing firms is TRY 167.159. (31 December 2021: TRY 231.194 for unused vacation accruals; TRY 1.479.036 for severance indemnity provision for Group personnel; TRY 59.755 for severance indemnity provision for outsources; TRY 549.481 for personnel dividend provision).

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

f) Liabilities arising from retirement benefits:

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

None.

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

Based on the results of the actuarial reports prepared as of 31 December 2022, 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 2022, in other words; it measures the amount to be paid to the Social Security Institution by the Parent Bank. Actuarial assumptions used in the calculation are given below.

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

Halk Bankası Çalışanları Emekli Sandığı Vakfı, ("Fund") which was established by 20th provisional article of Social Security Law numbered 506. As of 31 December 2022, the number of personnel who benefit from the Fund is 39.857 (31 December 2021: 38.816).

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

	Current Period	Prior Period
Transferable Pension and Medical Benefits:		
Net Present Value of Total Liabilities Other Than Health	(9.641.633)	(4.839.389)
Net Present Value of Long Term Insurance Line Premiums	9.611.819	4.989.362
Net Present Value of Total Liabilities Other Than Health	(29.814)	149.973
Net Present Value of Health Liabilities	(1.687.560)	(1.134.467)
Net Present Value of Health Premiums	6.004.830	3.117.266
Net Present Value of Health Liabilities	4.317.270	1.982.799
Pension Fund Assets	8.089.148	5.679.944
General Administration Expenses (1%)	(113.292)	(59.739)
Amount of Actuarial and Technical Deficit	12.263.312	7.752.977
Total Assets	Current Period	Prior Period
Banks	6.720.925	4.811.099
Marketable Securities	515.350	504.807
Property and Equipment	404.510	179.872
Other	448.363	184.166
Total	8.089.148	5.679.944

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

Change in Assumptions (%)

Assumptions	Death Benefits	Medical Benefits	Total
Discount rate +1	(19,90%)	(19,80%)	(19,80%)
Discount rate -1	27,40%	27,10%	27,10%
Inflation rate +1	27,50%	33,60%	33,60%
Inflation rate -1	(20,20%)	(23,40%)	(23,40%)

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g) Insurance Technical Provisions (Net):

	Current Period	Prior period
Life-Mathematical Provisions	-	-
Provisions for unearned premium claims	103.898	100.423
Provision for outstanding claims	165.638	105.956
Provisions for unexpired risk reserves	-	-
Other	-	-
Total	269.536	206.379

(10) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 31 December 2022, the Group's calculated current tax liability is amounting to TRY 8.180.085 and recognized under corporate tax provision account as of the mentioned date (31 December 2021: TRY 78.491 corporate tax liability)

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate tax payable	8.180.085	78.491
Income on securities tax	641.431	409.434
Property income tax	4.713	3.049
Banking and insurance transactions tax (BITT)	505.394	252.910
Foreign exchange transactions tax	16.351	52.359
Value added tax payable	28.348	3.534
Other	173.657	80.672
Total	9.549.979	880.449

a.3. Information on premiums:

	Current Period	Prior Period
Social insurance premiums-employee	746	341
Social insurance premiums-employer	2.974	1.084
Bank social aid pension fund premium-employee	43.988	22.968
Bank social aid pension fund premium-employer	68.535	37.885
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	3.455	1.694
Unemployment insurance-employer	6.636	3.416
Other	2.057	1.187
Total	128.391	68.575

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b) Explanations related to deferred tax liability:

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

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

None (31 December 2021: None).

(1.2) 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⁽¹⁾:

Information on Subordinated Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital borrowings instruments	-	21.173.452	-	15.591.893
<i>Subordinated loans</i>	-	21.173.452	-	15.591.893
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.041.809	-	6.051.459	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.041.809	-	6.051.459	-
Total	6.041.809	21.173.452	6.051.459	15.591.893

⁽¹⁾ Detailed information is disclosed in Section Four Footnote I.

(1.3) Information on shareholders' equity

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	4.969.121	2.473.776
Preferred stock	-	-

b) Application of registered capital system and registered capital ceiling amount:

There is an application of registered capital system and registered capital ceiling amount is TRY 10.000.000.

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c) Information on share capital increases and their sources; other information on increased capital shares in the current period:

In accordance with the decision of the Board of Directors of the Parent Bank dated 9 February 2022, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 13.400.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 17 February 2022. Accordingly, the recognition of the capital increase of TRY 2.495.345 on 9 March 2022 was realized on 14 March 2022, based on the permission obtained from the BRSA. The change made to the relevant Articles of Association was registered on 22 March 2022, and it was announced in the Trade Registry Gazette dated 23 March 2022 and numbered 10543. After the increase, TRY 2.495.345 of nominal and TRY 10.904.655 of share premium, amounting to a capital increase of TRY 13.400.000, were recognized in the financial statements. Mentioned capital increase was made by the Parent Bank's main shareholder Türkiye Varlık Fonu. Share capital increased from TRY 2.473.776 to TRY 4.969.121.

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

None.

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

None.

f) Information on the Parent Bank's acquired shares:

Between 1 January 2022 – 31 December 2022, the Parent Bank has repurchased shares amounting to TRY 8.850 and has not resold shares within the scope of the Board of Directors' decision dated 17 March 2020.

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	-	15.040	2.669
<i>Valuation differences</i>	15.040	-	15.040	2.669
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	7.933.780	(889.029)	(1.817.314)	(278.853)
<i>Valuation differences</i>	7.933.780	(893.748)	(1.817.314)	(142.399)
<i>Exchange rate difference</i>	-	4.719	-	(136.454)
Total	7.948.820	(889.029)	(1.802.274)	(276.184)

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j) Information on Profit Distribution:

The Ordinary General Assembly Meeting of the Parent Bank was held on March 25, 2022. At the General Assembly Meeting, it was decided to transfer the remaining amount of TRY 1.432.343 to extraordinary reserves, after allocating TRY 75.386 of the unconsolidated net profit amounting to TRY 1.507.729 from the activities of the year 2021 as general legal reserves.

k) Information on Legal Reserves:

	Current Period	Prior Period
I. Legal Reserve	1.808.379	1.661.716
II. Legal Reserve	665.655	636.172
Special Reserves	232.169	141.821
Share Buyback Reserve Fund	424.229	351.767
Total	3.130.432	2.791.476

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	26.949.466	25.470.612
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital (-)	-	-
Total	26.949.466	25.470.612

(14) Information on minority interest shares:

	Current Period	Prior Period
Paid-in Capital	329.869	214.638
Export Premium	10.446	10.366
Share Cancellation Profits	(43.134)	(28.756)
Marketable Securities Revaluation Fund	-348	7
Legal Reserves	7.351	6.576
Extraordinary Reserves	3.613	4.966
Retained Earnings	92.704	55.471
Other Profit Reserves	11.109	8.738
Other Capital Reserves	9.548	1.191
Net Period Profit / Loss	5.791	8.487
Closing Balance	426.949	281.684

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

(1) Information on off-balance sheet liabilities:

a) Amount and nature of irrevocable loan commitments:

Types of irrevocable commitments	Current Period	Prior Period
Commitments for credit card expenditure limits	34.942.445	17.465.120
Payment commitments for cheques	9.705.677	6.146.359
Loan granting commitments	18.300.735	6.401.780
Forward asset purchase and sale commitments	29.819.815	9.044.334
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	24.391	27.584
Tax and fund liabilities from export commitments	163.349	106.220
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	8.216.891	5.853.373
Total	101.173.303	45.044.770

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	6.316.149	7.133.429
Bank acceptances	23.628.261	11.581.244
Other guarantees	16.989.126	9.671.584
Total	46.933.536	28.386.257

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

	Current Period	Prior Period
Letters of certain guarantees	43.254.431	27.108.104
Letters of advance guarantees	11.528.112	8.238.368
Letters of tentative guarantees	3.266.565	1.981.621
Letters of guarantee given to customs offices	6.605.339	3.932.906
Other letters of guarantee	210.975.937	125.658.409
Total	275.630.384	166.919.408

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c) Information on non-cash loans:

c.1. Total non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	44.389.420	27.373.541
<i>Within one year or less original maturity</i>	4.771.970	3.763.863
<i>Within more than one year maturity</i>	39.617.450	23.609.678
Other non-cash loans	278.174.500	167.932.124
Total	322.563.920	195.305.665

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	569.671	0,28	130.204	0,11	236.420	0,28	317.706	0,28
<i>Farming and Stockbreeding</i>	418.276	0,21	40.703	0,03	183.955	0,22	20.998	0,02
<i>Forestry</i>	25.924	0,01	18	-	8.548	0,01	4.709	-
<i>Fishery</i>	125.471	0,06	89.483	0,08	43.917	0,05	291.999	0,26
Manufacturing	65.835.859	32,30	52.530.677	44,25	19.675.926	24,04	52.963.470	46,69
<i>Mining and Quarrying</i>	2.949.309	1,45	1.749.802	1,47	386.734	0,47	1.712.885	1,51
<i>Production</i>	59.871.713	29,37	46.580.887	39,24	18.195.364	22,23	48.397.141	42,66
<i>Electricity, Gas and Water</i>	3.014.837	1,48	4.199.988	3,54	1.093.828	1,34	2.853.444	2,52
Construction	51.405.050	25,22	36.898.205	31,07	24.509.366	29,94	25.258.760	22,27
Services	83.553.425	40,99	28.501.070	24,03	36.767.027	44,91	34.346.996	30,28
<i>Wholesale and Retail Trade</i>	51.620.210	25,32	11.914.486	10,04	22.727.973	27,76	14.473.852	12,76
<i>Accommodation and Dining</i>	4.332.324	2,13	4.481.727	3,78	409.621	0,50	5.793.759	5,11
<i>Transportation and Telecom.</i>	2.662.042	1,31	6.470.238	5,45	1.543.594	1,89	9.291.420	8,19
<i>Financial Institutions</i>	10.181.169	4,99	936.061	0,79	5.374.538	6,57	197.237	0,17
<i>Real Estate and Rental Services</i>	12.614.788	6,19	4.342.674	3,66	5.290.718	6,46	4.189.939	3,69
<i>Professional Services</i>	67.142	0,03	92.937	0,08	44.473	0,05	142.807	0,13
<i>Educational Services</i>	167.347	0,08	89.467	0,08	106.846	0,13	149.930	0,13
<i>Health and Social Services</i>	1.908.403	0,94	173.480	0,15	1.269.264	1,55	108.052	0,10
Other	2.487.477	1,21	652.282	0,54	677.170	0,83	552.824	0,49
Total	203.851.482	100,00	118.712.438	100,00	81.865.909	100,00	113.439.756	100,00

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

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

2) Information on derivative financial instruments:

	Derivative transactions according to purposes			
	Trading Derivatives		Derivative Financial Instruments held for Risk Management	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign Currency related Derivative Transactions (I):	261.591.539	125.717.623	-	-
Currency Forwards-Purchases/Sales	11.334.982	16.455.764	-	-
Currency Swaps-Purchases/Sales	224.399.865	104.784.513	-	-
Currency Futures-Purchases/Sales	917.751	-	-	-
Currency Options-Purchases/Sales	24.938.941	4.477.346	-	-
Interest Rate related Derivative Transactions (II)	58.627.888	43.976.230	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Swaps-Purchases/Sales	58.627.888	43.976.230	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-
Other Trading Derivatives (III) ⁽¹⁾	30.383.203	30.945.631	-	-
A. Total Trading Derivatives (I+II+III)	350.602.630	200.639.484	-	-
Derivative Financial Instruments held for Risk Management	-	-	-	-
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
FC investment in associates risk hedge	-	-	-	-
B. Total Derivative Financial Instruments held for Risk Management	-	-	-	-
Total Derivative Transactions (A+B)	350.602.630	200.639.484	-	-

⁽¹⁾ Other trading derivative transactions include forward precious metal purchase and sale transactions of TRY 1.001.498 and TRY 5.126.311; respectively, and swap precious metal purchase transactions of TRY 24.255.394.

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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 2022, the Parent Bank has credit default conditioned cross currency swap transaction amounting to USD 110 million with 5 year maturity (weighted average remaining maturity 8 months). In this transactions the Parent Bank sells protection.

4) Explanations on contingent liabilities and assets:

Group's commitments for the cheques given to customers are TRY 9.705.677 (31 December 2021: TRY 6.146.359).

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
Interest on loans⁽¹⁾				
Short term loans	25.334.668	699.365	12.411.771	312.124
Medium and long term loans	48.363.628	10.798.552	34.201.398	7.290.556
Interest on non-performing loans	1.100.281	22.555	359.319	2.565
Premiums from resource utilization support fund	-	-	-	-
Total	74.798.577	11.520.472	46.972.488	7.605.245

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

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	319.750	12.331	1.211.758	-
Domestic banks	119.519	4.608	53.461	303
Foreign banks	58.285	22.623	15.271	3.207
Foreign headquarters and branches	-	-	-	-
Total	497.554	39.562	1.280.490	3.510

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c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	31.936	1.843	26.384	49
Financial Assets at Fair Value through Other Comprehensive Income	12.969.640	1.349.262	7.594.948	744.993
Financial Assets Measured at Amortized Cost	49.636.655	3.682.759	17.055.963	2.438.239
Total	62.638.231	5.033.864	24.677.295	3.183.281

d) Interest income from subsidiaries and associates

None (31 December 2021: None).

(2) Information on interest expenses:

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	230.875	349.586	152.245	205.047
<i>CBRT</i>	-	-	-	-
<i>Domestic banks</i>	230.875	63.644	152.245	52.180
<i>Overseas banks</i>	-	285.942	-	152.867
<i>Overseas head office and branches</i>	-	-	-	-
Other institutions	14	41.535	7	27.979
Total	230.889	391.121	152.252	233.026

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

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	64.969	33.464

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	2.301.327	1.467.299	2.033.767	1.266.330

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d) Maturity structure of interest expenses on deposits:

Current Period	Time deposits							Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TRY									
Bank deposits	292	2.860.892	1.162.647	3	-	-	-	-	4.023.834
Saving deposits	7	1.217.137	7.061.463	12.616.036	804.521	823.845	13.853	-	22.536.862
Public deposits	10	4.524.567	825.161	119.603	26.819	2.376	-	-	5.498.536
Commercial deposits	15	6.694.095	6.384.038	2.096.791	3.028.237	2.032.000	-	-	20.235.176
Other deposits	1	1.184.771	3.039.744	583.531	684.785	93.690	-	-	5.586.522
7 days call accounts	-	-	-	-	-	-	-	-	-
Total	325	16.481.462	18.473.053	15.415.964	4.544.362	2.951.911	13.853	-	57.880.930
Foreign currency									
Deposits	8.203	675.994	3.946.975	1.000.267	201.655	220.090	130	-	6.053.314
Bank deposits	53	61.392	498.451	8	-	-	-	-	559.904
7 days call accounts	-	-	-	-	-	-	-	-	-
Precious metal	-	1.017	25.522	1.408	783	1.147	-	-	29.877
Total	8.256	738.403	4.470.948	1.001.683	202.438	221.237	130	-	6.643.095
Grand total	8.581	17.219.865	22.944.001	16.417.647	4.746.800	3.173.148	13.983	-	64.524.025
Prior Period									
Account name	Time deposits							Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year			
TRY									
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	-	-	-	-	-	-	-	-	-
Total	1.568	11.203.718	22.988.122	2.203.101	1.154.014	1.902.360	13.467	-	39.466.350
Foreign currency									
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
Total	2.612	303.360	1.959.425	109.748	75.313	150.554	91	-	2.601.103
Grand total	4.180	11.507.078	24.947.547	2.312.849	1.229.327	2.052.914	13.558	-	42.067.453

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(3) Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	1.267	55
Financial Assets at Fair Value Through other Comprehensive Income	9.286	3.996
Other	43.707	-
Total	54.260	4.051

(4) Explanations on trading profit/loss:

	Current Period	Prior Period
Profit	163.030.606	218.039.853
Profit from the capital market transactions	336.662	70.024
Profit on derivative financial transactions	36.881.015	50.607.062
Foreign exchange gains	125.812.929	167.362.767
Loss (-)	168.782.642	225.342.722
Loss from the capital market transactions	75.404	2.614
Loss from derivative financial transactions	28.990.513	32.065.733
Foreign exchange losses	139.716.725	193.274.375

Explanations on derivative financial instruments:

	Current Period	Prior Period
Profit on derivative financial instruments	36.881.015	50.607.062
Effect of the change in foreign exchange on profit	36.071.229	50.223.698
Effect of the change in interest rate on profit	809.786	383.364
Loss on derivative financial instruments (-)	28.990.513	32.065.733
Effect of the change in foreign exchange on loss	28.218.449	31.748.382
Effect of the change in interest rate on loss	772.064	317.351
Profit/loss on derivative financial instruments	7.890.502	18.541.329

(5) Information on other operating income:

	Current Period	Prior Period
Adjustments for prior period expenses	1.929.828	5.790.664
Insurance technical income	159.916	127.860
Income from the asset sale	894.958	404.285
Rent income	136.479	74.938
Other income	791.869	228.369
Total	3.913.050	6.626.116

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

	Current Period	Prior Period
Expected Credit Losses	37.160.610	12.121.844
12 Month Expected Credit Loss (Stage 1)	11.947.469	2.353.637
Significant Increase in Credit Risk (Stage 2)	19.362.526	5.379.090
Non – Performing Loans (Stage 3)	5.850.615	4.389.117
Marketable Securities Impairment Expense	165.683	-
Financial Assets at Fair Value through Profit or Loss	165.683	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	23.635	36.293
Total	37.349.928	12.158.137

(7) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	401.629	181.627
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	8.658	3.023
Depreciation expenses of fixed assets	671.702	507.876
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	207.056	164.135
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	21.264	16.373
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	6.146.639	3.082.072
Leasing Expenses on TFRS 16 Exceptions	231.995	157.572
Maintenance expenses	183.692	107.260
Advertisement expenses	1.244.319	501.187
Other expenses	4.486.633	2.316.053
Loss on sales of assets	4.565	6.575
Other	3.005.596	1.996.665
Total	10.467.109	5.958.346

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

The Group's income before tax/loss is due from continuing activities. Net interest income is TRY 70.120.181 (31 December 2021: TRY 20.741.713), net fees and commissions income is TRY 9.372.362 (31 December 2021: TRY 4.524.121) and the profit from operations before tax is TRY 21.155.826 (31 December 2021: TRY 1.882.949).

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

For the period then ended 31 December 2022, the Group's tax provision expense amounting to TRY 5.684.523 (31 December 2021: TRY 38.491) consists of TRY 17.046.469 (31 December 2021: TRY 187.703) of current tax charge and TRY 5.627.401 (31 December 2021: TRY 4.705.132) of deferred tax charge, TRY 16.989.347 (31 December 2021: TRY 4.854.344) of deferred tax income.

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

As of 31 December 2022, the Group's net operating income after tax is amounting to TRY 15.471.303. (31 December 2021: TRY 1.844.458)

(11) Information on net profit/loss:

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

There is no issue to be disclosed.

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

There is no issue to be disclosed.

(12) Minority interest profit/losses:

	Current Period	Prior Period
Minority interest profit/losses	5.791	8.487

(13) Other items in the Income Statement:

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

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

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

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

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 10.238.979 decrease (31 December 2021: TRY 47.941.552 increase) for the year 2022. 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 67.172.063 decrease for the year 2022 (31 December 2021: TRY 36.499.118 decrease).

For the year ended 31 December 2022, the effect of change in foreign exchange rate on cash and cash equivalents is TRY 15.559.295 increase (31 December 2021: TRY 24.031.077 increase). The average exchange rates of last five weekdays were taken into consideration as of the balance sheet date when calculating the effect of change in the exchange rates.

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

Cash in TRY, cash in foreign currency, demand Central Bank and demand bank deposits are defined as cash, whereas time bank deposits up to three months and money market receivables are defined as 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	62.885.883	41.681.136
Cash in TRY, foreign currency and others ⁽¹⁾	7.413.148	5.063.008
Demand CBRT and Banks	55.472.735	36.618.128
Cash equivalents	648.354	1.440.417
Time Bank Deposits Up to 3 Months	647.353	1.187.420
Money Market Placements	1.001	252.997
Total Cash and Cash Equivalents	63.534.237	43.121.553

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

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

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

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

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

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

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

Current Period

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning Balance	-	2.133	-	-	-	-
Closing Balance	-	2.255	-	-	-	-
Interest and commissions income	-	38	-	-	-	-

Prior Period

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning Balance	-	-	-	-	-	-
Closing Balance	-	2.133	-	-	-	-
Interest and commissions income	-	35	-	-	-	-

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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	138.492	-	-	-	-	-
Closing Balance	522.749	138.492	-	-	-	-
Interest expense on deposits	64.969	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	28.466	-	-	-	-	-
Closing Balance	-	28.466	-	-	-	-
Total Profit/Loss	(1.455)	16	-	-	-	-

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

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

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

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

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

Current Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	-	-
Non-Cash Loans	2.255	<0,01
Deposits	522.749	0,05
Forward and Option Contracts	-	-

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Prior Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	-	-
Non-Cash Loans	2.133	<0,01
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.

c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements:

Explained in b).

d) Transactions accounted under the equity method:

None.

(3) Benefits given to the key management personnel:

Benefits given to the key management personnel of the Group are TRY 60.577 as of 31 December 2022 (31 December 2021: TRY 38.609).

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	1.032	20.688			
Abroad Agencies	1	1	IRAN		
	1	1	ENGLAND		
Overseas Branch	5	88	T.R.N.C.	6.114.197	-
	1	3	BAHRAIN	65.777.681	-
Off-shore Branches	-	-		-	-
Prior 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 ⁽¹⁾		
Overseas Branch	4	62	T.R.N.C.	2.556.755	-
	1	3	BAHRAIN	43.382.845	-
Off-shore Branches	-	-		-	-

⁽¹⁾ Singapore Representative activities were terminated on December 31, 2021.

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

During the year 2022, the Parent Bank opened 15 branches, 1 of them being a foreign branch.

Singapore Representative activities were terminated on December 31, 2021.

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	11.754	7.477
Fees for tax advisory	-	-
Fees for other assurance services	123	65
Fees for other services except independent audit	524	154
Total	12.401	7.696

X. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

The procedures and principles of the articles of law that allow the revaluation of immovable and depreciable economic assets have been revised on the Communiqué Amending the General Communiqué on Tax Procedure Law No. 547 published in the Official Gazette dated 14 January 2023 and numbered 32073. Accordingly, in terms of corporate tax calculation, the Parent Bank will be able to revalue its immovable and depreciable economic assets in the balance sheet, provided that the conditions in the related articles of Tax Procedure Law are met.

With the Board Decision of the BRSA dated 31 January 2023, in accordance with the Regulation on the Measurement and Assessment of the Capital Adequacy of Banks, in the calculation of the amount based on credit risk for TRY amount, the foreign currency items are decided to be calculated using the CBRT foreign exchange buying rate of 30 December 2022, instead of the CBRT foreign exchange buying rate of 31 December 2021 and also SME and retail limits are updated.

On 2, 7, 15 and 16 February, the Parent Bank has repurchased shares amounting to TRY 5.000, TRY 7.500, TRY 150 and TRY 2.500 within the scope of the Board of Directors' decision dated 17 March 2020, respectively.

On 6 February 2023, an earthquake, which the epicenter was Kahramanmaraş occurred and struck 10 provinces. After the disaster, BRSA, CBRT, TBB and Revenue Administration implemented several regulatory reliefs for the residents of the provinces in the disaster area. The Parent Bank management has taken all necessary measures within the scope of aforementioned reliefs, and further studies on the subject is in progress. As announced in the Official Gazette numbered 32098 and dated 8 February 2023, a State of Emergency was declared for 3 months in Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa.

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SECTION VI: OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE PARENT BANKS' ACTIVITY

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

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

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

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

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

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

District Court denied the Parent Bank's motion to dismiss the indictment on October 1, 2020. The Parent Bank appealed the Second Circuit through the motion to dismiss the indictment based on the Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On December 23, 2020, the Second Circuit accepted to hear the appeal on the merits and granted the Parent Bank's motion to stay the case pending sovereign immunity appeal. Before the Second Circuit, the oral argument was presented on April 12, 2021. The Second Circuit denied the Parent Bank's appeal on October 22, 2021. The Parent Bank filed its petition with the Second Circuit for an en banc rehearing. Second Circuit denied the Parent Bank's petition on December 15, 2021.

As the Parent Bank would file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the Second Circuit to stay the mandate so that the stay on the proceedings in the District Court continues. The petition was granted by the Second Circuit on January 14, 2022. The proceedings in the District Court are stayed until the process is completed in the US Supreme Court.

The Parent Bank filed its FSIA petition for a writ of certiorari with the US Supreme Court on May 13, 2022. The Solicitor General under the U.S. Department of Justice filed their brief in opposition to the Parent Bank's writ of certiorari on July 18, 2022, and the briefing was concluded on August 2, 2022.



Türkiye Halk Bankası A.Ş.

Explanations and Notes to the Consolidated Financial Statements for the Period Ended 31 December 2022

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

The US Supreme Court reviewed the Parent Bank's petition for a writ of certiorari on September 28, 2022 and announced its decision to grant review on October 3, 2022. Following the grant of review, the Parent Bank filed its appeal on the merits with the Supreme Court on November 14, 2022. Then, the Solicitor General under the U.S. Department of Justice filed its reply brief on December 14, 2022. Briefing was concluded with the Parent Bank filing its counter reply brief with the Court on January 6, 2023.

The U.S. Supreme Court heard the oral argument on January 17, 2023. In the course of the next phase the US Supreme Court is expected to announce its opinion regarding the Parent Bank's FSIA appeal. If the US Supreme Court rules favorably, the case will be dismissed before the trial process. In the case of an adverse ruling, the case will be returned to the District Court for the Southern District of New York and the District Court will need to create a new schedule for the trials.

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 (the plaintiffs) could not collect their judgments from Iran due to violations of sanctions" and it was served to the Parent Bank's attorneys on July 1, 2020. The Parent Bank filed a motion at the District Court to dismiss the complaint of plaintiffs, and thereby dismiss the case on September 25, 2020. The case was fully briefed on December 16, 2020. District Court conditionally granted the Parent Bank's motion to dismiss on the grounds of forum non conveniens on February 16, 2021. The case was closed at the District Court on March 3, 2021.

The Plaintiffs filed their appeal brief with the Second Circuit as to the District Court's Decision on June 30, 2021. The case is fully briefed, and the oral arguments were heard before the Second Circuit on October 13, 2022. The Second Circuit's decision is pending.

The proceedings of both the criminal case and the civil case are closely monitored by the Parent Bank through U.S. law firms with relevant expertise.

SECTION VII: AUDITORS' REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

The Parent Bank's publicly available consolidated financial statements and footnotes as of 31 December 2022 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 17 February 2023 is presented in front of the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

Performance Tables

Subject Title	Indicator		2020	2021	2022
Environmental Performance Indicators	Energy consumption from the Bank's activities				
	Electricity Consumption	kWh	65,527,573.86	67,395,265.45	68,318,617.90 ↕
	Natural Gas Consumption	m ³	2,318,830.86	2,530,507.80	2,590,202.17 ↕
	Fuel-Oil Consumption	lt	27,675.54	22,329.58	11,598.66 ↕
	Coal Consumption	tons	155.31	141.44	105.65 ↕
	Diesel Consumption - for Heating	lt	215,818.09	219,149.14	159,071.25 ↕
	Diesel Consumption - for Generators	lt	62,416.85	65,207.97	73,780.84 ↕
	Vehicle fuel consumption				
	Personnel Services (Diesel)	lt	1,252,602.20	662,343.77	718,842.65 ↕
	Company Vehicles (Diesel)	lt	2,630,165.26	2,999,327.46	3,247,824.57 ↕
	Company Vehicles (Gasoline)	lt	38,741.86	48,911.73	198,690.07 ↕
	Total energy consumption within the organization	GJ	474,827.40	481,144.71	473,335.99 ↕
	Energy consumption per employee	GJ/person	20.60	20.51	19.99 ↕
	Total water withdrawal by source				
	Water Consumption	m ³	202,292.45	206,234.59	215,088.10 ↕
	Paper use in banking activities				
	Paper Consumption	tons	1,913.20	1,764.82	2,287.79 ↕
	Wastes collected, sent for recycling, recovery and disposal				
	Domestic Waste	kg	1,265,136.49	771,622.68	613,860.00 ↕
	Recycling Waste (Glass, Plastic, Paper, Metal)	kg	642,091.78	672,710.05	687,054.80 ↕
	Electronic Waste	units	1,933.00	2,377.00	1,659.00 ↕
	Toner Waste	kg	N/A	6,444.00	13,101.00 ↕
	Emissions from the Bank's operations				
	Total Emissions	tCO ₂ e	68,905.35	72,962.33	68,604.19 ↕
	Scope 1 - Direct greenhouse gas (GHG) emissions	tCO ₂ e	14,206.58	15,795.52	17,023.47 ↕
	Scope 2 - Indirect energy greenhouse gas (GHG) emissions	tCO ₂ e	30,542.40	31,406.19	30,060.19 ↕
Scope 3 - Other indirect greenhouse gas (GHG) emissions	tCO ₂ e	24,156.37	25,760.61	21,520.53 ↕	
Total emissions per employee	tCO ₂ e/person	2.99	3.11	2.90 ↕	
Total emissions per study area	tCO ₂ e/m ²	0.11	0.11	0.11 ↕	

GRI 2-7, 2-8, 401-1, 405-1



Performance Tables

Subject Title	Indicator		2020	2021	2022	
Employee demographics (Age, Education and Gender)						
Senior Management - Gender Distribution	Gender Distribution	Female	4	5	6	
		Male	55	60	61	
Bank Employees	Gender Distribution	Female	8,937	9,060	9,361	
		Male	11,233	11,279	11,420	
		TOTAL	20,170	20,339	20,781	
Board of Directors - Gender Distribution	Gender Distribution	Female	1	1	1	
		Male	8	8	8	
Educational Status of Bank Employees	PhD	Female	7	7	7	
		Male	12	10	16	
	Master's Degree	Female	672	672	700	
		Male	834	830	837	
	Bachelor's Degree	Female	6,974	7,147	7,367	
		Male	7,619	7,684	7,726	
	Vocational School	Female	776	767	834	
		Male	639	677	749	
	High School	Female	508	467	453	
		Male	2,093	2,046	2,066	
Elementary School	Female	0	0	0		
	Male	36	32	26		
Age Distribution of Employees	18-20		0	0	1	
	21-30		4,895	4,127	3,762	
	31-40		11,394	11,877	12,070	
	41-50		3,466	3,838	4,308	
	51-55		411	469	626	
	>55		4	28	14	
Number of employees who took maternity leave and returned to work after maternity leave (person)						
Number of Employees on Maternity Leave	New Hires		1,332	1,241	946	
	On Leave		244	456	347	
	TOTAL		1,576	1,697	1,293	
Total number of employees, new hires, and employee turnover rate (person)						
Number of Employees Annual Average (bank + company personnel)			23,047	23,461	23,682	
New Employees	<20 Years Old	Female	0	0	1	
		Male	0	0	0	
	21-30 Years Old	Female	784	280	456	
		Male	624	284	377	
	31-40 Years Old	Female	52	52	111	
		Male	127	71	125	
	41-50 Years Old	Female	1	17	8	
		Male	8	31	17	
	>50 Years Old	Female	0	0	1	
		Male	1	1	2	
TOTAL	Female	837	349	577		
Male	760	387	521			
Employee Turnover Rate (%)	New Employee Turnover Rate		0.25%	1.90%	0.35%	
	Total Employee Turnover Rate		1.70%	2.79%	3.10%	
Average training hours (hours/person)						
Training Data	Classroom education		11.57	24.95	23.53	
	E-learning		74.86	183.27	22.10	
	Average Duration of Education according to Gender (classroom + e-learning)	Female Employees		88.30	218.58	46.45
		Male Employees		84.92	199.75	45.36
	Total Average Duration of Education (classroom + e-learning)		86.42	208.22	45.63	
	Technical Trainings (classroom + e-learning)		78.62	197.13	39.49	
	Personal Development Trainings (classroom + e-learning)		7.81	11.10	6.13	

Subject Title	Indicator		2020	2021	2022	
OHS Indicators (Bank Employees)	Occupational accident and accident rates by type (%)	Injury Rate	0.102	0.125	0.174	1. Injury rate: Total number of accidents / Total working hours*200000
		Lost Day Rate	0.728	0.564	2.979	2. Lost day rate: Total number of lost days/Total working hours*200000
		Accident Frequency Rate	0.508	0.626	0.871	3. Injury rate: Total number of accidents / Total working hours*1000000
		Accident Severity Rate	0.004	0.003	0.015	4. Accident severity rate: Total number of lost days / Total working hours *1000

Subject Title	Indicator		2020	2021	2022	
OHS Indicators (Contractor Employees)	Occupational accident and accident rates by type (%)	Injury Rate	N/A	N/A	1.015	1. Injury rate: Total number of accidents / Total working hours*200000
		Lost Day Rate	N/A	N/A	2.611	2. Lost day rate: Total number of lost days/Total working hours*200000
		Accident Frequency Rate	N/A	N/A	5.077	3. Injury rate: Total number of accidents / Total working hours*1000000
		Accident Severity Rate	N/A	N/A	0.013	4. Accident severity rate: Total number of lost days / Total working hours *1000

Subject Title	Indicator		2020	2021	2022	
OHS Indicators (Total)	Occupational accident and accident rates by type (%)	Injury Rate	N/A	N/A	0.287	1. Injury rate: Total number of accidents / Total working hours*200000
		Lost Day Rate	N/A	N/A	2.930	2. Lost day rate: Total number of lost days/Total working hours*200000
		Accident Frequency Rate	N/A	N/A	1.436	3. Injury rate: Total number of accidents / Total working hours*1000000
		Accident Severity Rate	N/A	N/A	0.015	4. Accident severity rate: Total number of lost days / Total working hours *1000

Subject Title	Indicator	2020	2021	2022
Amount of Loans Provided for Energy Efficiency and Renewable Energy Projects (TRY)	Renewable Energy	332,954,509.62	653,517,000.00	2,511,854,620.49
	HEPP	148,482,129.62	98,275,000.00	421,500,000.00
	WPP	-	257,120,000.00	-
	BEP	106,500,000.00	109,734,000.00	349,000,000.00
	GPP	8,206,380.00	-	-
	SPP	69,766,000.00	188,388,000.00	1,741,354,620.49
	Energy Efficiency	-	-	3,870,000.00
	TOTAL	332,954,509.62	653,517,000.00	2,515,724,620.49

Reporting Guidance



Halkbank 2022 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 2022 Integrated Report. These indicators consist of environmental indicators, social indicators and sustainable financing 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 FY22, fiscal year ended December 31, 2022 (January 01 - December 31 2022) and as detailed in the “Key Definitions and Reporting Scope” section, it covers the relevant operations and subsidiaries in Türkiye and excludes information about subcontractors unless otherwise stated. Halkbank’s Türkiye 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

Type	Indicator	Scope
Social Indicators	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 maternity leave during the reporting period, and who returned to work after maternity leave during the reporting period.
	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 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 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 Bank employees and subcontractors.
Environmental Indicators	Energy Consumption	
	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 ³)	This indicator means the total purchased natural gas (volume- m ³) consumption used for heating, cooking and other business operations that require natural gas at all relevant locations of the Bank during the reporting period.
	Coal Consumption (tons)	This indicator reflects the total purchased coal (by weight – tons) consumption used for heating at the relevant locations of the Bank during the reporting period.
	Fuel-Oil Consumption (lt)	This indicator reflects the total purchased fuel-oil (by volume – lt) consumption used for heating at the relevant locations of the Bank during the reporting period.
	Diesel Consumption (Heating) (lt)	This indicator reflects the total purchased diesel (volume – lt) consumption used for heating at the relevant locations of the Bank during the reporting period.
	Diesel Consumption (Generator) (lt)	This indicator reflects the total purchased diesel (volume – lt) consumption used for generators at the relevant locations of the Bank during the reporting period.
	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.

Reporting Guidance



Environmental Indicators	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.
	Other Environmental Performance Data	
	Water Consumption (m ³)	This indicator reflects the total water consumption (volume – m ³) of the Bank during its operations, during the reporting period.
	Paper Consumption (tons)	This indicator reflects the total paper consumption (by weight – tons) 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).
	Recovery/Disposal to Licensed Companies The Amount of Electronic Equipment Provided for (Pcs)	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.
	Scope 1, 2 and 3 Emissions	
	Direct (Scope 1) Greenhouse Gas Emissions (tCO ₂ 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 ₂ 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 ₂ 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.	
Emission Performance Per Employee (Employee/ tCO ₂ e)	This indicator reflects the total Scope 1, Scope 2 and Scope 3 emissions of greenhouse gases per employee during the reporting period.	
Sustainable Financing Indicators	Funded Renewable Energy and Energy Efficiency Projects by the Bank (TRY)	This indicator reflects the total amount of loans (million TRY) 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 Leaving the Job (Resigned and Employment Contract Terminated) / Total Number of Personnel * 100

Occupational Health and Safety (OHS) Data

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 20,000. The number of women employees was accepted as 9,000 and the number of men employees as 11,000.

1. Injury rate: Total number of accidents/Total working hours*200,000
2. Lost day rate: Total number of lost days/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/Total working hours *1,000

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 m³, a conversion factor [1m³ * (0.799) kg/m³ * (44.798) MJ/kg] / 1,000 is used;
- Since the coal supply unit is billed in tons, a conversion factor of [1ton * (27.23) GJ/tons] is used for conversion to GJ;
- Since the fuel-oil supply unit is billed in tons, a conversion factor of [1ton * (40.658) GJ/kg] / 1,000 is used for conversion to GJ;
- Since the diesel supply unit is billed in liters, the conversion factor [1l / (1190.45) l/tons * (42.72) GJ/tons] is used for conversion to GJ;
- Since the gasoline supply unit is billed in liters, the conversion factor [1l / (1356.89) l/tons * (43.86) GJ/ tons] 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 Scope 1 calculations, CO₂ equivalent factors consisting of CO₂, CH₄, N₂O, HFCs (refrigerant gas) CO₂ 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) 2022 Emission Factors" published by the Government of United Kingdom, and the resultant kg CO₂-e value is calculated by multiplying with the appropriate coefficients. The emission of Turkish electric power (from the grid) is taken from the "Turkish Electricity Generation and Electricity Consumption Point Emission Factors Information Form" published by the Ministry of Energy and Natural Resources of the Republic of Türkiye in 2022.

Emission Factors – Scope 1	Total Carbon Factor (kg CO ₂ -e)
Company Vehicles	
Gasoline (lt)	2.34
Diesel(lt)	2.70
Other Fossil Fuels	
Diesel for heating (kg/l)	2.70
Diesel for generator (kg/l)	2.70
Natural Gas (kg/m ³)	2.02
Coal (kg/tons)	2,883.26
Fuel-Oil (kg/tons)	3.18
Refrigerant Gases/Air Conditioning Gases	
R22	1,810.00
R410A	2,088.00
R600A	3.00
Fire Extinguishers	
HFC-227 EA	3,220.00
NOVEC (Pentanone)	1.00

Emission Factors – Scope 2	+CO ₂ -e/MWh
Türkiye Electrical Energy (grid)	0.44

Emission Factors – Scope 3	Total Carbon Factor (kg CO ₂ -e)
Personnel Services	
Diesel (kg/l)	2.699
Travel	
Ship (Intercity)	0.0187
Metro	0.0286
Motorcycle	0.1136
Bus (Urban/Municipal)	0.1078
Bus (Intercity)	0.0273
Private Vehicle - Gasoline	0.1705
Private Vehicle - Diesel	0.1708
Private Vehicle - LPG	0.1978
Taxi	0.1488
Tramway	0.0286
Train (Urban, Suburban)	0.0355
Train (Intercity)	0.0355
Air Travel-Overseas-Business-Short Distance	0.2265
Air Travel-Overseas-Business-Long Distance	0.4288
Air Travel-Overseas-Economy-Short Distance	0.151
Air Travel-Overseas-Economy-Long Distance	0.1479
Air Travel-Domestic-Business-Short Distance	0.2265
Air Travel-Domestic-Economy-Short Distance	0.2459
Air Travel-Domestic-Economy-Long Distance	0.2459
Air Travel -Domestic-Promotion-Short Distance	0.2459

Reporting Guidance



Emission Factors – Scope 3	Total Carbon Factor (kg CO ₂ -e)
Travel - Indirect Emissions	
Ship (Intercity)	0.00421
Metro	0.00745
Motorcycle	0.03134
Bus (Urban/Municipal)	0.02868
Bus (Intercity)	0.00646
Private Vehicle - Gasoline	0.04885
Private Vehicle - Diesel	0.04104
Private Vehicle - LPG	0.02339
Taxi	0.03632
Tramway	0.00466
Train (Urban, Suburban)	0.00892
Train (Intercity)	0.00745
Air Travel-Overseas-Business-Short Distance	0.0248
Air Travel-Overseas-Business-Long Distance	0.04696
Air Travel-Overseas-Economy-Short Distance	0.01654
Air Travel-Overseas-Economy-Long Distance	0.01619
Air Travel-Domestic-Business-Short Distance	0.02691
Air Travel-Domestic-Economy-Short Distance	0.02691
Air Travel-Domestic-Economy-Long Distance	0.02691
Air Travel -Domestic-Promotion-Short Distance	0.02691
Paper - Indirect Emissions	
Paper Consumption (kg/tons)	919.40
Waste - Indirect Emissions	
Domestic Waste (kg/tons)	446.2
Recycling Waste (kg/ton)	21.28
Water - Indirect Emissions	
Water Consumption (kg/m ³)	0.4210
Mail	
Postal Delivery (tonxkm)	0.58

Emission Factors – Scope 3	Total Carbon Factor (kg CO ₂ -e)
Accommodation	
Hotel Accommodation	32.10
Company Vehicles - Indirect Emissions	
Gasoline (kg/l)	0.6030
Diesel (kg/l)	0.6290
Personnel Services - Indirect Emissions	
Diesel (kg/l)	0.62
Other Fossil Fuels - Indirect Emissions	
Diesel for heating (kg/l)	0.6287
Diesel for generator (kg/l)	0.6287
Natural Gas (kg/m ³)	0.3459
Coal (kg/tons)	442.79
Fuel-Oil (kg/tons)	0.6972
Electricity - Indirect Emissions	
Transmission and Distribution (kg/kWh)	0.08380
Production (From Well to Tank) (kg/kWh)	0.0463
Transmission and Distribution (From Well to Tank) (kg/kWh)	0.0042
Remote Working Employees	
Remote Working Employees	0.341

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



Content Index - Basic Service, the GRI Services team reviewed that the GRI Content Index was presented in a clear and consistent manner in line with the standards and references to disclosures 2-1 to 2-5, 3-1 and 3-2 were consistent with the relevant sections of the report. The service was performed on the Turkish version of the Report.

Statement of Use	Halkbank reported the information specified in the GRI content index for the period 1 January 2022-31 December 2022 By referring to the GRI Standards.	
GRI 1 Use	GRI 1: Foundation 2021	
GRI STANDARD	EXPLANATIONS	DEPARTMENT
GENERAL NOTIFICATIONS		
GRI 2: General Disclosures 2021	Organization and Reporting Applications	
	2-1 Organizational details	About the Report, page 1 Halkbank in Brief, page 22 Shareholder Structure and Portfolio, page 32-37 Directory, page 498
	2-2 Entities included in the organization's sustainability reporting	About the Report, page 1
	2-3 Reporting period, frequency and contact point	About the Report, page 1 surdurulebilirbankacilik@halkbank.com.tr
	2-4 Restatements of information	None.
	2-5 External assurance	Independent Assurance Report, pages 495-497
	Activities and Employees	
	2-3 Activities, value chain and other business relations	Halkbank in Brief, page 22 Model for Creating Value, pages 56-59 Financial Capital, page 66-85
	2-7 Employees	Human Capital, pages 90-103 Performance Tables, pages 477-479
	2-8 Workers who are not employees	Human Capital, pages 90-103 Performance Tables, pages 477-479
	Governance	
	2-9 Governance structure and composition	Board of Directors and Supervisory Board, pages 26-27 Executive Management, pages 28-29 Organizational Chart, pages 30-31 Board of Directors and Committees, pages 153-160
	2-10 Nomination and selection of the highest governance body	Regarding the minimum qualifications to be sought for the election of the members of the Board of Directors, the Bank acts within the framework of the Banking legislation, and the regulations of the Turkish Commercial Code and the CMB. Articles of Association of the Bank-Article 19 (https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/yatirimci-iliskileri/kurumsal-yonetim/EsasSozlesme230322.pdf) Board of Directors and Supervisory Board, pages 26-27 Executive Management, pages 28-29 Board of Directors and Committees, pages 153-160
	2-11 Chair of the highest governance body	Board of Directors and Supervisory Board, pages 26-27 Executive Management, pages 28-29
2-12 Role of the highest governance body in overseeing the management of impacts	Halkbank's Sustainability Organizational Structure and Approach, pages 60-61	

GRI STANDARD	EXPLANATIONS	DEPARTMENT
GENERAL NOTIFICATIONS		
GRI 2: General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	Board of Directors and Supervisory Board, pages 26-27 Executive Management, pages 28-29 Halkbank's Sustainability Organizational Structure and Approach, pages 60-61 Sustainability Committee (Committees), pages 158-159
	2-14 Role of the highest governance body in sustainability reporting	Halkbank's Sustainability Organizational Structure and Approach, pages 60-61 Halkbank's Priorities in Sustainability, pages 62-63 Sustainability Committee (Committees), pages 159-160
	2-15 Conflicts of interest	Corporate Governance Committee (Committees), pages 158-159 Code of Ethics https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/EtiklKeler2020.pdf
	2-16 Communication of critical issues	Corporate Governance Information Form-3.1 Company Policy regarding Stakeholders (Corporate Governance Principles), page 171
	2-17 Collective knowledge of the highest governance body	Board of Directors and Supervisory Board, pages 26-27 Executive Management, pages 28-29 Halkbank's Sustainability Organizational Structure and Approach, pages 60-61
	2-18 Evaluation of the performance of the highest governance body	Halkbank's Sustainability Organizational Structure and Approach, pages 60-61 Board of Directors and Committees, pages 153-160
	2-19 Remuneration policies	Disclosures and Footnotes Related to Unconsolidated Financial Statements (Information on Remuneration Policies), pages 279-280 Remuneration Policy, https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/i%CC%87keler-ve-politikalar/ucrettendirme-ve-ozellikli-calis-an-politikalari-20-06.pdf
	2-20 Process to determine remuneration	Halkbank's Identity as an Inclusive Employer, pages 92-95 Remuneration Policy, https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/i%CC%87keler-ve-politikalar/ucrettendirme-ve-ozellikli-calis-an-politikalari-20-06.pdf
	2-21 Annual total compensation ratio	Disclosures and Footnotes Related to Unconsolidated Financial Statements (Explanations on Provisions), pages 308-309 Disclosures and Footnotes Related to Consolidated Financial Statements (Explanations on Provisions), pages 454-455

GRI Content Index



GRI STANDARD	EXPLANATIONS	DEPARTMENT	
GENERAL NOTIFICATIONS			
GRI 2: General Disclosures 2021	Strategy, Policies and Practices		
	2-22 Statement on sustainable development strategy	Chairman's Assessment, pages 14-17 General Manager's Assessment, pages 16-17 Halkbank's Sustainability Organizational Structure and Approach, pages 60-61 Sustainability Principles Compliance Frame, pages 182-189	
	2-23 Policy commitments	Principles and Policies https://www.halkbank.com.tr/tr/bankamiz/surdurulebilirlik/surdurulebilirlik/ilkelere-ve-politikalar.html	
	2-24 Embedding policy commitments	Corporate Governance Principles, pages 164-179	
	2-25 Processes to remediate negative impacts	Stakeholder Relations at Halkbank, pages 106-109 Audit Committee's Assessment on the Operation of the Internal Control, Compliance, Internal Audit and Risk Management Systems and Information about its Activities in 2022, pages 144-148 Corporate Governance Information Form-3.1 Corporation's Policy on Stakeholders Ethical Rules and Social Responsibility (Corporate Governance Principles), pages 171-173	
	2-26 Mechanisms for seeking advice and raising concerns	Halkbank's Identity as an Inclusive Employer, pages 92-95 Stakeholder Relations at Halkbank, pages 106-109	
	2-27 Compliance with laws and regulations	There were no developments that were not in compliance with the laws during the reporting period, and no significant administrative penalties were levied for non-compliance with laws and regulations.	
	2-28 Corporate memberships	Stakeholder Relations at Halkbank, pages 106-109	
	Stakeholder Engagement		
	2-29 Stakeholder engagement approach	Halkbank's Priorities in Sustainability, pages 62-63 Stakeholder Relations at Halkbank, pages 106-109	
	2-30 Collective bargaining agreements	Halkbank's Identity as an Inclusive Employer, pages 92-95	

GRI STANDARD	EXPLANATIONS	DEPARTMENT
MATERIAL TOPICS		
GRI 3: Materiality Topics 2021	3-1 Process to determine material topics	Halkbank's Priorities in Sustainability, pages 62-63
	3-2 Material topics list	Halkbank's Priorities in Sustainability, pages 62-63
Financial Performance and Profitability		
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Chairman's Assessment, pages 14-15 General Manager's Assessment, pages 16-17 Areas of Focus in 2022, pages 46-55 Halkbank's Priorities in Sustainability, pages 62-63 Financial Capital, page 66-85 Human Capital, pages 90-103 Social and Relational Capital, pages 104-117 Intellectual Capital, pages 118-127 Natural Capital, pages 132-141
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Direct Economic Value Generated and Distributed (Financial Capital), page 69
	201-2 Financial impacts and other risks and opportunities arising from Climate Change	Supporting the Fight Against Climate Crisis, pages 136-141 Risk Management Policies by Risk Types and Risk Management Information, pages 150-151
	201-3 Defined benefit plan obligations and other retirement plans	Disclosures and Footnotes Related to Unconsolidated Financial Statements (Retirement Rights Liabilities), pages 309-310 Disclosures and Footnotes Related to the Consolidated Financial Statements (Retirement Rights Liabilities), pages 455-456
	201-4 Financial aid from the government	Disclosures and Footnotes Related to Unconsolidated Financial Statements (Information on Government Incentives), page 232 Disclosures and Footnotes Related to Consolidated Financial Statements (Information on Government Incentives), page 375
GRI 202: Market Presence 2016	202-1 Ratios of standard entry-level wage to local minimum wage by gender	Halkbank's Identity as an Inclusive Employer, pages 92-95
	202-2 Proportion of senior management hired from local community	Executive Management, pages 28-29
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Sustainable Finance, pages 70-72 Social and Relational Capital, pages 104-117
	203-2 Significant indirect economic impacts	Areas of Focus in 2022, pages 46-55 Financial Capital, page 66-85 Social and Relational Capital, pages 104-117 Intellectual Capital, pages 118-127 Natural Capital, pages 132-141

GRI Content Index



GRI STANDARD	EXPLANATIONS	DEPARTMENT
	Combating Climate Change	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Supporting the Fight Against Climate Crisis, pages 136-141
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Supporting the Fight Against Climate Crisis, pages 136-141
	302-4 Reducing energy consumption	Supporting the Fight Against Climate Crisis, pages 136-141
GRI 303: Water and Wastewater 2018	303-1 Interactions with water as a shared resource	Supporting the Fight Against Climate Crisis, pages 136-141
	303-5 Water consumption	Supporting the Fight Against Climate Crisis, pages 136-141
GRI 305: Emissions 2016	305-1 Direct greenhouse gas (GHG) emissions (Scope 1)	Supporting the Fight Against Climate Crisis, pages 136-141
	305-2 Indirect greenhouse gas (GHG) emissions (Scope 2)	Supporting the Fight Against Climate Crisis, pages 136-141
	305-3 Other indirect greenhouse gas (GHG) emissions (Scope 3)	Supporting the Fight Against Climate Crisis, pages 136-141
	305-5 Reduction of greenhouse gas (GHG) emissions	Supporting the Fight Against Climate Crisis, pages 136-141
GRI 306: Waste 2020	306-2 Management of waste-related impacts	Supporting the Fight Against Climate Crisis, pages 136-141
	306-4 Disposed wastes	Supporting the Fight Against Climate Crisis, pages 136-141
	Being a Preferred Employer	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Human Capital, pages 90-103 Training at Halkbank, pages 99-101 Occupational Health and Safety, pages 102-103 Supplier Relations (Stakeholder Relations at Halkbank), page 108
GRI 204: Responsible Procurement Practices 2016	204-1 The ratio of expenditures to local suppliers	Supplier Relations (Stakeholder Relations at Halkbank), page 108
GRI 401: Employment 2016	401-1 New hires and employee turnover	Career at Halkbank, page 96 Performance Tables, pages 477-479
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital, pages 90-103 Disclosures and Footnotes Related to Unconsolidated Financial Statements (Information on Remuneration Policies), pages 279-280 Disclosures and Footnotes Related to Unconsolidated Financial Statements (Information on Remuneration Policies), pages 424-425
	401-3 Maternity leave	Halkbank's Identity as an Inclusive Employer, pages 92-95

GRI STANDARD	EXPLANATIONS	DEPARTMENT
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety, pages 102-103 OHS Policy, https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/i%CC%87lkeler-ve-politikalar/is-sagligi-ve-guvenligi-politikasi.pdf
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, pages 102-103
	403-3 Occupational health services	Occupational Health and Safety, pages 102-103
	403-4 Employee participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, pages 102-103
	403-5 Employee OHS trainings	Occupational Health and Safety, pages 102-103
	403-9 Occupational Injuries	Occupational Health and Safety, pages 102-103
GRI 404: Training and Education 2016	404-1 Average annual training hours per employee	Training at Halkbank, pages 99-101
	404-2 Programs for upgrading employee skills and transition assistance programs	Training at Halkbank, pages 99-101
	404-3 Percentage notification of employees who receive regular performance and career development assessments	Training at Halkbank, pages 99-101
	Inclusivity and Equality of Opportunity	
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Halkbank's Identity as an Inclusive Employer, pages 92-95 Corporate Governance Principles, pages 164-179
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Corporate Governance Principles, pages 164-179
	205-2 Communication and training on anti-corruption policies and procedures	Training at Halkbank, pages 99-101 Corporate Governance Principles, pages 164-179
	205-3 Confirmed incidents of corruption and measures taken	Corporate Governance Principles, pages 164-179
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Halkbank's Identity as an Inclusive Employer, pages 92-95 Performance Tables, pages 477-479
	405-2 Ratio of basic salary and remuneration of women to men	Halkbank's Identity as an Inclusive Employer, pages 92-95
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Halkbank's Identity as an Inclusive Employer, pages 92-95 Corporate Governance Principles, pages 164-179 Human Rights and Human Resources Policy, https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/insan-haklari-ve-insan-kaynaklari-politikasi-20-06.pdf
GRI 407: Collective Bargaining and Union Right 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Halkbank's Identity as an Inclusive Employer, pages 92-95

GRI Content Index



GRI STANDARD	EXPLANATIONS	DEPARTMENT
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Halkbank's Identity as an Inclusive Employer, pages 92-95 Human Rights and Human Resources Policy, https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/insan-haklari-ve-insan-kaynaklari-politikasi-20-06.pdf
GRI 409: Forced/Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Halkbank's Identity as an Inclusive Employer, pages 92-95 Human Rights and Human Resources Policy, https://www.halkbank.com.tr/content/dam/halkbank/tr/dokumanlar/bankamiz/surdurulebilirlik/insan-haklari-ve-insan-kaynaklari-politikasi-20-06.pdf
Information Security and Customer Confidentiality		
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Data Security and Customer Privacy (Stakeholder Relations at Halkbank), page 108
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Security and Customer Privacy (Stakeholder Relations at Halkbank), page 108
Corporate Governance		
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Halkbank's Priorities in Sustainability, pages 62-63 Corporate Governance, pages 142-191
Increasing Access to Financial Services		
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Halkbank's Priorities in Sustainability, pages 62-63 Social and Relational Capital, pages 104-117
Digital Transformation		
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Halkbank's Priorities in Sustainability, pages 62-63 Intellectual Capital, pages 118-127
Risk and Crisis Management		
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Halkbank's Priorities in Sustainability, pages 62-63 Risk Management Policies by Risk Types and Risk Management Information, pages 150-151
Customer Satisfaction		
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Halkbank's Priorities in Sustainability, pages 62-63 Stakeholder Relations at Halkbank, pages 106-109
Creating Value with SME Banking		
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Halkbank's Priorities in Sustainability, pages 62-63 SME-Artisans Banking, pages 76-83
Contribution to Social Welfare with Social Responsibility		
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Halkbank's Priorities in Sustainability, pages 62-63 Social Benefit-Focused Finance Approach, pages 110-113 Corporate Social Responsibility Activities, pages 114-117

Independent Assurance Report



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Independent auditor's limited assurance report by DRT Bağımsız Denetim ve SMMM A.Ş. ("Deloitte") to the Board of Directors of Türkiye Halk Bankası A.Ş. ("Banka/Halkbank") on 2022 Integrated Annual Report for the year ended 31 December 2022.

Scope of Limited Assurance Audit

We have been engaged to perform a limited assurance audit, pursuant to the International Standard for Assurance Engagements (ISAE) 3000 (Revised) and (ISAE) 3410 (the "Standards"), that the Selected Sustainability Information ("Selected Information"), listed below in the Integrated Annual Report ("2022 Integrated Annual Report") of the Bank prepared for the year ended 31 December 2022 has been prepared in accordance with the principles in the Bank's Reporting Guide section on pages 480-487,

Selected non-financial performance information for a limited assurance audit

We have been assigned by the Bank to perform a limited assurance procedures regarding the accuracy of the following key performance indicators included in the 2022 Integrated Annual Report for the year ended 31 December 2022. The scope of indicators marked with , on pages 19, 57, 90, 96, 97, 99, 103, 135, 139, 140, 141, 477, 478 and 479 of the 2022 Integrated Annual Report which are the subject of limited assurance procedures, are as follows as of the year ended 31 December 2022:

Social Indicators

- Employee Demographics
- Number of Employees Taking and Returning from Maternity Leave
- Total Number of Employees, New Hires and Employee Turnovers
- Average Training Hours by Gender
- Total Trainings Given on Human Rights Policies and Processes
- Occupational health and Safety

Environmental Indicators

- Energy Consumption
 - Electricity Consumption (kWh)
 - Natural Gas Consumption (m³)
 - Coal (tonnes)
 - Fuel-Oil (Lt)
 - Diesel Consumption (Heating) (Lt)
 - Diesel Consumption (Generator) (Lt)
 - Vehicle Fuel Consumption (lt)
 - Energy Consumption (Total GJ) Within the Organization
- Other Environmental Performance Data
 - Water Consumption (m³)
 - Paper Consumption (tonnes)
 - Amount of Disposal Waste Collected (kg)
 - Amount of Electronic Equipment Given to Licensed Companies for Recovery/Disposal (Number)

Independent Assurance Report

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- Scope 1, 2 and 3 Emissions
 - Scope 1 (tCO₂e)
 - Scope 2 (tCO₂e)
 - Scope 3 (tCO₂e)
- Emission Performance per Employee (Employee/tCO₂e)
- Energy Consumption per Employee (GJ/Employee)

Sustainable Finance Indicators

- Funded renewable energy and energy efficiency projects (TL)

Inherent Limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial information, such as that included in reporting documents is subject to more inherent limitations than financial information, given the nature and methods used for determining, calculating and sampling or estimating such information.

Our audit provides limited assurance as defined in ISAE 3000 (Revised) and ISAE 3410. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Specific Purpose

Our work has been undertaken so that we might state to the Board of Directors of the Bank those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of the Bank for our work, for this report, or for the conclusions we have formed.

Our Independence and Competence

We comply 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 establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

Management's Responsibilities

The Managers of the Bank are responsible for the preparation, accuracy and completeness of the sustainability information and statements contained within the Report. Bank Managers are responsible for determining the Bank sustainability objectives; for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Deloitte.

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Auditor's Responsibilities

Our responsibility is to express a conclusion on the Selected Information based on our procedures. Our limited assurance work was conducted in accordance with the International Standards on Assurance Audits (ISAE 3000) (Revised) and, in particular, the International Standard for Assurance Audits on Audits or Non-Reviews of Historical Financial Information, and the Standard on Assurance Audits on Greenhouse Gas Disclosures (ISAE 3410).

The assurance audit performed represent a limited assurance audit. The nature, timing and extent of procedures performed in a limited assurance audit is limited compared with what is necessary in a reasonable assurance audit. Consequently, the level of assurance obtained in a limited assurance audit is lower.

Our Key Assurance Procedures

We carried out limited assurance regarding the accuracy of selected key performance indicators included in the 2022 Integrated Annual Report, which are stated in the "Selected Sustainability Information" section below for the year 2022.

To achieve limited assurance, the ISAE 3000 (Revised) and ISAE 3410 requires that we review the processes, systems and competencies used to compile the areas on which we provide our assurance. Considering the risk of material error, we planned and performed our work to obtain all of the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion.

To form our conclusions, we undertook the following procedures:

- Analyzed on a sample basis the key systems, processes, policies and controls relating to the collation, aggregation, validation and reporting processes of the selected information indicators;
- Conducted interviews with employees of the Bank responsible for sustainability performance, policies and corresponding reporting;
- Conducted selective substantive testing to confirm the accuracy of received data to the selected information indicators;
- Made enquiries of management and senior executives to obtain an understanding of the overall governance and internal control environment, risk management, materiality assessment and stakeholder engagement processes relevant to the identification, management and reporting of sustainability issues; and

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Limited assurance conclusion

Based on the scope of our work and the assurance procedures, as stated above in the section "Auditor's Responsibilities", we conclude that nothing has come to our attention that causes us to believe that the Selected Information stated above as of the year ended 31 December 2022 in the 2022 Integrated Annual Report of the Bank, to which we are tasked to provide limited assurance, is not prepared, in all material respects, in accordance with the Bank's Reporting Guidelines.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Aslan

Partner

İstanbul, 10 March 2023



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