

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

**TÜRKİYE HALK BANKASI
ANONİM ŞİRKETİ**

**Unconsolidated Financial Statements
As of 31 December 2021
With Auditors' Report Thereon**
(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)

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

INDEPENDENT AUDITOR'S REPORT

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

A) Report on the Audit of the Financial Statements

1) Qualified Opinion

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

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

2) Basis for Qualified Opinion

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

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

3) Emphasis of Matter

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

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

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

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

4) Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
<p><i>Impairment of loans in accordance with TFRS 9 “Financial Instruments Standard”</i></p> <p>Impairment of loans is a key area of judgement for the management. The Bank has the total loans amounting to TRY 539.588.028 thousand, which comprise 60% of the Bank’s total assets in its unconsolidated financial statements and the total provision for expected credit loss amounting to TRY 22.363.212 as at 31 December 2021.</p> <p>The Bank recognizes provisions for impairment in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. Applied accounting policies are explained in detail in the Section 3 Note VIII. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Bank exercises significant decisions using judgement, interpretation and assumptions over calculating loan impairments. These judgements, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans. In addition, the impairment of loans and receivables includes estimates and assumptions about the effects of the Covid-19 outbreak.</p> <p>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.</p>	<p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have read and analysed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.</p> <p>We have performed audit procedures on selected samples of loans and receivables with the objective of identifying whether the loss event had occurred and whether the provision for expected credit loss has been recognized in a timely manner within the framework of the provisions of the relevant regulation.</p> <p>We have tested relevant inputs and assumptions used by the management considering the effects of the Covid-19 outbreak in each stage of the expected credit loss calculation by considering whether those appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p>

<p>Accordingly, impairment of loans is considered as a key audit matter.</p> <p>Related explanations relating to the impairment of loans are presented in Section 5 Note I.5.</p>	<p>We have tested historical loss data to validate the completeness and accuracy of key parameters. We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p>Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements, including the effects of Covid-19, underlying the estimations of impairments were reasonable.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loans and related impairment provisions.</p>
Key Audit Matter	How the matter was addressed in the audit
<p><i>Valuation of Pension Fund Obligations</i></p> <p>Defined benefit pension plan that the Bank provides to its employees is managed by Türkiye Halk Bankası AŞ Emekli Sandığı Vakfı and T.C. Ziraat Bankası ve T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (“Plan”) which were established by the 20th provisional article of the Social Security Law numbered 506 (the “Law”).</p> <p>As disclosed in the Section III Note XVII to the unconsolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation (“SSF”) as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds’ members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation deed.</p> <p>As of 31 December 2021, the Bank’s transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the</p>	<p>Our audit work included the following procedures:</p> <p>We involved external experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates.</p> <p>It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used.</p> <p>In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Bank’s actuary.</p> <p>We have assessed whether there is a significant change in the actuarial assumptions, methods, legal regulations and legislation used in the calculations and whether the assumptions are reasonable. In addition, we have reviewed the sufficiency of disclosures prepared with this regard.</p>

<p>Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.</p> <p>As described in Section Five Note II.9.f considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this as a key audit matter.</p>	
Key Audit Matter	How the matter was addressed in the audit
<p><i>Information Technologies Audit</i></p> <p>The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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.

	<ul style="list-style-type: none"> • 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. <p>Finally, we understood and tested the controls over database, network, application and operating system layers of applications.</p>
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5) Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

B) Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Mjde Aslan.

Additional Paragraph for English Translation

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

DRT BAĐIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Mjde Aslan
Partner

Istanbul, 14 February 2022

TÜRKİYE HALK BANKASI AŞ
THE UNCONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

1. The Bank's Headquarter Address:
Barbaros Mahallesi Şebboy Sokak No:4/1 Ataşehir/İstanbul
2. The Bank's Contact Phone and Facsimile:
Phone : 0216 503 70 70
Facsimile : 0212 340 93 99
3. The Bank's Website and E-mail Address:
Website: www.halkbank.com.tr
E-mail Address: halkbank.ir@halkbank.com.tr

The unconsolidated year end financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures consists of the sections listed below:

- | | | |
|--------------------------|----------------------|---|
| <input type="checkbox"/> | Section One | : GENERAL INFORMATION ABOUT THE BANK |
| <input type="checkbox"/> | Section Two | : UNCONSOLIDATED FINANCIAL STATEMENTS |
| <input type="checkbox"/> | Section Three | : EXPLANATIONS ON ACCOUNTING POLICIES |
| <input type="checkbox"/> | Section Four | : INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK
MANAGEMENT OF THE BANK |
| <input type="checkbox"/> | Section Five | : EXPLANATIONS AND NOTES RELATED TO THE
UNCONSOLIDATED FINANCIAL STATEMENTS |
| <input type="checkbox"/> | Section Six | : OTHER EXPLANATIONS |
| <input type="checkbox"/> | Section Seven | : AUDITOR'S REPORT |

The unconsolidated financial statements for the year ended 31 December 2021 and related disclosures and footnotes that are subject to audit and are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in **thousands of Turkish Lira**.

Istanbul, 14 February 2022

R. Süleyman Özdil	Osman Arslan	Mevlüt Uysal	Yusuf Duran Ocak	Osman Bektaş
<i>Chairman of the Board of Directors, Chairman of the Audit Committee</i>	<i>Member of the Board of Directors, Chief Executive Officer</i>	<i>Independent Member of the Board of Directors, Member of the Audit Committee</i>	<i>Financial Management and Planning Vice Chief Executive Officer</i>	<i>Financial Accounting Department Head</i>

For any questions regarding this financial report, contact details of the personnel in charge is given below:

Name/Title : Arman Acar / Manager
Tel : 0216 503 57 19
Fax No : 0212 340 09 90

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TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

SECTION I: GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

As of 31 December 2021 the shareholders’ structure and their respective ownerships are summarized as follows:

Shareholders	31 December 2021	%	31 December 2020	%
Türkiye Varlık Fonu ⁽¹⁾	1.862.602	75,29	1.862.602	75,29
Public shares ⁽¹⁾	611.094	24,70	611.094	24,70
Other shareholders ⁽²⁾	80	0,01	80	0,01
Total	2.473.776	100,00	2.473.776	100,00

⁽¹⁾ The shares of the Türkiye Varlık Fonu amounting to TRY 1.224.326 can be publicly traded.

⁽²⁾ TRY 80 of the shares included in the “Other Shareholders” group belong to shareholders whose shares do not trade on the exchange.

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)

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

Name	Title
Recep Süleyman ÖZDİL	Chairman of the Board of Directors, Chairman of the Audit Committee
Himmet KARADAĞ	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
Maksut SERİM	Member of the Board of Directors
Ebubekir ŞAHİN	Member of the Board of Directors
Sezai UÇARMAK	Member of the Board of Directors
Mevlüt UYSAL	Independent Member of the Board of Directors, Member of the Audit Committee
Yılmaz ÇOLAK	Member of the Supervisory Board
Faruk ÖZÇELİK	Member of the Supervisory Board
Olca ATLIOĞLU	Executive Vice President, Information Technologies(P.P.)
İlhan BÖLÜKBAŞ	Executive Vice President, Loan Allocation and Management
Celal CANDAN	Executive Vice President, Credit Risk Monitoring and Legal Proceedings
Ergin KAYA	Executive Vice President, Banking Operations and Support Services
Yalçın MADENCİ	Executive Vice President, Corporate and Commercial Marketing
Yusuf Duran OCAK	Executive Vice President, Financial Management and Planning
Ali ŞÖNER	Executive Vice President, Treasury Management and International Banking(P.P.)
Hasan TUNCAY	Executive Vice President, Retail Banking

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

- a) The Bank's top management members who have assigned to their position in 2021 are listed with titles and dates of assignment

Title	Name and Surname	Beginning Date
Member of the Board of Directors	Şeref AKSAÇ	26 March 2021
Executive Vice President(P.P.)	Olca ATLIOĞLU	28 July 2021
Executive Vice President(P.P.)	Ali ŞÖNER	28 July 2021

- b) The Bank's top management members who have left their position in 2021 are listed with titles and dates of leaving.

Title	Name and Surname	Leaving Date
Member of the Board of Directors	Kerem ALKİN	26 March 2021
Executive Vice President	Serdar SÜRER	7 July 2021

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)

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

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

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

1) General information about the Bank:

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

2) Bank's restructuring process:

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

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

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

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

TÜRKİYE HALK BANKASI AŞ**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021**

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

SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)**V. EXPLANATIONS ON THE BANK’S FUNCTIONS AND LINES OF ACTIVITY(continued)****2) Bank’s restructuring process: (continued)**

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

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

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

As of 31 December 2021, the Bank operates with a total of 1023 branches consisting of 1018 domestic and 5 foreign branches that are 4 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 33 satellite branches. The Bank has also 3 representative offices in England, Iran and Singapore. (Singapore Representative activities were terminated on December 31, 2021.)

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

There is no difference for the Bank in terms of consolidated subsidiaries between the consolidation process according to the Turkish Accounting Standards and the Communiqué of the Preparation of Financial Statements.

The Bank’s subsidiaries Halk Yatırım Menkul Değerler AŞ, Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Finansal Kiralama AŞ, Halk Banka A.D. Skopje and its subsidiary Halk Osiguruvanje A.D. Skopje, Halk Faktoring AŞ, Halkbank A.D. Beograd and Halk Varlık Kiralama AŞ are included in the scope of consolidation by line-by-line method.

Demir-Halkbank NV (“Demir Halk Bank”) and Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ which are qualified as investments in associates, are included in the financial statements based on equity method of accounting. Associates are the domestic or foreign subsidiaries which the Bank participates to equity with significant influence but without controlling interest.

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)

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

There is no immediate transfer of the equity between the Bank and its subsidiaries. Dividend distribution from equity is made according to the related regulations.

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

TÜRKİYE HALK BANKASI AŞ
UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021
(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)
I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS	Note	Audited			Audited		
		Current Period			Prior Period		
		31 December 2021			31 December 2020		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. FINANCIAL ASSETS (NET)		87.048.030	139.311.735	226.359.765	62.699.185	80.238.698	142.937.883
1.1 Cash and Cash Equivalents		19.823.744	107.100.482	126.924.226	8.625.349	57.386.694	66.012.043
1.1.1 Cash and Balances with Central Bank	(1)	19.513.681	103.910.654	123.424.335	8.395.918	55.080.301	63.476.219
1.1.2 Banks	(3)	344.437	3.189.828	3.534.265	249.183	2.306.393	2.555.576
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Loss Provision (-)		34.374	-	34.374	19.752	-	19.752
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	25.137.951	725	25.138.676	15.676.172	1.349	15.677.521
1.2.1 Government Debt Securities		24.869.639	725	24.870.364	15.501.780	1.349	15.503.129
1.2.2 Equity Instruments		145.601	-	145.601	145.601	-	145.601
1.2.3 Other Financial Assets		122.711	-	122.711	28.791	-	28.791
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	39.347.469	25.960.864	65.308.333	38.391.911	20.509.219	58.901.130
1.3.1 Government Debt Securities		38.593.800	25.623.561	64.217.361	37.528.538	20.326.567	57.855.105
1.3.2 Equity Instruments		228.886	337.303	566.189	271.890	182.652	454.542
1.3.3 Other Financial Assets		524.783	-	524.783	591.483	-	591.483
1.4 Derivative Financial Assets	(2)(11)	2.738.866	6.249.664	8.988.530	5.753	2.341.436	2.347.189
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		2.738.866	6.249.664	8.988.530	5.753	2.341.436	2.347.189
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST(Net)		458.596.867	191.464.935	650.061.802	400.270.755	117.452.546	517.723.301
2.1 Loans	(5)	390.846.238	148.741.790	539.588.028	356.070.320	93.674.895	449.745.215
2.2 Lease Receivables	(10)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost	(6)	90.130.549	42.723.145	132.853.694	60.843.380	23.777.651	84.621.031
2.4.1 Government Debt Securities		90.080.026	42.723.145	132.803.171	60.792.861	23.777.651	84.570.512
2.4.2 Other Financial Assets		50.523	-	50.523	50.519	-	50.519
2.5 Expected Credit Loss (-)		22.379.920	-	22.379.920	16.642.945	-	16.642.945
III. DISCONTINUED OPERATIONS (NET)	(16)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		3.158.133	5.804.528	8.962.661	3.434.503	2.814.889	6.249.392
4.1 Investments in Associates (Net)	(7)	78.073	1.218.924	1.296.997	78.073	674.237	752.310
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		78.073	1.218.924	1.296.997	78.073	674.237	752.310
4.2 Subsidiaries (Net)	(8)	3.080.060	4.585.604	7.665.664	3.356.430	2.140.652	5.497.082
4.2.1 Unconsolidated Financial Subsidiaries		3.080.060	4.585.604	7.665.664	3.356.430	2.140.652	5.497.082
4.2.2 Unconsolidated Non- Financial Subsidiaries		-	-	-	-	-	-
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)	8.317.159	378	8.317.537	7.877.038	255	7.877.293
VI. INTANGIBLE ASSETS (Net)	(13)	513.936	-	513.936	572.925	-	572.925
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		513.936	-	513.936	572.925	-	572.925
VII. INVESTMENT PROPERTIES (Net)	(14)	359.752	-	359.752	353.647	-	353.647
VIII. CURRENT TAX ASSET		-	-	-	326.239	-	326.239
IX. DEFERRED TAX ASSET	(15)	157.394	-	157.394	-	-	-
X. OTHER ASSETS (Net)	(17)	6.268.677	215.069	6.483.746	3.757.863	227.552	3.985.415
TOTAL ASSETS		564.419.948	336.796.645	901.216.593	479.292.155	200.733.940	680.026.095

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

TÜRKİYE HALK BANKASI AŞ
UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021
(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)
I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Note	Audited			Audited		
		Current Period			Prior Period		
		31 December 2021			31 December 2020		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(1)	259.839.714	366.064.757	625.904.471	262.090.112	195.196.183	457.286.295
II. FUNDS BORROWED	(3)	498.522	13.046.818	13.545.340	380.664	10.006.335	10.386.999
III. MONEY MARKETS		136.525.331	2.644.672	139.170.003	102.841.789	1.114.631	103.956.420
IV. SECURITIES ISSUED (Net)	(4)	6.413.302	-	6.413.302	5.641.402	7.553.277	13.194.679
4.1 Bills		4.694.698	-	4.694.698	3.551.547	-	3.551.547
4.2 Assets Backed Securities		1.011.622	-	1.011.622	1.011.622	-	1.011.622
4.3 Bonds		706.982	-	706.982	1.078.233	7.553.277	8.631.510
V. FUNDS	(5)	138.541	-	138.541	3.617.303	-	3.617.303
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		138.541	-	138.541	3.617.303	-	3.617.303
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)(8)	18.187	2.452.064	2.470.251	20.113	513.928	534.041
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		18.187	2.452.064	2.470.251	20.113	513.928	534.041
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES	(7)	854.471	12.112	866.583	760.766	22.120	782.886
X. PROVISIONS	(9)	3.408.469	-	3.408.469	2.084.453	-	2.084.453
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		2.246.923	-	2.246.923	1.469.151	-	1.469.151
10.3 Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4 Other Provisions		1.161.546	-	1.161.546	615.302	-	615.302
XI. CURRENT TAX LIABILITY	(10)	859.868	30	859.898	741.197	59	741.256
XII. DEFERRED TAX LIABILITIES	(10)	-	-	-	331.752	-	331.752
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)	6.051.459	15.591.893	21.643.352	6.036.525	8.824.063	14.860.588
14.1 Loans		-	15.591.893	15.591.893	-	8.824.063	8.824.063
14.2 Other Debt Instruments		6.051.459	-	6.051.459	6.036.525	-	6.036.525
XV. OTHER LIABILITIES	(6)	41.129.481	2.166.547	43.296.028	27.856.164	1.462.755	29.318.919
XVI. SHAREHOLDERS' EQUITY	(13)	42.044.998	1.455.357	43.500.355	42.299.664	630.840	42.930.504
16.1 Paid-in Capital		2.473.776	-	2.473.776	2.473.776	-	2.473.776
16.2 Capital Reserves		6.963.056	294.687	7.257.743	6.745.068	164.993	6.910.061
16.2.1 Share Premium		5.776.224	-	5.776.224	5.776.224	-	5.776.224
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.186.832	294.687	1.481.519	968.844	164.993	1.133.837
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		4.810.662	1.350.460	6.161.122	5.136.475	696.265	5.832.740
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(1.732.203)	(189.790)	(1.921.993)	(77.633)	(230.418)	(308.051)
16.5 Profit Reserves		28.021.978	-	28.021.978	25.421.933	-	25.421.933
16.5.1 Legal Reserves		2.548.763	-	2.548.763	2.418.760	-	2.418.760
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		25.426.034	-	25.426.034	22.955.992	-	22.955.992
16.5.4 Other Profit Reserves		47.181	-	47.181	47.181	-	47.181
16.6 Income or (Loss)		1.507.729	-	1.507.729	2.600.045	-	2.600.045
16.6.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Income or (Loss)		1.507.729	-	1.507.729	2.600.045	-	2.600.045
16.7 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		497.782.343	403.434.250	901.216.593	454.701.904	225.324.191	680.026.095

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

TÜRKİYE HALK BANKASI AŞ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF
31 DECEMBER 2021

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

II. STATEMENT OF OFF BALANCE SHEET ITEMS

	Note	Audited			Audited		
		Current Period			Prior Period		
		31 December 2021			31 December 2020		
OFF-BALANCE SHEET		TRY	FC	TOTAL	TRY	FC	TOTAL
A. COMMITMENTS AND CONTINGENCIES (I+II+III)		177.195.784	263.127.030	440.322.814	115.469.508	122.345.534	237.815.042
I. GUARANTEES AND WARRANTIES	(1)	82.028.060	108.912.740	190.940.800	55.280.784	59.274.553	114.555.337
1.1 Letters of guarantee		71.425.233	91.526.108	162.951.341	50.275.455	50.551.647	100.827.102
1.1.1 Guarantees subject to public procurement law		4.022.784	9.819.863	13.842.647	2.868.957	6.032.807	8.901.764
1.1.2 Guarantees given for foreign trade operations		188.413	18.874.330	19.062.743	151.890	10.982.989	11.134.879
1.1.3 Other letters of guarantee		67.214.036	62.831.915	130.045.951	47.254.608	33.535.851	80.790.459
1.2 Bank loans		1.079.481	10.501.763	11.581.244	185.902	6.309.693	6.495.595
1.2.1 Import acceptances		-	272.303	272.303	-	161.040	161.040
1.2.2 Other bank acceptances		1.079.481	10.229.460	11.308.941	185.902	6.148.653	6.334.555
1.3 Letters of credit		22.275	6.842.406	6.864.681	55.249	2.352.972	2.408.221
1.3.1 Documentary letters of credit		22.275	6.842.406	6.864.681	55.249	2.352.972	2.408.221
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 Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase guarantees on marketable security issuance		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		9.501.071	42.463	9.543.534	4.764.178	60.241	4.824.419
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		38.457.173	10.799.643	49.256.816	42.401.518	4.054.304	46.455.822
2.1 Irrevocable commitments	(1)	37.152.475	6.988.133	44.140.608	41.793.629	2.136.956	43.930.585
2.1.1 Forward asset purchase commitments		3.206.791	5.837.543	9.044.334	371.052	1.455.693	1.826.745
2.1.2 Forward deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3 Capital commitments to subsidiaries and associates		-	-	-	-	-	-
2.1.4 Loan granting commitments		5.086.550	1.150.590	6.237.140	3.912.914	681.263	4.594.177
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Payment commitments for reserve deposits		-	-	-	-	-	-
2.1.7 Payment commitments for Cheques	(3)	6.146.359	-	6.146.359	4.472.298	-	4.472.298
2.1.8 Tax and fund liabilities from export commitments		106.220	-	106.220	124.240	-	124.240
2.1.9 Commitments for credit card expenditure limits		17.272.727	-	17.272.727	27.941.932	-	27.941.932
2.1.10 Commitments for credit cards and banking services promotions		27.584	-	27.584	22.752	-	22.752
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		5.306.244	-	5.306.244	4.948.441	-	4.948.441
2.2 Revocable commitments		1.304.698	3.811.510	5.116.208	607.889	1.917.348	2.525.237
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		1.304.698	3.811.510	5.116.208	607.889	1.917.348	2.525.237
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	56.710.551	143.414.647	200.125.198	17.787.206	59.016.677	76.803.883
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		56.710.551	143.414.647	200.125.198	17.787.206	59.016.677	76.803.883
3.2.1 Forward foreign currency buy/sell transactions		1.524.482	14.931.282	16.455.764	203.727	2.589.660	2.793.387
3.2.1.1 Forward foreign currency transactions-buy		770.538	9.871.952	10.642.490	114.039	2.395.844	2.509.883
3.2.1.2 Forward foreign currency transactions-sell		753.944	5.059.330	5.813.274	89.688	193.816	283.504
3.2.2 Currency and interest rate swaps		54.300.111	93.946.423	148.246.534	17.149.875	47.177.049	64.326.924
3.2.2.1 Currency swap-buy		-	44.940.478	44.940.478	-	18.445.551	18.445.551
3.2.2.2 Currency swap-sell		53.790.111	5.539.715	59.329.826	15.739.875	4.575.468	20.315.343
3.2.2.3 Interest rate swap-buy		255.000	21.733.115	21.988.115	705.000	12.078.015	12.783.015
3.2.2.4 Interest rate swap-sell		255.000	21.733.115	21.988.115	705.000	12.078.015	12.783.015
3.2.3 Currency, interest rate and marketable securities options		885.958	3.591.388	4.477.346	433.604	3.440.442	3.874.046
3.2.3.1 Currency call options		442.917	1.795.760	2.238.677	216.802	1.720.219	1.937.021
3.2.3.2 Currency put options		443.041	1.795.628	2.238.669	216.802	1.720.223	1.937.025
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		-	-	-	-	-	-
3.2.4.1 Currency futures-buy		-	-	-	-	-	-
3.2.4.2 Currency futures-sell		-	-	-	-	-	-
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		-	30.945.554	30.945.554	-	5.809.526	5.809.526
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)		1.734.577.963	846.016.382	2.580.594.345	1.491.710.972	495.489.123	1.987.200.095
IV. CUSTODIES		709.088.827	95.722.399	804.811.226	626.949.054	61.067.078	688.016.132
4.1 Assets under management		-	-	-	-	-	-
4.2 Custody marketable securities		134.858.276	5.684.265	140.542.541	123.005.587	2.619.679	125.625.266
4.3 Cheques in collection process		34.365.778	63.365.000	97.730.778	20.519.482	44.502.496	65.021.978
4.4 Commercial notes in collection process		494.216.428	19.065.722	513.282.150	427.042.837	9.150.085	436.192.922
4.5 Other assets in collection process		-	-	-	-	-	-
4.6 Underwritten securities		-	-	-	-	-	-
4.7 Other custodies		870.946	1.702.098	2.573.044	2.318.514	1.143.741	3.462.255
4.8 Custodians		44.777.399	5.905.314	50.682.713	54.062.634	3.651.077	57.713.711
V. PLEDGED ASSETS		1.025.489.136	750.293.983	1.775.783.119	864.761.918	434.422.045	1.299.183.963
5.1 Marketable securities		8.458.409	2.277.338	10.735.747	6.448.999	1.582.195	8.031.194
5.2 Collateral notes		15.652.676	3.014.547	18.667.223	7.863.081	1.575.367	9.438.448
5.3 Commodity		25.812	-	25.812	25.813	-	25.813
5.4 Warranty		-	-	-	-	-	-
5.5 Land and buildings		778.975.982	570.877.545	1.349.853.527	650.415.346	333.631.298	984.046.644
5.6 Other pledged assets		171.863.800	112.178.608	284.042.408	169.327.906	56.874.518	226.202.424
5.7 Pledges		50.512.457	61.945.945	112.458.402	30.680.773	40.758.667	71.439.440
VI. ACCEPTED BILL GUARANTEES AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		1.911.773.747	1.109.143.412	3.020.917.159	1.607.180.480	617.834.657	2.225.015.137

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

TÜRKİYE HALK BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED
31 DECEMBER 2021

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

III. STATEMENT OF PROFIT OR LOSS

		Audited	
		Current Period	Prior Period
		1 January -31 December 2021	1 January -31 December 2020
INCOME AND EXPENSES	Note		
I. INTEREST INCOME	(1)	88.777.857	53.738.351
1.1 Interest on Loans		54.195.894	38.123.042
1.2 Interest on Reserve Requirements		2.924	1.073
1.3 Interest on Banks		1.270.079	272.044
1.4 Interest on Money Market Transactions		-	-
1.5 Interest on Marketable Securities Portfolio		33.088.587	15.269.392
1.5.1 Fair Value Through Profit or Loss		10.862	2.870
1.5.2 Fair Value Through Other Comprehensive Income		8.285.326	4.532.819
1.5.3 Measured at Amortized Cost		24.792.399	10.733.703
1.6 Financial Lease Interest Income		-	-
1.7 Other Interest Income		220.373	72.800
II. INTEREST EXPENSE (-)	(2)	63.618.009	34.985.167
2.1 Interest on Deposits		42.009.351	22.435.747
2.2 Interest on Funds Borrowed		218.010	250.746
2.3 Interest Expense on Money Market Transactions		17.535.025	8.715.752
2.4 Interest on Securities Issued		3.268.444	2.467.474
2.5 Interest on Leases		117.254	74.760
2.6 Other Interest Expenses		469.925	1.040.688
III. NET INTEREST INCOME (I - II)		25.159.848	18.753.184
IV. NET FEES AND COMMISSIONS INCOME		4.087.789	2.614.865
4.1 Fees and Commissions Received		5.682.775	3.577.368
4.1.1 Non – cash Loans		1.327.309	944.331
4.1.2 Other	(12)	4.355.466	2.633.037
4.2 Fees and Commissions Paid (-)		1.594.986	962.503
4.2.1 Non – cash Loans		134	269
4.2.2 Other	(12)	1.594.852	962.234
V. DIVIDEND INCOME	(3)	192.637	511.111
VI. TRADING INCOME / LOSS (Net)	(4)	(12.718.250)	(5.281.418)
6.1 Trading Gains / (Losses) on Securities		38.439	55.922
6.2 Gains / (Losses) on Derivate Financial Transactions		18.518.810	2.725.944
6.3 Foreign Exchange Gains / (Losses)		(31.275.499)	(8.063.284)
VII. OTHER OPERATING INCOME	(5)	6.266.854	1.441.217
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		22.988.878	18.038.959
IX. EXPECTED LOSS PROVISIONS (-)	(6)	11.884.553	6.830.591
X. OTHER PROVISION EXPENSES (-)	(6)	27.988	17.408
XI. PERSONNEL EXPENSE (-)		4.308.398	3.578.795
XII. OTHER OPERATING EXPENSES (-)	(7)	5.361.846	4.382.265
XIII. NET OPERATING INCOME /LOSS (IX-X-XI)		1.406.093	3.229.900
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)	1.406.093	3.229.900
XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)	(9)	101.636	(629.855)
18.1 Current Tax Provision		19.615	491.513
18.2 Deferred Tax Income Effect (+)		4.698.320	848.133
18.3 Deferred Tax Expense Effect (-)		4.819.571	709.791
XIX. CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(10)	1.507.729	2.600.045
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from Non-Current Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses for Other Discontinued Operations		-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (IXX-XX)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
XXIV. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX±XXII)		-	-
XXV. NET PROFIT/(LOSS) (XVIII+XXIII)	(11)	1.507.729	2.600.045
25.1 Profit / (Loss) of Group		1.507.729	2.600.045
25.2 Profit / (Loss) of Minority Shares (-)		-	-
Profit / (Loss) Per Share (full TRY)		0,60948485	1,30068740

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

TÜRKİYE HALK BANKASI AŞ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED
31 DECEMBER 2021

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Audited	Audited
		Current Period	Prior Period
INCOME EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		1 January -31 December 2021	1 January -31 December 2020
I.	CURRENT PERIOD INCOME/LOSS	1.507.729	2.600.045
II.	OTHER COMPREHENSIVE INCOME	(1.285.560)	1.148.316
2.1	Not Reclassified Through Profit or Loss	328.382	1.677.989
2.1.1	Property and Equipment Revaluation Increase/Decrease	415.088	234.056
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(415.824)	(99.034)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	287.463	1.546.566
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	41.655	(3.599)
2.2	Reclassified Through Profit or Loss	(1.613.942)	(529.673)
2.2.1	Foreign Currency Translation Differences	(134.384)	3.776
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(1.805.798)	(653.499)
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	326.240	120.050
III.	TOTAL COMPREHENSIVE INCOME (I+II)	222.169	3.748.361

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

TÜRKİYE HALK BANKASI AŞ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021
(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)
V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited (1 January -31 December 2020)	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss								Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss							
	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Expect Minority Shares	Minority Shares	Total Equity
I. Prior Period End Balance	1.250.000	-	-	1.148.520	1.364.725	(59.859)	2.849.885	(5.846)	227.468	-	23.701.624	-	1.720.309	32.196.826	-	32.196.826
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	1.250.000	-	-	1.148.520	1.364.725	(59.859)	2.849.885	(5.846)	227.468	-	23.701.624	-	1.720.309	32.196.826	-	32.196.826
IV. Total Comprehensive Income	-	-	-	-	210.650	(79.227)	1.546.566	3.776	(533.449)	-	-	-	2.600.045	3.748.361	-	3.748.361
V. Capital Increase by Cash	1.223.776	5.776.224	-	-	-	-	-	-	-	-	-	-	-	7.000.000	-	7.000.000
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease by Other Changes	-	-	-	(14.683)	-	-	-	-	-	-	-	1.720.309	(1.720.309)	(14.683)	-	(14.683)
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	1.720.309	(1.720.309)	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1.720.309	(1.720.309)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)	2.473.776	5.776.224	-	1.133.837	1.575.375	(139.086)	4.396.451	(2.070)	(305.981)	-	25.421.933	-	2.600.045	42.930.504	-	42.930.504
(1 January -31 December 2021)																
I. Prior Period End Balance	2.473.776	5.776.224	-	1.133.837	1.575.375	(139.086)	4.396.451	(2.070)	(305.981)	-	25.421.933	-	2.600.045	42.930.504	-	42.930.504
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	2.473.776	5.776.224	-	1.133.837	1.575.375	(139.086)	4.396.451	(2.070)	(305.981)	-	25.421.933	-	2.600.045	42.930.504	-	42.930.504
IV. Total Comprehensive Income	-	-	-	-	373.579	(332.660)	287.463	(134.384)	(1.479.558)	-	-	-	1.507.729	222.169	-	222.169
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease by Other Changes	-	-	-	347.682	-	-	-	-	-	-	-	2.600.045	(2.600.045)	347.682	-	347.682
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	2.600.045	(2.600.045)	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	2.600.045	(2.600.045)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	1.507.729	43.500.355	-	43.500.355

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

TÜRKİYE HALK BANKASI AŞ
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
31 DECEMBER 2021

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

VI. STATEMENT OF CASH FLOWS

		Audited	Audited
		Current Period	Prior Period
		1 January -31	1 January -31
		December 2021	December 2020
	Note		
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		(31.313.536)	2.490.712
1.1.1 Interest received		65.198.167	44.671.033
1.1.2 Interest paid		(61.711.718)	(34.527.954)
1.1.3 Dividend received		192.637	511.111
1.1.4 Fees and commissions received		5.332.938	4.205.664
1.1.5 Other income		3.051.435	666.102
1.1.6 Collections from previously written off loans		2.327.529	1.768.110
1.1.7 Cash payments to personnel and service suppliers		(4.361.149)	(3.620.623)
1.1.8 Taxes paid		(479.700)	(1.109.345)
1.1.9 Other	(1)	(40.863.675)	(10.073.386)
1.2 Changes in Assets and Liabilities Subject to Banking Operations		50.470.735	58.331.078
1.2.1 Net Increase / decrease in financial assets at fair value through profit or loss		(9.457.426)	588.726
1.2.2 Net (increase) / decrease in due from banks		-	-
1.2.3 Net (increase) / decrease in loans		(20.971.350)	(145.672.767)
1.2.4 Net (increase) / decrease in other assets		(42.408.273)	(11.315.803)
1.2.5 Net increase / (decrease) in bank deposits		16.166.118	7.390.796
1.2.6 Net increase / (decrease) in other deposits		55.210.132	152.208.641
1.2.7 Net Increase / decrease in financial liabilities at fair value through profit or loss		-	-
1.2.8 Net increase / (decrease) in funds borrowed		1.995.544	(1.066.966)
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities	(1)	49.935.990	56.198.451
I. Net cash provided from banking operations		19.157.199	60.821.790
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net cash provided from/ (used in) investing activities		(16.703.161)	(42.973.467)
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		(564.184)	(183.498)
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries		-	225.190
2.3 Fixed assets purchases		(357.740)	(324.188)
2.4 Fixed assets sales		2.668.822	1.820.236
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(8.332.600)	(52.675.154)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		3.005.980	10.726.224
2.7 Cash paid for purchase of investment securities		(20.528.083)	(15.691.928)
2.8 Cash obtained from sale of investment securities		7.493.789	13.636.481
2.9 Other		(89.145)	(506.830)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		(5.783.371)	1.262.487
3.1 Cash obtained from loans borrowed and securities issued		13.123.150	9.668.550
3.2 Cash used for repayment of loans borrowed and securities issued		(18.639.746)	(15.150.013)
3.3 Bonds issued		-	7.000.000
3.4 Dividends paid		-	-
3.5 Payments for leases		(266.775)	(256.050)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	23.367.773	(1.317.260)
V. Net increase / (decrease) in cash and cash equivalents		20.038.440	17.793.550
VI. Cash and cash equivalents at beginning of the period	(4)	42.081.011	24.287.461
VII. Cash and cash equivalents at end of the period	(5)	62.119.451	42.081.011

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

TÜRKİYE HALK BANKASI AŞ**UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)***VII. STATEMENT OF PROFIT DISTRIBUTION**

		Audited	Audited
		Current Period *	Prior Period
		31 December 2021	31 December 2020
I.	DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1.	Current Period Profit	1.406.093	3.229.900
1.2.	Taxes and Legal Duties Payables (-)	101.636	(629.855)
1.2.1.	Corporate Tax (Income Tax)	(19.615)	(491.513)
1.2.2.	Withholding Tax	-	-
1.2.3.	Other Taxes and Duties	121.251	(138.342)
A.	Net Profit For The Period (1.1-1.2)	1.507.729	2.600.045
1.3.	Accumulated Losses (-)	-	-
1.4.	First Legal Reserves (-)	-	130.002
1.5.	Other Statutory Reserves (-)	-	-
B.	Net Profit Available for Distribution [(A-(1.3+1.4+1.5))]**	-	2.470.043
1.6.	First Dividend to shareholders (-)	-	-
1.6.1.	To Owners of Ordinary Shares	-	-
1.6.2.	To Owners of Privileged Shares	-	-
1.6.3.	To Owners of Redeemed Shares	-	-
1.6.4.	To Profit Sharing Bonds	-	-
1.6.5.	To Holders of Profit and Loss Sharing Certificates	-	-
1.7.	Dividends to personnel (-)	-	-
1.8.	Dividends to Board of Directors (-)	-	-
1.9.	Second Dividend to Shareholders (-)	-	-
1.9.1.	To Owners of Ordinary Shares	-	-
1.9.2.	To Owners of Privileged Shares	-	-
1.9.3.	To Owners of Redeemed Shares	-	-
1.9.4.	To Profit Sharing Bonds	-	-
1.9.5.	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10.	Second Legal Reserves (-)	-	-
1.11.	Status Reserves (-)	-	2.470.043
1.12.	Extraordinary Reserves(2)	-	-
1.13.	Other Reserves	-	1.163.178
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	-	-
2.3.3.	To Owners of Privileged Shares	-	-
2.3.4.	To Profit Sharing Bonds	-	-
2.3.5.	To Holders of Profit and Loss Sharing Certificates	-	-
2.3.	Dividends to Personnel (-)	-	-
2.4.	Dividends to the Boards of Directors (-)	-	-
III.	Earnings per Share		
3.1.	To Owners of Ordinary Shares	0,6094849	1,051043
3.2.	To Owners of Ordinary Shares (%)	%60,95	%105,10
3.3.	To Owners of Privileged Shares	-	-
3.4.	To Owners of Privileged Shares (%)	-	-
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 2021 financial reporting date, General Assembly has not been held yet.

(**) Under the TFRS-9 standard, returns on the sales of partnerships reported at fair value are put down in the equities account. The 75% exception to these returns, as provided by Article 5/1/e, Corporate Tax no. 5520, amounts to TRY 1.163.178 and this will continue to be put down in the special funds account.

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

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

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

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

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. Therefore, no inflation adjustment has been made for TAS 29 in the financial statements as of 31 December 2021.

In accordance with the Bank's statement of financial position dated 31 December 2021 prepared in accordance with the uniform chart of accounts that entered into force on January 1, 2021, collaterals given over derivative transactions with foreign banks is reclassified into cash and cash equivalents from other assets amounting TRY 409,925 in the statement of financial position dated 31 December 2020. The effects of this classification on the cash flow statement have also been updated. Collaterals in institutions other than foreign banks continue to be monitored in the other assets item. This reclassification did not have any impact on the Bank's statement of financial position and the performance.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

I. EXPLANATIONS ON BASIS OF PRESENTATION (continued)

Effects of COVID-19

In December 2019, a new type of coronavirus (COVID-19) which emerged in Wuhan city of China, caused fatal respiratory diseases all over the world and named as global outbreak by the World Health Organization on 11 March 2020. Various measures have been taken all over the world in order to avoid the negative effects of the disease that has become a pandemic, and due to the measures taken, there have been a recession in economies.

In order to be protected from the effects of the pandemic, Banking Regulation and Supervision Agency ("BRSA"), Central Bank of Republic of Turkey ("CBRT"), Capital Markets Board of Turkey ("CMB") and The Banks Association of Turkey ("TBA") have taken various decisions regarding the banking sector in our country. These measures, which closely concern the banking sector, are listed below in general.

1. With the regulation made by the BRSA on 17 March 2020 in Regulation on Provisions, the delinquency period for the classification of loans as non-performing has been extended from 90 days to 180 days until 31 December 2020 and Expected Credit Loss provisions for the loans classified as Second Group Loans Under Close Monitoring within the scope of TFRS 9 are decided to be continued according to the banks' own risk models. According to decision made by the BRSA on 8 December 2020 and 17 June 2021, the period for the classification of loans has been extended to 30 September 2021. With the decision of the Banking Regulation and Supervision Agency dated September 16, 2021, it was decided to terminate the related application as of the end of September 30, 2021, however, the aforementioned application will continue in the same way for loans with a delay period of more than 91 days and not exceeding 180 days as of October 1, 2021. As of 31 December 2021, the above mentioned application was terminated and the due day period became 90 days for all loans.

2. With the regulation made by the CBRT on March 17, 2020, the FX Reserve Requirement ratios were reduced by 500 basis points for banks that meet the real loan growth conditions. With the regulation made by the CBRT on 27 November 2020, the loan growth rate conditions were abolished as of the establishment date of 25 December 2020, and the same rates were applied to all banks.

3. With the decision made by the TBA on 19 March 2020, it has been recommended that loan demands of the affected firms should be swiftly evaluated and met, credit access and terms should be improved, credit channels should be maintained, and a certain flexibility should be introduced in terms of due dates, installments and assurances regarding the clients whose income-expenditure balance is affected by the pandemic outbreak.

4. In the regulation issued on 23 March 2020 by BRSA, it is stated that negative valuation differences arising related to securities at Fair Value through Other Comprehensive Income which obtained before 23 March 2020 may not be taken into account in the equity calculation to be used in the CAR calculation, and impairment provisions arising from the securities owned by Banks may not be taken into account in the foreign currency net general position calculation, as effective until 31 December 2020. In accordance with the regulation dated 8 December 2020 by BRSA, the effective period of these applications is extended to 30 June 2021. With the BRSA Board Decision dated 17 June 2021, it was stated that the relevant regulations were terminated after 30 June 2021.

According to the BRSA Board Decision dated December 21, 2021, in case the net valuation differences of the securities held in the portfolio of Securities at Fair Value Through Other Comprehensive Income as of December 21, 2021 are negative, these differences may not be taken into consideration in the calculation of equity to be used in the calculation of CAR.

5. With the decision of the BRSA dated 26 March 2020, it has been decided to exempt Banks from their obligations to meet the Liquidity Coverage Ratio. With the decision of the BRSA dated 8 December 2020, it has been decided to terminate the relevant exemption as of 31 December 2020.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

I. EXPLANATIONS ON BASIS OF PRESENTATION (continued)

Effects of COVID-19 (continued)

6. With the amendments made by the BRSA on the Regulation on Provisions on 27 March 2020, classification period to loans under close monitoring has been extended from 30 days to 90 days until 31 December 2020 and Expected Credit Loss provisions for the loans classified as First Group Loans within the scope of TFRS 9 are decided to be continued according to the banks' own risk models. According to order made by the BRSA on 8 December 2020 and 17 June 2021, the ending date of the related regulation has been extended to 30 September 2021. Banking Regulation and Supervision Agency Decision dated September 16, 2021, it was decided to terminate the related application as of the end of September 30, 2021, but to continue the application in the same way for loans with a delay period of more than 31 days and not exceeding 90 days as of October 1, 2021.

As of 31 December 2021, the relevant regulations were terminated and classification period to loans under close monitoring has become 30 days for all loans.

7. With the Board Resolution dated 16 April 2020 issued by the BRSA, it has been decided that 0% risk weight can be applied to the foreign currency denominated receivables of the Banks from the Republic of Turkey Central Management within the scope of CAR regulation.

8. With the decision to be valid until December 31, 2020, made by the BRSA on 23 March 2020, banks were entitled to use the buying exchange rate used in preparation of financial statements as of 31 December 2019 when calculating the amount subject to credit risk for calculating the revalued amounts as per the Turkish Accounting Standards and related specific reserves, excluding the foreign currency assets measured at historical cost. With the Board Resolution dated 8 December 2020 issued by BRSA, by terminating the previous regulation, a new practice has been issued regarding this calculation to enable using the simple arithmetic average of buying exchange rates of the Central Bank for the last 252 days before the calculation date, and the effective period is extended to 30 June 2021. In accordance with the letter of BRSA dated 14 December 2020, it has been decided that this application is effective as of the date of the Board Resolution dated 8 December 2020. With the BRSA Board Decision dated 17 June 2021, it was stated that the relevant regulations were terminated as of 30 September 2021. BRSA Decision dated September 16, 2021, it was decided to continue the implementation until a BRSA Decision to the contrary is taken.

With the BRSA Board Decision dated 21 December 2021, it has been decided to use the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of 31 December 2021 starting from January 1, 2022, until a Board decision is taken to the contrary.

9. With the resolution numbered 8998 dated 16 April 2020 by BRSA, banks have been exempted from the obligations to meet 20% legal limit regarding the IRRBB ratio until 31 December 2020. Mentioned exemption has been terminated as of 31 December 2020 with the resolution numbered 9312 dated 8 December 2020.

The Bank has regulated its activities within the scope of the above mentioned decisions.

As regards to the consideration of macroeconomic factors, the Bank regularly evaluates scenario weights and macroeconomic factors in its model and if deemed necessary, makes additional provision through individual assessment due to the fact that the effects of the pandemic are still being experienced.

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

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

a) The Bank's strategy on financial instruments:

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

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

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

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

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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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate that equals the future cash flows of a financial asset or liability to its present net book value) in conformity with TFRS 9 Standard.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

The estimated fair values of financial assets have been determined by the Bank using the available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Hence, estimations presented in this report may not be same with the prices in the current market conditions in the case of assets disposals.

Book values of some financial assets (which equals to their costs) are assumed to approximate to their fair values due to their short term nature.

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

Assessment of Business Model

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

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

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)

Assessment of Business Model (continued)

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

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

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

3. Other Business Models:

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

Measurement Categories of Financial Assets and Liabilities

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

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

In addition, the Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Bank's expectations is updated during the year when deemed necessary. As of December 31, 2021, the valuation of the related assets was made according to the actual annual inflation of 36.08%.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)

Assessment of Business Model (continued)

3. Other Business Models: (continued)

Measurement Categories of Financial Assets and Liabilities (continued)

a. Financial Assets Measured at Amortised Cost

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

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

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

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

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

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

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

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

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

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

Cash Equivalents and Banks

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

Loans and Receivables

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

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

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)

Assessment of Business Model (continued)

3. Other Business Models: (continued)

Measurement Categories of Financial Assets and Liabilities (continued)

c. Financial Assets Measured at Fair Value through Other Comprehensive Income (continued)

Associates and subsidiaries

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

Calculation of Expected Credit Losses

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

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (continued)

Probability of Default (PD)

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

Loss given Default (LGD)

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

Exposure at Default (EAD)

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

12 Month Expected Credit Losses

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

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

Lifetime Expected Credit Losses

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

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

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (continued)

Lifetime Expected Credit Losses (continued)

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

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

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

Low Credit Risk

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

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

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

The Rules of Significant Increase in Credit Risk

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment except buildings that are purchased prior to 1 January 2005 are carried at their 31 December 2004 dated restated costs and property, plant and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Property, plant and equipment are amortized by using the straight line method during their useful lives. Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT (continued)**

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

Ordinary maintenance and repair expenses of property, plant and equipment items are recognized as expenses. Estimated useful lives of property, plant and equipment are as follows:

	Estimated useful lives (Year)	Depreciation rate
Buildings	50	% 2
Safes	50	% 2
Other movable properties	3-25	% 33,33-4
Assets held under financial leases	4-5	% 25-20

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

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

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

Classification of Investment Properties:

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

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

XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

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

Investment properties in the attached unconsolidated financial statements that are purchased prior to 1 January 2005 are carried at their 31 December 2004 dated restated costs and property, plant and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Investment properties are amortized by using the straight line method during their useful lives. Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

XV. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portions of the payables are recognized as a deferred amount of interest. Assets held under financial leases are recognized under the property, plant and equipment (movable properties) account and are depreciated by using the straight line method.

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

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

XV. EXPLANATIONS ON LEASING TRANSACTIONS (continued)

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

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

Existence of right-of-use:

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

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

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

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

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

The Lease Obligations:

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

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

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

XVI. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

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

XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

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

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

T. Halk Bankası Employee Pension Fund, T. Ziraat Bankası and T. Halk Bankası Employee Pension Fund Foundations were founded in accordance with the provisional article 20 of the Social Insurance Act (SIA) No: 506 and their members including employees of the Bank. Provisional article 23 of the Banking Act No: 5411 requires the Bank’s pension funds founded in the scope of SIA to be transferred to the Social Insurance Institution (SII) within 3 years subsequent to the publishing date of the act. The procedure and essentials for the transfer were determined by the Council of Ministers’ decision dated 30 November 2006 and numbered 2006/11345 and accordingly, both pension funds would have been transferred to SII. 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.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES (continued)

In accordance with the related legislation, as of the transfer date, the income and expenses of the transferred funds will be considered by the insurance branches and the present value of the actuarial liabilities will be calculated with the technical interest rate of 9,8%. Moreover, after the transfer to Social Insurance Institution, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants. Based on the results of the actuarial report prepared as of 31 December 2021 no technical deficit has been reported.

XVIII. EXPLANATIONS ON TAXATION

In accordance with the temporary article 13 added to the Corporate Tax Law No. 5520, the 20% rate in the first paragraph of Article 32 of the Corporate Tax Law is, 25% for the corporate earnings of the corporations for the 2021 taxation period, and 23% for the corporate earnings of the 2022 taxation period. In accordance with the relevant law, provisional tax is calculated quarterly according to the principles specified in the Income Tax Law and at the rate of corporate tax, and the accrued temporary corporate tax is paid. The provisional tax payments in question are deducted from the corporate tax of the current taxation period.

As the tax rate used in the calculation of deferred tax assets and liabilities; 23% for temporary timing differences expected to occur within 2022, and 20% for temporary timing differences expected to occur after 2022, is used.

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

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

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

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

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)

XVIII. EXPLANATIONS ON TAXATION (continued)

Tax practices in the countries that foreign branches operate:

Turkish Republic of Northern Cyprus (TRNC)

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

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

First period advance corporate tax return for the period of 1 January 2021 – 31 March 2021 is accrued and paid in May 2021, Second period advance corporate tax return for the period 1 April 2021 - 30 June 2021 is accrued and paid in August. Third period advance corporate tax return for the period 1 July 2021 - 30 September 2021 is accrued and paid in November. Forth period advance corporate tax return for the period 1 October 2021 - 31 December 2021 will be issued in February 2022, and paid following its assessment date.

Bahrain

Banks in Bahrain are not subject to tax according to the regulations of the country.

XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

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

XX. EXPLANATIONS ON SHARES ISSUED

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

In accordance with the decision of the Higher Council of Privatization dated 5 February 2007 and numbered 2007/8, the process of public offering for the 25% of shares pertaining to the Privatization Administration was completed and the Bank shares were registered with the Capital Markets Board as per the CMB decision dated 26 April 2007 and numbered 16/471, and the shares were traded on the Borsa İstanbul AŞ as of 10 May 2007.

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

In accordance with the decision of the Board of Directors of the Bank dated 11 May 2020, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 7.000.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 14 May 2020. Accordingly, the recognition of the capital increase of TRY 1.223.776 on 20 May 2020 was realized on 21 May 2020, based on the permission obtained from the BRSA. The change made to the relevant Articles of Association was registered on 10 June 2020, and it was announced in the Trade Registry Gazette dated 15 June 2020 and numbered 10097. After the increase, TRY 1.223.776 of nominal and TRY 5.776.224 of share premium, totaling a capital increase of TRY 7.000.000, were recognized in the financial statements. Mentioned capital increase was made by the Bank's main shareholder Türkiye Varlık Fonu.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)
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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
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I. EXPLANATIONS ON CAPITAL

Equity amount and capital adequacy standard ratio calculation is made within the framework of “Regulation on Equities of the Banks” and “Regulation on Measurement and Evaluation of Banks’ Capital Adequacy” and in accordance with the amendments announced by the BRSA in the resolution dated 16 September 2021 and 21 December 2021.

According to the related regulation, As of 31 December 2021, the calculation of the amount subject to credit risk with the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date, and in case the net valuation differences of the securities held in the portfolio of Securities at Fair Value Through Other Comprehensive Income as of December 21, 2021 are negative, these differences may not be taken into consideration in the calculation of equity to be used in the calculation of CAR.

As of 31 December 2021, the capital adequacy ratio and the capital amount of the Bank were realized as 14,47% (31 December 2020: 15,23%) and TRY 69.894.389 (31 December 2020: TRY 61.044.888) which were calculated within the scope of the above-mentioned regulation amendments.

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

I. EXPLANATIONS ON CAPITAL (continued)

(1) Information on Equity Items:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	3.694.227	3.694.227
Share Premium	5.776.224	5.776.224
Reserves	28.021.978	25.421.933
Other Comprehensive Income according to TAS	7.310.664	6.255.348
Profit	1.507.729	2.600.045
<i>Current Period Profit</i>	<i>1.507.729</i>	<i>2.600.045</i>
<i>Prior Period Profit</i>	-	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	474.327	261.028
Common Equity Tier 1 Capital Before Deductions	46.785.149	44.008.805
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 (-)	1.191.568	611.148
Leasehold Improvements on Operational Leases (-)	190.465	107.985
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	513.936	572.925
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	351.767	351.767
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
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 (-)	-	-
<i>The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)</i>	-	-
<i>Mortgage Servicing Rights not deducted (-)</i>	-	-
<i>Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)</i>	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier I Capital	2.247.736	1.643.825
Total Common Equity Tier I Capital	44.537.413	42.364.980

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

I. EXPLANATIONS ON CAPITAL (continued)

(1) Information on Equity Items: (continued)

ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	13.807.080	8.175.150
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	13.807.080	8.175.150
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	13.807.080	8.175.150
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	58.344.493	50.540.130
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	5.929.795	5.929.795
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	5.630.027	4.579.261
Tier II Capital Before Deductions	11.559.822	10.509.056
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	11.559.822	10.509.056
Total Equity (Total Tier I and Tier II Capital)	69.904.315	61.049.186
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	9.926	4.298

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

I. EXPLANATIONS ON CAPITAL (continued)

(1) Information on Equity Items: (continued)

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
TOTAL CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	69.894.389	61.044.888
Total Risk Weighted Assets	483.026.446	400.934.749
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	9,22	10,57
Tier I Capital Ratio (%)	12,08	12,61
Capital Adequacy Ratio (%)	14,47	15,23
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 (%)	4,720	6,067
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	247.146	147.261
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	1.230.441	685.755
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	3.467.077	1.894.476
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)	11.169.768	5.919.770
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	5.630.027	4.579.261
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018-1 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)
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I. EXPLANATIONS ON CAPITAL (continued)

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

I. EXPLANATIONS ON CAPITAL (continued)

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

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.)	TRSTHALE2716	TRSTHAL62811	TRSTHAL92826	-
Governing Law(s) of the instrument	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA and CMB Legislation	BRSA Legislation
Regulatory treatment				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated / consolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	1.000	1.950	2.980	13.807
Par value of instrument (Currency in mil)	1.000	1.950	2.980	-
Accounting classification	346.011	346.011	346.011	347.0001
Original date of issuance	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Perpetual or dated	Dated	Dated	Dated	Perpetual
Original maturity date	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Issuer call subject to prior supervisory approval	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating Coupon	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	Government Debt Security for 5 years +350 base points	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
Convertible or non-convertible				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-

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

I. EXPLANATIONS ON CAPITAL (continued)

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

Write-down feature				
If write-down, write-down trigger(s)	-	-	-	Decrease in core capital adequacy ratio below 5,125%
If write-down, full or partial	-	-	-	Fully or partially
If write-down, permanent or temporary	-	-	-	Permanent or temporary
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowing, before Additional Tier I Capital	After borrowings and Additional Tier II Capital
In compliance with article number 7 and 8 of "Own fund regulation"	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 8.	The instrument is in compliance with article number 7.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 8.

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

II. EXPLANATIONS ON CREDIT RISK

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

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

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

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

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

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

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

The Bank's largest 100 and 200 cash loan customers compose 30,41% and 35,83% of the total cash loan portfolio, respectively.

The Bank's largest 100 and 200 non-cash loan customers compose 41,82% and 52,69% of the total non-cash loan portfolio, respectively.

The Bank's largest 100 and 200 cash and non-cash loan customers represent 18,82% and 23,44% of the total "on and off balance sheet" assets, respectively.

Stage I and Stage II expected losses for credit risks of the Bank is TRY 10.488.846 (31 December 2020: TRY 5.583.058).

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

II. EXPLANATIONS ON CREDIT RISK (continued)

Exposure Categories:	Credit Risk Amount ⁽¹⁾	Current Period Average Risk Amount	Credit Risk Amount ⁽¹⁾	Prior Period Average Risk Amount
Conditional and unconditional exposures to central governments or central banks	262.977.997	206.075.933	190.998.990	149.674.233
Conditional and unconditional exposures to regional governments or local authorities	1.956.089	2.171.111	2.487.551	2.811.085
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	2.249.287	2.059.419	1.819.365	1.112.566
Conditional and unconditional exposures to multilateral development banks	358	16.501	25.119	36.069
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	4.365.503	4.742.401	6.255.886	5.784.488
Conditional and unconditional exposures to corporates	245.901.120	216.084.292	194.726.399	179.575.532
Conditional and unconditional retail exposures	163.497.801	148.848.852	140.427.761	122.093.638
Conditional and unconditional exposures secured by real estate property	111.048.694	100.166.259	93.926.112	83.930.576
Past due items	3.955.905	5.575.620	5.711.373	6.087.632
Items in regulatory high-risk categories	5.052.594	1.410.918	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Stock Investments	8.805.055	6.818.925	6.389.475	4.739.228
Other Receivables	26.079.388	22.040.660	22.407.015	21.724.204

⁽¹⁾ Includes the risk amounts after credit conversions.

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

II. EXPLANATIONS ON CREDIT RISK (continued)

Profile of significant exposures in major regions:

	Risk Classifications ⁽¹⁾												
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional exposures to retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments	Other Receivables	Total
Current Period													
1. Domestic	262.977.973	1.956.089	2.249.287	358	2.009.620	245.595.396	163.486.467	110.870.047	3.955.863	5.049.925	-	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
Prior Period													
1. Domestic	190.998.963	2.487.551	1.819.365	25.119	2.686.745	193.760.723	140.414.876	93.770.838	5.711.308	-	-	22.406.639	654.082.127
2. European Union (EU) Countries	17	-	-	-	2.531.258	199.802	6.743	8.888	42	-	-	84	2.746.834
3. OECD Countries ⁽²⁾	-	-	-	-	136.002	-	498	1.590	-	-	-	-	138.090
4. Off-Shore Banking Regions	-	-	-	-	298	47.562	1.020	-	-	-	-	-	48.880
5. USA, Canada	-	-	-	-	251.115	-	973	446	-	-	-	-	252.534
6. Other Countries	10	-	-	-	650.468	718.312	3.651	144.350	23	-	-	292	1.517.106
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	6.389.475	-	6.389.475
8. Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	190.998.990	2.487.551	1.819.365	25.119	6.255.886	194.726.399	140.427.761	93.926.112	5.711.373	-	6.389.475	22.407.015	665.175.046

⁽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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II. EXPLANATIONS ON CREDIT RISK (continued)

Profile of significant exposures by sectors:

Current Period	Risk Sınıfları ⁽¹⁾												TRY	FC	Total
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments	Other Receivables			
Agriculture	194.840	-	1.693	-	-	631.358	1.228.261	408.278	27.124	-	-	66	1.997.822	493.798	2.491.620
<i>Farming and Stockbreeding</i>	<i>84.400</i>	-	<i>1.688</i>	-	-	<i>259.353</i>	<i>598.924</i>	<i>150.689</i>	<i>7.919</i>	-	-	26	<i>950.225</i>	<i>152.774</i>	<i>1.102.999</i>
<i>Forestry</i>	<i>66.938</i>	-	<i>5</i>	-	-	<i>87.832</i>	<i>564.587</i>	<i>223.644</i>	<i>10.881</i>	-	-	37	<i>802.875</i>	<i>151.049</i>	<i>953.924</i>
<i>Fishery</i>	<i>43.502</i>	-	-	-	-	<i>284.173</i>	<i>64.750</i>	<i>33.945</i>	<i>8.324</i>	-	-	3	<i>244.722</i>	<i>189.975</i>	<i>434.697</i>
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
<i>Mining and Quarrying</i>	<i>204.352</i>	-	-	-	-	<i>4.608.624</i>	<i>377.233</i>	<i>332.837</i>	<i>23.466</i>	-	-	22	<i>1.886.596</i>	<i>3.659.938</i>	<i>5.546.534</i>
<i>Production</i>	<i>9.963.696</i>	-	<i>59.391</i>	-	-	<i>68.727.532</i>	<i>23.894.014</i>	<i>20.563.593</i>	<i>774.652</i>	-	-	514	<i>87.111.477</i>	<i>36.871.915</i>	<i>123.983.392</i>
<i>Electricity, Gas and Water</i>	<i>121.931</i>	-	-	-	-	<i>18.679.447</i>	<i>183.591</i>	<i>907.099</i>	<i>232.976</i>	-	-	-	<i>4.788.148</i>	<i>15.336.896</i>	<i>20.125.044</i>
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
<i>Wholesale and Retail Trade</i>	<i>9.279.377</i>	-	<i>6.857</i>	<i>358</i>	-	<i>34.426.972</i>	<i>53.563.141</i>	<i>16.129.438</i>	<i>805.312</i>	-	-	1.253	<i>102.647.059</i>	<i>11.565.649</i>	<i>114.212.708</i>
<i>Accommodation and Dining</i>	<i>2.197.576</i>	<i>10</i>	-	-	-	<i>12.507.295</i>	<i>4.553.739</i>	<i>10.378.808</i>	<i>141.079</i>	-	-	30	<i>10.131.002</i>	<i>19.647.535</i>	<i>29.778.537</i>
<i>Transportation and Telecom.</i>	<i>560.121</i>	-	<i>5</i>	-	-	<i>10.011.630</i>	<i>21.043.156</i>	<i>1.400.933</i>	<i>107.799</i>	-	-	71	<i>24.132.320</i>	<i>8.991.395</i>	<i>33.123.715</i>
<i>Financial Institutions</i>	<i>53.118</i>	-	-	-	<i>3.597.441</i>	<i>7.539.423</i>	<i>126.377</i>	<i>1.196.333</i>	<i>1.253</i>	-	-	5.866	<i>9.240.934</i>	<i>3.278.877</i>	<i>12.519.811</i>
<i>Real Estate and Rental Services</i>	<i>330.503</i>	-	<i>48</i>	-	-	<i>6.304.307</i>	<i>1.987.523</i>	<i>2.962.588</i>	<i>40.309</i>	-	-	10	<i>7.370.814</i>	<i>4.254.474</i>	<i>11.625.288</i>
<i>Professional Services</i>	<i>167.425</i>	-	-	-	-	<i>29</i>	<i>2.132.149</i>	<i>202.588</i>	<i>11.069</i>	-	-	192	<i>2.513.297</i>	<i>155</i>	<i>2.513.452</i>
<i>Educational Services</i>	<i>236.091</i>	-	<i>1.329.555</i>	-	-	<i>452.764</i>	<i>507.154</i>	<i>683.799</i>	<i>327.446</i>	-	-	12	<i>3.178.260</i>	<i>358.561</i>	<i>3.536.821</i>
<i>Health and Social Services</i>	<i>148.064.441</i>	<i>1.927.378</i>	<i>850.576</i>	-	-	<i>5.038.514</i>	<i>830.355</i>	<i>1.880.358</i>	<i>17.262</i>	-	-	2.584	<i>110.256.909</i>	<i>48.354.559</i>	<i>158.611.468</i>
Other	88.729.310	28.701	1.162	-	768.062	44.345.127	47.850.997	42.163.011	774.948	5.052.594	8.805.055	26.068.758	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	560.188.611	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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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)

II. EXPLANATIONS ON CREDIT RISK (continued)

Profile of significant exposures by sectors (continued):

Prior Period	Risk Classifications ⁽¹⁾														
	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	Conditional and unconditional exposures to Multilateral Development Banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Items in regulatory high-risk categories	Stock Investments	Other Receivables	TRY	FC	Total
Agriculture	300.091	-	1.314	-	-	571.226	851.555	222.575	28.789	-	-	191.570	1.922.107	245.013	2.167.120
Farming and Stockbreeding	129.371	-	1.313	-	-	260.439	420.899	119.594	9.691	-	-	119.739	944.322	116.724	1.061.046
Forestry	99.382	-	1	-	-	38.726	388.437	76.029	9.150	-	-	71.827	676.940	6.612	683.552
Fishery	71.338	-	-	-	-	272.061	42.219	26.952	9.948	-	-	4	300.845	121.677	422.522
Manufacturing	16.602.929	-	24.989	12.294	-	72.711.202	17.604.190	18.133.801	1.608.543	-	-	45.930	83.128.280	43.615.598	126.743.878
Mining and Quarrying	331.183	-		172	-	3.699.242	250.040	295.373	28.556	-	-	22	1.531.111	3.073.477	4.604.588
Production	16.069.615	-	24.989	12.122	-	53.429.628	17.224.835	17.034.129	1.262.047	-	-	45.908	76.798.104	28.305.169	105.103.273
Electricity, Gas and Water	202.131	-	-	-	-	15.582.332	129.315	804.299	317.940	-	-	-	4.799.065	12.236.952	17.036.017
Construction	4.345.495	-	-	9.093	-	23.335.047	3.508.545	8.368.073	1.786.801	-	-	93.398	32.396.694	9.049.758	41.446.452
Services	107.767.299	2.429.705	1.792.305	3.517	5.100.406	91.542.810	68.231.803	29.570.684	2.010.189	-	-	2.886.855	216.596.473	94.739.100	311.335.573
Wholesale and Retail Trade	14.751.065	107	2.554	2.352	-	24.287.290	40.666.745	12.416.145	1.047.561	-	-	16.463	85.974.365	7.215.917	93.190.282
Accommodation and Dining	2.417.068	10		-	-	9.912.455	3.920.249	8.622.706	191.113	-	-	95	9.274.003	15.789.693	25.063.696
Transportation and Telecom.	862.094	-	4	38	-	9.767.522	17.188.047	1.127.121	102.999	-	-	539	20.312.135	8.736.229	29.048.364
Financial Institutions	862.679	-	9	-	5.100.406	7.253.496	96.457	885.638	1.382	-	-	6.699	8.945.307	5.261.459	14.206.766
Real Estate and Rental Services	1.097.033	-	87	1.127	-	37.179.360	3.514.492	4.003.828	597.454	-	-	110.684	14.964.621	31.539.444	46.504.065
Professional Services	266.645	-	-	-	-	48	1.847.216	184.868	4.166	-	-	407	2.303.228	122	2.303.350
Educational Services	346.566	-	1.137.437	-	-	427.785	385.040	637.050	33.817	-	-	11	2.357.302	610.404	2.967.706
Health and Social Services	87.164.149	2.429.588	652.214	-	-	2.714.854	613.557	1.693.328	31.697	-	-	2.751.957	72.465.512	25.585.832	98.051.344
Other	61.983.176	57.846	757	215	1.155.480	6.566.114	50.231.668	37.630.979	277.051	-	6.389.475	19.189.262	124.878.030	58.603.993	183.482.023
Total	190.998.990	2.487.551	1.819.365	25.119	6.255.886	194.726.399	140.427.761	93.926.112	5.711.373	-	6.389.475	22.407.015	458.921.584	206.253.462	665.175.046

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

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

II. EXPLANATIONS ON CREDIT RISK (continued)

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

Current Period	Term to Maturity				
Exposure Categories	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
1. Conditional and unconditional exposures to central governments or central banks	87.951.370	3.704.591	3.575.482	3.685.821	164.060.733
2. Conditional and unconditional exposures to regional governments or local authorities	40.971	17.623	18.242	96.410	1.782.843
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	206.536	97.061	41.333	157.464	1.746.893
4. Conditional and unconditional exposures to Multilateral Development Banks	358	-	-	-	-
5. Conditional and unconditional exposures to banks and brokerage houses	3.733.967	119.834	15.422	190.059	306.221
6. Conditional and unconditional exposures to corporates	27.256.564	16.868.519	19.940.501	44.808.072	137.027.464
7. Conditional and unconditional retail exposures	21.619.469	3.942.151	6.726.681	22.302.010	108.907.490
8. Conditional and unconditional exposures secured by real estate property	6.273.531	2.731.220	4.910.123	16.487.531	80.646.289
9. Past due items	3.927.948	65	27	173	27.692
10. Items in Regulatory High-Risk Categories	16	44	34	135.547	4.916.953
11. Stock Investments	8.805.055	-	-	-	-
12. Other Receivables	26.070.974	30	2.387	4.550	1.447
Total	185.886.759	27.481.138	35.230.232	87.867.637	499.424.025

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

Prior Period	Term to Maturity				
Exposure Categories	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
1. Conditional and unconditional exposures to central governments or central banks	58.155.999	2.898.457	3.884.004	3.777.154	122.283.376
2. Conditional and unconditional exposures to regional governments or local authorities	39.761	24.177	14.905	142.068	2.266.640
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	118.707	64.206	11.396	122.869	1.502.187
4. Conditional and unconditional exposures to Multilateral Development Banks	408	150	4.377	5.813	14.371
5. Conditional and unconditional exposures to banks and brokerage houses	4.039.611	60.663	466.714	33.145	1.655.753
6. Conditional and unconditional exposures to corporates	22.608.260	12.693.537	11.446.823	30.658.730	117.319.049
7. Conditional and unconditional retail exposures	15.513.485	2.969.760	4.775.864	12.158.371	105.010.281
8. Conditional and unconditional exposures secured by real estate property	4.194.330	2.104.435	2.573.258	8.134.840	76.919.249
9. Past due items	5.711.373	-	-	-	-
10. Items in Regulatory High-Risk Categories	-	-	-	-	-
11. Stock Investments	6.389.475	-	-	-	-
12. Other Receivables	18.987.356	48	71	208.312	3.211.228
Total	135.758.765	20.815.433	23.177.412	55.241.302	430.182.134

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

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

II. EXPLANATIONS ON CREDIT RISK (continued)

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

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

II. EXPLANATIONS ON CREDIT RISK (continued)

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

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

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

II. EXPLANATIONS ON CREDIT RISK (continued)

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

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
TURKEY	412.114.768	-	412.114.768
CYPRUS	788.757	-	788.757
MALTA	245.137	-	245.137
KYRGYZSTAN	79.076	-	79.076
MARSHALL ISLANDS	60.223	-	60.223
OTHER(*)	761	-	761

* Risk-Weighted Assets below TRY 5.000 are grouped under other headings.

Exposures by risk weights:

Current Period

Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	4%	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

Prior Period

Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	4%	Deductions from Equity
1 Exposures before Credit Risk Mitigation	155.633.165	-	4.772.527	-	7.619.303	238.980.710	267.412.036	509.154	-	605.354	1.275	-	4.298
2. Exposures after Credit Risk Mitigation	204.408.232	-	4.772.527	56.545.200	39.677.097	140.589.010	218.125.450	450.901	-	605.354	1.275	-	4.298

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

II. EXPLANATIONS ON CREDIT RISK (continued)

Information by major sectors and type of counterparties:

Current Period		Credits	
Major Sectors /Counterparties	Significant Increase in Credit Risk (Stage II) ⁽¹⁾	Credit – Impaired Losses (Stage III) ⁽²⁾	Expected Credit Loss (TFRS 9) ⁽³⁾
Agriculture	371.211	115.598	144.751
<i>Farming and Stockbreeding</i>	<i>367.524</i>	<i>86.746</i>	<i>123.502</i>
<i>Forestry</i>	<i>1.230</i>	<i>510</i>	<i>552</i>
<i>Fishery</i>	<i>2.457</i>	<i>28.342</i>	<i>20.697</i>
Manufacturing	12.434.210	3.840.986	4.462.011
<i>Mining and Quarrying</i>	<i>72.667</i>	<i>194.660</i>	<i>165.860</i>
<i>Production</i>	<i>5.367.316</i>	<i>3.126.352</i>	<i>2.983.915</i>
<i>Electricity, Gas and Water</i>	<i>6.994.227</i>	<i>519.974</i>	<i>1.312.236</i>
Construction	4.689.186	3.168.045	3.651.655
Services	23.531.574	5.216.975	7.485.879
<i>Wholesale and Retail Trade</i>	<i>5.249.857</i>	<i>2.933.134</i>	<i>2.727.751</i>
<i>Accommodation and Dining</i>	<i>11.022.954</i>	<i>495.356</i>	<i>2.468.158</i>
<i>Transportation and Telecommunication</i>	<i>750.465</i>	<i>245.710</i>	<i>194.795</i>
<i>Financial Institutions</i>	<i>306.177</i>	<i>9.878</i>	<i>128.512</i>
<i>Real Estate and Rental Services</i>	<i>5.490.101</i>	<i>988.848</i>	<i>1.517.926</i>
<i>Professional Services</i>	<i>96.527</i>	<i>15.901</i>	<i>14.723</i>
<i>Educational Services</i>	<i>250.013</i>	<i>430.222</i>	<i>276.900</i>
<i>Health and Social Services</i>	<i>365.480</i>	<i>97.926</i>	<i>157.114</i>
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.

Prior Period		Credits	
Major Sectors /Counterparties	Significant Increase in Credit Risk (Stage II) ⁽¹⁾	Credit – Impaired Losses (Stage III) ⁽²⁾	Expected Credit Loss (TFRS 9) ⁽³⁾
Agriculture	264.649	112.441	139.170
<i>Farming and Stockbreeding</i>	<i>255.784</i>	<i>84.361</i>	<i>119.720</i>
<i>Forestry</i>	<i>670</i>	<i>459</i>	<i>484</i>
<i>Fishery</i>	<i>8.195</i>	<i>27.621</i>	<i>18.966</i>
Manufacturing	8.535.878	5.195.136	4.385.759
<i>Mining and Quarrying</i>	<i>75.786</i>	<i>188.147</i>	<i>155.357</i>
<i>Production</i>	<i>3.908.378</i>	<i>4.463.067</i>	<i>3.506.005</i>
<i>Electricity, Gas and Water</i>	<i>4.551.714</i>	<i>543.922</i>	<i>724.397</i>
Construction	4.712.383	3.061.414	1.946.817
Services	18.374.864	5.282.493	5.119.887
<i>Wholesale and Retail Trade</i>	<i>4.707.806</i>	<i>2.921.974</i>	<i>2.314.323</i>
<i>Accommodation and Dining</i>	<i>6.153.667</i>	<i>584.237</i>	<i>893.538</i>
<i>Transportation and Telecommunication</i>	<i>464.061</i>	<i>221.995</i>	<i>151.229</i>
<i>Financial Institutions</i>	<i>548.796</i>	<i>9.070</i>	<i>96.182</i>
<i>Real Estate and Rental Services</i>	<i>6.138.164</i>	<i>986.770</i>	<i>1.141.788</i>
<i>Professional Services</i>	<i>51.947</i>	<i>10.451</i>	<i>10.132</i>
<i>Educational Services</i>	<i>84.500</i>	<i>433.084</i>	<i>406.993</i>
<i>Health and Social Services</i>	<i>225.923</i>	<i>114.912</i>	<i>105.702</i>
Other	4.079.849	1.080.902	1.120.191
Total	35.967.623	14.732.386	12.711.824

(1) Income accruals amounting to TRY 1.785.069 are not included in the table.

(2) Income accruals amounting to TRY 2.185.408 are not included in the table.

(3) The provision for accruals of stage three loans amounting to TRY 1.508.764 and the provision for accruals of stage two loans amounting to TRY 147.070 are not included in the table.

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

II. EXPLANATIONS ON CREDIT RISK (continued)

Movements in value adjustments and provisions:

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage III expected credit loss	11.049.150	4.039.729	(3.214.513)	-	11.874.366
2. Stage I and Stage II expected credit loss	5.583.058	7.272.561	(2.366.773)	-	10.488.846

Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage III expected credit loss	8.882.662	3.521.415	(1.354.927)	-	11.049.150
2. Stage I and Stage II expected credit loss	2.519.002	3.100.833	(36.777)	-	5.583.058

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

II. EXPLANATIONS ON CREDIT RISK (continued)

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

Collateral Types	Net Value of Collateral Current Period ⁽¹⁾
Real estate mortgage	8.455.446
Salary pledge, vehicle pledge, pledge of commercial undertaking	414.838
CGF	3.122.178
Cheque / bills	81.677
Sureties	23.648.633
Other ⁽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.

Collateral Types	Net Value of Collateral Prior Period ⁽¹⁾
Real estate mortgage	8.794.443
Salary pledge, vehicle pledge, pledge of commercial undertaking	343.278
CGF	2.814.323
Cheque / bills	74.687
Sureties	16.347.357
Other ⁽²⁾	7.593.535
Total	35.967.623

⁽¹⁾ Income accruals amounting to TRY 1.785.069 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 ⁽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, uncollateralized etc.

⁽²⁾ Income accruals amounting to TRY 1.980.360 are not included in the table.

Collateral Types	Net Value of Collateral Prior Period ⁽²⁾
Cash	5.324
Mortgage	3.487.992
Pledge	403.656
Cheque / bills	430
Sureties	7.838.793
Other ⁽¹⁾	2.996.191
Total	14.732.386

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

⁽²⁾ Income accruals amounting to TRY 2.185.408 are not included in the table.

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF
THE BANK (continued)****III. EXPLANATIONS ON CURRENCY RISK**

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

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

Announced current foreign exchange buying rates of the Bank as at financial statement date and the previous five working days in full TRY are as follows:

	24.12.2021	27.12.2021	28.12.2021	29.12.2021	30.12.2021	31.12.2021
USD	11,6000000	11,3182000	11,7550000	12,5388000	12,9750000	13,5165000
CHF	12,6035000	12,2973000	12,7942000	13,6778000	14,1714000	14,7880000
GBP	15,5265000	15,1815000	15,7862000	16,8500000	17,4990000	18,2455000
JPY	0,1011076	0,0983419	0,1020660	0,1088716	0,1123557	0,1170854
EUR	13,1324000	12,8122000	13,2973000	14,2096000	14,6968000	15,3412000

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before the financial statement date are as follows:

	Monthly Average Buying Rate of Exchange
USD	13,5516000
CHF	14,7000261
GBP	18,0191130
JPY	0,1186376
EUR	15,3216043

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

III. EXPLANATIONS ON CURRENCY RISK (continued)

Information related to currency risk:

Current Period	EUR	USD	OTHER FC	TOTAL
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	47.311.031	50.296.907	6.302.716	103.910.654
Banks	1.690.075	573.001	926.752	3.189.828
Financial assets at fair value through profit and loss	-	725	-	725
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	6.328.994	19.631.870	-	25.960.864
Loans ⁽²⁾	85.675.501	60.900.576	2.180.266	148.756.343
Subsidiaries, associates and entities under common control (joint ventures)	1.218.924	-	4.585.604	5.804.528
Financial assets measured at amortised cost ⁽⁵⁾	15.591.892	27.131.253	12.233.685	54.956.830
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	378	378
Intangible assets	-	-	-	-
Other assets ⁽³⁾	116.114	886.012	637	1.002.763
Total assets	157.932.531	159.420.344	26.230.038	343.582.913
Liabilities				
Bank deposits	30.601.222	6.304.185	2.533.513	39.438.920
Foreign currency deposits	121.476.176	168.349.195	36.800.466	326.625.837
Money market balances	-	2.644.672	-	2.644.672
Funds provided from other financial institutions	7.418.295	5.628.523	-	13.046.818
Bonds issued	-	-	-	-
Sundry creditors	40.932	1.091.756	552	1.133.240
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities ⁽³⁾	16.042.165	1.168.959	141.475	17.352.599
Total liabilities	175.578.790	185.187.290	39.476.006	400.242.086
Net balance sheet position	(17.646.259)	(25.766.946)	(13.245.968)	(56.659.173)
Net off-balance sheet position	14.724.392	24.010.765	17.923.967	56.659.124
Financial derivative assets ⁽⁴⁾	19.120.011	34.712.221	27.384.630	81.216.862
Financial derivative liabilities ⁽⁴⁾	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
Prior period				
Total assets	84.478.476	97.255.975	23.339.454	205.073.905
Total liabilities	91.333.160	108.979.609	24.380.582	224.693.351
Net balance sheet position	(6.854.684)	(11.723.634)	(1.041.128)	(19.619.446)
Net off-balance sheet position	6.262.753	9.302.315	1.372.096	16.937.164
Financial derivative assets	7.325.960	14.550.855	4.749.937	26.626.752
Financial derivative liabilities	1.063.207	5.248.540	3.377.841	9.689.588
Non-cash loans ⁽¹⁾	36.659.770	19.919.355	2.695.428	59.274.553

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

⁽²⁾ Includes TRY 14.553 of foreign currency indexed loans and their accruals. (31 December 2020: TRY 45.321)

⁽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, 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 2.662.154 and swap precious metal purchase transactions amounted to TRY 20.706.499. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 7.576.901 Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

⁽⁵⁾ Includes gold indexed bonds.

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

IV. EXPLANATIONS ON INTEREST RATE RISK

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

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
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	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 assets.

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

IV. EXPLANATIONS ON INTEREST RATE RISK (continued)

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

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	6.746.564	-	-	-	-	56.729.655	63.476.219
Banks	1.365.610	-	-	-	-	1.189.966	2.555.576
Financial assets at fair value through profit and loss	-	3	31.047	998	248	15.645.225	15.677.521
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	4.610.223	13.672.230	24.746.697	13.783.850	1.633.588	454.542	58.901.130
Loans	65.965.653	88.121.057	126.945.155	112.472.087	30.883.227	25.358.036	449.745.215
Financial assets measured at amortised cost	398.529	29.081.839	7.125.477	16.984.428	31.030.758	-	84.621.031
Other assets ⁽⁴⁾	2.557	3.514	7.982	22.707	-	5.012.643	5.049.403
Total assets	79.089.136	130.878.643	158.856.358	143.264.070	63.547.821	104.390.067	680.026.095
Liabilities							
Bank deposits	21.151.261	4.168.538	-	-	-	9.661.988	34.981.787
Other deposits	239.070.343	86.949.641	15.745.027	591.030	-	79.948.467	422.304.508
Money market balances	103.086.844	740.000	-	-	-	129.576	103.956.420
Miscellaneous payables	4.446.355	-	-	-	-	4.496.131	8.942.486
Bonds issued	647.000	7.081.452	4.280.000	1.000.000	-	186.227	13.194.679
Funds provided from other financial institutions ⁽³⁾	284.731	4.807.253	2.332.423	2.212.957	700.215	49.420	10.386.999
Other liabilities ⁽¹⁾⁽²⁾	1.000.000	-	15.499.625	8.175.150	4.929.795	56.654.646	86.259.216
Total liabilities	369.686.534	103.746.884	37.857.075	11.979.137	5.630.010	151.126.455	680.026.095
Balance sheet long position	-	27.131.759	120.999.283	131.284.933	57.917.811	-	337.333.786
Balance sheet short position	(290.597.398)	-	-	-	-	(46.736.388)	(337.333.786)
Off-balance sheet long position	16.716.872	9.555.803	6.740.958	243.667	5.940.341	-	39.197.641
Off-balance sheet short position	(16.039.228)	(7.691.802)	(7.051.134)	(883.737)	(5.940.341)	-	(37.606.242)
Total position	(289.919.754)	28.995.760	120.689.107	130.644.863	57.917.811	(46.736.388)	1.591.399

⁽¹⁾ TRY 331.752 of net 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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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)

IV. EXPLANATIONS ON INTEREST RATE RISK (continued)

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

Current 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 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.

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⁾	-	-	-	12,00
Due from banks ⁽¹⁾	0,19	0,75	-	15,80
Financial assets at fair value through profit and loss ⁽⁶⁾	1,56	4,12	-	8,92
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	2,28	2,94	-	13,84
Loans ⁽²⁾	5,11	5,98	-	11,31
Financial assets measured at amortised cost	4,87	5,62	-	17,56
Liabilities				
Bank deposits ⁽⁴⁾	0,94	1,61	-	17,42
Other deposits ⁽⁴⁾	0,99	2,40	0,01	14,05
Money market borrowings	-	5,11	-	17,40
Miscellaneous payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	4,75	-	14,11
Funds provided from other financial institutions	0,92	1,54	-	10,70

⁽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 2020.

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

IV. EXPLANATIONS ON INTEREST RATE RISK (continued)

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

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

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

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

As part of the measures taken against the Covid-19 pandemic which occurred in 2020, banks have been exempted from the obligations to meet 20% legal limit regarding the IRRBB ratio until 31 December 2020 with the resolution numbered 8998 dated 16 April 2020 by BRSA. Mentioned exemption has been terminated as of 31 December 2020 with the resolution numbered 9312 dated 8 December 2020.

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

Current Period				
	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)
Prior Period				
	Currency	Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity – Losses/ Shareholders' Equities
1	TRY	500	(11.814.957)	(%19,34)
		(400)	11.722.450	%19,19
2	EUR*	200	2.798.078	%4,58
		(200)	(4.088.887)	(%6,69)
3	USD	200	(2.050.333)	(%3,36)
		(200)	2.830.762	%4,63
Total (For negative shocks)			10.464.325	%17,13
Total (For positive shocks)			(11.067.212)	(%18,12)

(*) Other currencies are shown under EUR.

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

V. EXPLANATIONS ON POSITION RISK OF SHARES

Information about position risk of shares:

Equities	Comparison			
	Carrying Value	Fair Value Change ⁽²⁾	Market Value	Capital Requirements
Investment in Shares-Grade A	1.710.255	1.710.255	1.710.255	136.820
Quoted Securities ⁽¹⁾	1.710.255	1.710.255	1.710.255	136.820
Investment in Shares-Grade B	-	-	-	-
Quoted Securities	-	-	-	-
Investment in Shares-Grade C	-	-	-	-
Quoted Securities	-	-	-	-
Investment in Shares- Grade D	-	-	-	-
Other	7.444.279	7.174.333	-	743.195

⁽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	Realized gains/ losses in the current period		Unrealized gains and losses		
		Total	Included To Total Core Capital	Total	Included To Total Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted on a stock exchange ⁽¹⁾	-	976.156	976.156	-	-	-
3. Other share certificates	-	2.093.468	2.093.468	-	-	-
Total	-	3.069.624	3.069.624	-	-	-

⁽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.

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

VI. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

The liquidity risks of the Bank are managed within the framework of risk and transaction limits approved by the Board of Directors, and the written duties and responsibilities of the units related to liquidity risk management is established. 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.

As part of the important developments regarding liquidity risk; the Parent Bank's loan volume has increased significantly with the loan support provided to customers during the Covid-19 outbreak, and loan payment deferral opportunities has been offered to loan customers. Within this scope, the Parent Bank has taken measures to reduce liquidity risks and to provide the necessary liquidity buffer by effectively using the necessary deposit and fund resources.

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF
THE BANK (continued)****VI. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO
(continued)**

High quality liquid assets are composed of 55,67% accounts held by the CBRT and the Central Banks of the foreign branches, 41,30% securities considered as high quality liquid assets and 3,03% cash and cash equivalents. The primary funding source for the Bank is deposit. Other important funding sources are money market borrowings and securities issued.

Derivative transactions did not cause a net cash outflow that would negatively affect the liquidity position. The estimated cash outflows from derivative financial instruments and other liabilities calculated on the basis of the changes in fair value in the last 24 months are TRY 852.650.

The Bank does not have any operational or legal restrictions on liquidity transfer to subsidiaries or foreign branches. Each of the consolidated subsidiaries manage their own liquidity risk and liquidity adequacy is ensured on a consolidated basis.

Early warning levels and limits related to the liquidity coverage ratio and the liquidity metrics determined within the scope of the “Liquidity Emergency Action Plan” of the Bank are calculated on a daily basis and the changes in these ratios are reported to the Bank's Audit Committee, Asset-Liability Committee and related business units regularly. Additionally the metrics related to the liquidity status and liquidity risk are regularly evaluated by the Liquidity Risk Committee.

The Bank’s minimum and maximum FC and TRY+FC liquidity coverage ratios calculated based on weekly averages, and the realized weeks of these ratios in the current period are disclosed in the table below;

Likidite Minimum-Maksimum

Liquidity Coverage Ratio	FC		TRY+FC	
	Related Week	(%)	Related Week	(%)
Maximum	08.11.2021 - 14.11.2021	510,41	13.12.2021 - 19.12.2021	148,69
Minimum	27.12.2021 - 02.01.2022	219,82	20.12.2021 - 26.12.2021	117,46

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

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

Liquidity Coverage Ratio:

	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
Current Period	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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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)

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

Liquidity Coverage Ratio: (continued)

	Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
Prior Period	TRY+FC	FC	TRY+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			97.157.857	53.229.316
Cash Outflows				
Retail and Small Business Customers, of which;	214.617.526	108.065.692	19.509.278	10.806.569
Stable Deposits	39.049.482	-	1.952.474	-
Less Stable Deposits	175.568.044	108.065.692	17.556.804	10.806.569
Unsecured wholesale funding , of which;	201.001.358	72.362.195	91.225.447	32.527.508
Operational Deposits	35.013.841	9.020.372	8.753.460	2.255.093
Non-operational Deposits	160.030.877	60.784.114	77.462.446	27.794.458
Other Unsecured Funding	5.956.640	2.557.709	5.009.541	2.477.957
Secured Funding			-	-
Other cash outflows, of which;	11.507.266	6.795.634	5.695.885	3.566.414
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	828.276	893.579	828.276	893.579
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	10.678.990	5.902.055	4.867.609	2.672.835
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	143.576.337	55.747.381	11.317.079	4.713.310
Total Cash Outflows			127.747.689	51.613.801
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	33.462.760	11.637.431	21.161.935	8.543.201
Other Cash Inflows	159.799	2.940.010	159.799	2.940.010
Total Cash Inflows	33.622.559	14.577.441	21.321.734	11.483.211
Total Adjusted Value				
Total HQLA Stock			97.157.857	53.229.316
Total Net Cash Outflows			106.425.955	40.130.590
Liquidity Coverage Ratio (%)			0,9165	1,3642

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

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

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

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

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

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
Assets								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	8.832.426	114.591.909	-	-	-	-	-	123.424.335
Banks	2.284.348	1.068.813	181.104	-	-	-	-	3.534.265
Financial assets at fair value through profit and loss	-	9.964	21.706	24.960.637	373	395	145.601	25.138.676
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	2.555.464	1.651.366	10.141.456	43.220.891	7.172.967	566.189	65.308.333
Loans	18.469.042	33.844.073	34.931.672	157.895.338	211.221.403	83.226.500	-	539.588.028
Financial assets measured at amortised cost	-	8.901.787	10.244.263	11.246.838	49.446.436	53.014.370	-	132.853.694
Other assets ⁽²⁾	1.646	6.774.132	20.435	757.618	1.459.282	118.451	2.237.698	11.369.262
Total assets	29.587.462	167.746.142	47.050.546	205.001.887	305.348.385	143.532.683	2.949.488	901.216.593
Liabilities								
Bank deposits	28.311.953	33.054.095	2.219.892	73.419	-	-	-	63.659.359
Other deposits	139.823.111	293.596.715	99.272.422	28.859.477	691.294	2.093	-	562.245.112
Funds provided from other financial institutions ⁽³⁾	-	84.890	299.447	1.251.532	3.695.377	8.214.094	-	13.545.340
Money market balances	-	137.131.513	7.315	679.525	-	1.351.650	-	139.170.003
Bonds issued	-	1.751.368	2.943.330	184.223	1.534.381	-	-	6.413.302
Sundry creditors	36.541	5.806.352	286.364	1.228.111	3.534.286	17.104	955.962	11.864.720
Other liabilities ⁽¹⁾	-	9.077.353	745.391	25.248.613	16.024.631	6.354.058	46.868.711	104.318.757
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	(138.584.143)	(312.756.144)	(58.723.615)	147.476.987	279.868.416	127.593.684	(44.875.185)	-
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
Prior Period								
Total Assets	26.681.326	96.023.414	44.872.172	155.266.253	253.509.684	100.417.654	3.255.592	680.026.095
Total Liabilities	88.027.378	374.149.259	93.609.904	44.978.069	18.269.620	14.869.087	46.122.778	680.026.095
Liquidity Gap	(61.346.052)	(278.125.845)	(48.737.732)	110.288.184	235.240.064	85.548.567	(42.867.186)	-
Net off-Balance Sheet Position	-	(2.355)	620.001	464.823	508.930	-	-	1.591.399
Derivative Financial Assets	-	15.936.873	7.826.803	1.916.950	1.636.333	11.880.682	-	39.197.641
Derivative Financial Liabilities	-	(15.939.228)	(7.206.802)	(1.452.127)	(1.127.403)	(11.880.682)	-	(37.606.242)
Non-Cash Loans	35.214.740	2.627.378	9.898.398	39.915.526	24.440.044	2.459.251	-	114.555.337

⁽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.

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

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

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	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

Prior Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments ⁽¹⁾	Total
Liabilities							
Deposits	349.232.291	88.051.439	21.888.862	796.641	1.338	(2.684.276)	457.286.295
Funds provided from other financial intuitions	69.559	187.245	1.492.255	3.728.963	5.636.116	(727.139)	10.386.999
Money market borrowings	103.347.915	4.526	-	-	747.982	(144.003)	103.956.420
Securities issued	791.522	6.353.168	5.065.376	1.531.819	-	(547.206)	13.194.679
Funds	7.800	35	211.490	617.046	3.317.615	(536.683)	3.617.303
Total	453.449.087	94.596.413	28.657.983	6.674.469	9.703.051	(4.639.307)	588.441.696

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

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

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

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	6.661.532	3.825.069	2.440.822	-	-	12.927.423
Forward Contracts – Sell	5.827.327	1.550.887	741.433	-	-	8.119.647
Swaps – Buy	43.306.910	-	2.308.629	1.486.815	-	47.102.354
Swaps – Sell	57.828.260	1.420.455	1.861.972	498.930	-	61.609.617
Credit Default Swap – Buy	-	-	-	-	-	-
Credit Default Swap – Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	1.539.559	1.122.595	-	-	-	2.662.154
Forward Precious Metal - Sell	2.427.766	3.409.729	1.739.406	-	-	7.576.901
Money Buy Options	1.728.930	345.130	164.617	-	-	2.238.677
Money Sell Options	1.728.922	345.130	164.617	-	-	2.238.669
Swaps Interest – Buy	10.000	85.000	360.440	3.039.591	18.493.084	21.988.115
Swaps Interest – Sell	10.000	85.000	360.440	3.039.591	18.493.084	21.988.115
Swaps Precious Metal - Buy	19.325.276	1.381.223	-	-	-	20.706.499
Swaps Precious Metal - Sell	-	-	-	-	-	-
Total	140.394.482	13.570.218	10.142.376	8.064.927	36.986.168	209.158.171

Prior Period: ⁽²⁾	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forwards Contracts- Buy	1.734.998	1.241.034	34.708	-	-	3.010.740
Forward Contracts – Sell	631.159	161.002	34.069	-	-	826.230
Swaps – Buy	10.153.294	5.772.068	1.707.242	1.184.000	-	18.816.604
Swaps – Sell	13.412.571	5.354.643	1.243.058	675.070	-	20.685.342
Credit Default Swap – Buy	-	-	-	-	-	-
Credit Default Swap – Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	84.221	-	-	-	-	84.221
Forward Precious Metal - Sell	1.184.714	1.102.641	-	-	-	2.287.355
Money Buy Options	1.467.840	469.181	-	-	-	1.937.021
Money Sell Options	1.468.509	468.516	-	-	-	1.937.025
Swaps Interest – Buy	155.000	120.000	175.000	452.333	11.880.682	12.783.015
Swaps Interest – Sell	155.000	120.000	175.000	452.333	11.880.682	12.783.015
Swaps Precious Metal - Buy	3.255.540	224.520	-	-	-	3.480.060
Swaps Precious Metal - Sell	-	-	-	-	-	-
Total	33.702.846	15.033.605	3.369.077	2.763.736	23.761.364	78.630.628

⁽¹⁾ Foreign exchange purchase and sale commitments of TRY 9.032.973 are included in the table.

⁽²⁾ Foreign exchange purchase and sale commitments of TRY 1.784.635 and precious metal purchase commitments of TRY 42.110 are included in the table.

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

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 ⁽¹⁾
On-Balance Sheet Assets		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	833.852.381	675.612.548
2.Assets That Are Deducted from Core Capital	(672.609)	(665.184)
3.Total on Balance Sheet Exposures(Sum of rows 1 and 2)	833.179.772	674.947.364
Derivative Exposures And Credit Derivatives		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	6.077.022	2.968.464
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	1.023.770	509.366
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives (Sum of rows 4 and 5)	7.100.792	3.477.830
Investment Securities Or Commodity Collateral Financing Transactions		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	2.432.628	1.770.902
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions(Sum of rows 7 and 8)	2.432.628	1.770.902
Off -Balance Sheet Items		
10.Gross Notional Amount of Off-Balance Sheet Items	215.292.430	161.158.994
11.(Adjustments for Conversion to Credit Equivalent Amounts)	(4.156.782)	(2.315.652)
12.The Total Risk of Off-Balance Sheet Items (Sum of rows 10 and 11)	211.135.648	158.843.342
Capital And Total Exposures		
13.Tier 1 Capital	54.704.177	49.675.826
14.Total Exposures (Sum of rows 3,6,9 and 12)	1.053.848.840	839.039.438
Leverage Ratio		
15.Leverage Ratio	%5,19	%5,92

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

VIII. EXPLANATIONS ON BUSINESS SEGMENTATION

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

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

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

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

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

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

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

VIII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)

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

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

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

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

VIII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)

Details of the segment information prepared in accordance with the Act on “Disclosure of Financial Statements of Banks and The Related Presentations and Notes” as of 31 December 2021 are presented in the table below.

Current Period	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
1 January -31 December 2021				
OPERATING INCOME / EXPENSES				
Interest Income	16.028.295	38.342.805	34.406.757	88.777.857
Interest on Loans	15.856.304	38.083.916	255.674	54.195.894
Interest Income on Marketable Securities	-	232.578	32.856.009	33.088.587
Interest Received from Banks	-	-	1.270.079	1.270.079
Other Interest Income	171.991	26.311	24.995	223.297
Interest Expense	15.598.361	24.415.122	23.604.526	63.618.009
Interest on Deposits	15.541.973	23.901.163	2.566.215	42.009.351
Interest on Borrowings	18.839	70.226	128.945	218.010
Interest on Money Market Borrowings	-	55.063	17.479.962	17.535.025
Interest on Marketable Bonds Issued	-	-	3.268.444	3.268.444
Other Interest Expense	37.549	388.670	160.960	587.179
Net Interest Income	429.934	13.927.683	10.802.231	25.159.848
Net Fees and Commissions Income	1.291.317	2.417.278	379.194	4.087.789
Net Trading Profit / (Loss)	22.916	7.038.059	(19.779.225)	(12.718.250)
Dividend Income	-	-	192.637	192.637
Other Income	1.923.901	1.098.521	3.244.432	6.266.854
Expected Loss Provisions	611.460	1.484.600	9.788.493	11.884.553
Other Expenses	391.184	4.853.884	4.453.164	9.698.232
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	-	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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VIII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)

Prior Period	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
1 January -31 December 2020				
OPERATING INCOME / EXPENSES				
Interest Income	12.228.868	25.712.589	15.796.894	53.738.351
Interest on Loans	12.174.758	25.610.947	337.337	38.123.042
Interest Income on Marketable Securities	-	84.220	15.185.172	15.269.392
Interest Received from Banks	-	-	272.044	272.044
Other Interest Income	54.110	17.422	2.341	73.873
Interest Expense	10.765.060	11.228.426	12.991.681	34.985.167
Interest on Deposits	10.194.276	10.857.240	1.384.231	22.435.747
Interest on Borrowings	39.204	66.802	144.740	250.746
Interest on Money Market Borrowings	-	38.529	8.677.223	8.715.752
Interest on Marketable Bonds Issued	-	-	2.467.474	2.467.474
Other Interest Expense	531.580	265.855	318.013	1.115.448
Net Interest Income	1.463.808	14.484.163	2.805.213	18.753.184
Net Fees and Commissions Income	976.093	1.542.501	96.271	2.614.865
Net Trading Profit / (Loss)	12.426	1.728.209	(7.022.053)	(5.281.418)
Dividend Income	-	-	511.111	511.111
Other Income	322.020	706.039	413.158	1.441.217
Expected Loss Provisions	2.118.715	1.234.783	3.477.093	6.830.591
Other Expenses	397.264	3.430.025	4.151.179	7.978.468
Income Before Taxes	258.368	13.796.104	(10.824.572)	3.229.900
Income Tax Provision	-	-	(629.855)	(629.855)
Net Profit For The Period	258.368	13.796.104	(11.454.427)	2.600.045

SEGMENT ASSETS

31 December 2020

Marketable Securities ⁽¹⁾	-	2.005.568	157.183.377	159.188.945
Derivative Financial Assets	-	447.253	1.899.936	2.347.189
Banks and Money Market Receivables	-	284	2.555.125	2.555.409
Associates and Subsidiaries (Net)	-	-	6.249.392	6.249.392
Loans ⁽¹⁾	145.410.763	285.849.473	1.852.771	433.113.007
Other Assets	3.836.074	4.737.307	67.998.772	76.572.153
TOTAL ASSETS	149.246.837	293.039.885	237.739.373	680.026.095

SEGMENT LIABILITIES

31 December 2020

Deposits	172.945.135	259.510.901	24.830.259	457.286.295
Derivative Financial Liabilities	-	309.375	224.666	534.041
Money Market Balances	-	1.114.631	102.841.789	103.956.420
Borrowing Funding Loans	675.438	868.174	8.843.387	10.386.999
Bonds Issued	-	-	13.194.679	13.194.679
Other Liabilities	2.273.342	11.535.395	34.770.959	48.579.696
Provisions and Tax Payable	247.237	239.340	2.670.884	3.157.461
Shareholders' Equity	1.159.958	14.033.456	27.737.090	42.930.504
TOTAL LIABILITIES	177.301.110	287.611.272	215.113.713	680.026.095

OFF-BALANCE SHEET ITEMS

31 December 2020

Guarantees and Sureties	60.975.156	37.275.102	16.305.079	114.555.337
Commitments	862.674	12.634.337	32.958.811	46.455.822
Derivative Financial Instruments	-	13.586.811	63.217.072	76.803.883
TOTAL OFF-BALANCE SHEET ITEMS	61.837.830	63.496.250	112.480.962	237.815.042

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

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

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	848.366.457	813.605.080	642.340.232	620.533.872
Cash and Balances with the Central Bank of Turkey	123.424.335	123.424.335	63.476.219	63.476.219
Financial assets at fair value through P&L ⁽³⁾⁽⁴⁾	1.256	1.256	3.504	3.504
Banks	3.534.265	3.533.879	2.555.576	2.554.190
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income ⁽¹⁾	65.262.061	65.262.061	58.856.481	58.856.481
Other Financial Assets Measured at Amortised Cost	132.853.694	109.649.876	84.621.031	79.295.045
Loans ⁽²⁾	523.290.846	511.733.673	432.827.421	416.348.433
Financial Liabilities	800.234.673	798.718.976	595.083.806	595.225.672
Deposits	625.904.471	624.129.496	457.286.295	457.401.311
Derivative financial liabilities held for trading	2.470.251	2.470.251	534.041	534.041
Funds provided from other financial institutions	13.545.340	13.798.863	10.386.999	10.703.195
Money market borrowings	139.170.003	139.173.972	103.956.420	103.851.631
Securities issued	6.413.302	6.415.088	13.194.679	13.010.122
Miscellaneous payables	11.864.723	11.864.723	8.942.486	8.942.486
Leasing payables	866.583	866.583	782.886	782.886

⁽¹⁾ As of 31 December 2021, TRY 46.272 (31 December 2020: TRY 44.649) of "equity investments not quoted on stock exchange" followed in financial assets at fair value through other comprehensive income are not included.

⁽²⁾ Non-performing loans has not been included in the table above.

⁽³⁾ As of 31 December 2021, marketable securities amounting to TRY 268.312 (31 December 2020: TRY 174.392) that are not valued with market price, are not included in financial assets at fair value through Profit and Loss..

⁽⁴⁾ Securities lending transactions amounting to TRY 24.869.108 (31 December 2020: TRY 15.499.625) is not included in the financial assets at fair value through P&L.

As of 31 December 2021, fair values of Associates and Subsidiaries are shown at section 5 footnote 7 and 8. The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

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

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

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

Classification of Fair Value Measurement

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

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

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

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

Classification requires using observable market data if *possible*.

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

Current Period	Level 1	Level 2	Level 3	Total
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
Non-Current Assets Held For Sale and Discontinued Operations	-	-	-	-
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 Ortak Katlı Sistemler 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.

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

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

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)}	3.504	-	-	3.504
Derivative financial assets	-	2.347.189	-	2.347.189
Financial Assets at Fair Value through Other Comprehensive Income ⁽¹⁾	58.856.481	-	-	58.856.481
Subsidiaries	2.240.689	-	3.256.393	5.497.082
Associates ⁽³⁾	-	-	674.237	674.237
Non-Current Assets Held For Sale and Discontinued Operations	-	-	-	-
Total Financial Assets	61.100.674	2.347.189	3.930.630	67.378.493
Financial Liabilities Measured at Fair Value:				
Derivative financial liabilities	-	534.041	-	534.041
Total Financial Liabilities	-	534.041	-	534.041

⁽¹⁾ As of 31 December 2020, share certificates amounting to TRY 44.649 of “securities not quoted on the stock exchange” in financial assets at fair value through other comprehensive income are not included in the above table.

⁽²⁾ As of 31 December 2020, marketable securities amounting to TRY 174.392 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

⁽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 Ortak Katlı Sistemler A.Ş. (TRY 1.050) and Keskinöğlü Tavukçuluk ve Damızlık A.Ş. are not included in the table.

⁽⁴⁾ As of 31 December 2020, the securities lending transactions amounting to TRY 15.499.625 followed in financial assets at fair value through profit or loss are not included in the table.

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

	Current Period
Balance at the beginning of the period	3.930.630
Purchases during the year	506.941
Non-paid up shares	46.000
Valuation difference	2.690.762
Transfers	-
Redemption or sales	-
Period End Balance	7.174.333
	Prior Period
Balance at the beginning of the period	4.909.740
Purchases during the year	148.506
Non-paid up shares	-
Valuation difference	956.384
Transfers	(27.997)
Redemption or sales	(2.056.003)
Period End Balance	3.930.630

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.

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

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

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

Overview of Risk Weighted Amounts^(*):

		Risk Weighted Amounts		Minimum Capital Requirements	
		Current Period	Prior Period	Current Period	Prior Period
1	Credit risk (excluding counterparty credit risk) (CCR) ^(**)	443.726.454	360.766.586	35.498.116	28.861.327
2	Standardized approach (SA)	443.726.454	360.766.586	35.498.116	28.861.327
3	Internal rating-based (IRB) approach	-	-	-	-
4	Counterparty credit risk ^(**)	4.577.631	4.060.871	366.210	324.870
5	Standardized approach for counterparty credit risk (SA-CCR)	4.577.631	4.060.871	366.210	324.870
6	Internal model method (IMM)	-	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-	-
8	Investments made in collective investment companies look-through approach	-	-	-	-
9	Investments made in collective investment companies mandate-based approach	-	-	-	-
10	Investments made in collective investment companies 1250% weighted risk approach	-	-	-	-
11	Settlement risk	-	-	-	-
12	Securitization positions in banking accounts	-	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-	-
16	Market risk	8.764.625	14.804.413	701.170	1.184.353
17	Standardized approach (SA)	8.764.625	14.804.413	701.170	1.184.353
18	Internal model approaches (IMM)	-	-	-	-
19	Operational Risk	23.859.627	19.789.493	1.908.770	1.583.159
20	Basic Indicator Approach	23.859.627	19.789.493	1.908.770	1.583.159
21	Standard Approach	-	-	-	-
22	Advanced measurement approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	2.098.109	1.513.386	167.849	121.071
24	Floor adjustment	-	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	483.026.446	400.934.749	38.642.115	32.074.780

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

^(**) According to the BRSA's decisions dated 8 December 2020 and 16 September 2021 simple arithmetic average of Central Bank buying exchange rates of the last 252 business days as of the calculation date were used in the calculation of the amount subject to credit risk.

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

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

Assets	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards				
		Credit Risk	Counterparty credit risk	Securitization positions	Market Risk	Not subject to capital requirements or subject to deduction from capital
Cash and Balances with the Central Bank	123.408.587	123.408.587	-	-	-	-
Derivative Financial Assets	8.988.530	-	8.988.530	-	581.948	-
Financial assets at fair value through profit and loss	25.138.676	268.312	-	-	1.255	24.869.109
Banks	3.533.039	3.533.039	-	-	-	-
Receivables from Money markets	-	-	-	-	-	-
Financial assets at fair value through OCI (net)	65.308.333	31.909.576	-	-	33.398.757	-
Loans	517.224.816	517.214.889	-	-	-	9.926
Receivables from factoring	-	-	-	-	-	-
Financial assets measured at amortised cost (net)	132.836.986	132.836.987	-	-	-	-
Subsidiaries (net)	1.296.997	1.296.997	-	-	-	-
Associates (net)	7.665.664	7.665.664	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Tangible Assets (net)	8.317.537	8.127.072	-	-	-	190.465
Intangible Assets (net)	513.936	-	-	-	-	513.936
Real estate for investment purpose (net)	359.752	359.752	-	-	-	-
Tax asset	-	-	-	-	-	-
Deferred Tax Assets	157.394	-	-	-	-	157.394
Assets Held For Sale and Discontinued Operations (net)	-	-	-	-	-	-
Other assets	6.466.346	6.465.654	-	-	692	-
Total Assets	901.216.593	833.086.529	8.988.530	-	33.982.652	25.740.830
Liabilities						
Deposits	625.904.471	-	-	-	-	625.904.471
Derivative financial liabilities	2.470.251	-	-	-	281.710	2.188.541
Loans	13.545.340	-	-	-	-	13.545.340
Money market borrowings	139.170.003	-	33.378.975	-	-	105.791.028
Securities issued	6.413.302	-	-	-	-	6.413.302
Funds	138.541	-	-	-	-	138.541
Other liabilities	43.296.028	-	-	-	17.483	43.278.545
Factoring payables	-	-	-	-	-	-
Finance lease payables	866.583	-	-	-	-	866.583
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Provisions	3.408.469	-	-	-	-	3.408.469
Tax Liability	859.898	-	-	-	-	859.898
Deferred Tax Liability	-	-	-	-	-	-
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated Loans	21.643.352	-	-	-	-	21.643.352
Shareholders' equity	43.500.355	-	-	-	-	43.500.355
Total liabilities	901.216.593	-	33.378.975	-	299.193	867.538.425

TÜRKİYE HALK BANKASI AŞ**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)***SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)****XI. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)****Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements:**

	Total	Credit risk	Securitization positions	Counterparty credit risk	Market Risk
1 Asset carrying value amount under scope of regulatory consolidation	875.475.763	833.086.529		8.988.530	33.982.652
2 Liabilities carrying value amount under regulatory scope of consolidation	33.678.168	-		33.378.975	299.193
3 Total net amount under regulatory scope of consolidation	841.797.595	833.086.529	-	-24.390.445	33.683.459
4 Off-balance Sheet Amounts(*)	440.322.814	134.043.916		10.161.453	15.180.562
5 Differences in valuations					
6 Differences due to different netting rules, (other than those already included in row 2)					
7 Differences due to consideration of provisions					
8 Differences due to prudential filters					
9 Differences due to risk reduction	-	967.130.445		(14.228.992)	48.864.021

Explanations of differences between accounting and regulatory exposure amounts:

There are no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

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

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

Explanations Related to Counterparty Credit Risk

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

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

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

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

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

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

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

Counterparty Credit Risk (CCR) Approach Analysis:

	Replacement cost	Potential Future exposure	EEPE ^(*)	Alpha used for computing regulatory EAD	EAD post-CRM	Risk Weighted Assets
Standardised Approach - CCR (for derivatives)	6.860.439	914.641		1,4	7.775.080	1.851.866
Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					2.519.511	2.073.459
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
Total					10.294.591	3.925.325

* Expected effective positive risk amount

Capital requirement for credit valuation adjustment (CVA):

	EAD post-CRM	Risk weighted amount
Total portfolios subject to the Advanced CVA capital obligation	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the Standardised CVA capital obligation	7.775.080	652.277
Total subject to the CVA capital obligation	7.775.080	652.277

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

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

Risk weight / Risk Classifications	0%	10%	20%	50%	75%	100%	150%	2%	4%	Total Credit Risk
Claims on sovereigns and Central Banks	5.200.631	-	-	-	-	-	-	-	-	5.200.631
Claims on regional governments or local authorities	-	-	-	36	-	-	-	-	-	36
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	218	-	-	-	218
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	979.963	749.404	-	1.119.512	-	-	-	2.848.879
Claims on corporates	-	-	2.427	-	-	2.210.383	-	-	-	2.212.810
Claims included in the regulatory retail portfolios	-	-	-	-	32.018	-	-	-	-	32.018
Claims secured by residential property	-	-	-	-	-	-	-	-	-	-
Overdue loans	-	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	652.277	-	-	-	652.277
Total	5.200.631	-	982.390	749.440	32.018	3.982.390	-	-	-	10.946.869

Collaterals for Counterparty Credit Risk:

	Collateral for derivative transactions				Collateral for other transactions	
	Received Collaterals		Given Collaterals		Received Collaterals	Given Collaterals
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	796.653	-	-
Cash-foreign currency	-	916.419	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	916.419	-	796.653	-	-

Counterparty Credit Risk-Credit Derivatives:

None.

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

Exposures to Central Counterparty (CCP):

	Exposure post- CRM	RWA
Total Exposure to Qualified Central Counterparties (QCCPs)		29
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	800	16
(i) Over the counter derivative financial instruments	800	16
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	168	
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	500	13
Unfunded guarantee fund contributions	-	-
Total Exposures to Non-QCCPs		-
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	-	-
(i) Over the counter derivative financial instruments	-	-
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	-	-
Unreserved initial collateral	-	
Pre-funded guarantee fund contributions	-	-
Unfunded guarantee fund contributions	-	-

Explanations on securization:

None.

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

Qualitative Disclosure on Credit Risk:

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

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

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

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

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

Credit Quality of Assets

		Gross carrying value as per TAS		Allowances/amortisation and impairments	Net values
		Defaulted	Non-Defaulted		
1	Loans	16.297.182	523.290.846	22.363.212	517.224.816
2	Debt Securities ^(*)	-	200.184.948	1.770.061	198.414.887
3	Off-balance sheet exposures	-	240.197.616	967.146	239.230.470
4	Total	16.297.182	963.673.410	25.100.419	954.870.173

As of 31 December 2021, TRY 24.869.108 of borrowed securities is not included in Financial Assets at Fair Value through profit or loss.

Changes in Stock of Defaulted Loans and Debt Securities

1	Defaulted loans and debt securities at end of the previous reporting period	16.917.794
2	Loans and debt securities defaulted since the last reporting period	3.706.996
3	Receivables back to performing status	735.496
4	Amounts written off	8.113
5	Other changes	(3.583.999)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	16.297.182

TÜRKİYE HALK BANKASI AŞ**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)***SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)****XI. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)****Additional Disclosure Related To The Credit Quality Of Assets:****Breakdown According to Maturity:**

31 December 2021	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Over	Total
Loans	18.469.042	33.844.073	34.931.672	157.895.338	211.221.403	83.226.500	539.588.028

Exposures Provisioned Against By Major Regions:

31 December 2021	Non-Performing Loans	ECL (Stage 3)
Domestic	16.228.282	11.845.346
European Union (EU) Countries	124	97
OECD Countries	23	19
Off-Shore Banking Regions	-	-
USA, Canada	15	12
Other Countries	68.738	28.892
Total	16.297.182	11.874.366

Exposures Provisioned Against By Sectors:

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

Aging analysis of overdue but not impaired financial assets:

31 December 2021	
30-60 days overdue	2.387.141
60-90 days overdue	1.184.730
Total	3.571.871

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

31 December 2021^(*)	
Loans Structured from Standard Loans	745.401
Loans Composed of Follow-up Loans	22.445.925
Loans Restructured from Non-Performing Loans	1.609.789

^(*) Accruals are included in the amount.

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

Qualitative Disclosure on Credit Risk Mitigation Techniques

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

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

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

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

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

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

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

Concentration checks are conducted on guarantors and collateral providers.

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

Credit Risk Mitigation Techniques- Overview

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans ⁽²⁾	269.260.123	247.964.693	147.730.739	38.538.724	30.938.509	-	-
2 Debt Instruments ⁽¹⁾	198.414.887	-	-	-	-	-	-
3 Total	467.675.010	247.964.693	147.730.739	38.538.724	30.938.509	-	-
4 Of which defaulted	2.056.975	2.365.841	2.121.929	1.056.227	1.021.307	-	-

⁽¹⁾ As of 31 December 2021, TRY 24.869.108 of borrowed securities is not included in Financial Assets at Fair Value through Profit or Loss.

⁽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 the Bank – Credit Risk section.

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

Standardised Approach- Credit Risk Exposure and Credit Risk Mitigation Techniques

Risk Classification	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on sovereigns and Central Banks	231.729.705	526.143	261.904.554	1.073.443	256.334	0,10%
Claims on regional governments or local authorities	1.913.701	124.888	1.905.989	50.100	978.045	50,00%
Claims on administrative bodies and other non-commercial undertakings	2.068.976	486.020	2.031.827	217.460	2.249.287	100,00%
Claims on multilateral development banks	-	-	358	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	2.596.445	2.913.350	2.596.350	1.769.153	2.255.536	51,67%
Claims on corporates	180.155.977	117.570.111	167.646.720	78.254.400	236.351.158	96,12%
Claims included in the regulatory retail portfolios	176.810.578	51.639.337	149.846.269	13.651.532	123.030.426	75,25%
Claims secured by residential property	62.437.233	4.912.408	62.437.233	2.533.309	22.739.689	35,00%
Claims secured by commercial property	40.185.727	8.436.437	40.185.727	5.892.425	26.015.736	56,46%
Overdue loans	4.693.232	1.057.875	3.658.677	297.228	2.916.831	73,73%
Higher risk categories decided by the Board	5.223.722	-	5.052.594	-	7.578.892	150,00%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Equity share investments	7.965.812	-	7.965.812	-	7.965.812	100,00%
Other receivables	26.057.261	3.870.352	26.057.262	22.126	11.388.708	43,67%
Total	741.838.369	191.536.921	731.289.372	103.761.176	443.726.454	53,14%

Standardised Approach- Claims By Risk Classification And Risk Weights

Risk Classification	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	4%	Total risk amount (pt-CCF and CRM)
Claims on sovereigns and Central Banks	262.707.019	-	18.304	-	-	-	252.674	-	-	-	-	-	262.977.997
Claims on regional governments or local authorities	-	-	-	-	1.956.089	-	-	-	-	-	-	-	1.956.089
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	2.249.287	-	-	-	-	-	2.249.287
Claims on multilateral development banks	358	-	-	-	-	-	-	-	-	-	-	-	358
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	8.840	-	2.113.345	-	820.902	-	1.422.416	-	-	-	-	-	4.365.503
Claims on corporates	2.425.001	-	4.217.884	-	7.515.002	4	231.729.530	13.699	-	-	-	-	245.901.120
Claims included in the regulatory retail portfolios	-	-	-	-	-	161.869.500	1.628.301	-	-	-	-	-	163.497.801
Claims secured by residential property	-	-	-	64.970.542	-	-	-	-	-	-	-	-	64.970.542
Claims secured by commercial property	-	-	-	-	40.124.832	-	5.953.320	-	-	-	-	-	46.078.152
Overdue loans	-	-	-	-	2.232.132	-	1.569.789	153.984	-	-	-	-	3.955.905
Higher risk categories decided by the Board	-	-	-	-	-	-	-	5.052.594	-	-	-	-	5.052.594
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	7.965.812	-	-	-	-	-	7.965.812
Other receivables	12.800.589	-	2.313.148	-	-	158.294	10.807.357	-	-	-	-	-	26.079.388
Total	277.941.807	-	8.662.681	64.970.542	52.648.957	162.027.798	263.578.486	5.220.277	-	-	-	-	835.050.548

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

Publicly Announced Qualitative Disclosure on Market Risk

The Bank's market risks are managed within the framework of the "Policies Related to the Management of the Market Risk" approved by the Board of Directors, and the trading activities of the positions and portfolios subject to the market risks are carried out in accordance with the "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)	2.747.538
Equity risk (general and specific)	1.039.825
Foreign exchange risk	4.811.413
Commodity risk	-
Options	
Simplified approach	-
Delta-plus method	165.849
Scenario approach	-
Securitization	-
Total	8.764.625

Information related to Operational Risk

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

	2 PP Amount	1 PP Amount	CP Amount	Total/ No. Of Years of Positive Gross	Rate (%)	Total
Gross Income	10.771.098	10.681.283	16.723.023	12.725.135	15	1.908.770
Amount at Operational Risk (Total * 12,5)						23.859.627

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

XII. EXPLANATIONS ON REMUNERATION POLICIES

1. Disclosures related with Remuneration Committee

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

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

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

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

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

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

As of the end of 2021, the number of critical key personnel is 25.

2. Information on the design and structure of remuneration process

Benefits to be paid to the managers and employees at all levels are in line with the Bank's ethical values, internal balances and strategic objectives and cannot be associated only with the short term performance of the Bank. Remuneration policy and practices are one of the important factors in ensuring employee engagement and improving performance. While determining the remuneration policy created to protect employees with high performance, sectoral data are taken into consideration by taking the internal wage balance and budget possibilities into account.

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XII. EXPLANATIONS ON REMUNERATION POLICIES (continued)

2. Information on the design and structure of remuneration process (continued)

Remuneration Committee at its meeting in December 2021 has reviewed the remuneration policy and practices. It has been observed that, total benefits paid in 2021 to the members of the Bank's Board of Directors, senior management and other staff are in line with the Bank's ethical values, internal balances and strategic objectives. Regardless of the performance of the units that are audited by internal audit, the benefits of are determined on the basis of the general wage increase rate set by the Bank.

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

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

4. Evaluation about how the Bank associates variable remunerations with performance

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

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

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

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

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

TÜRKİYE HALK BANKASI AŞ**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)***SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS****I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS**

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and foreign currency	1.899.965	4.958.954	1.736.896	3.042.808
CBRT	17.613.716	98.951.673	6.659.022	52.037.405
Other	-	27	-	88
Total	19.513.681	103.910.654	8.395.918	55.080.301

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand unrestricted amount ⁽¹⁾	17.211.303	34.517.548	6.502.868	19.937.084
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	8.307.240
Other ⁽²⁾	402.413	64.434.125	156.154	23.793.081
Total	17.613.716	98.951.673	6.659.022	52.037.405

⁽¹⁾ Reserve deposits kept in the CBRT

⁽²⁾ Blocked reserve deposits kept in the CBRT and Central Bank of TRNC.

As per the Communiqué no. 2013/15 “Reserve Deposits” of the Central Bank of the Republic of Turkey (CBRT), banks operating in Turkey keep reserve deposits for their TRY liabilities held at TRY, US Dollar, Euro and/or standard gold and/or scrap gold with reserve deposit rates between 3%-8% varied according to their maturity compositions, for their FC liabilities at TRY, US Dollar, Euro and/or standard gold with reserve deposit rates between 5%-26% varied according to their maturity compositions.

With the decision No.1072 dated 27 December 2019 of the Central Bank of the TRNC, reserve requirement ratio is applied between 5% to 8% for the Turkish currency and foreign currency liabilities.

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

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

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

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

None (31 December 2020: None).

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury bills, government bonds and similar securities	24.112.751	-	15.026.478	-
Total	24.112.751	-	15.026.478	-

c) Positive differences related to the derivative financial assets at fair value through profit or loss:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward transactions	-	195.839	-	16.265
Swap transactions	2.721.424	6.017.405	5.418	2.324.636
Futures transactions	-	-	-	-
Options	17.442	36.420	335	535
Other	-	-	-	-
Total	2.738.866	6.249.664	5.753	2.341.436

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	220.083	115.757	145.365	111.752
Foreign banks	124.354	3.074.071	103.818	2.194.641
Branches and offices abroad	-	-	-	-
Total	344.437	3.189.828	249.183	2.306.393

b) Information on foreign banks:

	Unrestricted Balance	Restricted Balance
	Current Period	Current Period
EU Countries	380.765	1.487
USA and Canada	203.339	-
OECD Countries ⁽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.

	Unrestricted Balance	Restricted Balance
	Current Period	Prior Period
EU Countries	397.523	-
USA and Canada	265.812	-
OECD Countries ⁽¹⁾	555.430	-
Offshore Banking Regions	167	-
Other	1.079.527	-
Total	2.298.459	-

⁽¹⁾ OECD Countries other than EU countries, USA and Canada.

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

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury bills, government bonds and similar securities	11.765.216	25.351.058	6.842.329	20.028.890
Total	11.765.216	25.351.058	6.842.329	20.028.890

a.2. Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury bills, government bonds and similar securities	56.683	-	245.865	-
Total	56.683	-	245.865	-

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

	Current Period	Prior Period
Debt securities	66.476.611	58.644.550
<i>Quoted on a stock exchange</i>	<i>66.476.611</i>	<i>58.644.550</i>
<i>Not quoted</i>	<i>-</i>	<i>-</i>
Equity Securities	585.047	471.823
<i>Quoted on a stock exchange</i>	<i>521.493</i>	<i>409.893</i>
<i>Not quoted</i>	<i>63.554</i>	<i>61.930</i>
Impairment provision (-)	1.753.325	215.243
Total	65.308.333	58.901.130

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

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

(5) Information on loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
<i>Corporate shareholders</i>	-	-	-	-
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	625.041	-	522.920	-
Total	625.041	-	522.920	-

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

	Cash Loans	Standard Loans	Loans Under Close Monitoring		
			Loans Not Subject to Restructuring	Restructured Loans	
				Loans with Revised Contract Terms	Refinance
Non-specialized loans		391.448.768	18.289.167	19.117	22.426.776
<i>Corporation loans</i>		248.895.778	13.188.529	-	22.423.266
<i>Export loans</i>		13.369.951	216.574	-	-
<i>Import loans</i>		-	-	-	-
<i>Loans given to financial sector</i>		5.192.384	150.707	-	-
<i>Consumer loan</i>		73.980.571	1.122.479	18.421	948
<i>Credit cards</i>		18.771.583	1.011.194	696	-
<i>Other</i>		31.238.501	2.599.684	-	2.562
Specialized lending		78.410.084	4.029.821	-	32
Other receivables		-	-	-	-
Accruals		6.464.457	988.591	719	1.213.314
Total		476.323.309	23.307.579	19.836	23.640.122

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	3.646.930	2.264.550	-	-
Significant Increase in Credit Risk	-	-	6.841.916	3.318.508

In the current period, the increase in the Bank's expected loss provisions balance is due to the increase in the balance of standard loans and loans under close monitoring, as well as the increase in the risk levels of some customers.

c) Distribution of cash loans by maturity structure:

	Current Period	Standard Loans	Loans under close monitoring	
			Loans Not Subject To Restructuring	Restructured
Short Term Loans		101.064.514	2.981.702	264.214
Medium and Long Term Loans		375.258.795	20.325.877	23.395.744
Prior Period				
Short Term Loans		56.308.961	2.549.067	53.215
Medium and Long Term Loans		338.765.768	20.584.746	14.565.664

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

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

(5) Information on loans (continued) :

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	652.739	72.350.733	73.003.472
<i>Real estate loans</i>	11.622	50.187.192	50.198.814
<i>Automobile loans</i>	1.802	353.149	354.951
<i>Consumer loans</i>	639.315	21.810.392	22.449.707
<i>Other</i>	-	-	-
Consumer loans- Indexed to FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Consumer loans- FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Individual credit cards-TRY	5.331.244	691	5.331.935
<i>Installment</i>	1.755.708	691	1.756.399
<i>Non-installment</i>	3.575.536	-	3.575.536
Individual credit cards-FC	328	-	328
<i>Installment</i>	-	-	-
<i>Non-installment</i>	328	-	328
Personnel loans-TRY	35.077	372.386	407.463
<i>Real estate loans</i>	-	74	74
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	35.077	372.312	407.389
<i>Other</i>	-	-	-
Personnel loans-Indexed to FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel loans-FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel credit cards-TRY	174.695	-	174.695
<i>Installment</i>	52.881	-	52.881
<i>Non-installment</i>	121.814	-	121.814
Personnel credit cards-FC	129	-	129
<i>Installment</i>	-	-	-
<i>Non-installment</i>	129	-	129
Overdraft accounts-TRY (Retail customers) ^(**)	1.711.484	-	1.711.484
Overdraft accounts-FC (Retail customers)	-	-	-
Total	7.905.696	72.723.810	80.629.506

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

^(**) TRY 42.754 of the overdraft account consists of loans given to personnel

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

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

(5) Information on loans (continued) :

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

Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	482.483	74.674.956	75.157.439
<i>Real estate loans</i>	6.782	48.574.630	48.581.412
<i>Automobile loans</i>	1.816	511.311	513.127
<i>Consumer loans</i>	473.885	25.589.015	26.062.900
<i>Other</i>	-	-	-
Consumer loans- Indexed to FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Consumer loans- FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Individual credit cards-TRY	4.353.228	871	4.354.099
<i>Installment</i>	1.740.821	871	1.741.692
<i>Non-installment</i>	2.612.407	-	2.612.407
Individual credit cards-FC	214	-	214
<i>Installment</i>	-	-	-
<i>Non-installment</i>	214	-	214
Personnel loans-TRY	20.915	343.481	364.396
<i>Real estate loans</i>	-	102	102
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	20.915	343.379	364.294
<i>Other</i>	-	-	-
Personnel loans-Indexed to FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel loans-FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel credit cards-TRY	131.241	-	131.241
<i>Installment</i>	46.527	-	46.527
<i>Non-installment</i>	84.714	-	84.714
Personnel credit cards-FC	43	-	43
<i>Installment</i>	-	-	-
<i>Non-installment</i>	43	-	43
Overdraft accounts-TRY (Retail customers) ^(**)	1.318.207	-	1.318.207
Overdraft accounts-FC (Retail customers)	-	-	-
Total	6.306.331	75.019.308	81.325.639

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

^(**) TRY 27.240 of the overdraft account consists of loans given to personnel

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

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

(5) Information on loans (continued) :

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

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	1.520.962	36.567.506	38.088.468
<i>Business premises loans</i>	3.550	787.833	791.383
<i>Automobile loans</i>	32.484	969.733	1.002.217
<i>Consumer loans</i>	1.484.928	34.809.940	36.294.868
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	-	2.056	2.056
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	2.056	2.056
<i>Other</i>	-	-	-
Commercial installment loans - FC	312.007	58.444.333	58.756.340
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	312.007	58.444.333	58.756.340
<i>Other</i>	-	-	-
Corporate credit cards-TRY	14.274.775	-	14.274.775
<i>Installment</i>	6.228.064	-	6.228.064
<i>Non-installment</i>	8.046.711	-	8.046.711
Corporate credit cards-FC	1.611	-	1.611
<i>Installment</i>	-	-	-
<i>Non-installment</i>	1.611	-	1.611
Overdraft accounts-TRY (Commercial customers)	5.341.578	-	5.341.578
Overdraft accounts-FC (Commercial customers)	-	-	-
Total	21.450.933	95.013.895	116.464.828

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

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	479.625	38.139.826	38.619.451
<i>Business premises loans</i>	4.416	805.467	809.883
<i>Automobile loans</i>	26.881	1.002.576	1.029.457
<i>Consumer loans</i>	448.328	36.331.783	36.780.111
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	-	14.990	14.990
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	14.990	14.990
<i>Other</i>	-	-	-
Commercial installment loans - FC	28.217	27.519.321	27.547.538
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	28.217	27.519.321	27.547.538
<i>Other</i>	-	-	-
Corporate credit cards-TRY	10.484.279	-	10.484.279
<i>Installment</i>	4.495.889	-	4.495.889
<i>Non-installment</i>	5.988.390	-	5.988.390
Corporate credit cards-FC	203	-	203
<i>Installment</i>	-	-	-
<i>Non-installment</i>	203	-	203
Overdraft accounts-TRY (Commercial customers)	3.227.895	-	3.227.895
Overdraft accounts-FC (Commercial customers)	-	-	-
Total	14.220.219	65.674.137	79.894.356

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

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

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

(5) Information on loans (continued) :

f) Loans by customers:

	Current Period	Current Period
Public	12.298.807	6.842.975
Private	510.992.039	425.984.446
Total	523.290.846	432.827.421

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

g) Domestic and foreign loans(*):

	Current Period	Prior Period
Domestic loans	521.958.708	431.848.690
Foreign loans	1.332.138	978.731
Total	523.290.846	432.827.421

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

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	2.916.786	3.164.527
Indirect loans granted to subsidiaries and associates	-	-
Total	2.916.786	3.164.527

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

	Current Period	Prior Period
Loans with Limited Collectability	1.049.450	799.164
Loans with Doubtful Collectability	312.066	270.090
Uncollectible Loans	10.512.850	9.979.896
Total	11.874.366	11.049.150

The increase in the expected loan loss provision balance allocated for stage 3 loans is caused by the effect of the non performing loans in stock due to the fact that the ratio of exposure at default increases as the period in non performing loans class extends according to ECL model applied, as well as the increase in the risk levels of some customers.

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current 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>
Prior period			
Gross amounts before the specific provisions	332.359	73.605	2.041.846
<i>Restructured loans</i>	<i>332.359</i>	<i>73.605</i>	<i>2.041.846</i>

(*) Accruals are not included.

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

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

(5) Information on loans (continued) :

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period			
Current period end balance	2.333.051	637.011	13.947.732
Additions (+)	3.453.191	58.177	195.628
Transfers from other categories of loans under non-performing (+)	-	1.861.949	2.358.256
Transfers to other categories of loans under non-performing (-)	2.751.725	1.468.480	-
Collections (-)*	609.880	379.728	3.329.887
Write-offs (-)	-	-	8.113
Sold (-)	-	-	-
<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
Prior Period			
Prior period end balance	2.811.379	4.508.885	8.599.817
Additions (+)	3.530.141	148.504	1.630.758
Transfers from other categories of loans under non-performing (+)	-	2.314.879	5.820.793
Transfers to other categories of loans under non-performing (-)	3.181.201	4.954.471	-
Collections (-)*	827.268	1.380.786	1.510.321
Write-offs (-)	-	-	593.315
Sold (-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
Current period end balance	2.333.051	637.011	13.947.732
Provision (-)	799.164	270.090	9.979.896
Net balance on balance sheet	1.533.887	366.921	3.967.836

(*) 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.

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current period			
Balance at the end of the period	364.813	31.810	3.688.441
Provisions(-)	319.850	13.697	3.551.380
Net balance in the balance sheet	44.963	18.113	137.061
Prior period			
Balance at the end of the period	924.035	79.645	4.218.214
Provisions(-)	296.121	34.662	3.466.879
Net balance in the balance sheet	627.914	44.983	751.335

(*) Accruals are not included.

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

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

(5) Information on loans (continued) :

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

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current 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
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)	-	-	-
Prior period (Net)	1.533.887	366.921	3.967.836
Loans to granted real persons and legal entities (Gross)	2.333.051	637.011	13.947.732
Specific provisions (-)	799.164	270.090	9.979.896
Loans to granted real persons and legal entities (Net)	1.533.887	366.921	3.967.836
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current 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
Prior Period (Net)	10.059	7.549	659.036
Interest Accruals and Valuation Differences	23.383	25.850	2.136.175
Provision (-)	13.324	18.301	1.477.139

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

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

(5) Information on loans (continued) :

k) 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.

l) 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.

The Bank derecognised a 5th group non-performing loan amounting to TRY 8.113 due to lack of reasonable expectations in the current period, and this derecognition has no effect on the NPL ratio. (In the previous period, the Bank derecognised the 5th group non-performing loan amounting to TRY 593.315 on the grounds that there was no reasonable expectation, and the Bank's non-performing loan ratio decreased from 3.89% to 3.76% after the loans were written off in accordance with the related the Regulation of Allowance.)

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

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	-	-	-	-
Government bonds and other securities	67.423.060	37.437.038	31.097.699	20.519.825
Total	67.423.060	37.437.038	31.097.699	20.519.825

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury bills, government bonds and similar	8.858.706	4.975.643	18.884.916	1.995.236
Total	8.858.706	4.975.643	18.884.916	1.995.236

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

	Current Period		Prior Period	
Government bonds	132.010.297		83.751.989	
Treasury bills	-		-	
Other public sector debt securities	792.874		818.523	
Total	132.803.171		84.570.512	

c) Information on financial assets measured at amortised cost:

	Current Period		Prior Period	
Debt securities	132.853.694		84.621.031	
<i>Quoted on a stock exchange</i>	132.853.694		84.621.031	
<i>Not quoted</i>	-		-	
Impairment provision (-)	-		-	
Total	132.853.694		84.621.031	

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

	Current Period		Prior Period	
Beginning balance	84.621.031		72.208.355	
Foreign currency differences on monetary assets	17.795.411		5.473.915	
Purchases during the year ⁽¹⁾	37.931.041		20.575.242	
Disposals through sales and redemptions	(7.493.789)		(13.636.481)	
Impairment provision (-)	-		-	
Balance at the end of the period	132.853.694		84.621.031	

⁽¹⁾ The difference between the discount amount of TRY 31.918.103 as of December 31, 2021 and the amount of discount amount of TRY 14.515.145 as of 31 December 2020 is shown in the line disposed by purchases during the year.

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

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

(7) Information on associates (Net):

a) Information on associates:

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1. Demir-Halkbank NV ⁽¹⁾	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾	Ankara	31,47	33,12
3. Kredi Kayıt Bürosu AŞ ⁽²⁾	Istanbul	18,18	18,18
4. Platform Ortak Kartlı Sistemler AŞ ⁽⁴⁾	Istanbul	20,00	20,00
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.	27.661.534	3.694.652	54.246	432.742	5.670	106.321	76.543	1.218.924
2.	67.462	66.435	40	6.620	-	13.794	(506)	-
3.	546.191	288.958	231.347	49.389	-	58.105	55.857	-
4.	5.714	5.685	41	1.263	-	922	(464)	-
5.	201.576	151.991	104.115	15.830	-	(5.804)	2.989	-

⁽¹⁾ The financial data is obtained from 31 December 2021 financial statements used in consolidation.

⁽²⁾ The financial data is obtained from unaudited 31 December 2021 financial statement.

⁽³⁾ Financial information about the fair value of Demir Halkbank NV has been obtained from valuation report as of 31 December 2021.

⁽⁴⁾ Financial information is taken from the financial statements as of 31 December 2021.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	752.310	507.786
Movements during the period	544.687	244.524
Purchases	57.243	34.992
Bonus shares obtained profit from current year's share	-	12.709
Dividends from current year income	-	-
Sales	-	(5.112)
Transfers	(57.243)	10.369
Revaluation decrease (-) / increase	544.687	191.566
Impairment provisions (-)/ reversals	-	-
Balance at the end of the period	1.296.997	752.310
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

d) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	1.218.924	674.237
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	11.518	11.518
Other non- financial investments	66.555	66.555

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

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

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

e) Associates quoted on a stock exchange:
None.

(8) Information on subsidiaries (Net):

a) Information on subsidiaries⁽¹⁾:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ
COMMON EQUITY TIER I CAPITAL							
Paid in Capital	150.000	1.020.000	323.000	799.036	96.000	356.373	100
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-
Share premium	-	49.945	-	11.633	-	256.281	-
Reserves	72.504	54.657	18.181	1.794.003	108.020	1.470.902	2.238
Other Comprehensive Income according to TAS	4.558	1.298.324	2.071	1.396	10	(83.157)	-
Profit / Loss	197.868	40.160	70.149	1.104	79.022	83.117	850
Net Profit	197.868	40.160	75.184	38.472	67.633	83.117	850
Prior Period Profit/Loss	-	-	(5.035)	(37.368)	11.389	-	-
Bonus Shares from Associates, Subsidiaries and Joint Ventures not Accounted in Current Period's Profit Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	-	-	-	613	-	1.617	-
Leasehold Improvements (-)	-	498	-	22.226	-	12.708	-
Intangible Assets (-)	6.419	787	1.295	47.565	2.809	92.124	-
Total Core Capital	418.511	2.461.801	412.106	2.536.768	280.243	1.977.067	3.188
SUPPLEMENTARY CAPITAL	-	-	99.083	63.975	8.050	28.380	-
CAPITAL	418.511	2.461.801	511.189	2.600.743	288.293	2.005.447	3.188
NET AVAILABLE CAPITAL	418.511	2.461.801	511.189	2.600.743	288.293	2.005.447	3.188

⁽¹⁾ The information is presented from companies' financial statements as of 31 December 2021.

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

Paid in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry.

Effect of inflation adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items.

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

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

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

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

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

b) Information on subsidiaries:

Description	Address (City/ Country)	Bank's share percentage, if different- voting percentage (%)	Bank's risk group share percentage (%)
1. Halk Yatırım Menkul Değerler AŞ	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	99,48	99,48
5. Halk Faktoring AŞ	Istanbul	100,00	100,00
6. Halkbank A.D. Beograd	Serbia	100,00	100,00
7. Halk Varlık Kiralama AŞ	Istanbul	100,00	100,00

c) Information related to the subsidiaries as shown in (b) ^{(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. 855.425	424.930	20.335	191.464	15.571	197.868	186.876	532.217
2. 3.718.363	2.434.330	2.495.347	9.596	-	40.160	32.549	1.710.255
3. 5.148.218	413.401	5.027	440.970	-	75.184	72.427	471.661
4. 18.044.672	2.606.559	709.698	378.136	16.185	38.472	76.005	2.665.965
5. 1.809.660	283.052	5.725	306.095	-	67.633	100.943	362.348
6. 12.845.355	2.081.899	282.578	272.501	41.245	83.117	35.600	1.919.639
7. 1.571.463	3.188	5	-	-	850	546	3.579

⁽¹⁾ The financial data is obtained from 31 December 2021 financial statements used in consolidation.

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

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

d) Movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	5.497.082	3.241.881
Movements during the period	2.168.582	2.255.201
Purchase ^{(1) (2) (3) (4)}	506.941	148.506
Bonus shares obtained profit from current year's share	81.981	30.224
Dividends from current year income	-	-
Sales	-	(56.003)
Transfer	-	(27.997)
Revaluation increase/decrease	1.579.660	2.160.471
Impairment Provisions (-)/ Reversals	-	-
Balance at the end of the period	7.665.664	5.497.082
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ In the current period, the Bank has increased its share ratio to 100% by purchasing 0.04% of Halk Yatırım Menkul Değerler AŞ for a price of TRY 159.

⁽²⁾ As a result of the paid capital increase, the Bank paid TRY 198.304 and increased its shareholding in Halk Banka AD, Skopje, located in Macedonia, to 99.48%.

⁽³⁾ The Bank made a payment of 300.255 TRY due to the capital increase of Halk Banka A.D., located in Serbia, Beograd.

⁽⁴⁾ In the current period, the Bank has purchased 2.5% of Halk Faktoring AŞ for TRY 8.223 and increased its share to 100%.

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

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

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

	Current Period	Prior Period
Banks	4.585.604	2.140.652
Insurance companies	-	-
Factoring companies	362.348	320.679
Leasing companies	471.661	395.629
Financing companies	-	-
Other financial subsidiaries	2.246.051	2.640.122
Other non-financial subsidiaries	-	-

f) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock ⁽¹⁾	1.710.255	2.240.689
Quoted foreign stock exchange	-	-

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

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

None.

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

None.

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

None.

(12) Information on 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	2.124.315	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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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

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

(12) Information on tangible assets (continued) :

Prior Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
Cost:						
Immovable	1.796.012	40.055	310.409	22.161	-	2.124.315
Tangible assets purchased through financial lease	24.111	-	-	4.340	(19.771)	-
Right of Use Assets	734.098	520.428	-	203.211	-	1.051.315
Office machines	815.306	188.302	-	19.967	-	983.641
Fixed assets obtained due to non-performing loans	4.883.164	1.197.322	-	1.364.780	(35.194)	4.680.512
Lease hold improvements costs	202.803	59.774	-	-	-	262.577
Other	308.840	35.182	-	8.078	19.771	355.715
Total Cost	8.764.334	2.041.063	310.409	1.622.537	(35.194)	9.458.075
Accumulated depreciation (-)						
Immovable	188.578	8.574	59.012	2.180	-	253.984
Tangible assets purchased through financial lease	23.958	-	-	4.537	(19.421)	-
Right of Use Assets	169.306	204.042	-	64.076	-	309.272
Office machines	446.048	125.010	-	20.387	-	550.671
Fixed assets obtained due to non-performing loans	22.525	19.265	-	18.491	-	23.299
Lease hold improvements costs	123.404	31.188	-	-	-	154.592
Other	241.635	17.337	-	6.558	19.421	271.835
Total Accumulated Depreciation	1.215.454	405.416	59.012	116.229	-	1.563.653
Provision for impairment (-)						
Immovable	6.671	-	6.103	-	-	12.774
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	-	-	-	-	-	-
Fixed assets obtained due to non-performing loans	4.963	-	-	608	-	4.355
Total provision for impairment (-)	11.634	-	6.103	608	-	17.129
Net Book Value	7.537.246	1.635.647	245.294	1.505.700	(35.194)	7.877.293

(13) Information on intangible assets:

Current Period	Balance at the end	Additions	Disposals (-)	Transfer	Balance at the end
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
Prior Period	Balance at the end	Additions	Disposals (-)	Transfer	Balance at the end
Cost:					
Other intangible assets	327.991	511.169	4.340	-	834.820
Total Cost	327.991	511.169	4.340	-	834.820
Accumulated Depreciation (-)					
Other intangible assets	165.938	95.957	-	-	261.895
Total Accumulated Depreciation	165.938	95.957	-	-	261.895
Net Book Value	162.053	415.212	4.340	-	572.925

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL
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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

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

(14) Information on investment property:

	Current Period	Prior Period
Cost:		
Opening Balance	435.639	434.764
Acquisitions	9.432	875
Transfer	-	-
Disposals	-	-
Impairment Charge/Reversal	-	-
Ending Balance	445.071	435.639
Accumulated Depreciation (-)		
Opening Balance	81.992	78.737
Amortization Charge	3.327	3.255
Transfer	-	-
Disposals	-	-
Impairment Provisions	-	-
Total Accumulated Depreciation (-)	85.319	81.992
Net Book Value	359.752	353.647

(15) Information on tax assets:

	Current Period	Prior Period
Deferred Tax Asset /(Liability)		
Provisions ⁽¹⁾	3.214.984	1.501.262
Revaluation of Financial Assets	(5.527.489)	(1.324.198)
Other	2.469.899	(508.816)
Deferred Tax Asset /(Liability):	157.394	(331.752)
Deferred tax accounted under shareholders' equity	280.925	(86.970)
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	379.540	53.300
Actuarial gains/losses	117.935	34.772
Valuation of subsidiaries	(216.550)	(175.042)

⁽¹⁾ Includes reserve for employee benefits and other provisions.

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

None.

(17) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 6.483.746 and does not exceed 10% of the balance sheet total (31 December 2020: TRY 3.985.415).

TÜRKİYE HALK BANKASI AŞ

EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES

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

a) Information on deposit / funds collected:

Current Period

	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	14.770.570	-	9.301.522	61.536.172	16.277.055	2.544.494	3.720.806	132.027	108.282.646
Foreign currency deposits	70.781.423	-	37.579.282	158.239.770	7.306.978	6.458.451	12.284.973	20.344	292.671.221
Residents in Turkey	64.071.897	-	36.689.100	153.563.705	6.800.758	4.983.025	8.309.005	19.744	274.437.234
Residents abroad	6.709.526	-	890.182	4.676.065	506.220	1.475.426	3.975.968	600	18.233.987
Public sector deposits	5.162.007	-	5.159.673	4.843.268	535.623	53.068	15.044	-	15.768.683
Commercial inst. deposits	19.347.805	-	24.818.251	32.649.249	1.582.430	1.414.218	2.042.503	-	81.854.456
Other inst. deposits	1.532.264	-	3.505.395	13.905.284	2.023.206	2.673.524	6.073.817	-	29.713.490
Precious metals	28.229.042	-	197.454	4.914.191	243.446	136.356	234.127	-	33.954.616
Interbank deposits	28.311.953	-	19.703.212	15.570.775	73.419	-	-	-	63.659.359
CBRT	27.637	-	-	-	-	-	-	-	27.637
Domestic banks	377.832	-	19.480.597	10.091.593	73.419	-	-	-	30.023.441
Foreign banks	27.906.484	-	222.615	5.479.182	-	-	-	-	33.608.281
Participation banks	-	-	-	-	-	-	-	-	-
Total	168.135.064	-	100.264.789	291.658.709	28.042.157	13.280.111	24.371.270	152.371	625.904.471

Prior Period

	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	11.028.158	-	10.547.317	61.271.001	4.063.473	894.825	1.528.413	123.289	89.456.476
Foreign currency deposits	32.388.126	-	14.493.218	96.236.799	4.090.991	3.154.734	7.608.486	13.273	157.985.627
Residents in Turkey	28.386.432	-	14.179.996	92.415.789	3.611.688	1.929.613	4.390.421	12.693	144.926.632
Residents abroad	4.001.694	-	313.222	3.821.010	479.303	1.225.121	3.218.065	580	13.058.995
Public sector deposits	3.708.109	-	13.485.208	4.173.024	442.413	161.066	13.676	-	21.983.496
Commercial inst. deposits	11.820.116	-	32.587.470	49.309.349	825.344	604.306	2.994.737	-	98.141.322
Other inst. deposits	1.105.021	-	3.660.760	20.127.802	2.481.584	452.782	4.469.915	-	32.297.864
Precious metals	18.324.815	-	134.150	3.375.240	382.651	75.080	147.787	-	22.439.723
Interbank deposits	9.601.355	-	14.584.786	10.645.338	150.308	-	-	-	34.981.787
CBRT	-	-	-	-	-	-	-	-	-
Domestic banks	86.802	-	12.009.319	7.107.240	150.308	-	-	-	19.353.669
Foreign banks	7.035.553	-	111.316	3.315.793	-	-	-	-	10.462.662
Participation banks	2.479.000	-	2.464.151	222.305	-	-	-	-	5.165.456
Total	87.975.700	-	89.492.909	245.138.553	12.436.764	5.342.793	16.763.014	136.562	457.286.295

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EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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

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

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

b.1. Amounts exceeding insurance limit:

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

Saving Deposits	Under the guarantee insurance		Exceeding the insurance limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	45.658.688	40.394.097	62.400.473	48.828.336
Foreign currency saving deposits	38.102.218	28.680.997	134.235.893	66.880.922
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	535.794	410.927	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

c) Saving deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign branches' saving deposits and other accounts	395.337	235.014
Deposits and other accounts belonging to dominant partners as well as their fathers, mothers, spouses and children under their custody	-	-
Deposits and other accounts belonging to the chairman and members of the board of directors, general managers and deputy general managers as well as their fathers, mothers, spouses and children under their custody	3.899	3.213
Deposits and other accounts covered by assets generated through the offenses mentioned in Article 282 of the Turkish Penal Code No.5237 and dated 26.9.2004	-	-
Deposits in the banks to be engaged exclusively in offshore banking in Turkey	-	-

(2) Information on derivative financial liabilities:

Negative differences table related to the derivative financial liabilities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward transactions	-	287.630	-	26.206
Swap transactions	357	2.154.315	19.744	480.510
Future transactions	-	-	-	-
Options	17.830	10.119	369	7.212
Other	-	-	-	-
Total	18.187	2.452.064	20.113	513.928

(3) Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Funds borrowed from CBRT	-	-	-	-
Domestic banks and institutions	498.522	1.781.127	380.664	1.564.665
Foreign banks, institutions and funds	-	11.265.691	-	8.441.670
Total	498.522	13.046.818	380.664	10.006.335

TÜRKİYE HALK BANKASI AŞ

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

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

(3) Information on funds borrowed: (continued)

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	363.399	277.642	380.359	212.013
Medium and long-term	135.123	12.769.176	305	9.794.322
Total	498.522	13.046.818	380.664	10.006.335

c) Additional disclosures related to the concentrations of the Bank's major liabilities:

Concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed:

Main liability of the Bank is deposits, which is composed of 17,30% of saving deposits and 46,76% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets.

The Bank's 61,95% of bank deposits and 58,09% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	4.694.698	-	3.551.547	-
Bonds	706.982	-	1.078.233	7.553.277
Assets Backed Securities	1.011.622	-	1.011.622	-
Total	6.413.302	-	5.641.402	7.553.277

(5) Explanations on the funds:

Funds are granted as loans in conformity with the protocols between the Bank and fund owner ministry or institutions.

Maturity structure of funds:

	Current Period	Prior Period
Short Term	1.350	1.201
Long Term	137.191	3.616.102
Total	138.541	3.617.303

(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).

TÜRKİYE HALK BANKASI AŞ
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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the related accounting standards.

- b) Explanation on finance lease payables:

None (31 December 2021: None).

- c) Explanations on operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	36.524	36.100	28.613	28.545
1 - 4 years	448.317	362.750	259.499	227.436
More than 4 years	838.939	467.733	738.599	526.905
Total	1.323.780	866.583	1.026.711	782.886

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

None (31 December 2021: None).

(9) Explanations on provisions:

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

As of 31 December 2021 the Bank does not have a provision amount of the currency differences on foreign currency indexed loans and finance lease receivables (31 December 2020: None).

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

As of 31 December 2021, the Bank's specific provision for unindemnified non-cash loans balance is TRY 337.306 (31 December 2020: TRY 150.942).

- c) Information on other provisions:

Of the total other provisions amounting to TRY 1.161.546 (31 December 2020: TRY 615.302), TRY 337.306 is for non-cash loans that have not been compensated and turned into cash (31 December 2020: TRY 150.942), TRY 629.840 is for non-cash loans first stage and second stage It consists of expected loan loss provisions (31 December 2020: TRY 306.224), TRY 73.416 of provisions for lawsuits against the bank (31 December 2020: TRY 94.052) and TRY 120.984 of other provisions (31 December 2020: TRY 64.084).

- d) Movement of employee termination benefits:

Severance indemnity provision as of 31 December 2021 is calculated by an independent company by using the actuarial conjectures. The amount calculated for the employee termination benefits as a result of the actuarial valuation according to TAS 19, is as follows;

	Current Period	Prior Period
Inflation Rate	%15,80	%9,50
Discount Rate	%19,10	%12,80
Estimated Real Wage Growth Rate	%30,00(*)	%9,70

(*) It was used 30% for 2022 and 16% for the following years.

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

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

(9) Explanations on provisions (continued) :

d) Movement of employee termination benefits (continued) :

Calculated amounts as a result of actuarial conjectures are as follows:

	Current Period	Prior Period
As of January 1	932.665	716.240
Charge for the year	90.623	68.632
Interest Expense	117.854	85.653
Actuarial gain/loss	415.824	99.035
Prior period service cost composed current period	6.311	2.584
Payment/The limitation of benefits/ Loss (Gain) therefore discharge	1.017	5.999
Benefits paid within the period (-)	(40.172)	(45.478)
Total	1.524.122	932.665

e) Liabilities for employee benefits:

As of December 31, 2021, the Bank has unused vacations of TRY 223.018, dividends for personnel amounting to TRY 499.783, severance pay liability for Bank personnel amounting to TRY 1.464.422 and severance pay liability for subcontractors amounting to TRY 59.700. (December 31, 2020 unused leave provision: TRY 175.003, 31 December 2020 personnel dividend: TRY 361.483, 31 December 2020 severance pay for Bank personnel: TRY 896,563, 31 December 2020 severance pay for subcontractors: TRY 36.102). The Bank has been accounting for actuarial losses or gains under equity as of 1 January 2013.

The Bank accounts for actuarial gains / losses under equity commencing from 1 January 2013.

f) Liabilities arising from retirement benefits:

f.1. Liabilities of pension funds founded as per the Social Security Institution:

None.

f.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees:

Based on the results of the actuarial reports prepared as of 31 December 2021, it was determined that there is no technical deficit for Türkiye Halk Bankası AŞ Emekli Sandığı and T.C. Ziraat Bankası ve Türkiye Halk Bankası Çalışanları Emekli Sandığı Vakfı.

The above mentioned actuarial review, which was made in accordance with the principles of the related law, measures the present value of the liability as of 31 December 2021, in other words; it measures the amount to be paid to the Social Security Institution by the Bank. Actuarial assumptions used in the calculation are given below.

Assumptions	Current Period	Prior Period
Discount Rate	%9,80	%9,80
Mortality Rate	CSO 1980 women/men	CSO 1980 women/men

Halk Bankası Çalışanları Emekli Sandığı Vakfı, ("Fund") which was established by 20th provisional article of Social Security Law numbered 506. As of 31 December 2021, the number of personnel who benefit from the Fund is 38.816 (31 December 2020: 36.069).

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

(9) Explanations on provisions (continued):

f) Liabilities arising from retirement benefits (continued) :

- f.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees (continued):

Below table shows the present values of premiums and salary payments as of 31 December 2021, by taking into account the health expenses within the Social Security Institution limits.

Transferable Pension and Medical Benefits:	Current Period	Prior Period
Net Present Value of Total Liabilities Other Than Health	(4.839.389)	(3.853.779)
Net Present Value of Long Term Insurance Line Premiums	4.989.362	4.204.433
Net Present Value of Total Liabilities Other Than Health	149.973	350.654
Net Present Value of Health Liabilities	(1.134.467)	(838.882)
Net Present Value of Health Premiums	3.117.266	2.626.604
Net Present Value of Health Liabilities	1.982.799	1.787.722
Pension Fund Assets	5.679.944	4.276.670
General Administration Expenses (1%)	(59.739)	(46.927)
Amount of Actuarial and Technical Deficit	7.752.977	6.368.119
Plan assets are comprised as follows:		
Total Assets	Current Period	Prior Period
Banks	4.811.099	3.125.060
Marketable Securities	504.807	916.070
Property and Equipment	179.872	128.147
Other	184.166	107.393
Total	5.679.944	4.276.670

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	(%19,20)	(%20,40)	(%20,40)
Discount rate -1	%26,10	%28,00	%28,00
Inflation rate +1	%26,10	%34,30	%34,30
Inflation rate -1	(%19,40)	(%23,90)	(%23,90)

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

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

(10) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 31 December 2021, the Bank's calculated current tax liability is amounting to TRY 8.025 and recognized under corporate tax provision account as of the mentioned date (31 December 2020: TRY 326.239 corporate tax asset)

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate tax payable	8.025	-
Income on securities tax	409.434	475.152
Property income tax	3.049	1.136
Banking and insurance transactions tax (BITT)	246.819	153.656
Foreign exchange transactions tax	52.359	9.021
Value added tax payable	-	-
Other	74.027	51.929
Total	793.713	690.894

a.3. Information on premiums:

	Current Period	Prior Period
Social insurance premiums-employee	13	21
Social insurance premiums-employer	15	27
Bank social aid pension fund premium-employee	22.968	18.063
Bank social aid pension fund premium-employer	37.885	28.084
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	1.653	1.279
Unemployment insurance-employer	3.273	2.526
Other	378	362
Total	66.185	50.362

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

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

b) Information on deferred tax liability:

It is explained in the 15th footnote of Section Five, Explanations And Notes Related To The Assets.

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

None. (31 December 2020: None.)

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

Information on Subordinated Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital				
borrowings instruments	-	15.591.893	-	8.824.063
<i>Subordinated loans</i>	-	15.591.893	-	8.824.063
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution				
capital calculation	6.051.459	-	6.036.525	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.051.459	-	6.036.525	-
Total	6.051.459	15.591.893	6.036.525	8.824.063

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

(13) Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	2.473.776	2.473.776
Preferred stock	-	-

b) Application of registered capital system and registered capital ceiling amount:

There is an application of registered capital system and registered capital ceiling amount is TRY 10.000.000.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period.

None.

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

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

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

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

None.

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

None.

f) Information on the Bank's acquired shares:

Between January 1 - December 31 2021, the Bank did not repurchase or sell any shares.

g) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

The Bank has sustainable profitability and equity structure. There are no uncertainties that would impact the current position.

h) Information on preferred shares:

None.

i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	1.719.164	1.350.460	2.085.896	696.265
<i>Valuation differences</i>	<i>1.719.164</i>	<i>1.350.460</i>	<i>2.085.896</i>	<i>696.265</i>
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	(1.732.203)	(189.790)	(77.633)	(230.418)
<i>Valuation differences</i>	<i>(1.732.203)</i>	<i>(53.336)</i>	<i>(77.633)</i>	<i>(228.348)</i>
<i>Exchange rate difference</i>	-	<i>(136.454)</i>	-	<i>(2.070)</i>
Total	(13.039)	1.160.670	2.008.263	465.847

j) Information on Profit Distribution:

The Ordinary General Assembly Meeting of the Bank was held on March 26, 2021. At the General Assembly Meeting, it was decided to transfer the remaining amount of TRY 2.470.042 to extraordinary reserves, after allocating TRY 130.003 of the unconsolidated net profit amounting to TRY 2.600.045 from the activities of the year 2020 as general legal reserves. In addition, in accordance with TFRS 9, the 75% exception amount in the article 5/1/e of the Corporate Tax Law No. 5520 of the sales gain obtained from the sales of the partnerships monitored with their fair values will continue to be monitored in the special funds account.

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

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

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

k) Information on Legal Reserves

	Current Period	Prior Period
I. Legal Reserve	1.590.043	1.463.693
II. Legal Reserve	585.488	585.488
Special Reserves	21.465	17.812
Share Buyback Reserve Fund	351.767	351.767
Total	2.548.763	2.418.760

l) Information on Extraordinary Reserves:

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	25.426.034	22.955.992
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital (-)	-	-
Total	25.426.034	22.955.992

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

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

(1) Information on off-balance sheet liabilities:

a) Amount and nature of irrevocable loan commitments:

Types of irrevocable commitments	Current Period	Prior Period
Commitments for credit card expenditure limits	17.272.727	27.941.932
Payment commitments for cheques	6.146.359	4.472.298
Loan granting commitments	6.237.140	4.594.177
Forward asset purchase and sale commitments	9.044.334	1.826.745
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	27.584	22.752
Tax and fund liabilities from export commitments	106.220	124.240
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	5.306.244	4.948.441
Total	44.140.608	43.930.585

b) Amount and nature of probable losses and commitments from the off-balance sheet items including the below mentioned:

b.1. Non-cash loans including bank bill guarantees and acceptances, guarantees substituting financial guarantees and other letters of credit:

	Current Period	Prior Period
Letters of credit	6.864.681	2.408.221
Bank acceptances	11.581.244	6.495.595
Other guarantees	9.543.534	4.824.419
Total	27.989.459	13.728.235

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

	Current Period	Prior Period
Letters of certain guarantees	26.134.531	16.981.843
Letters of advance guarantees	7.724.693	5.104.565
Letters of tentative guarantees	1.930.929	2.215.108
Letters of guarantee given to customs offices	3.716.631	2.706.440
Other letters of guarantee	123.444.557	73.819.146
Total	162.951.341	100.827.102

c) Information on non-cash loans:

c.1. Total non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	22.991.978	12.107.654
<i>Within one year or less original maturity</i>	2.037.876	786.030
<i>Within more than one year maturity</i>	20.954.102	11.321.624
Other non-cash loans	167.948.822	102.447.683
Total	190.940.800	114.555.337

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

c) Information on non-cash loans (devamı) :

c.2. Sectoral risk concentration of non-cash loans

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	236.420	0,28	315.516	0,29	178.288	0,32	180.941	0,30
<i>Farming and Stockbreeding</i>	183.955	0,22	18.808	0,02	127.020	0,23	13.346	0,02
<i>Forestry</i>	8.548	0,01	4.709	-	1.542	-	-	-
<i>Fishery</i>	43.917	0,05	291.999	0,27	49.726	0,09	167.595	0,28
Manufacturing	19.675.926	23,98	52.137.042	47,88	11.874.058	21,48	26.933.274	45,45
<i>Mining and Quarrying</i>	386.734	0,47	1.708.401	1,57	221.231	0,40	1.029.151	1,74
<i>Production</i>	18.195.364	22,18	47.696.899	43,80	10.066.831	18,21	24.400.533	41,17
<i>Electricity, Gas and Water</i>	1.093.828	1,33	2.731.742	2,51	1.585.996	2,87	1.503.590	2,54
Construction	24.509.366	29,88	23.862.796	21,91	17.550.791	31,75	12.737.999	21,49
Services	36.929.178	45,03	32.396.206	29,74	23.687.034	42,85	19.229.647	32,43
<i>Wholesale and Retail Trade</i>	22.727.973	27,72	13.461.503	12,36	14.830.746	26,83	6.887.229	11,62
<i>Accommodation and Dining</i>	409.621	0,50	5.774.150	5,30	315.979	0,57	3.908.626	6,59
<i>Transportation and Telecom.</i>	1.543.594	1,88	8.670.681	7,96	1.063.530	1,92	6.690.395	11,29
<i>Financial Institutions</i>	5.536.689	6,75	102.637	0,09	4.001.035	7,24	84.775	0,14
<i>Real Estate and Rental Services</i>	5.290.718	6,45	4.161.907	3,82	2.869.168	5,19	1.494.380	2,52
<i>Professional Services</i>	44.473	0,05	660	-	13.891	0,03	459	-
<i>Educational Services</i>	106.846	0,13	116.679	0,11	100.317	0,18	90.355	0,15
<i>Health and Social Services</i>	1.269.264	1,55	107.989	0,10	492.368	0,89	73.428	0,12
Other	677.170	0,83	201.180	0,18	1.990.613	3,60	192.692	0,33
Total	82.028.060	100,00	108.912.740	100,00	55.280.784	100,00	59.274.553	100,00

c.3. Non-cash loans classified under I. and II. Group

	Group I		Group II	
	TRY	FC	TRY	FC
Non-Cash Loans	80.122.318	105.827.668	1.905.742	3.085.072
Letters of Guarantee	69.535.982	88.500.019	1.889.251	3.026.089
Bills of Exchange and Bank Acceptances	1.079.481	10.481.052	-	20.711
Letters of Credit	5.784	6.804.134	16.491	38.272
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	9.501.071	42.463	-	-

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

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):				
	125.203.414	45.428.327	-	-
Currency Forwards-Purchases/Sales	16.455.764	2.793.387	-	-
Currency Swaps-Purchases/Sales	104.270.304	38.760.894	-	-
Currency Futures-Purchases/Sales	-	-	-	-
Currency Options-Purchases/Sales	4.477.346	3.874.046	-	-
Interest Rate related Derivative Transactions (II)				
	43.976.230	25.566.030	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Swaps-Purchases/Sales	43.976.230	25.566.030	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-
Other Trading Derivatives (III) (I)	30.945.554	5.809.526	-	-
A. Total Trading Derivatives (I+II+III)	200.125.198	76.803.883	-	-
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)	200.125.198	76.803.883	-	-

⁽¹⁾ Other derivative transactions for trading consist of forward precious metal purchase and sale transactions amounting to TRY 2.662.154 and TRY 7.576.901 , respectively and swap precious metal purchase transactions amounting to TRY 20.706.499.

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

The Bank has credit termly derivative transactions as part of its trading transactions. These transactions include credit default swaps which based on treasury of Turkish Republic's credit risk. As of 31 December 2021, the Bank has credit default conditioned cross currency swap transaction amounting to USD 160 million with 5 year maturity (1,3 years average remaining maturity) In this transactions the Bank sells protection.

4) Information on contingent liabilities and assets:

Bank's commitments for the cheques given to customers are TRY 6.146.359 (31 December 2020: TRY 4.472.298).

5) Services provided on behalf of others:

None.

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

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans⁽¹⁾				
Short term loans	12.493.936	199.133	5.764.979	356.099
Medium and long term loans	34.302.569	6.840.937	26.269.402	5.333.299
Interest on non-performing loans	359.319	-	399.263	-
Premiums from resource utilization support fund	-	-	-	-
Total	47.155.824	7.040.070	32.433.644	5.689.398

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

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	1.211.758	-	238.787	-
Domestic banks	35.543	303	20.222	654
Foreign banks	15.271	7.204	9.876	2.505
Foreign headquarters and branches	-	-	-	-
Total	1.262.572	7.507	268.885	3.159

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	10.813	49	2.857	13
Financial Assets at Fair Value through Other Comprehensive Income	7.594.948	690.378	4.217.753	315.066
Financial Assets Measured at Amortized Cost	22.593.324	2.199.075	9.463.980	1.269.723
Total	30.199.085	2.889.502	13.684.590	1.584.802

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
	TRY	TRY
Interest income from subsidiaries and associates	209.133	223.288

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

(2) Information on interest expenses:

a) Information on interest expense on funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	58.924	131.100	45.992	181.257
CBRT	-	-	-	-
Domestic banks	58.924	29.821	45.992	58.896
Overseas banks	-	101.279	-	122.361
Overseas head office and branches	-	-	-	-
Other institutions	7	27.979	9	23.488
Total	58.931	159.079	46.001	204.745

⁽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	79.013	29.348

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	2.002.114	1.266.330	1.632.761	834.713

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

(2) Information on interest expenses (continued):

d) Maturity structure of interest expenses on deposits:

Current Period	Time deposits							
Account name	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Cumulative deposit	Total
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

Prior Period	Time deposits							
Account name	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Cumulative deposit	Total
TRY								
Bank deposits	160	1.302.671	547.428	21.060	526	-	-	1.871.845
Saving deposits	170	699.878	5.406.941	535.631	82.413	419.816	10.410	7.155.259
Public deposits	45	1.255.214	266.960	37.481	27.792	669	-	1.588.161
Commercial deposits	746	2.996.076	3.992.479	188.546	62.634	721.648	-	7.962.129
Other deposits	1	317.081	1.470.403	181.899	41.783	235.361	-	2.246.528
7 days call accounts	-	-	-	-	-	-	-	-
Total	1.122	6.570.920	11.684.211	964.617	215.148	1.377.494	10.410	20.823.922
Foreign currency								
Deposits	43	124.840	1.180.649	48.464	29.287	79.237	-	1.462.520
Bank deposits	4	135.739	-	-	-	-	-	135.743
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	719	9.596	1.835	399	1.013	-	13.562
Total	47	261.298	1.190.245	50.299	29.686	80.250	-	1.611.825
Grand total	1.169	6.832.218	12.874.456	1.014.916	244.834	1.457.744	10.410	22.435.747

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

(3) Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through other Comprehensive Income	7.787	7.276
Other	184.850	503.835
Total	192.637	511.111

(4) Information on trading profit/loss:

	Current Period	Prior Period
Profit	210.049.625	67.320.643
<i>Profit from the capital market transactions</i>	<i>40.811</i>	<i>181.836</i>
<i>Profit on derivative financial transactions</i>	<i>50.580.757</i>	<i>10.551.518</i>
<i>Foreign exchange gains</i>	<i>159.428.057</i>	<i>56.587.289</i>
Loss (-)	222.767.875	72.602.061
<i>Loss from the capital market transactions</i>	<i>2.372</i>	<i>125.914</i>
<i>Loss from derivative financial transactions</i>	<i>32.061.947</i>	<i>7.825.574</i>
<i>Foreign exchange losses</i>	<i>190.703.556</i>	<i>64.650.573</i>

Information on gain/loss from derivative financial instruments:

	Current Period	Prior Period
Profit on derivative financial instruments	50.580.757	10.551.518
Effect of the change in foreign exchange on profit	50.197.393	9.987.260
Effect of the change in interest rate on profit	383.364	564.258
Loss on derivative financial instruments (-)	32.061.947	7.825.574
Effect of the change in foreign exchange on loss	31.744.596	7.284.619
Effect of the change in interest rate on loss	317.351	540.955
Profit/loss on derivative financial instruments	18.518.810	2.725.944

(5) Information on other operating income:

	Current Period	Prior Period
Adjustments for prior period expenses	5.695.187	1.001.826
Income from the asset sale	404.184	314.899
Rent income	59.657	45.903
Other income	107.826	78.589
Total	6.266.854	1.441.217

(6) Impairment losses on loans and other receivables:

	Current Period	Prior Period
Expected Credit Losses	11.884.553	6.830.591
<i>12 Month Expected Credit Loss (Stage 1)</i>	<i>2.301.508</i>	<i>1.080.400</i>
<i>Significant Increase in Credit Risk (Stage 2)</i>	<i>5.316.337</i>	<i>2.170.642</i>
<i>Non – Performing Loans (Stage 3)</i>	<i>4.266.708</i>	<i>3.579.549</i>
Marketable Securities Impairment Expense	-	-
<i>Financial Assets at Fair Value through Profit or Loss</i>	<i>-</i>	<i>-</i>
<i>Financial Assets at Fair Value through Other Comprehensive Income</i>	<i>-</i>	<i>-</i>
Impairment losses from associates, subsidiaries, jointly controlled entities	-	-
<i>Associates</i>	<i>-</i>	<i>-</i>
<i>Subsidiaries</i>	<i>-</i>	<i>-</i>
<i>Joint Ventures</i>	<i>-</i>	<i>-</i>
Other	27.988	17.408
Total	11.912.541	6.847.999

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

(7) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	175.633	117.391
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	3.023	6.103
Depreciation expenses of fixed assets	442.113	386.151
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	148.136	95.957
Impairment expense for equity shares subject to the equity method accounting	-	-
Impairment expense of assets to be sold	-	-
Amortization expenses of assets to be sold	16.373	19.265
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	2.771.140	2.348.433
<i>Leasing Expenses on TFRS 16 Exceptions</i>	<i>128.039</i>	<i>102.234</i>
<i>Maintenance expenses</i>	<i>68.120</i>	<i>50.079</i>
<i>Advertisement expenses</i>	<i>466.325</i>	<i>242.884</i>
<i>Other expenses</i>	<i>2.108.656</i>	<i>1.953.236</i>
Loss on sales of assets	6.575	970
Other	1.798.853	1.407.995
Total	5.361.846	4.382.265

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

The Bank's income before tax is due from continuing activities. Net interest income is TRY 25.159.848 (31 December 2020: TRY 18.753.184 net interest income) and net fees and commissions income is TRY 4.087.789 (31 December 2020: TRY 2.614.865). The gain from continuing operations before tax of the Bank is amounting to TRY 1.406.093 (31 December 2020: TRY 3.229.900 operating profit).

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

For the period then ended 31 December 2021, the Bank's tax provision income amounting to TRY 101.636 (31 December 2020: TRY 629.855 tax provision expense) consists of TRY 19.615 (31 December 2020: TRY 491.513) of current tax charge and TRY 4.698.320 (31 December 2020: TRY 848.133) of deferred tax charge, TRY 4.819.571 (31 December 2020: TRY 709.791) of deferred tax income.

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

As of 31 December 2021, the Bank's net operating income after tax is amounting to TRY 1.507.729 (31 December 2020: TRY 2.600.045)

(11) Information on net profit/loss:

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

There is no issue to be disclosed.

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

There is no issue to be disclosed.

(12) Other items in the income statement:

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

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

**V. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY**

Explanations on inflation adjustments for equity items:

As per the BRSA circular announced on 28 April 2005, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA decree numbered 1623 and dated 21 April 2005.

According to this circular, TRY 1.220.451 of inflation adjustment related to paid in capital was transferred to the "Other Capital Reserves" account, which was previously recognized in "Paid-in Capital Inflation Adjustment" account before 31 December 2005. However, inflation adjustments related to other equity items are presented under the related equity item.

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VI. EXPLANATIONS AND NOTES RELATED TO THE CASH FLOW STATEMENT

- (1) Disclosures for the “other” and “the effect of foreign exchange differences on cash and cash equivalents” items of cash flow statement:

Disclosures for the “other” and “the effect of foreign exchange differences on cash and cash equivalents” items of cash flow statement:

The “net increase in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TRY 49.935.990 increase for the year 2021 (31 December 2020: TRY 56.198.451 increase). “Other” item in operating profit is composed of other operating expenses excluding fees and commissions expense, foreign exchange gain, other operating income and personnel expenses and decrease by TRY 40.863.675 for the year 2021 (31 December 2020: TRY 10.073.386 decrease).

For the year ended 31 December 2020, the effect of change in foreign exchange rate on cash and cash equivalents is TRY 23.367.773 increase (31 December 2020: TRY 1.317.260 decrease). The average exchange rates of last five weekdays were taken into consideration as of the balance sheet date when calculating the effect of change in the exchange rates.

- (2) Items used in determination of cash and cash equivalents:

Cash in TRY and cash in foreign currency, Central Bank and bank deposits having maturity less than three months are defined as cash and cash equivalents.

- (3) The effect of any change in accounting policies:

None.

- (4) Cash and cash equivalents balance at the beginning of the period:

	Current Period	Prior Period
Cash	63.476.219	34.488.581
<i>Cash in TRY and foreign currency</i>	4.779.704	3.665.767
<i>Central Bank and others(1)</i>	58.696.515	30.822.814
Cash equivalents	2.555.575	3.915.574
<i>Demand and Time Deposits Up to 3 Months</i>	2.555.575	3.915.574
<i>Money Market Placements</i>	-	-
Cash and Banks	66.031.794	38.404.155
Reserve deposits in Central Bank of Turkey	(23.830.380)	(14.096.591)
Accruals on reserve deposits in Central Bank of Turkey	(118.855)	(19.628)
Accruals on banks	(1.548)	(475)
Accruals on the money market placements	-	-
Total Cash and Cash Equivalents	42.081.011	24.287.461

(1) Others items include cheques received.

- (5) Cash and cash equivalents balance at the end of the period:

	Current Period	Prior Period
Cash	123.424.335	63.476.219
<i>Cash in TRY and foreign currency</i>	6.858.919	4.779.704
<i>Central Bank and others(1)</i>	116.565.416	58.696.515
Cash equivalents	3.534.265	2.555.575
<i>Demand and Time Deposits Up to 3 Months</i>	3.534.265	2.555.575
<i>Money Market Placements</i>	-	-
Cash and Banks	126.958.600	66.031.794
Reserve deposits in Central Bank of Turkey	(64.476.998)	(23.830.380)
Accruals on reserve deposits in Central Bank of Turkey	(359.540)	(118.855)
Accruals on banks	(2.611)	(1.548)
Accruals on the money market placements	-	-
Total Cash and Cash Equivalents	62.119.451	42.081.011

(1) Others items include cheques received.

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

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	3.164.527	265.880	-	-	-	-
Closing Balance	2.916.786	244.149	-	-	-	-
Interest and commissions	209.133	1.452	-	-	-	-
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	2.331.642	313.114	-	-	-	-
Closing Balance	3.164.527	265.880	-	-	-	-
Interest and commissions	223.288	833	-	-	-	-

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

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	674.655	3.574.573	-	-	-	-
Closing Balance	861.235	674.655	-	-	-	-
Interest expense on deposits	79.013	29.348	-	-	-	-

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

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss						
Beginning Balance	-	17.918	-	-	-	-
Closing Balance	28.466	-	-	-	-	-
Total Profit/Loss	16	(19)	-	-	-	-

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS (continued)****VII. EXPLANATIONS RELATED TO THE RISK GROUP OF THE BANK (continued)****(2) Disclosures for risk group:**

- a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

The Bank performs brokerage on the activities of Halk Yatırım Menkul Değerler AŞ within the scope of “the Brokerage Contract for Order Submission”.

- b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

Current Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	2.916.786	0,54
Non-Cash Loans	244.149	0,13
Deposits	861.235	0,14
Forward and Option Contracts	28.466	0,01

Prior Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	3.164.527	0,70
Non-Cash Loans	265.880	0,23
Deposits	674.655	0,15
Forward and Option Contracts	-	-

Pricing of these transactions are in accordance with the general pricing policies of the Bank and are in line with market rates.

- c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements:

Explained in b).

- d) Transactions accounted under the equity method:
None.

(3) Benefits given to the key management personnel:

Benefits given to the key management personnel are TRY 13.412 as of 31 December 2021 (31 December 2020: TRY 11.431).

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS (continued)****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		
Domestic Branch	1.018	20.270		
Abroad Agencies	1	2 IRAN		
	1	1 ENGLAND		
	1	1 SINGAPORE ^(*)	Total Assets	Statutory Capital
Overseas Branch	4	62 T.R.N.C.	2.556.755	-
	1	3 BAHRAIN	43.382.845	-
Off-shore Branches				

Prior Period	Quantity	Number of Employees Countries		
Domestic Branch	1.007	20.098		
Abroad Agencies	1	2 IRAN		
	1	1 ENGLAND		
	1	1 SINGAPORE ^(*)	Total Assets	Statutory Capital
Overseas Branch	5	66 T.R.N.C.	1.760.646	-
	1	3 BAHRAIN	23.411.017	-
Off-shore Branches				

^(*) Singapore Representative activities were terminated on December 31, 2021.

(2) Explanations on branch and agency openings or closings or other significant operational changes of the Bank:

The Bank opened 13 branches during the year 2021.

Singapore Representative activities were terminated on December 31, 2021.

TÜRKİYE HALK BANKASI AŞ**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021***(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)***SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)****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	5.006	3.081
Fees for tax advisory	-	-
Fees for other assurance services	65	-
Fees for other services except independent audit	154	130
Total	5.225	3.211

X. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

As the Bank will file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the US Court of Appeals for the Second Circuit to stay the mandate so that the stay on the proceedings in the District Court continues. The petition was granted by the Second Circuit on January 14, 2022. Detailed information on the subject is given in the footnote I. of Chapter Six.

With the Bank' Board of Directors' meeting dated February 9, 2022 the Bank's TRY 2.473.776.223,78 total issued share capital, comprised of shares of TRY 0,01 nominal value each, shall be increased in a nominal capital amount to be calculated based on the share sale price to be determined in accordance with Wholesale Transactions Procedure of Borsa Istanbul A.Ş., on condition of staying within our Bank's authorized share capital of TRY 10.000.000.000. In so doing, all current shareholders' preemptive rights shall be restricted in full and the capital increase shall be conducted in cash and by way of a "private placement" as stipulated in Article 13 of the Communiqué No. VII-128.1 on Shares, and the total sales proceeds through the capital increase shall amount to TRY 13.400.000.000. The entirety of shares issued through the capital increase shall be sold to the Bank's majority shareholder Turkey Wealth Fund by way of a private placement without a public offering and through a wholesale transaction on Borsa Istanbul A.Ş.'s share market, and an application shall be made to the Capital Markets Board to receive approval for the issuance certificate to be drawn up for such purpose

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SECTION VI: OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE BANKS' ACTIVITY

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

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

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

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

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

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

District Court denied Bank's motion to dismiss the indictment on October 1, 2020. The Bank appealed the Court of Appeals for the Second Circuit through the motion to dismiss the indictment based on the Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On December 23, 2020, the Court of Appeals for the Second Circuit accepted to hear the appeal on the merits and granted Bank's motion to stay the case pending sovereign immunity appeal. Before the Court of Appeals for the Second Circuit, the oral argument was presented on April 12, 2021. The Court of Appeals for the Second Circuit denied Halkbank's appeal on October 22, 2021. The Bank filed its petition with the Second Circuit for an en banc rehearing. Second Circuit denied Bank's petition on December 15, 2021.

As the Bank will file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the US Court of Appeals for the Second Circuit to stay the mandate so that the stay on the proceedings in the District Court continues. The petition was granted by the Second Circuit on January 14, 2022. The proceedings in the district court are stayed till the process is completed in the US Supreme Court. The Bank will file its petition for a writ of certiorari with the US Supreme Court no later than May 13, 2022. Should the US Supreme Court grants the writ of certiorari, the case will be dismissed before it is heard on the merits. In case the writ of certiorari is denied by the US Supreme Court, the case will be returned to the District Court and the District Court will need to create a new schedule for the trials.

In addition, a civil case was filed against the Bank on March 27, 2020 with a claim for damages by plaintiffs in the District Court "on the grounds that they (the plaintiffs) could not collect their judgments from Iran due to violations of sanctions" and it was served to the Bank's attorneys on July 1, 2020. The Bank filed a motion at the District Court to dismiss the complaint of plaintiffs on September 25, 2020. The case was fully briefed on December 16, 2020. District Court conditionally granted Bank's motion to dismiss, filed on December 16, 2020, on the grounds of forum non conveniens. The case was closed at the District Court on March 3, 2021.

The Plaintiffs filed their appeal brief at the Court of Appeals for the Second Circuit as to the District Court's Decision on June 30, 2021. The case is fully briefed. The appeal is still ongoing at the Court of Appeals for the Second Circuit.

The proceedings of both the criminal case and civil case are closely monitored by the Bank through the law firms representing the bank.

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SECTION VII: AUDITORS' REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

The Bank's publicly available unconsolidated financial statements and footnotes as of 31 December 2021 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 14 February 2022 is presented in front of the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.