

TÜRKİYE HALK BANKASI
ANONİM ŞİRKETİ

Consolidated Financial Statements
As of 31 December 2022
With Auditors' Report Thereon
(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)

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

INDEPENDENT AUDITOR'S REPORT

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

A) Report on the Audit of the Consolidated Financial Statements

1) Qualified Opinion

We have audited the consolidated financial statements of Türkiye Halk Bankası A.Ş. (“the Bank”) and its consolidated subsidiaries (“the Group”), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters on the consolidated financial statements described in the basis for the qualified opinion paragraphs, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

The Group reclassified the government bonds amounting to TRY 18.965.006 thousand, which were previously classified under financial assets at fair value through other comprehensive income according to the business model prepared in accordance with Turkish Financial Reporting Standard (“TFRS”) 9, into financial assets measured at amortised cost and reversed the marketable securities revaluation fund accumulated under other comprehensive income or loss to be reclassified through profit or loss amounting to TRY 2.229.977 thousand on 23 May 2018. The reclassification constitutes a departure from TFRS 9. The government bonds reclassified into financial assets measured at amortised cost as at 31 December 2022 amounted to TRY 31.249.779 thousand. If such classification were not made, total assets and shareholders’ equity excluding tax effect would be lower by TRY 3.501.034 thousand as at 31 December 2022.

We conducted our audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* (“Code of Ethics”) published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matter

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

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

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

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

4) Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
<p data-bbox="199 230 804 293"><i>Impairment of loans in accordance with TFRS 9 “Financial Instruments Standard”</i></p> <p data-bbox="199 327 804 591">Impairment of loans is a key area of judgement for the management. The Group has the total loans and receivables amounting to TRY 866.172.524 thousand, which comprise 60% of the Group’s total assets in its consolidated financial statements and the total provision for expected credit loss amounting to TRY 54.142.363 as at 31 December 2022.</p> <p data-bbox="199 629 804 1032">The Group recognizes provisions for impairment in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. Applied accounting policies are explained in detail in the Section 3 Note VIII. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p data-bbox="199 1066 804 1267">The Group exercises significant decisions using judgement, interpretation and assumptions over calculating loan impairments. These judgements, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans.</p> <p data-bbox="199 1301 804 1570">There is a potential risk of impairment losses/provisions provided/will be provided may not meet the requirements of the TFRS 9. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans is considered as a key audit matter.</p> <p data-bbox="199 1603 804 1704">Related explanations relating to the impairment of loans and receivables are presented in Section V Note I.5.</p>	<p data-bbox="826 327 1433 394">As part of our audit work, the following procedures were performed:</p> <p data-bbox="826 427 1433 629">We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p data-bbox="826 663 1433 797">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 data-bbox="826 831 1433 1066">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 data-bbox="826 1099 1433 1503">We have tested relevant inputs and assumptions used by the management considering the expected credit loss calculation by considering whether those appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p data-bbox="826 1536 1433 1603">We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p data-bbox="826 1637 1433 1738">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 data-bbox="826 1771 1433 1906">Based on our discussions with the Group management, we evaluated whether the key assumptions and other judgements underlying the estimations of impairments were reasonable.</p> <p data-bbox="826 1939 1433 2007">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 consolidated financial statements of the Group with respect to loans and receivables 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 Parent Bank provides to its employees is managed by Türkiye Halk Bankası AŞ Emekli Sandığı Vakfı and T.C. Ziraat Bankası ve T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (“Plan”) which were established by the 20th provisional article of the Social Security Law numbered 506 (“Law”).</p> <p>As disclosed in the Section III Note XVII to the consolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation (“SSF”) as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds’ members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation deed.</p> <p>As of 31 December 2022, the Parent Bank’s transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.</p>	<p>Our audit work included the following procedures:</p> <p>We involved internal experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates.</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>As described in Section Five Note II.9.e considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this a key audit matter.</p>	
Key Audit Matter	How the matter was addressed in the audit
<p><i>Information Technologies Audit</i></p> <p>The Group and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Group and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Group means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> • We identified and tested the Group's controls over information systems as part of our audit procedures. • Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <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. • We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation. • Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation. • We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components. • Finally, we understood and tested the controls over database, network, application and operating system layers of applications.

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code ("TCC"), nothing has come to our attention that may cause us to believe that the Group's set of accounts for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the the Parent Bank's articles of association in relation to financial reporting.

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

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

Additional Paragraph for English Translation

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

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

Müjde Aslan
Partner
Istanbul, 17 February 2023

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

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

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

- **Section One:** :GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section Two** :CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- **Section Three** :EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE PERIOD
- **Section Four** :INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- **Section Five** :EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** :OTHER EXPLANATIONS
- **Section Seven** :AUDITOR'S REPORT

Subsidiaries and associates which are consolidated within this financial report are as below:

Subsidiaries	Associates
1. Halk Yatırım Menkul Değerler AŞ	1. Demir-Halkbank NV
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ	2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ
3. Halk Finansal Kiralama AŞ	3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş.
4. Halk Faktoring AŞ	
5. Halk Banka A.D., Skopje	
6. Halkbank A.D. Beograd	
7. Halk Varlık Kiralama AŞ	

The consolidated financial statements for year ended 31 December 2022 and related disclosures and footnotes that are subject to audit and are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in **thousands of Turkish Lira**.

Istanbul, 17 February 2023

R. Süleyman Özdil	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 : Atiye Ece GÜLERGÜN/ Senior Specialist
Tel No : 0216 503 52 48
Fax No : 0212 340 09 90

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TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

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

As of 31 December 2022 the shareholders’ structure and their respective ownerships are summarized as follows:

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

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

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

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK (continued)

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

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

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

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

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

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

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK (continued)

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

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

V. BRIEF INFORMATION ON THE PARENT BANK’S FUNCTIONS AND LINES OF ACTIVITY

1) General information about the Parent Bank:

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

2) Restructuring process of the Parent Bank:

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

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

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

TÜRKİYE HALK BANKASI AŞ
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(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK (continued)

V. BRIEF INFORMATION ON THE PARENT BANK’S FUNCTIONS AND LINES OF ACTIVITY (continued)

2) Restructuring process of the Parent Bank (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 Halkbank. Insolvent Pamukbank TAŞ was a private sector deposit bank established by Çukurova İthalat ve İhracat TAO, Karamehmetler limited partnership and more than 500 shareholders. Pamukbank started its private banking operations as an incorporation in accordance with the decision of the Council of Ministers numbered 4/4573 dated 5 March 1955. According to the decision of the Banking Regulation and Supervision Agency numbered 742 published in the Official Gazette numbered 24790 dated 19 June 2002 including 3rd and 4th Sub-articles in the Article 14 of the Banking Law No: 4389, the shareholders rights, excluding dividends, management and supervision of Pamukbank were transferred to the Saving Deposit Insurance Fund as of 18 June 2002.

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

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

As of 31 December 2022, the Parent Bank operates with a total of 1.038 branches consisting of 1.032 domestic and 6 foreign branches that are 5 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 30 satellite branches. The Parent Bank has also 2 representative offices in England and Iran.

VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION

The Parent Bank and its subsidiaries;

- Halk Yatırım Menkul Değerler A.Ş.
- Halk Gayrimenkul Yatırım Ortaklığı A.Ş.
- Halk Finansal Kiralama A.Ş.
- Halk Faktoring A.Ş.
- Halk Banka A.D., Skopje
- Halkbank A.D. Beograd
- Halk Varlık Kiralama A.Ş.

are consolidated “line by line” in the accompanying consolidated financial statements.

The Parent Bank’s associates;

- Demir-Halkbank N.V.
- Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş.
- Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş.

are accounted for at “equity method” in the accompanying consolidated financial statements.

Halk Gayrimenkul Yatırım Ortaklığı A.Ş. (“Halk GYO”), a subsidiary of the Parent Bank established in 2010, was registered on 18 October 2010. Halk GYO’s main line of business is, to form and improve real estate portfolios and to invest in real estate based capital market instruments. Halk GYO’s main operational objective is to invest in capital market instruments based on real estates, real estate projects and rights based on real estates, as per the Capital Markets Board’s (“CMB”) regulation on investment trusts.

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK (continued)

VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION (continued):

As at 15 February 2013 28% shares of Halk GYO has been offered to public. After collecting potential investors' book building, Halk GYO's shares started to be traded on Borsa İstanbul AŞ since 22 February 2013.

Halk Finansal Kiralama A.Ş. ("Halk Leasing") was established in September 1991 in Türkiye and its main line of business is financial leasing. Halk Leasing operates under the provisions of the Turkish financial leasing law number 6361.

Halk Banka A.D., Skopje, formerly Export and Credit Bank A.D., Skopje is a subsidiary of the Parent Bank as of 8 April 2011, operating in Macedonia. The Bank's main activities include commercial lending, accepting deposits, and retail banking services in the country and abroad. In addition, the Company has been engaged in insurance activities through Halk Osiguruvanje purchased on 28 January 2019.

Halk Faktoring A.Ş.'s ("Halk Faktoring") main line of business is to provide factoring services that include legitimate commercial lending for all domestic and international trade operation.

Halkbank A.D. Beograd is a subsidiary of the Parent Bank as of 28 May 2015. Its main activities include commercial lending, accepting deposits, and retail banking services in the country and abroad.

Halk Yatırım Menkul Değerler A.Ş. ("Halk Yatırım"), was established in 1997 to carry out capital markets activities, to purchase and sell capital markets instruments, and to execute stock exchange transactions. Halk Yatırım became a subsidiary in early 2006 when Halkbank bought the shares of Türkiye Halk Bankası Personnel Provident Fund.

Halk Varlık Kiralama A.Ş. was established on 3 October 2017 with the purpose of issuing "Lease Certificate" in accordance with the Capital Markets Board Law No. 6362, the CMB Communiqué and the related regulations of the CMB.

For the purposes of the consolidated financial statements, the Parent Bank and its consolidated subsidiaries are referred to as "the Group".

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK (continued)

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

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

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

Demir-Halkbank N.V. ("Demir Halk Bank"), Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. and Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş. which are classified as investments in associates, are included in the financial statements based on equity method of accounting. Associates are the domestic or foreign subsidiaries which the Parent Bank participates to equity with significant influence but without controlling interest.

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

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

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2022

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

I. CONSOLIDATED BALANCE SHEET (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)

CONSOLIDATED ASSETS	Note	Audited			Audited		
		Current Period			Prior Period		
		31 December 2022			31 December 2021		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. FINANCIAL ASSETS (NET)		128.790.691	184.711.592	313.502.283	87.010.685	146.698.865	233.709.550
1.1 Cash and Cash Equivalents		33.708.830	139.180.134	172.888.964	19.878.637	110.657.200	130.535.837
1.1.1 Cash and Balances with Central Bank	(1)	31.836.044	132.383.837	164.219.881	19.514.354	106.515.213	126.029.567
1.1.2 Banks	(3)	1.905.320	6.797.184	8.702.504	397.656	4.142.797	4.540.453
1.1.3 Money Markets		25.005	-	25.005	1.001	-	1.001
1.1.4 Expected Loss Provision (-)		57.539	887	58.426	34.374	810	35.184
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	34.359.163	157.292	34.516.455	25.218.576	29.518	25.248.094
1.2.1 Government Debt Securities		34.159.249	923	34.160.172	24.928.717	725	24.929.442
1.2.2 Equity Instruments		-	23.541	23.541	167.148	28.793	195.941
1.2.3 Other Financial Assets		199.914	132.828	332.742	122.711	-	122.711
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(4)	60.403.024	42.459.170	102.862.194	39.174.606	29.762.118	68.936.724
1.3.1 Government Debt Securities		59.787.086	42.005.627	101.792.713	38.593.800	29.416.308	68.010.108
1.3.2 Equity Instruments		88.535	453.543	542.078	56.023	345.810	401.833
1.3.3 Other Financial Assets		527.403	-	527.403	524.783	-	524.783
1.4 Derivative Financial Assets	(2)(11)	319.674	2.914.996	3.234.670	2.738.866	6.250.029	8.988.895
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		319.674	2.914.996	3.234.670	2.738.866	6.250.029	8.988.895
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST(Net)		782.365.497	280.723.057	1.063.088.554	448.197.169	225.983.967	674.181.136
2.1 Loans	(5)	661.625.670	204.546.854	866.172.524	389.086.149	168.534.070	557.620.219
2.2 Lease Receivables	(10)	3.765.017	2.150.295	5.915.312	2.337.332	2.566.281	4.903.613
2.3 Factoring Receivables		3.563.972	156.625	3.720.597	1.570.484	184.114	1.754.598
2.4 Other Financial Assets Measured at Amortised Cost	(6)	166.986.452	74.468.807	241.455.259	77.789.153	55.389.511	133.178.664
2.4.1 Government Debt Securities		164.526.640	74.468.807	238.995.447	77.738.630	55.389.511	133.128.141
2.4.2 Other Financial Assets		2.459.812	-	2.459.812	50.523	-	50.523
2.5 Expected Credit Loss (-)		53.575.614	599.524	54.175.138	22.585.949	690.009	23.275.958
III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(16)	1.772	-	1.772	2.481	-	2.481
3.1 Held for Sale		1.772	-	1.772	2.481	-	2.481
3.2 Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		313.324	1.373.880	1.687.204	87.462	1.108.396	1.195.858
4.1 Investments in Associates (Net)	(7)	212.979	1.373.880	1.586.859	87.462	1.108.396	1.195.858
4.1.1 Associates Valued Based on Equity Method		82.481	1.373.880	1.456.361	20.907	1.108.396	1.129.303
4.1.2 Unconsolidated Associates		130.498	-	130.498	66.555	-	66.555
4.2 Subsidiaries (Net)	(8)	100.345	-	100.345	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non- Financial Subsidiaries		100.345	-	100.345	-	-	-
4.3 Joint Ventures (Net)	(9)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	(12)	19.149.945	1.115.114	20.265.059	10.813.557	859.307	11.672.864
VI. INTANGIBLE ASSETS (Net)	(13)	593.204	245.351	838.555	525.246	154.870	680.116
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		593.204	245.351	838.555	525.246	154.870	680.116
VII. INVESTMENT PROPERTIES (Net)	(14)	2.087.840	22.175	2.110.015	1.357.537	16.280	1.373.817
VIII. CURRENT TAX ASSET		-	10.862	10.862	-	2.013	2.013
IX. DEFERRED TAX ASSET	(15)	8.509.725	8.059	8.517.784	223.025	8.018	231.043
X. OTHER ASSETS (Net)	(17)	21.596.611	2.280.051	23.876.662	7.768.396	868.944	8.637.340
TOTAL ASSETS		963.408.609	470.490.141	1.433.898.750	555.985.558	375.700.660	931.686.218

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2022

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

I. CONSOLIDATED BALANCE SHEET (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)

		Audited			Audited		
		Current Period			Prior Period		
		31 December 2022			31 December 2021		
CONSOLIDATED LIABILITIES	Note	TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(1)	565.018.355	524.637.062	1.089.655.417	259.451.635	387.977.650	647.429.285
II. FUNDS BORROWED	(3)	963.441	16.131.815	17.095.256	938.425	16.660.140	17.598.565
III. MONEY MARKETS		97.182.447	8.057.568	105.240.015	137.390.073	2.644.672	140.034.745
IV. SECURITIES ISSUED (Net)	(4)	13.330.441	-	13.330.441	8.176.772	-	8.176.772
4.1 Bills		8.292.627	-	8.292.627	4.890.092	-	4.890.092
4.2 Assets Backed Securities		4.180.403	-	4.180.403	2.579.698	-	2.579.698
4.3 Bonds		857.411	-	857.411	706.982	-	706.982
V. FUNDS	(5)	237.542	-	237.542	138.541	-	138.541
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		237.542	-	237.542	138.541	-	138.541
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)(8)	-	822.352	822.352	18.187	2.452.250	2.470.437
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	822.352	822.352	18.187	2.452.250	2.470.437
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		1.134	2	1.136	771	1.346	2.117
IX. LEASE LIABILITIES	(7)	1.291.125	228.037	1.519.162	867.842	188.993	1.056.835
X. PROVISIONS	(9)	8.778.197	348.650	9.126.847	3.437.997	275.837	3.713.834
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		5.341.226	47.941	5.389.167	2.272.800	46.666	2.319.466
10.3 Insurance for Technical Provision (Net)		-	269.536	269.536	-	206.379	206.379
10.4 Other Provisions		3.436.971	31.173	3.468.144	1.165.197	22.792	1.187.989
XI. CURRENT TAX LIABILITY	(10)	9.672.270	6.100	9.678.370	948.351	673	949.024
XII. DEFERRED TAX LIABILITIES	(10)	-	2.152	2.152	-	2.152	2.152
XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	6.041.809	21.173.452	27.215.261	6.051.459	15.591.893	21.643.352
14.1 Loans		-	21.173.452	21.173.452	-	15.591.893	15.591.893
14.2 Other Debt Instruments		6.041.809	-	6.041.809	6.051.459	-	6.051.459
XV. OTHER LIABILITIES	(6)	67.184.172	5.363.549	72.547.721	41.711.494	2.747.694	44.459.188
XVI. SHAREHOLDERS' EQUITY	(13)	85.733.049	1.694.029	87.427.078	42.439.742	1.571.629	44.011.371
16.1 Paid-in Capital		4.969.121	-	4.969.121	2.473.776	-	2.473.776
16.2 Capital Reserves		17.570.431	207.425	17.777.856	6.844.632	150.373	6.995.005
16.2.1 Share Premium		16.720.856	-	16.720.856	5.815.863	-	5.815.863
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		849.575	207.425	1.057.000	1.028.769	150.373	1.179.142
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		8.262.160	(5.829)	8.256.331	3.244.094	379	3.244.473
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		7.933.780	(889.029)	7.044.751	(1.817.314)	(278.853)	(2.096.167)
16.5 Profit Reserves		29.714.575	1.882.591	31.597.166	28.006.515	1.361.322	29.367.837
16.5.1 Legal Reserves		2.855.827	274.605	3.130.432	2.657.665	133.811	2.791.476
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		26.811.567	137.899	26.949.466	25.301.669	168.943	25.470.612
16.5.4 Other Profit Reserves		47.181	1.470.087	1.517.268	47.181	1.058.568	1.105.749
16.6 Income or (Loss)		16.873.523	481.381	17.354.904	3.419.585	325.178	3.744.763
16.6.1 Prior Periods' Income or (Loss)		1.779.599	109.793	1.889.392	1.689.647	219.145	1.908.792
16.6.2 Current Period Income or (Loss)		15.093.924	371.588	15.465.512	1.729.938	106.033	1.835.971
16.7 Minority Shares	(14)	409.459	17.490	426.949	268.454	13.230	281.684
TOTAL LIABILITIES		855.433.982	578.464.768	1.433.898.750	501.571.289	430.114.929	931.686.218

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF
31 DECEMBER 2022

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

II. CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS

		Audited			Audited		
		Current Period			Prior Period		
		31 December 2022			31 December 2021		
	Note	TRY	FC	TOTAL	TRY	FC	TOTAL
CONSOLIDATED OFF-BALANCE SHEET							
A. COMMITMENTS AND CONTINGENCIES (I+II+III)		415.520.121	376.510.898	792.031.019	177.033.710	274.567.982	451.601.692
I. GUARANTEES AND WARRANTIES	(1)	203.851.482	118.712.438	322.563.920	81.865.909	113.439.756	195.305.665
1.1 Letters of guarantee		168.531.766	107.098.618	275.630.384	71.263.082	95.656.326	166.919.408
1.1.1 Guarantees subject to public procurement law		6.914.095	13.846.314	20.760.409	4.022.784	9.819.863	13.842.647
1.1.2 Guarantees given for foreign trade operations		260.008	27.084.154	27.344.162	188.413	18.996.368	19.184.781
1.1.3 Other letters of guarantee		161.357.663	66.168.150	227.525.813	67.051.885	66.840.095	133.891.980
1.2 Bank loans		18.466.650	5.161.611	23.628.261	1.079.481	10.501.763	11.581.244
1.2.1 Import acceptances		-	486.033	486.033	-	272.303	272.303
1.2.2 Other bank acceptances		18.466.650	4.675.578	23.142.228	1.079.481	10.229.460	11.308.941
1.3 Letters of credit		53.360	6.262.789	6.316.149	22.275	7.111.154	7.133.429
1.3.1 Documentary letters of credit		53.360	6.262.789	6.316.149	22.275	7.111.154	7.133.429
1.3.2 Other letters of credit		-	-	-	-	-	-
1.4 Guaranteed refinancing		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase guarantees on marketable security issuance		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		16.799.706	189.420	16.989.126	9.501.071	170.513	9.671.584
1.9 Other sureties		-	-	-	-	-	-
II. COMMITMENTS		85.805.725	33.058.744	118.864.469	38.457.173	17.199.370	55.656.543
2.1 Irrevocable commitments	(1)	82.028.145	19.145.158	101.173.303	37.152.475	7.892.295	45.044.770
2.1.1 Forward asset purchase commitments		13.574.406	16.245.409	29.819.815	3.206.791	5.837.543	9.044.334
2.1.2 Forward deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3 Capital commitments to subsidiaries and associates		-	-	-	-	-	-
2.1.4 Loan granting commitments		16.557.370	1.743.365	18.300.735	5.086.550	1.315.230	6.401.780
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Payment commitments for reserve deposits		-	-	-	-	-	-
2.1.7 Payment commitments for Cheques	(4)	9.705.677	-	9.705.677	6.146.359	-	6.146.359
2.1.8 Tax and fund liabilities from export commitments		163.349	-	163.349	106.220	-	106.220
2.1.9 Commitments for credit card expenditure limits		34.608.889	333.556	34.942.445	17.272.727	192.393	17.465.120
2.1.10 Commitments for credit cards and banking services promotions		24.391	-	24.391	27.584	-	27.584
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		7.394.063	822.828	8.216.891	5.306.244	547.129	5.853.373
2.2 Revocable commitments		3.777.580	13.913.586	17.691.166	1.304.698	9.307.075	10.611.773
2.2.1 Revocable loan granting commitments		-	6.223.756	6.223.756	-	4.340.194	4.340.194
2.2.2 Other revocable commitments		3.777.580	7.689.830	11.467.410	1.304.698	4.966.881	6.271.579
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)(3)	125.862.914	224.739.716	350.602.630	56.710.628	143.928.856	200.639.484
3.1 Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1 Fair value risk hedging transactions		-	-	-	-	-	-
3.1.2 Cash flow risk hedging transactions		-	-	-	-	-	-
3.1.3 Net foreign investment risk hedging transactions		-	-	-	-	-	-
3.2 Transactions for trading		125.862.914	224.739.716	350.602.630	56.710.628	143.928.856	200.639.484
3.2.1 Forward foreign currency buy/sell transactions		540.243	10.794.739	11.334.982	1.524.482	14.931.282	16.455.764
3.2.1.1 Forward foreign currency transactions-buy		481.250	7.270.497	7.751.747	770.538	9.871.952	10.642.490
3.2.1.2 Forward foreign currency transactions-sell		58.993	3.524.242	3.583.235	753.944	5.059.330	5.813.274
3.2.2 Currency and interest rate swaps		113.069.406	169.958.347	283.027.753	54.300.111	94.460.632	148.760.743
3.2.2.1 Currency swap-buy		-	101.080.438	101.080.438	-	45.197.519	45.197.519
3.2.2.2 Currency swap-sell		112.749.406	10.570.021	123.319.427	53.790.111	5.796.883	59.586.994
3.2.2.3 Interest rate swap-buy		160.000	29.153.944	29.313.944	255.000	21.733.115	21.988.115
3.2.2.4 Interest rate swap-sell		160.000	29.153.944	29.313.944	255.000	21.733.115	21.988.115
3.2.3 Currency, interest rate and marketable securities options		11.743.835	13.195.106	24.938.941	885.958	3.591.388	4.477.346
3.2.3.1 Currency call options		6.189.963	6.289.150	12.479.113	442.917	1.795.760	2.238.677
3.2.3.2 Currency put options		5.553.872	6.905.956	12.459.828	443.041	1.795.628	2.238.669
3.2.3.3 Interest rate call options		-	-	-	-	-	-
3.2.3.4 Interest rate put options		-	-	-	-	-	-
3.2.3.5 Marketable securities call options		-	-	-	-	-	-
3.2.3.6 Marketable securities put options		-	-	-	-	-	-
3.2.4 Currency futures		509.430	408.321	917.751	-	-	-
3.2.4.1 Currency futures-buy		37.954	372.896	410.850	-	-	-
3.2.4.2 Currency futures-sell		471.476	35.425	506.901	-	-	-
3.2.5 Interest rate buy/sell futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	30.383.203	30.383.203	77	30.945.554	30.945.631
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)		3.561.952.682	1.174.087.485	4.736.040.167	1.741.759.115	862.522.036	2.604.281.151
IV. CUSTODIES		1.380.747.760	148.086.507	1.528.834.267	715.432.584	96.026.233	811.458.817
4.1 Assets under management		-	-	-	-	-	-
4.2 Custody marketable securities		179.024.164	12.803.462	191.827.626	140.142.055	5.684.265	145.826.320
4.3 Cheques in collection process		82.494.038	88.907.910	171.401.948	35.411.665	63.657.110	99.068.775
4.4 Commercial notes in collection process		1.068.394.837	24.552.721	1.092.947.558	494.230.474	19.077.446	513.307.920
4.5 Other assets in collection process		-	-	-	-	-	-
4.6 Underwritten securities		-	-	-	-	-	-
4.7 Other custodies		709.192	53.957	763.149	870.991	1.702.098	2.573.089
4.8 Custodians		50.125.529	21.768.457	71.893.986	44.777.399	5.905.314	50.682.713
V. PLEDGED ASSETS		2.181.204.922	1.026.000.978	3.207.205.900	1.026.326.531	766.495.803	1.792.822.334
5.1 Marketable securities		11.601.810	2.337.804	13.939.614	9.295.804	2.381.421	11.677.225
5.2 Collateral notes		40.176.584	2.295.855	42.472.439	15.652.676	3.284.084	18.936.760
5.3 Commodity		25.812	-	25.812	25.812	-	25.812
5.4 Warranty		-	-	-	-	-	-
5.5 Land and buildings		1.733.386.899	749.471.139	2.482.858.038	778.975.982	586.021.434	1.364.997.416
5.6 Other pledged assets		269.193.018	182.899.274	452.092.292	171.863.800	112.178.647	284.042.447
5.7 Pledges		126.820.799	88.996.906	215.817.705	50.512.457	62.630.217	113.142.674
VI. ACCEPTED BILL GUARANTEES AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		3.977.472.803	1.550.598.383	5.528.071.186	1.918.792.825	1.137.090.018	3.055.882.843

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED
31 DECEMBER 2022

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

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Audited	
		Current Period	Prior Period
INCOME AND EXPENSES	Note	1 January -31 December 2022	1 January -31 December 2021
I. INTEREST INCOME	(1)	156.577.081	84.820.851
1.1 Interest on Loans		86.319.049	54.577.733
1.2 Interest on Reserve Requirements		8.882	3.387
1.3 Interest on Banks		537.116	1.284.000
1.4 Interest on Money Market Transactions		123.807	106.931
1.5 Interest on Marketable Securities Portfolio		67.672.095	27.860.576
1.5.1 Fair Value Through Profit or Loss		33.779	26.433
1.5.2 Fair Value Through Other Comprehensive Income		14.318.902	8.339.941
1.5.3 Measured at Amortized Cost		53.319.414	19.494.202
1.6 Financial Lease Interest Income		794.237	440.076
1.7 Other Interest Income		1.121.895	548.148
II. INTEREST EXPENSE (-)	(2)	86.456.900	64.079.138
2.1 Interest on Deposits		64.524.025	42.067.453
2.2 Interest on Funds Borrowed		622.010	385.278
2.3 Interest Expense on Money Market Transactions		16.123.838	17.743.935
2.4 Interest on Securities Issued		3.768.626	3.300.097
2.5 Interest on Leases		139.731	110.553
2.6 Other Interest Expenses		1.278.670	471.822
III. NET INTEREST INCOME (I - II)		70.120.181	20.741.713
IV. NET FEES AND COMMISSIONS INCOME		9.372.362	4.524.121
4.1 Fees and Commissions Received		12.910.244	6.254.189
4.1.1 Non – cash Loans		2.720.334	1.357.298
4.1.2 Other	(13)	10.189.910	4.896.891
4.2 Fees and Commissions Paid (-)		3.537.882	1.730.068
4.2.1 Non – cash Loans		18.508	6.554
4.2.2 Other	(13)	3.519.374	1.723.514
V. DIVIDEND INCOME	(3)	54.260	4.051
VI. TRADING INCOME / LOSS (Net)	(4)	(5.752.036)	(7.302.869)
6.1 Trading Gains / (Losses) on Securities		261.258	67.410
6.2 Gains / (Losses) on Derivate Financial Transactions		7.890.502	18.541.329
6.3 Foreign Exchange Gains / (Losses)		(13.903.796)	(25.911.608)
VII. OTHER OPERATING INCOME	(5)	3.913.050	6.626.116
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		77.707.817	24.593.132
IX. EXPECTED LOSS PROVISIONS (-)	(6)	37.160.610	12.121.844
X. OTHER PROVISION EXPENSES (-)	(6)	189.318	36.293
XI. PERSONNEL EXPENSE (-)		8.844.484	4.629.937
XII. OTHER OPERATING EXPENSES (-)	(7)	10.467.109	5.958.346
XIII. NET OPERATING INCOME /LOSS (IX-X-XI)		21.046.296	1.846.712
XIV. INCOME AFTER MERGER		-	-
INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		109.530	36.237
XVI. INCOME / (LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(8)	21.155.826	1.882.949
XVIII. TAX PROVISIONS FOR CONTINUED OPERATIONS (±)	(9)	(5.684.523)	(38.491)
18.1 Current Tax Provision		17.046.469	187.703
18.2 Deferred Tax Income Effect (+)		5.627.401	4.705.132
18.3 Deferred Tax Expense Effect (-)		16.989.347	4.854.344
CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)		15.471.303	1.844.458
XX. INCOME FROM DISCONTINUED OPERATIONS	(10)	-	-
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)	15.471.303	1.844.458
25.1 Profit / (Loss) of Group		15.465.512	1.835.971
25.2 Profit / (Loss) of Minority Shares (-)	(12)	5.791	8.487
Profit / (Loss) Per Share (full TRY)		3,45452244	0,74217350

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED
31 DECEMBER 2022

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

IV. CONSOLIDATED 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 2022	1 January -31 December 2021
I.	CURRENT PERIOD INCOME/LOSS	15.471.303	1.844.458
II.	OTHER COMPREHENSIVE INCOME	14.152.776	(1.415.661)
2.1	Not Reclassified Through Profit or Loss	5.011.858	241.450
2.1.1	Property and Equipment Revaluation Increase/Decrease	6.142.295	619.526
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(1.295.502)	(417.291)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	183.507	(2.440)
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(18.442)	41.655
2.2	Reclassified Through Profit or Loss	9.140.918	(1.657.111)
2.2.1	Foreign Currency Translation Differences	141.173	(134.384)
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	12.056.508	(1.852.554)
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
2.2.6	Tax on Other Comprehensive Income Items Reclassified Through Profit or Loss	(3.056.763)	329.827
III.	TOTAL COMPREHENSIVE INCOME (I+II)	29.624.079	428.797

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited (1 January -31 December 2021)	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss					Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss					Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Expect Minority Shares	Minority Shares	Total Equity
	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Revaluation Increase/Decrease of Fixed Assets	Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan	Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)	Foreign Currency Translation Differences	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income	Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)						
I. Prior Period End Balance	2.473.776	5.815.863	-	975.087	3.090.256	(139.318)	52.085	(2.070)	(436.986)	-	25.877.954	1.124.232	3.684.642	42.515.521	263.380	42.778.901
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	5.815.863	-	975.087	3.090.256	(139.318)	52.085	(2.070)	(436.986)	-	25.877.954	1.124.232	3.684.642	42.515.521	263.380	42.778.901
IV. Total Comprehensive Income	-	-	-	-	578.018	(334.128)	(2.440)	(134.384)	(1.522.727)	-	-	-	1.835.971	420.310	8.487	428.797
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	-	-	-	204.055	-	-	-	-	-	-	592.689	3.682.645	(3.684.642)	794.747	8.926	803.673
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	2.897.194	(2.898.085)	-	(891)	891	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(891)	-	(891)	891	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	2.897.194	(2.897.194)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)	2.473.776	5.815.863	-	1.179.142	3.668.274	(473.446)	49.645	(136.454)	(1.959.713)	-	29.367.837	1.908.792	1.835.971	43.729.687	281.684	44.011.371
(1 January -31 December 2022)																
I. Prior Period End Balance	2.473.776	5.815.863	-	1.179.142	3.668.274	(473.446)	49.645	(136.454)	(1.959.713)	-	29.367.837	1.908.792	1.835.971	43.729.687	281.684	44.011.371
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	5.815.863	-	1.179.142	3.668.274	(473.446)	49.645	(136.454)	(1.959.713)	-	29.367.837	1.908.792	1.835.971	43.729.687	281.684	44.011.371
IV. Total Comprehensive Income	-	-	-	-	5.771.695	(943.344)	183.507	141.173	8.999.745	-	-	-	15.465.512	29.618.288	5.791	29.624.079
V. Capital Increase by Cash	2.495.345	10.904.993	-	-	-	-	-	-	-	-	-	-	-	13.400.338	-	13.400.338
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	-	-	-	(122.142)	-	-	-	-	-	-	412.076	1.805.654	(1.835.971)	259.617	131.673	391.290
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	1.817.253	(1.825.054)	-	(7.801)	7.801	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(826)	-	(826)	826	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1.817.253	(1.824.228)	-	(6.975)	6.975	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)	4.969.121	16.720.856	-	1.057.000	9.439.969	(1.416.790)	233.152	4.719	7.040.032	-	31.597.166	1.889.392	15.465.512	87.000.129	426.949	87.427.078

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

TÜRKİYE HALK BANKASI AŞ
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
31 DECEMBER 2022

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

VI. CONSOLIDATED STATEMENT OF CASH FLOW

		Audited	Audited
		Current Period	Prior Period
		1 January -31	1 January -31
		December 2022	December 2021
	Note		
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		(34.807.126)	(30.624.282)
1.1.1 Interest received		109.435.897	61.529.283
1.1.2 Interest paid		(79.814.392)	(62.211.565)
1.1.3 Dividend received		54.260	4.051
1.1.4 Fees and commissions received		14.018.036	5.904.352
1.1.5 Other income		2.407.313	3.410.697
1.1.6 Collections from previously written off loans		4.548.898	2.400.110
1.1.7 Cash payments to personnel and service suppliers		(8.929.208)	(4.682.688)
1.1.8 Taxes paid		(9.355.867)	(479.404)
1.1.9 Other	(1)	(67.172.063)	(36.499.118)
1.2 Changes in Assets and Liabilities Subject to Banking Operations		83.898.206	50.775.271
1.2.1 Net Increase / decrease in financial assets at fair value through profit or loss		(9.269.840)	(9.520.702)
1.2.2 Net (increase) / decrease in due from banks		(6.694)	(115.480)
1.2.3 Net (increase) / decrease in loans		(265.690.548)	(26.523.151)
1.2.4 Net (increase) / decrease in other assets		(33.082.414)	(46.313.725)
1.2.5 Net increase / (decrease) in bank deposits		58.256.933	16.477.100
1.2.6 Net increase / (decrease) in other deposits		345.960.768	65.648.431
Net Increase / decrease in financial liabilities at fair value through profit or			
1.2.7 loss		-	-
1.2.8 Net increase / (decrease) in funds borrowed		(2.031.020)	3.181.246
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities	(1)	(10.238.979)	47.941.552
I. Net cash provided from banking operations		49.091.080	20.150.989
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net cash provided from/ (used in) investing activities		(65.743.172)	(18.137.234)
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		(174.289)	(57.435)
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(3.293.844)	(1.463.907)
2.4 Fixed assets sales		3.059.903	2.720.721
2.5 Cash paid for purchase of financial assets at fair value through other			
comprehensive income		(27.380.598)	(9.217.105)
2.6 Cash obtained from sale of financial assets at fair value through other			
comprehensive income		11.665.965	3.189.231
2.7 Cash paid for purchase of investment securities		(60.663.931)	(23.878.099)
2.8 Cash obtained from sale of investment securities		11.460.146	10.839.704
2.9 Other		(416.524)	(270.344)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		23.067.771	(5.632.148)
3.1 Cash obtained from loans borrowed and securities issued		25.860.880	12.527.707
3.2 Cash used for repayment of loans borrowed and securities issued		(15.864.825)	(17.927.019)
3.3 Bonds issued		13.400.338	-
3.4 Dividends paid		(826)	-
3.5 Payments for leases		(327.796)	(232.836)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	15.559.295	24.031.077
V. Net increase / (decrease) in cash and cash equivalents		21.974.974	20.412.684
VI. Cash and cash equivalents at beginning of the period	(4)	63.534.237	43.121.553
VII. Cash and cash equivalents at end of the period	(5)	85.509.211	63.534.237

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

TÜRKİYE HALK BANKASI AŞ
STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED
31 DECEMBER 2022

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

VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited	Audited
	Current Period *	Prior Period
	31 December 2022	31 December 2021
I. DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1. Current Period Profit	20.144.254	1.406.093
1.2. Taxes and Legal Duties Payables (-)	(5.390.358)	101.636
1.2.1. Corporate Tax (Income Tax)	(16.734.654)	(19.615)
1.2.2. Withholding Tax	-	-
1.2.3. Other Taxes and Duties	11.344.296	121.251
A. Net Profit For The Period (1.1-1.2)	14.753.896	1.507.729
1.3. Accumulated Losses (-)	-	-
1.4. First Legal Reserves (-)	-	75.386
1.5. Other Statutory Reserves (-)	-	-
B. Net Profit Available for Distribution [(A)-(1.3+1.4+1.5)]	-	1.432.343
1.6. First Dividend to shareholders (-)	-	-
1.6.1. To Owners of Ordinary Shares	-	-
1.6.2. To Owners of Privileged Shares	-	-
1.6.3. To Owners of Redeemed Shares	-	-
1.6.4. To Profit Sharing Bonds	-	-
1.6.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.7. Dividends to personnel (-)	-	-
1.8. Dividends to Board of Directors (-)	-	-
1.9. Second Dividend to Shareholders (-)	-	-
1.9.1. To Owners of Ordinary Shares	-	-
1.9.2. To Owners of Privileged Shares	-	-
1.9.3. To Owners of Redeemed Shares	-	-
1.9.4. To Profit Sharing Bonds	-	-
1.9.5. To Holders Of Profit And Loss Sharing Certificates	-	-
1.10. Second Legal Reserves (-)	-	-
1.11. Status Reserves (-)	-	1.432.343
1.12. Extraordinary Reserves(2)	-	-
1.13. Other Reserves	-	-
II. Distribution of Reserves		
2.1. Appropriated Reserves	-	-
2.2. Second Legal Reserves (-)	-	-
2.2.1. Dividends to Shareholders (-)	-	-
2.2.2. To Owners of Ordinary Shares	-	-
2.3.3. 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	3,29556919	0,60948490
3.2. To Owners of Ordinary Shares (%)	329,56%	60,95%
3.3. To Owners of Privileged Shares	-	-
3.4. To Owners of Privileged Shares (%)	-	-
IV. Dividend per Share		
4.1. To Owners of Ordinary Shares	-	-
4.2. To Owners of Ordinary Shares (%)	-	-
4.3. To Owners of Privileged Shares	-	-
4.4. To Owners of Privileged Shares (%)	-	-

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

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

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

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

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

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

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

In December 2019, a new type of coronavirus (COVID-19) which emerged in Wuhan city of China, caused fatal respiratory diseases all over the world and named as global outbreak by the World Health Organization on 11 March 2020. Various measures have been taken all over the world in order to avoid the negative effects of the disease that has become a pandemic, and due to the measures taken, there have been a recession in economies. In order to be protected from the effects of the pandemic, BRSA, CBRT, CMB and TBA have taken various decisions regarding the banking sector in our country. The Parent Bank regulated its activities within the scope of these decisions.

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

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

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

a) The Group's strategy on financial instruments:

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

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

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

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

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

Assets and liabilities of the foreign branches and subsidiaries of the Parent Bank are converted into TRY by using the prevailing exchange rates at the balance sheet date. The foreign branches' income and expenses are converted by at exchange rates at the dates of the transactions. The foreign subsidiaries' income and expenses are converted by average rate of the exchange of the current year.

The Group hedged the net investment risk from the foreign currency exchange rate fluctuations on foreign financial investments (Halkbank A.D. Beograd (subsidiary), Demir-Halk Bank N.V. (affiliate) and Halk Banka A.D., Skopje (subsidiary) with the foreign currency denominated funds (hedging instrument) as of 1 July 2015. In this context, exchange differences recorded in profit/loss and arising from funds denominated in foreign currencies that are determined to be effective in the current period will be shown in equity.

III. INFORMATION ABOUT THE CONSOLIDATED ASSOCIATES AND SUBSIDIARIES

1. Basis of consolidation:

The accompanying consolidated financial statements are prepared in accordance with the communiqué on "Preparation of Consolidated Financial Statements of Banks" and the Turkish Accounting Standards are applied in the consolidation.

a) Basis of consolidation of subsidiaries:

The Parent Bank's subsidiaries Halk Yatırım Menkul Değerler AŞ, Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Finansal Kiralama AŞ, Halk Faktoring AŞ; Halk Banka AD, Skopje, Halkbank Osiguruvanje AD; Skopje (subsidiary), Beograd and Halk Varlık Kiralama AŞ are included in the scope of consolidation.

Subsidiaries are entities that are controlled by the Parent Bank. Control is the power of the Parent Bank to appoint or remove from office the decision-taking majority of members of board of directors through direct or indirect possession of the majority of a legal person's capital irrespective of the requirement of owning minimum fifty-one per cent of its capital; or by having control over the majority of the voting right as a consequence of holding preferred shares or of agreements with other shareholders although not owning the majority of capital.

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

III. INFORMATION ABOUT THE CONSOLIDATED ASSOCIATES AND SUBSIDIARIES (continued)

1. Basis of consolidation: (continued)

a) Basis of consolidation of subsidiaries: (continued)

Under line-by-line method, the assets, liabilities, income and expenses and off-balance sheet items of subsidiaries are combined with the equivalent items of the Parent Bank on a line-by-line basis. The book value of the Parent Bank's investment in each subsidiary and the Group's each subsidiary are eliminated. All significant transactions and balances between the Parent Bank and its consolidated subsidiaries are eliminated. Minority interests in the net income and in the equity of consolidated subsidiaries are calculated separately from the Group's net income and the Group's equity. Minority interests are identified separately in the balance sheet and in the income statement.

In preparing the consolidated financial statements, if a subsidiary uses accounting policies other than those adapted by the Parent Bank, appropriate adjustments are made to subsidiaries' financial statements. There is no item that a different accounting policy is applied.

b) Basis of consolidation of associates:

The Parent Bank's investments in associates, Demir-Halk Bank N.V. ("Demir Halk Bank"), Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. and Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş. are presented in the accompanying financial statements based on the equity method of accounting. An associate is an entity established domestically and abroad in which the Parent Bank invests with a significant influence but no control.

Significant influence is the power to participate in the financial and operating policy of the investee. If the Parent Bank holds ten percent or more of the voting power of the associate, it is presumed that the Parent Bank has significant influence unless otherwise demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

Qualified share is the share that directly or indirectly constitute ten percent of a subsidiary's capital or voting rights and irrespective of this requirement, possession of preferred shares giving right to appoint members of board of directors.

Equity accounting method is an evaluation method of associates by which the Parent Bank's share in the associates' equity is compared with the book value of the associate accounted for in the Parent Bank's balance sheet.

Accounting principles used by the consolidated associates accounted for at equity method, Demir-Halk Bank N.V., Kobi Girişim Sermayesi A.Ş. and Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş. are the same of the Parent Bank.

c) Basis of consolidation of joint ventures:

The Parent Bank does not have any joint ventures which subject to consolidation.

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

III. INFORMATION ABOUT THE CONSOLIDATED ASSOCIATES AND SUBSIDIARIES (continued)

1. Basis of consolidation: (continued)

d) Principles applied during share transfer, merger and acquisition:

Accounting for business combinations

From 1 January 2010, the Group applies TFRS 3 Business Combinations (2008) in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions after 1 January 2010

Goodwill at the acquisition date for business combinations on or after 1 January 2010 are measured as below:

- The fair value of the acquisition cost; plus
- The recognized amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When this total is negative, the gain on acquisition is recognized immediately in profit or loss.

Fair values of the identifiable acquired assets, liabilities and contingent liabilities if the initial recognition of the combination is to be made temporarily at the end of the period in which the combination takes place since the cost of the combination can be determined only temporarily on the basis of the carrying values, the acquirer accounts for the business combination on with temporary amounts. The temporary acquisition value of the combination should be adjusted within 12 months to reflect the completion of the transaction, including adjusting the goodwill.

The acquisition cost does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent liability is recognized at fair value at the acquisition date. If the contingent amount is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent amount are recognized in profit or loss.

For acquisitions before 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognized amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, the gain on acquisition is recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations are capitalized as part of the cost of the acquisitions.

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE PRODUCTS

Derivative transactions of the Group consist of foreign currency and interest rate swaps, cross currency swaps, options and forwards. The Group uses derivatives to avoid economical risks and accounts under TFRS 9 Standard.

Pledges arises derivative transactions recorded in off-balance sheet accounts with their agreement amounts. Derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under “derivative financial assets” or “derivative financial liabilities”, respectively depending on the fair values being positive or negative. Fair value changes of derivative instruments are recorded under income statement. Fair values of derivatives are calculated using discounted cash flow model or market value.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

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

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)

Assessment of Business Model

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

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

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

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

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

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

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

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

3. Other Business Models:

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

TÜRKİYE HALK BANKASI AŞ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)

Assessment of Business Model (continued)

3. Other Business Models: (continued)

Measurement Categories of Financial Assets and Liabilities

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

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

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

In addition, the Parent Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Parent Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Parent Bank's expectations is updated during the year when deemed necessary. As of December 31, 2022, the valuation of the related assets was made according to the annual inflation forecast of 64,27%.

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 derecognised or reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

TÜRKİYE HALK BANKASI AŞ
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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 Profit or Loss

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

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

Cash Equivalents and Banks

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

Loans and Receivables

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

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

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

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

Repayments are calculated using the exchange rates at the repayment dates and exchange differences are recognized under the foreign currency income and expense accounts in the income statement.

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

Calculation of expected credit losses

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

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (continued)

Probability of Default (PD)

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

Loss given Default (LGD)

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

Exposure at Default (EAD)

It is the parameter that indicates how much of a loan will default. The default amount for a spot or installment loan is the amount, which is listed on the payment schedule at the time of default. Additionally, the default amount for the credit cards and limit gaps of overdraft accounts and non-cash loans, are calculated with a parameter called credit conversion rate (CCR).

The default risk amount in the future is estimated by calculating by the statistical methods with the credit conversion rate, since it is not known at the time of loan origination due to undrawn commitment for limit of credit cards and overdraft accounts.

12 Month Probability of Default

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

In the case of a customer or a loan that is classified under Standard Loans (Stage 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 Parent Bank shall measure provision for loss of related financial instrument as equal as expected lifetime expected credit loss amount.

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

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

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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 Parent Bank and to the Parent Bank's consolidated financial subsidiaries without using guarantees

b) Considering that a debt having past due more than 90 days to the Parent Bank or its financial subsidiaries

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

Low Credit Risk

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

According to the mentioned standard, if the entity determines that a financial instrument has a low credit risk as of the reporting date, it assumes that the credit risk on the financial instrument has not increased significantly following its initial recognition in the financial statement.

Those transactions in the Group are classified as follows:

a) CBRT transactions (Currencies held in CBRT and reserve requirements)

b) Securities (Fair value through other comprehensive income and financial assets measured at amortised cost)

c) Treasury Loans (Transactions with Treasury Republic of Türkiye)

d) Loans guaranteed by Treasury of Republic of Türkiye

Significant Increase in Credit Risk

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

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2.

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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 the Group that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, there is no goodwill recorded in the consolidated balance sheet of the Group.

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment except buildings that are purchased prior to 1 January 2005 are carried at their 31 December 2004 dated restated costs and property and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Property and equipment are amortized by using the straight line method during their useful lives.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (continued)

Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset.

As of 1 April 2015, the Group adopted the revaluation method for buildings in tangible assets in accordance with Turkish Accounting Standard No: 16 “Property, Plant and Equipment” (TAS 16). Expertise values calculated by independent appraisal companies are reflected in the financial statements as of year-ends. Revaluation differences are recorded in shareholders’ equity.

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

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

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

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

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

There are no material mortgages, pledges or similar in 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 consolidated financial statements that are purchased prior to 1 January 2005 are carried at their 31 December 2004 dated restated costs and property and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Investment properties are amortized by using the straight line method during their useful lives. Gain or loss arising from the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

XV. EXPLANATIONS ON LEASING TRANSACTIONS

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

The Parent Bank does not participate in the financial leasing transactions as a “lessor”.

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

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XV. EXPLANATIONS ON LEASING TRANSACTIONS (continued)

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

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

Existence of right-of-use:

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

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

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

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

The Lease Obligations:

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

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

- 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 Group re-measures its lease liability by using the current borrowing rate. The Group reflects the remeasured leasing liability and the right-of-use in the financial statements. On the other hand, changes such as the shortening of the lease term, the termination of the contract and the decreases in the scope of the underlying asset, the gains or losses are recognized in profit or loss.

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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 TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

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

XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

Employee benefits liabilities are recognized in accordance with the TAS 19 “Employee Benefits”. According to related legislation and union agreements, the Parent Bank is required to make lump sum retirement payments to employees who has completed one year of service, is called up for military service, dies, resigns, retires or whose employment is terminated without due cause, or for female employees who resigns subsequent to her marriage within one year. The Group provides provision by estimating the present value of the future retirement pay liability.

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

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

After the justified decree related to cancelling the provisional article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated 15 December 2007 and numbered 26731, Turkish Grand National Assembly (TGNA) started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 “Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws”, which was published on the Official Gazette dated 8 May 2008 and numbered 26870, came into effect.

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 2022 no technical deficit has been reported.

XVIII. EXPLANATIONS ON TAXATION

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

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

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

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

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

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

Since current tax payable amounts are related to prepaid tax amounts, consolidated entities are included in consolidation by offsetting in their non-consolidated financial statements. Deferred tax asset and liability is included in consolidation by offsetting in consolidated entities' non-consolidated financial statements.

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

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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. Advance corporate tax is calculated as 15% of taxable income.

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

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

Bahreyn

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

Tax practices of the consolidated subsidiaries:

Halk Gayrimenkul Yatırım Ortaklığı AŞ

Income from the operations related with the investment properties of the Parent Bank's subsidiary, Halk Gayrimenkul Yatırım Ortaklığı AŞ established in 2010, is exempt from corporate tax in accordance with the Article 5/1(d) (4) of the Corporate Tax Law No: 5520. This exemption is also applied for the advanced tax periods.

Halk Banka A.D. Skopje

The Parent Bank's subsidiary, acquired in 2011, Halk Banka A.D., Skopje is subject to tax regulations in the Republic of Macedonia and the corporate tax is 10%.

Halk Bank A.D. Beograd

The Parent Bank's subsidiary, acquired in 2015, Halk Bank AD, Beograd is subject to tax regulations in the Republic of Serbia. The annual corporate income tax is payable at the rate of 15% on profit before tax, adjusted for temporary differences.

The Law on Corporate Income Tax in the Republic of Serbia does not allow any tax losses of the current period to be used to recover taxes paid in previous periods. However, any current year losses disclosed in the tax balance up to 2009 used to reduce tax base for future periods, but only for a period not longer than ten years. Tax losses carried forward after 2010 may be used for reduction of tax base for the following accounting periods for a maximum 5 years. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

Interest rate and liquidity risks are reduced by having assets with shorter or equal maturity terms than borrowing instruments such as syndication, securitization and borrowing with collateral and bears higher interest than costs of those instruments. Also, asset composition is designed in accordance with the fixed/variable cost nature of borrowing instruments.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XX. EXPLANATIONS ON SHARES ISSUED

Transaction costs related to the issuance of shares are accounted for as an expense. Dividends related with the equity shares are determined by the General Assembly of the Parent Bank.

The Parent Bank has not issued any shares in the current and prior period. In accordance with the decision of the Higher Council of Privatization dated 5 February 2007 and numbered 2007/8, the process of public offering for the 24,98% of shares pertaining to the Privatization Administration was completed and the Parent Bank shares were registered with the Capital Markets Board as per the CMB decision dated 26 April 2007 and numbered 16/471, and the shares were traded on the Borsa İstanbul AŞ as of 10 May 2007.

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

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

In accordance with the decision of the Board of Directors of the Parent Bank dated 9 February 2022, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 13.400.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 17 February 2022. Accordingly, the recognition of the capital increase of TRY 2.495.345 on 9 March 2022 was realized on 14 March 2022, based on the permission obtained from the BRSA. The change made to the relevant Articles of Association was registered on 22 March 2022, and it was announced in the Trade Registry Gazette dated 23 March 2022 and numbered 10543. After the increase, TRY 2.495.345 of nominal and TRY 10.904.655 of share premium, amounting to a capital increase of TRY 13.400.000, were recognized in the financial statements. Mentioned capital increase was made by the Parent Bank's main shareholder Türkiye Varlık Fonu. Share capital increased from to TRY 2.473.776 to TRY 4.969.121.

Halk GYO has applied to the CMB on 29 August 2012 to increase its issued capital from TRY 477.000 to TRY 662.500 within TRY 1.500.000 registered capital ceiling, by public offering of the corresponding B group bearer shares of TRY 185.500. Application was approved in accordance with the decision promulgated by the CMB's decision numbered 4/97 dated 8 February 2013. As at 15 February 2013 the public offering of B group bearer shares of TRY 185.500 was made by restricting the preemptive rights of the existing shareholders. After completing the investors' book building, Halk GYO's shares started to be traded on Borsa İstanbul AŞ on 22 February 2013.

XXI. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Parent Bank in the current and prior period.

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

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

XXIV. EXPLANATIONS ON OTHER MATTERS

None.

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I. EXPLANATIONS ON THE CONSOLIDATED EQUITY

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

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

As of 31 December 2022, the capital adequacy ratio and the capital amount of the Group were realized as 13,89% (31 December 2021: 13,90%) and TRY 119.399.165 (31 December 2021: TRY 70.103.207) which were calculated within the scope of the above-mentioned regulation amendments.

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I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (continued)

(1) Information About Total Consolidated Equity Items:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	6.189.572	3.694.227
Share Premium	16.720.856	5.815.863
Reserves	31.597.166	29.367.837
Other Comprehensive Income according to TAS	17.379.457	4.226.587
Profit	17.354.904	3.744.763
<i>Current Period Profit</i>	<i>15.465.512</i>	<i>1.835.971</i>
<i>Prior Period Profit</i>	<i>1.889.392</i>	<i>1.908.792</i>
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	225.515	167.434
Minority Interest	4.863	3.873
Common Equity Tier 1 Capital Before Deductions	89.472.333	47.020.584
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	1.882.715	1.193.798
Leasehold Improvements on Operational Leases (-)	421.201	225.897
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	838.555	680.116
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	424.229	351.767
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
<i>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>	-	-
<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>	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Common Equity Tier 1 Capital	3.566.700	2.451.578
Total Common Equity Tier 1 Capital	85.905.633	44.569.006

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I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (continued)

(1) Information About Total Consolidated 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	17.921.340	13.807.080
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	17.921.340	13.807.080
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	17.921.340	13.807.080
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	103.826.973	58.376.086
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	5.729.795	5.929.795
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	9.973.757	5.807.252
Tier II Capital Before Deductions	15.703.552	11.737.047
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	15.703.552	11.737.047
Total Equity (Total Tier I and Tier II Capital)	119.530.525	70.113.133
Total Tier I and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	131.360	9.926

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I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (continued)

(1) Information About Total Consolidated 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)	119.399.165	70.103.207
Total Risk Weighted Assets	859.855.891	504.370.752
Capital Adequacy Ratios		
CET1 Capital Ratio (%)	9,99	8,84
Tier I Capital Ratio (%)	12,07	11,57
Capital Adequacy Ratio (%)	13,89	13,90
BUFFERS		
Bank-specific total CET1 Capital Ratio (a+b+c)	3,550	4,050
a) Capital Conservation Buffer Ratio (%)	2,500	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,050	0,050
c) Systemic significant bank buffer ratio %	1,000	1,500
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	5,886	4,337
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	509.314	247.146
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	8.517.784	3.540.726
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	41.261.488	11.369.256
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	9.973.757	5.807.252
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (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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I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (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)	800	1.950	2.980	17.921
Par value of instrument (Currency in mil)	1.000	1.950	2.980	-
Accounting classification	346.011	346.011	346.011	347.0001
Original date of issuance	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Demand or dated	Dated	Dated	Dated	Demand
Original maturity date	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Issuer call subject to prior supervisory approval	At the end of the fifth year, the Parent Bank has an early redemption option.	At the end of the fifth year, the Parent Bank has an early redemption option.	At the end of the fifth year, the Parent Bank has an early redemption option.	At the end of the fifth year, the Parent Bank has an early redemption option.
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends				
Fixed or floating dividend/coupon	Floating Coupon	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	Government Debt Security for 5 years +350 base points	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
Convertible or non-convertible				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-

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I. EXPLANATIONS ON THE CONSOLIDATED EQUITY (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 incompliance with article number 7 and 8 of "Own fund regulation"	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 7.	The instrument is not in compliant with article numbered 8.

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II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK

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

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

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

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

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

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

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

The Group's largest 100 and 200 cash loan customers compose 25,99% and 30,92% of the total cash loan portfolio, respectively.

The Group's largest 100 and 200 non-cash loan customers compose 35,56% and 46,03% of the total non-cash loan portfolio, respectively.

The Group's largest 100 ve 200 cash and non-cash loan customers represent 16,17% and 20,48% of the total "on and off balance sheet" assets, respectively.

Stage I and Stage II expected losses for credit risks of the Group is TRY 38.275.587 (31 December 2021: TRY 10.573.124).

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II. EXPLANATIONS ON THE CONSOLIDATED 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	434.769.422	333.418.044	265.520.773	208.288.502
Conditional and unconditional exposures to regional governments or local authorities	2.083.413	1.901.863	1.969.678	2.199.866
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	3.668.228	3.084.192	2.293.927	2.092.603
Conditional and unconditional exposures to multilateral development banks	63	215	359	16.501
Conditional and unconditional exposures to international organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	12.574.963	10.712.493	6.469.267	6.631.104
Conditional and unconditional exposures to corporates	428.336.952	351.991.283	250.594.888	220.486.960
Conditional and unconditional retail exposures	245.813.074	198.796.456	170.364.098	154.660.589
Conditional and unconditional exposures secured by real estate property	218.375.156	166.379.820	117.013.294	104.746.973
Past due items	4.136.973	4.615.323	4.160.323	5.762.511
Items in regulatory high-risk categories	45.616.005	23.963.610	5.052.594	1.410.918
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-
Stock Investments	1.637.071	1.549.821	1.187.194	1.059.460
Other Receivables	73.367.390	48.307.569	31.591.874	26.635.206

⁽¹⁾ Includes the risk amounts after credit conversions.

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II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

Profile of significant exposures in major regions:

	Risk Classifications ⁽¹⁾											Stock Investments	Other	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				
Current Period														
1. Domestic	429.759.429	2.081.598	3.475.623	63	6.103.784	421.641.444	237.513.333	208.480.241	3.957.396	45.614.841	-	70.394.927	1.429.022.679	
2. European Union (EU) Countries	2	-	-	-	2.036.715	396.629	31.377	23.845	1.310	750	-	172.672	2.663.300	
3. OECD Countries ⁽²⁾	2	-	-	-	847.912	210.538	136	3.587	7	25	-	3.932	1.066.139	
4. Off-Shore Banking Regions	-	-	-	-	18.193	319.911	48	9.472	-	-	-	801	348.425	
5. USA, Canada	5	-	-	-	282.187	-	2.642	762	-	5	-	50	285.651	
6. Other Countries	5.009.984	1.815	192.605	-	3.286.172	5.768.430	8.265.538	9.857.249	178.260	384	-	2.795.008	35.355.445	
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	1.637.071	-	1.637.071	
8. Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	434.769.422	2.083.413	3.668.228	63	12.574.963	428.336.952	245.813.074	218.375.156	4.136.973	45.616.005	1.637.071	73.367.390	1.470.378.710	
Prior Period														
1. Domestic	263.061.655	1.965.982	2.254.823	359	2.162.550	247.443.850	164.467.758	110.895.499	4.013.036	5.049.926	-	29.751.469	831.066.907	
2. European Union (EU) Countries	12	-	-	-	1.520.416	382.526	7.260	18.712	27	404	-	75.276	2.004.633	
3. OECD Countries ⁽²⁾	-	-	-	-	426.176	126.367	50	3.045	4	-	-	371	556.013	
4. Off-Shore Banking Regions	-	-	-	-	1.437	60.567	236	1.031	-	1.880	-	1	65.152	
5. USA, Canada	4	-	-	-	140.419	-	1.394	46	-	280	-	25	142.168	
6. Other Countries	2.459.102	3.696	39.104	-	2.218.269	2.581.578	5.887.400	6.094.961	147.256	104	-	1.764.732	21.196.202	
7. Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	1.187.194	-	1.187.194	
8. Unallocated Assets/Liabilities ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	265.520.773	1.969.678	2.293.927	359	6.469.267	250.594.888	170.364.098	117.013.294	4.160.323	5.052.594	1.187.194	31.591.874	856.218.269	

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

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

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

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

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

Profile of significant exposures by sectors:

Current Period	Risk Sınıfları ⁽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	TRY	FC	Total
Agriculture	95.787	-	4.031	-	-	1.652.157	2.006.910	937.144	35.860	70.959	-	67	4.342.182	460.733	4.802.915
Farming and Stockbreeding	42.673	-	4.025	-	-	1.218.249	1.010.740	527.936	11.258	47.250	-	26	2.641.807	220.350	2.862.157
Forestry	36.442	-	6	-	-	190.583	911.273	334.681	22.524	-	-	37	1.319.355	176.191	1.495.546
Fishery	16.672	-	-	-	-	243.325	84.897	74.527	2.078	23.709	-	4	381.020	64.192	445.212
Manufacturing	9.909.602	-	110.577	-	-	176.011.307	30.741.591	46.031.928	498.306	9.025.780	-	533	207.307.457	65.022.167	272.329.624
Mining and Quarrying	244.559	-	-	-	-	8.264.529	420.111	659.405	4.637	140.872	-	22	5.025.572	4.708.563	9.734.135
Production	9.501.366	-	110.577	-	-	132.076.476	30.069.001	43.740.930	491.689	8.365.596	-	511	183.580.083	40.776.063	224.356.146
Electricity, Gas and Water	163.677	-	-	-	-	35.670.302	252.479	1.631.593	1.980	519.312	-	-	18.701.802	19.537.541	38.239.343
Construction	2.324.022	-	-	-	-	52.965.389	7.757.889	20.894.150	332.079	7.504.793	-	10	74.905.461	16.872.871	91.778.332
Services	296.461.718	1.960.033	3.331.615	63	5.682.332	120.683.998	133.605.584	72.178.041	2.121.992	11.709.130	-	10.221	515.369.938	132.374.789	647.744.727
Wholesale and Retail Trade	5.250.936	-	31.676	63	-	67.923.535	81.875.542	40.882.205	1.376.921	6.828.914	-	1.107	193.596.264	10.574.635	204.170.899
Accommodation and Dining	1.988.150	10	-	-	-	17.835.235	6.643.238	16.483.602	312.562	585.176	-	30	19.437.053	24.410.950	43.848.003
Transportation and Telecom.	296.901	-	-	-	-	9.578.708	34.875.414	3.349.144	284.250	297.440	-	70	41.142.593	7.539.334	48.681.927
Financial Institutions	18.828	-	87	-	5.682.332	7.168.206	291.278	1.089.755	1.410	1.644.144	-	6.149	13.924.412	1.977.777	15.902.189
Real Estate and Rental Services	167.722	-	-	-	-	10.923.422	3.128.451	5.552.028	68.523	728.615	-	10	16.278.587	4.290.184	20.568.771
Professional Services	62.219	-	-	-	-	17.025	3.658.372	673.911	44.294	-	-	190	4.455.637	374	4.456.011
Educational Services	159.979	-	1.372.722	-	-	571.409	841.286	1.073.115	21.303	391.936	-	12	4.330.859	100.903	4.431.762
Health and Social Services	288.516.983	1.960.023	1.927.130	-	-	6.666.458	2.292.003	3.074.281	12.729	1.232.905	-	2.653	222.204.533	83.480.632	305.685.165
Other	125.978.293	123.380	222.005	-	6.892.631	77.024.101	71.701.100	78.333.893	1.148.736	17.305.343	1.637.071	73.356.559	268.809.667	184.913.445	453.723.112
Total	434.769.422	2.083.413	3.668.228	63	12.574.963	428.336.952	245.813.074	218.375.156	4.136.973	45.616.005	1.637.071	73.367.390	1.070.734.705	399.644.005	1.470.378.710

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

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

II. EXPLANATIONS ON THE CONSOLIDATED 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	TRY	FC	Total
Agriculture	194.840	-	1.693	-	-	631.358	1.228.261	408.278	27.124	-	-	65	1.997.821	493.798	2.491.619
Farming and Stockbreeding	84.400	-	1.688	-	-	259.353	598.924	150.689	7.919	-	-	26	950.225	152.774	1.102.999
Forestry	66.938	-	5	-	-	87.832	564.587	223.644	10.881	-	-	36	802.874	151.049	953.923
Fishery	43.502	-	-	-	-	284.173	64.750	33.945	8.324	-	-	3	244.722	189.975	434.697
Manufacturing	10.289.979	-	59.391	-	-	92.016.604	24.453.838	21.803.529	1.031.095	-	-	536	93.786.222	55.868.750	149.654.972
Mining and Quarrying	204.352	-	-	-	-	4.608.625	377.233	332.837	23.467	-	-	22	1.886.597	3.659.939	5.546.536
Production	9.963.696	-	59.391	-	-	68.728.532	23.893.014	20.563.593	774.652	-	-	514	87.111.477	36.871.915	123.983.392
Electricity, Gas and Water	121.931	-	-	-	-	18.679.447	183.591	907.099	232.976	-	-	-	4.788.148	15.336.896	20.125.044
Construction	2.875.216	-	-	-	-	32.634.892	5.213.316	11.839.031	671.210	-	-	10	41.602.980	11.630.695	53.233.675
Services	160.888.652	1.927.387	2.187.041	359	2.956.488	73.652.196	84.742.951	34.834.844	1.451.529	-	-	10.018	267.640.470	95.010.995	362.651.465
Wholesale and Retail Trade	9.279.377	-	6.857	359	-	34.427.111	53.563.003	16.129.438	805.312	-	-	1.253	102.647.060	11.565.650	114.212.710
Accommodation and Dining	2.197.576	10	-	-	-	12.507.295	4.553.739	10.378.808	141.079	-	-	30	10.131.002	19.647.535	29.778.537
Transportation and Telecom.	560.121	-	5	-	-	10.012.134	21.042.651	1.400.933	107.799	-	-	71	24.132.319	8.991.395	33.123.714
Financial Institutions	53.118	-	-	-	2.956.488	4.910.042	126.377	1.196.333	1.253	-	-	5.866	7.410.810	1.838.667	9.249.477
Real Estate and Rental Services	330.503	-	48	-	-	6.304.307	1.987.523	2.962.587	40.309	-	-	10	7.370.814	4.254.473	11.625.287
Professional Services	167.425	-	-	-	-	29	2.132.149	202.588	11.069	-	-	192	2.513.297	155	2.513.452
Educational Services	236.091	-	1.329.555	-	-	452.764	507.154	683.799	327.446	-	-	12	3.178.260	358.561	3.536.821
Health and Social Services	148.064.441	1.927.377	850.576	-	-	5.038.514	830.355	1.880.358	17.262	-	-	2.584	110.256.908	48.354.559	158.611.467
Other	91.272.086	42.291	45.802	-	3.512.779	51.659.838	54.725.732	48.127.612	979.365	5.052.594	1.187.194	31.581.245	157.451.848	130.734.690	288.186.538
Total	265.520.773	1.969.678	2.293.927	359	6.469.267	250.594.888	170.364.098	117.013.294	4.160.323	5.052.594	1.187.194	31.591.874	562.479.341	293.738.928	856.218.269

⁽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 GROUP (continued)

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

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

Current Period Exposure Categories	Up to 1 month	1-3 months	Term to Maturity 3-6 months	6-12 months	Over 1 year
1. Conditional and unconditional exposures to central governments or central banks	127.731.327	3.638.171	11.904.506	29.475.654	262.019.764
2. Conditional and unconditional exposures to regional governments or local authorities	59.612	9.914	47.109	74.036	1.892.742
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	579.261	168.782	117.595	475.622	2.326.968
4. Conditional and unconditional exposures to Multilateral Development Banks	-	-	-	-	63
5. Conditional and unconditional exposures to banks and brokerage houses	11.474.947	26.928	66.528	215.142	791.418
6. Conditional and unconditional exposures to corporates	69.280.575	32.595.986	41.740.701	81.401.781	203.317.909
7. Conditional and unconditional retail exposures	34.911.694	6.821.835	15.808.477	32.590.432	155.680.636
8. Conditional and unconditional exposures secured by real estate property	24.390.395	8.364.405	14.177.892	39.663.373	131.779.091
9. Past due items	4.037.925	475	2.484	6.431	89.658
10. Items in Regulatory High-Risk Categories	1.359.397	878.888	7.007.547	12.609.660	23.760.513
11. Stock Investments	1.637.071	-	-	-	-
12. Other Items	73.336.325	3.206	10.746	13.055	4.058
Total	348.798.529	52.508.590	90.883.585	196.525.186	781.662.820

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

Prior Period Exposure Categories	Up to 1 month	1-3 months	Term to Maturity 3-6 months	6-12 months	Over 1 year
1. Conditional and unconditional exposures to central governments or central banks	89.250.248	3.704.773	3.576.276	3.685.950	165.303.526
2. Conditional and unconditional exposures to regional governments or local authorities	40.989	17.623	18.242	108.520	1.784.304
3. Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	206.682	100.787	51.361	165.055	1.770.042
4. Conditional and unconditional exposures to Multilateral Development Banks	359	-	-	-	-
5. Conditional and unconditional exposures to banks and brokerage houses	5.938.688	15.714	15.940	192.080	306.845
6. Conditional and unconditional exposures to corporates	27.893.617	17.122.199	20.255.792	44.999.316	140.323.964
7. Conditional and unconditional retail exposures	21.934.281	4.234.525	7.020.159	22.850.146	114.324.987
8. Conditional and unconditional exposures secured by real estate property	6.377.366	2.785.986	5.024.893	16.863.890	85.961.159
9. Past due items	4.132.364	66	28	173	27.692
10. Items in Regulatory High-Risk Categories	15	44	34	135.548	4.916.953
11. Stock Investments	1.187.194	-	-	-	-
12. Other Items	31.578.920	938	3.638	6.022	2.356
Total	188.540.723	27.982.655	35.966.363	89.006.700	514.721.828

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

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

II. EXPLANATIONS ON THE CONSOLIDATED 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 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 GROUP (continued)

II. EXPLANATIONS ON THE CONSOLIDATED 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 Than 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 GROUP (continued)

II. EXPLANATIONS ON THE CONSOLIDATED 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
Türkiye	653.204.406	-	653.204.406
North Macedonia	6.155.647	-	6.155.647
Serbia	4.637.786	-	4.637.786
Cyprus	1.343.068	-	1.343.068
Marshall Islands	319.911	-	319.911
Other	1.229.009	-	1.229.009

Exposures by Consolidated risk weights:

Current Period														Deductions from Equity
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	500%		
1 Exposures before Credit Risk Mitigation	445.888.981	-	72.675.926	-	55.225.969	479.820.326	567.902.210	17.376.776	31.695.401	1.243.540	-	7.935		131.360
2. Exposures after Credit Risk Mitigation	467.555.494	-	61.138.044	127.359.420	125.548.243	241.241.479	398.204.298	16.384.856	31.695.401	1.243.540	-	7.935		131.360

Prior Period														Deductions from Equity
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	500%		
1 Exposures before Credit Risk Mitigation	248.143.069	-	10.140.911	-	14.128.204	318.514.255	363.721.203	5.862.783	-	839.243	-	-		9.926
2. Exposures after Credit Risk Mitigation	278.870.262	-	8.668.588	67.355.727	56.599.584	168.894.096	269.761.118	5.229.651	-	839.243	-	-		9.926

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

II. EXPLANATIONS ON THE CONSOLIDATED 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	471.902	122.681	234.065
<i>Farming and Stockbreeding</i>	<i>466.967</i>	<i>101.457</i>	<i>215.650</i>
<i>Forestry</i>	<i>2.605</i>	<i>1.653</i>	<i>1.003</i>
<i>Fishery</i>	<i>2.330</i>	<i>19.571</i>	<i>17.412</i>
Manufacturing	18.657.322	3.640.175	11.306.315
<i>Mining and Quarrying</i>	<i>216.077</i>	<i>191.633</i>	<i>243.161</i>
<i>Production</i>	<i>10.170.698</i>	<i>2.908.448</i>	<i>5.571.093</i>
<i>Electricity, Gas and Water</i>	<i>8.270.547</i>	<i>540.094</i>	<i>5.492.061</i>
Construction	4.604.634	2.802.355	4.763.871
Services	26.548.627	7.390.804	17.457.575
<i>Wholesale and Retail Trade</i>	<i>5.133.428</i>	<i>3.363.904</i>	<i>3.545.307</i>
<i>Accommodation and Dining</i>	<i>12.490.154</i>	<i>1.570.193</i>	<i>6.818.065</i>
<i>Transportation and Telecommunication</i>	<i>1.070.107</i>	<i>462.968</i>	<i>373.956</i>
<i>Financial Institutions</i>	<i>4.518</i>	<i>336.522</i>	<i>335.250</i>
<i>Real Estate and Rental Services</i>	<i>7.392.611</i>	<i>1.078.738</i>	<i>5.751.871</i>
<i>Professional Services</i>	<i>112.069</i>	<i>53.401</i>	<i>37.128</i>
<i>Educational Services</i>	<i>200.345</i>	<i>430.959</i>	<i>503.068</i>
<i>Health and Social Services</i>	<i>145.395</i>	<i>94.119</i>	<i>92.930</i>
Other	6.595.565	3.326.279	4.566.498
Total	56.878.050	17.282.294	38.328.324

(1) Income accruals amounting to TRY 2.937.867 are not included in the table.

(2) Income accruals amounting to TRY 1.770.617 are not included in the table.

(3) The accruals of amounting to TRY 3.103.890 are not included in the table.

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	467.280	118.801	147.295
<i>Farming and Stockbreeding</i>	<i>462.950</i>	<i>89.699</i>	<i>125.892</i>
<i>Forestry</i>	<i>1.873</i>	<i>760</i>	<i>706</i>
<i>Fishery</i>	<i>2.457</i>	<i>28.342</i>	<i>20.697</i>
Manufacturing	12.868.423	3.951.106	4.519.952
<i>Mining and Quarrying</i>	<i>93.076</i>	<i>195.317</i>	<i>166.230</i>
<i>Production</i>	<i>5.769.387</i>	<i>3.230.522</i>	<i>3.039.185</i>
<i>Electricity, Gas and Water</i>	<i>7.005.960</i>	<i>525.267</i>	<i>1.314.537</i>
Construction	4.903.520	3.272.852	3.704.702
Services	24.621.822	5.316.448	7.558.565
<i>Wholesale and Retail Trade</i>	<i>5.507.548</i>	<i>2.985.088</i>	<i>2.770.754</i>
<i>Accommodation and Dining</i>	<i>11.294.177</i>	<i>509.333</i>	<i>2.476.244</i>
<i>Transportation and Telecommunication</i>	<i>1.143.055</i>	<i>273.948</i>	<i>212.667</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>5.613.494</i>	<i>993.683</i>	<i>1.520.263</i>
<i>Professional Services</i>	<i>111.505</i>	<i>16.340</i>	<i>15.101</i>
<i>Educational Services</i>	<i>253.867</i>	<i>430.247</i>	<i>277.002</i>
<i>Health and Social Services</i>	<i>391.999</i>	<i>97.931</i>	<i>158.022</i>
Other	4.172.495	2.093.560	1.413.410
Total	47.033.540	14.752.767	17.343.924

(1) Income accruals amounting to TRY 2.231.694 are not included in the table.

(2) Income accruals amounting to TRY 1.997.126 are not included in the table.

(3) The accruals of amounting to TRY 1.672.888 are not included in the table.

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

II. EXPLANATIONS ON THE CONSOLIDATED 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	12.112.779	5.621.309	(2.348.434)	-	15.385.654
2. Stage I and Stage II expected credit loss	10.573.124	29.072.098	(1.369.635)	-	38.275.587

Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage III expected credit loss	11.160.055	4.183.838	(3.231.114)	-	12.112.779
2. Stage I and Stage II expected credit loss	5.615.289	7.349.558	(2.391.723)	-	10.573.124

The net value of the close monitoring loan collaterals and the separation of collateral types are given in the table below.

Collateral Types	Net Value of Collateral Current Period ⁽¹⁾
Real estate mortgage	10.897.730
Salary pledge, vehicle pledge and pledge of commercial undertaking	2.103.579
Financial collaterals (cash, securities pledge, etc.)	115.064
Cheque / bills	163.729
Sureties	30.405.793
CGF	2.408.340
Other ⁽²⁾	10.783.815
Total	56.878.050

⁽¹⁾ Income accruals amounting TRY 2.937.867 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

Collateral Types	Net Value of Collateral Prior Period ⁽¹⁾
Real estate mortgage	9.719.256
Salary pledge, vehicle pledge and pledge of commercial undertaking	524.665
Financial collaterals (cash, securities pledge, etc.)	86.989
Cheque / bills	129.828
Sureties	23.920.324
CGF	3.122.178
Other ⁽²⁾	9.530.300
Total	47.033.540

⁽¹⁾ Income accruals amounting to TRY 2.231.694 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

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

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK (continued)

The net value of the non-performing loan collaterals and the separation of collateral types are given in the table below.

Collateral Types	Net Value of Collateral Current Period ⁽¹⁾
Cash	9.061
Mortgage	3.139.262
Pledge	198.232
Cheque / bills	63.003
Sureties	7.276.273
Other ⁽²⁾	6.596.463
Total	17.282.294

⁽¹⁾ Income accruals amounting to TRY 1.770.617 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

Collateral Types	Net Value of Collateral Prior Period ⁽¹⁾
Cash	13.013
Mortgage	3.134.765
Pledge	158.480
Cheque / bills	23.736
Sureties	7.515.646
Other ⁽²⁾	3.907.127
Total	14.752.767

⁽¹⁾ Income accruals amounting to TRY 1.997.126 are not included in the table.

⁽²⁾ Comprised of share certificates, blockage on receivables, uncollateralized etc.

III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

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

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

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

	23.12.2022	26.12.2022	27.12.2022	28.12.2022	29.12.2022	30.12.2022
USD	18,6150000	18,6212000	18,6418000	18,6407000	18,6482000	18,6448000
CHF	19,9603000	19,9584000	19,9988000	20,1067000	20,1802000	20,1984000
GBP	22,3956000	22,4523000	22,3720000	22,5344000	22,4411000	22,4761000
JPY	0,1396002	0,1396414	0,1392461	0,1389308	0,1395972	0,1411187
EUR	19,7505000	19,7943000	19,7985000	19,8654000	19,8706000	19,9126000

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

	Monthly Average Buying Rate of Exchange
USD	18,5912864
CHF	19,9305591
GBP	22,6094273
JPY	0,1375054
EUR	19,6971409

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

III. EXPLANATIONS ON THE CONSOLIDATED 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	63.471.426	57.225.004	11.687.407	132.383.837
Banks	1.604.399	1.556.418	3.636.367	6.797.184
Financial assets at fair value through profit and loss	39.649	94.102	23.541	157.292
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	8.714.928	29.787.517	3.956.725	42.459.170
Loans ⁽²⁾	112.948.472	74.458.365	17.140.017	204.546.854
Subsidiaries, associates and entities under common control	1.373.880	-	-	1.373.880
Financial assets measured at amortised cost	21.173.443	37.291.203	16.004.161	74.468.807
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	1.115.114	1.115.114
Intangible assets	-	-	-	-
Other assets ⁽³⁾	2.808.915	1.250.510	715.349	4.774.774
Total assets	212.135.112	201.663.119	54.278.681	468.076.912
Liabilities				
Bank deposits	91.126.163	14.312.826	4.262.510	109.701.499
Foreign currency deposits	167.319.505	182.018.469	65.597.589	414.935.563
Money market balances	-	8.057.568	-	8.057.568
Funds provided from other financial institutions	9.723.842	6.367.403	40.570	16.131.815
Bonds issued	-	-	-	-
Miscellaneous Payables	807.452	2.068.435	483.046	3.358.933
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities ⁽³⁾	22.200.325	1.100.376	1.084.834	24.385.535
Total liabilities	291.177.287	213.925.077	71.468.549	576.570.913
Net balance sheet position	(79.042.175)	(12.261.958)	(17.189.868)	(108.494.001)
Net off-balance sheet position	75.224.814	5.027.814	23.328.235	103.580.863
Financial derivative assets ⁽⁴⁾	89.726.675	21.410.328	31.992.047	143.129.050
Financial derivative liabilities ⁽⁴⁾	14.501.861	16.382.514	8.663.812	39.548.187
Non-cash loans ⁽¹⁾	62.875.922	46.268.411	9.568.105	118.712.438
Prior period				
Total assets	170.876.627	159.992.737	39.229.009	370.098.373
Total liabilities	188.587.412	185.972.205	52.246.876	426.806.493
Net balance sheet position	(17.710.785)	(25.979.468)	(13.017.867)	(56.708.120)
Net off-balance sheet position	14.467.340	24.231.262	17.960.627	56.659.229
Financial derivative assets	19.120.011	34.932.718	27.421.290	81.474.019
Financial derivative liabilities	4.652.671	10.701.456	9.460.663	24.814.790
Non-cash loans ⁽¹⁾	64.219.309	42.320.975	6.899.472	113.439.756

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

⁽²⁾ In the current period, there are no foreign currency indexed loans. (31 December 2021: TRY 14.553)

⁽³⁾ In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Foreign currency intangible assets in asset, prepaid expenses, derivative financial instruments foreign currency income discounts, equity and derivative financial instruments foreign currency expense discounts in liabilities are not taken into consideration in the currency risk measurement.

⁽⁴⁾ Financial derivative assets include forward precious metal purchase transactions amounted to TRY 1.001.498 and swap precious metal purchase transactions amounted to TRY 24.255.394. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 5.126.311 Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

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

IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK

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

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

1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on 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	298.570	-	-	-	-	163.921.311	164.219.881
Banks and financial institutions	2.894.127	604	24.591	80.971	-	5.702.211	8.702.504
Financial assets at fair value through profit and loss	248.098	39.656	104.845	41	535	34.123.280	34.516.455
Money market placements	-	25.005	-	-	-	-	25.005
Financial assets at fair value through other comprehensive income	16.234.678	13.459.853	45.845.861	22.385.198	4.394.526	542.078	102.862.194
Loans	294.637.156	208.485.544	150.547.275	108.916.707	67.358.303	36.227.539	866.172.524
Financial assets measured at amortised cost	54.632.901	20.906.711	31.620.006	64.389.194	69.906.447	-	241.455.259
Other assets ⁽¹⁾⁽⁴⁾	5.471.919	3.233.695	1.310.940	4.308.275	1.453.756	166.343	15.944.928
Total assets	374.417.449	246.151.068	229.453.518	200.080.386	143.113.567	240.682.762	1.433.898.750
Liabilities							
Bank deposits	28.851.440	14.108.834	82.503	-	-	92.344.473	135.387.250
Other deposits	488.605.288	181.696.293	45.831.550	5.207.985	299.106	232.627.945	954.268.167
Money market balances	103.182.840	1.953.674	-	-	-	103.501	105.240.015
Miscellaneous Payables	6.642.967	-	-	-	-	20.386.320	27.029.287
Bonds issued	2.827.712	9.268.302	1.000.000	-	-	234.427	13.330.441
Funds provided from other financial institutions ⁽³⁾	957.738	8.193.024	3.082.228	3.865.015	816.966	180.285	17.095.256
Other liabilities ⁽¹⁾⁽²⁾	1.308.307	335.716	34.199.181	17.921.340	4.929.795	122.853.995	181.548.334
Total liabilities	632.376.292	215.555.843	84.195.462	26.994.340	6.045.867	468.730.946	1.433.898.750
Balance sheet long position	-	30.595.225	145.258.056	173.086.046	137.067.700	-	486.007.027
Balance sheet short position	(257.958.843)	-	-	-	-	(228.048.184)	(486.007.027)
Off-balance sheet long position	129.108.012	15.805.919	17.382.650	5.186.201	9.476.359	-	176.959.141
Off-balance sheet short position	(128.449.656)	(12.766.930)	(17.503.892)	(5.446.650)	(9.476.361)	-	(173.643.489)
Total position	(257.300.487)	33.634.214	145.136.814	172.825.597	137.067.698	(228.048.184)	3.315.652

⁽¹⁾ TRY 8.517.784 of deferred tax assets is disclosed under the non-bearing interest column in other assets, TRY 2.152 of deferred tax liability is disclosed under the non-bearing interest column in other liabilities.

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

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

⁽⁴⁾ Provision amounts are included in the non-bearing interest column.

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

IV. EXPLANATIONS ON THE CONSOLIDATED 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	15.896.619	-	-	-	-	110.132.948	126.029.567
Banks and financial institutions	742.810	27.553	83.456	-	-	3.686.634	4.540.453
Financial assets at fair value through profit and loss	68.155	27.593	86.529	373	395	25.065.049	25.248.094
Money market placements	-	1.001	-	-	-	-	1.001
Financial assets at fair value through other comprehensive income	9.662.657	7.224.988	17.922.210	30.805.434	2.919.602	401.833	68.936.724
Loans	106.012.210	141.374.991	127.822.703	102.084.145	54.522.240	25.803.930	557.620.219
Financial assets measured at amortised cost	28.156.419	14.950.805	22.755.124	33.181.525	34.134.791	-	133.178.664
Other assets ⁽¹⁾⁽⁴⁾	10.019.982	1.238.408	1.655.294	2.207.805	716.755	293.252	16.131.496
Total assets	170.558.852	164.845.339	170.325.316	168.279.282	92.293.783	165.383.646	931.686.218
Liabilities							
Bank deposits	33.582.812	2.215.041	73.419	-	-	28.183.136	64.054.408
Other deposits	296.634.682	100.745.931	28.715.195	4.158.491	83.851	153.036.727	583.374.877
Money market balances	137.835.902	1.370.451	676.861	-	-	151.531	140.034.745
Miscellaneous Payables	5.556.943	-	-	-	-	6.862.362	12.419.305
Bonds issued	2.252.586	4.654.492	234.392	1.000.000	-	35.302	8.176.772
Funds provided from other financial institutions ⁽³⁾	893.628	7.592.241	4.714.786	3.271.718	864.575	261.617	17.598.565
Other liabilities ⁽¹⁾⁽²⁾	1.000.779	1.546	24.875.066	13.808.799	4.929.795	61.411.561	106.027.546
Total liabilities	477.757.332	116.579.702	59.289.719	22.239.008	5.878.221	249.942.236	931.686.218
Balance sheet long position	-	48.265.637	111.035.597	146.040.274	86.415.562	-	391.757.070
Balance sheet short position	(307.198.480)	-	-	-	-	(84.558.590)	(391.757.070)
Off-balance sheet long position	70.599.820	7.460.045	14.609.201	1.519.795	9.246.541	-	103.435.402
Off-balance sheet short position	(63.534.565)	(8.200.934)	(14.702.247)	(1.519.795)	(9.246.541)	-	(97.204.082)
Total position	(300.133.225)	47.524.748	110.942.551	146.040.274	86.415.562	(84.558.590)	6.231.320

⁽¹⁾ TRY 231.043 of deferred tax assets is disclosed under the non-bearing interest column in other assets, TRY 2.152 of deferred tax liability is disclosed under the non-bearing interest column in other liabilities.

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

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

⁽⁴⁾ Provision amounts are included in the non-bearing interest column.

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IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (continued)

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

Current Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks ⁽¹⁾	-	2,76	-	21,43
Financial assets at fair value through profit and loss ⁽⁵⁾	3,50	4,53	-	11,22
Money market placements	-	-	-	4,00
Financial assets at fair value through other comprehensive income	2,98	4,41	-	22,38
Loans ⁽²⁾	5,24	7,97	-	14,77
Financial assets measured at amortised cost	4,66	5,61	-	35,66
Liabilities	-	-	-	-
Bank deposits ⁽⁴⁾	0,22	3,23	-	18,45
Other deposits ⁽⁴⁾	1,58	2,55	-	14,37
Money market borrowings	-	2,56	-	9,86
Miscellaneous Payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	18,24
Funds provided from other financial institutions	1,75	4,50	-	18,01

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

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

⁽³⁾ Declared TRY deposits interest rate with a maturity of twelve months as of 31 December 2022.

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

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

Prior Period	EUR	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT ⁽⁵⁾	-	-	-	8,50
Due from banks ⁽¹⁾	0,20	0,50	-	15,65
Financial assets at fair value through profit and loss ⁽⁶⁾	-	6,95	-	18,66
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,02	3,37	-	19,71
Loans ⁽²⁾	4,87	5,63	-	15,16
Financial assets measured at amortised cost	4,76	5,97	-	24,19
Liabilities	-	-	-	-
Bank deposits ⁽⁴⁾	0,15	0,87	-	17,05
Other deposits ⁽⁴⁾	0,43	1,00	-	13,82
Money market borrowings	-	4,19	-	14,06
Miscellaneous Payables ⁽³⁾	-	-	-	5,00
Bonds issued	-	-	-	15,08
Funds provided from other financial institutions	1,32	1,56	-	16,98

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

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

⁽³⁾ Declared TRY deposits interest rate with a maturity of twelve months as of 31 December 2021.

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

⁽⁵⁾ Average interest rates for reserve requirements of the CBRT as of the balance sheet date.

⁽⁶⁾ Borrowed securities are not included in the average interest rate calculation.

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

IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK (continued)

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

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

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

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

Current Period				
	Currency	Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity –Losses/ Shareholders' Equities
1	TRY	500	(8.071.845)	(6,57%)
		(400)	7.906.393	6,43%
2	EUR*	200	1.063.399	0,87%
		(200)	(2.103.244)	(1,71%)
3	USD	200	(3.240.574)	(2,64%)
		(200)	4.325.730	3,52%
Total (For negative shocks)			10.128.879	8,24%
Total (For positive shocks)			(10.249.020)	(8,34%)
Prior Period				
	Currency	Applied Shock (+/- x basis point)	Gains/(Losses)	Gains/Shareholders' Equity –Losses/ Shareholders' Equities
1	TRY	500	(6.403.406)	(9,27%)
		(400)	6.092.718	8,82%
2	EUR*	200	2.488.313	3,60%
		(200)	(3.672.243)	(5,31%)
3	USD	200	(3.359.452)	(4,86%)
		(200)	4.467.812	6,47%
Total (For negative shocks)			6.888.287	9,97%
Total (For positive shocks)			(7.274.545)	(10,53%)

(*) Other currencies are shown under EUR.

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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (continued)**V. EXPLANATIONS ON THE CONSOLIDATED POSITION RISK OF SHARES**

Information on the carrying value, fair value, market value and capital requirement amounts of equity investments resulting from banking accounts:

Equities	Comparison			
	Carrying Value ⁽¹⁾	Fair Value Change ⁽²⁾	Market Value	Capital Requirements
Stock investment excluding A,B,C,D group	1.687.204	1.713.266	-	345.355

⁽¹⁾ Includes TRY 130.498 of unconsolidated associates, TRY 100.345 of unconsolidated subsidiary and TRY 1.456.361 of associates accounted for under the equity method.

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

Realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capitals:

Portfolio	Realized gains/ losses in the current period	Realized gains/ losses in the current period		Unrealized gains and losses		
		Total	Included To	Total	Included To	Included to
			Total Core Capital		Total Core Capital	Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted on a stock exchange	-	-	-	-	-	-
3. Other share certificates	-	15.040	15.040	-	-	-
Total	-	15.040	15.040	-	-	-

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

VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

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

The liquidity risks of the Parent Bank are managed within the framework of risk and transaction limits approved by the Board of Directors, and the written duties and responsibilities of the units related to liquidity risk management is established. On the other hand, for Treasury transactions; maturity and amount limits are determined for TRY and FX transactions made in the interbank over-the-counter market, and limits are set on the maximum foreign currency position, forward and swap transactions that can be carried.

Liquidity risk analyzes (gap analysis, core deposit reports, etc.) are conducted on a daily basis and shared with the Parent Bank's top management and related departments. Periodical stress tests are performed in line with the Parent Bank's liquidity management policies.

Systemic and Parent Bank specific metrics within the scope of "Liquidity Emergency Action Plan" (LEAP) approved by the Board of Directors and early warning indicators related to these metrics are monitored on a daily basis. Written actions, if required, to be taken as part of this plan are determined. In extent with LEAP, necessary actions and their priority for possible liquidity stress/crisis have been determined and Liquidity Risk Committee have been established.

The extension of the maturity structure of term deposits which reflects the primary funding source for the Parent Bank, the development of new products encouraging savings and the protection of core deposit levels have been implemented as a strategic objective. Limits have been determined for issuing bonds based on Turkish Lira to provide long term funding resource for the purposes of extending maturity structure of liabilities besides deposits.

For the purposes of utilizing advantage of the new borrowing facilities in line with the needs of the Parent Bank, alternative funding resources are evaluated in parallel with the close monitoring of price/cost movements in international capital markets and with convenient conditions. Adequate liquidity buffer is maintained by the Parent Bank to meet its intraday liquidity and short-term liquidity needs.

The reduction of liquidity risk is provided by effective collateral management structure. Upper borrowing limits are determined under certain criteria and balance sheet size related with the domestic organized markets (CBRT, BIST and TAKASBANK) by the relevant authorities. Existing limits available to use are continuously monitored, through the Parent Bank's projected and instant liquidity needs under the condition that depositing and/or withdrawing additional collateral.

According to the BRSA's "Regulation for Banks' Liquidity Coverage Ratio Calculations" published in the Official Gazette No. 28948 dated 21 March 2014, FC and TRY+FC liquidity coverage ratios are calculated by using high quality liquid assets divided by net cash outflows. Within this context, the Parent Bank is required to have the ability to cover net cash outflows with high quality liquid assets and its related ratios should be in compliance with the legal limits. In accordance with the relevant Regulation, it is calculated by taking the monthly simple arithmetic average on a consolidated basis and by taking the weekly simple arithmetic average on a non-consolidated basis.

In the fourth quarter of 2022, increase in the Parent Bank's deposits in TRY and FC, decreased its secured borrowings from money markets. Thus, the growth of the securities portfolio has increased the total of unrestricted securities not given for collateral, and also the increase of FC and TRY assets held at CBRT have increased the total of high quality liquid assets. The increase in net cash outflows, on the other hand, was smaller both in foreign currency (FC) and in total (TRY+FC) terms compared to the growth in the stock of high quality liquid assets, and accordingly, there was an increase in Liquidity Coverage Ratios during the period.

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

Consolidated high quality liquid assets are composed of 41,74% accounts held by the CBRT and the Central Banks of the foreign branches, 55,88% securities considered as high quality liquid assets and 2,37% cash and cash equivalents. The primary funding source for the Parent Bank is deposit. Other important funding sources are money market borrowings and securities issued.

Derivative transactions did not cause a net cash outflow that would negatively affect the liquidity position. The estimated cash outflows from derivative financial instruments and other liabilities calculated on the basis of the changes in fair value in the last 24 months are TRY 1.807.597.

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

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

The consolidated liquidity coverage ratios for the last three months are indicated in the table below.

PERIOD	FC (%)	TRY+FC (%)
October 2022	553.53	161.89
November 2022	610.80	169.76
December 2022	601.07	164.64

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

VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK 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			371.090.566	171.095.004
Cash Outflows				
Retail and Small Business Customers, of which;	454.195.710	214.631.550	42.384.913	21.458.856
Stable Deposits	60.558.720	42.990	3.021.214	-
Less Stable Deposits	393.636.990	214.588.560	39.363.699	21.458.856
Unsecured wholesale funding , of which;	471.195.518	215.077.291	205.358.959	80.194.017
Operational Deposits	101.363.428	81.222.852	25.340.857	20.305.713
Non-operational Deposits	344.177.699	128.395.124	161.847.927	54.552.303
Other Unsecured Funding	25.654.391	5.459.315	18.170.175	5.336.001
Secured Funding			-	-
Other cash outflows, of which;	11.659.878	2.332.129	9.158.303	2.329.755
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.570.020	2.328.173	2.570.020	2.328.173
Obligations related to structured financial products	211.538	-	211.538	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.878.320	3.956	6.376.745	1.582
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	301.551.154	114.560.256	24.903.147	9.961.478
Total Cash Outflows			281.805.322	113.944.106
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	91.193.133	18.116.262	56.326.600	14.272.544
Other Cash Inflows	1.103.926	83.853.871	1.103.926	83.853.871
Total Cash Inflows	92.297.059	101.970.133	57.430.526	98.126.415
Total Adjusted Value				
Total HQLA Stock			371.090.566	171.095.004
Total Net Cash Outflows			224.374.796	29.207.539
Liquidity Coverage Ratio (%)			165,38%	588,22%

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

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

VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK 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			180.246.769	107.378.740
Cash Outflows				
Retail and Small Business Customers, of which;	304.650.470	158.714.980	27.986.033	15.871.498
Stable Deposits	49.580.280	-	2.479.014	-
Less Stable Deposits	255.070.190	158.714.980	25.507.019	15.871.498
Unsecured wholesale funding , of which;	234.283.740	131.261.278	111.296.119	54.173.833
Operational Deposits	46.006.460	24.300.156	11.501.615	6.075.039
Non-operational Deposits	169.754.934	103.434.599	82.991.657	44.828.974
Other Unsecured Funding	18.522.346	3.526.523	16.802.847	3.269.820
Secured Funding			-	-
Other cash outflows, of which;	10.453.268	6.766.552	7.327.348	4.866.051
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.301.774	2.126.378	2.301.774	2.126.378
Obligations related to structured financial products	147.986	-	147.986	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.003.508	4.640.174	4.877.588	2.739.673
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	193.545.849	84.351.707	13.867.294	6.096.304
Total Cash Outflows			160.476.794	81.007.686
Cash Inflows				
Secured Lending	-	-	-	-
Unsecured Lending	47.814.088	17.366.161	33.311.981	15.486.838
Other Cash Inflows	2.205.589	38.143.271	2.205.589	38.143.271
Total Cash Inflows	50.019.677	55.509.432	35.517.570	53.630.109
Total Adjusted Value				
Total HQLA Stock			180.246.769	107.378.740
Total Net Cash Outflows			124.959.224	28.904.201
Liquidity Coverage Ratio (%)			144,52%	418,14%

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

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

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

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

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

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
Assets								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	13.645.539	149.341.782	342.848	889.712	-	-	-	164.219.881
Banks	6.406.475	2.142.617	135	24.686	80.449	31.737	16.405	8.702.504
Financial assets at fair value through profit and loss	175.283	166.855	53.778	34.053.009	66.995	535	-	34.516.455
Money market placements	-	25.005	-	-	-	-	-	25.005
Financial assets at fair value through other comprehensive income	-	9.055.182	6.451.899	41.523.959	33.174.843	12.114.233	542.078	102.862.194
Loans ⁽⁴⁾	1.756.589	84.872.544	58.491.587	269.899.525	319.972.533	112.126.835	19.052.911	866.172.524
Financial assets measured at amortised cost	-	21.248.775	9.916.722	21.980.311	87.079.530	101.229.921	-	241.455.259
Other assets ⁽²⁾	1.160.349	3.124.867	3.781.369	2.085.091	5.271.805	1.508.558	(987.111)	15.944.928
Total assets	23.144.235	269.977.627	79.038.338	370.456.293	445.646.155	227.011.819	18.624.283	1.433.898.750
Liabilities								
Bank deposits	92.070.027	29.095.562	14.138.965	82.696	-	-	-	135.387.250
Other deposits	223.723.436	495.108.879	183.383.390	46.382.448	5.365.012	305.002	-	954.268.167
Funds provided from other financial institutions ⁽³⁾	-	378.199	963.235	2.059.924	4.413.305	9.280.593	-	17.095.256
Money market balances	-	103.264.950	110.585	-	-	1.864.480	-	105.240.015
Bonds issued	-	2.816.475	8.644.933	1.738.484	130.549	-	-	13.330.441
Miscellaneous Payables	43.616	13.799.743	339.598	1.488.846	6.234.741	58.410	5.064.333	27.029.287
Other liabilities ⁽¹⁾	340.488	10.937.285	301.404	34.567.776	22.695.008	5.758.746	106.947.627	181.548.334
Total liabilities	316.177.567	655.401.093	207.882.110	86.320.174	38.838.615	17.267.231	112.011.960	1.433.898.750
Liquidity Gap	(293.033.332)	(385.423.466)	(128.843.772)	284.136.119	406.807.540	209.744.588	(93.387.677)	-
Net off-Balance Sheet Position	-	663.356	1.542.405	438.100	671.791	-	-	3.315.652
Derivative Financial Assets	-	129.103.012	13.590.693	4.048.663	11.264.053	18.952.720	-	176.959.141
Derivative Financial Liabilities	-	(128.439.656)	(12.048.288)	(3.610.563)	(10.592.262)	(18.952.720)	-	(173.643.489)
Non-Cash Loans	101.186.193	8.326.129	32.413.891	108.863.398	57.123.993	14.407.311	243.005	322.563.920
Prior Period								
Total Assets	17.487.137	168.915.439	48.879.547	210.156.881	316.365.565	152.805.566	17.076.083	931.686.218
Total Liabilities	176.543.365	489.077.211	108.791.556	64.216.952	29.989.199	16.338.729	46.729.206	931.686.218
Liquidity Gap	(159.056.228)	(320.161.772)	(59.912.009)	145.939.929	286.376.366	136.466.837	(29.653.123)	-
Net off-Balance Sheet Position	-	7.065.255	(65.819)	(269.186)	(498.930)	-	-	6.231.320
Derivative Financial Assets	-	70.589.820	6.714.220	4.598.687	3.039.590	18.493.085	-	103.435.402
Derivative Financial Liabilities	-	(63.524.565)	(6.780.039)	(4.867.873)	(3.538.520)	(18.493.085)	-	(97.204.082)
Non-Cash Loans	56.312.661	6.267.027	18.625.046	73.407.527	34.027.593	6.514.648	151.163	195.305.665

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

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

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

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

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

VI. EXPLANATIONS ON THE CONSOLIDATED LIQUIDITY RISK 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	841.247.760	201.613.567	48.029.089	5.435.369	305.217	(6.975.585)	1.089.655.417
Funds provided from other financial intuitions	378.886	1.035.568	2.334.102	5.806.383	10.536.711	(2.996.394)	17.095.256
Money market borrowings	103.332.690	130.408	131.786	702.357	2.040.085	(1.097.311)	105.240.015
Securities issued	2.938.153	8.838.302	1.754.852	155.120	-	(355.986)	13.330.441
Funds	6.866	22.309	72.203	126.174	9.990	-	237.542
Total	947.904.355	211.640.154	52.322.032	12.225.403	12.892.003	(11.425.276)	1.225.558.671

Prior Period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments ⁽¹⁾	Total
Liabilities							
Deposits	507.717.083	104.085.053	34.517.905	4.436.971	88.011	(3.415.738)	647.429.285
Funds provided from other financial intuitions	330.575	1.050.528	3.146.542	4.863.531	8.718.217	(510.828)	17.598.565
Money market borrowings	138.359.868	33.001	687.353	42.599	1.365.850	(453.926)	140.034.745
Securities issued	2.042.515	4.490.342	578.924	1.636.759	-	(571.768)	8.176.772
Funds	14.403	25.540	71.923	26.675	-	-	138.541
Total	648.464.444	109.684.464	39.002.647	11.006.535	10.172.078	(4.952.260)	813.377.908

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

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EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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

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

Analysis of Group's derivative financial instruments according to their remaining maturities:

Current Period:⁽¹⁾	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forwards Contracts- Buy	7.262.313	2.334.291	1.145.948	40.590	-	10.783.142
Forward Contracts – Sell	4.360.896	1.069.525	1.145.600	40.578	-	6.616.599
Swaps – Buy	100.647.842	8.464.760	2.902.716	932.240	-	112.947.558
Swaps – Sell	122.840.013	9.641.926	2.464.964	260.460	-	135.207.363
Credit Default Swap – Buy	-	-	-	-	-	-
Credit Default Swap – Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	848.727	152.771	-	-	-	1.001.498
Forward Precious Metal - Sell	3.793.810	1.332.501	-	-	-	5.126.311
Money Buy Options	5.394.200	7.084.913	-	-	-	12.479.113
Money Sell Options	5.395.779	7.064.049	-	-	-	12.459.828
Swaps Interest – Buy	10.000	60.000	-	10.291.226	18.952.718	29.313.944
Swaps Interest – Sell	10.000	60.000	-	10.291.226	18.952.718	29.313.944
Currency Futures-Buy	-	410.850	-	-	-	410.850
Currency Futures-Sell	-	506.901	-	-	-	506.901
Swaps Precious Metal - Buy	22.626.349	1.629.045	-	-	-	24.255.394
Swaps Precious Metal - Sell	-	-	-	-	-	-
Total	273.189.929	39.811.532	7.659.228	21.856.320	37.905.436	380.422.445

Prior Period: ⁽²⁾	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forwards Contracts- Buy	6.661.532	3.825.069	2.440.822	-	-	12.927.423
Forward Contracts – Sell	5.827.327	1.550.887	741.433	-	-	8.119.647
Swaps – Buy	43.530.517	33.434	2.308.629	1.486.815	-	47.359.395
Swaps – Sell	58.052.059	1.453.824	1.861.972	498.930	-	61.866.785
Credit Default Swap – Buy	-	-	-	-	-	-
Credit Default Swap – Sell	-	-	-	-	-	-
Forward Precious Metal - Buy	1.539.559	1.122.595	-	-	-	2.662.154
Forward Precious Metal - Sell	2.427.766	3.409.729	1.739.406	-	-	7.576.901
Money Buy Options	1.728.930	345.130	164.617	-	-	2.238.677
Money Sell Options	1.728.922	345.130	164.617	-	-	2.238.669
Swaps Interest – Buy	10.000	85.000	360.440	3.039.591	18.493.084	21.988.115
Swaps Interest – Sell	10.000	85.000	360.440	3.039.591	18.493.084	21.988.115
Swaps Precious Metal - Buy	19.325.276	1.381.223	-	-	-	20.706.499
Swaps Precious Metal - Sell	-	-	-	-	-	-
Total	140.841.888	13.637.021	10.142.376	8.064.927	36.986.168	209.672.380

⁽¹⁾ Foreign exchange purchase and sale commitments of TRY 29.819.815 are included in the table

⁽²⁾ Foreign exchange purchase and sale commitments of TRY 9.032.973 are included in the table.

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

VII. EXPLANATIONS ON THE CONSOLIDATED LEVERAGE RATIO

	Current Period	Prior Period
Total Assets in The Consolidated Financial Statements Prepared in Accordance with TAS(1)	1.122.620.437	930.895.006
The difference between Total Assets in the Consolidated Financial Statements Prepared in Accordance with TAS and the Communiqué on Preparation of Consolidated Financial Statements of Banks(1)	(197.719)	(791.212)
The difference between total amount of derivative financial instruments and credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk balances of such instruments(2)	150.903.788	83.424.174
The difference between total amount of risk investment securities or commodity collateral financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such instruments(2)	41.811.348	30.891.069
The difference between total amount of off-balance sheet transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such items(2)	15.758.540	8.480.178
The other differences between amount of assets in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of Banks, and total risk amount of such items	-	-
Total Risk Amount	1.800.987.628	1.087.097.539

(1) The amounts are represented in the table as of 30 June 2022 and 31 December 2021.

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

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

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-Balance Sheet Assets		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	1.401.429.984	861.562.969
2.Assets That Are Deducted from Core Capital	(1.107.374)	(836.302)
3.Total on Balance Sheet Exposures	1.400.322.610	860.726.667
Derivative Exposures And Credit Derivatives		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	3.067.627	6.112.940
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	2.757.617	1.062.784
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives	5.825.244	7.175.724
Investment Securities Or Commodity Collateral Financing Transactions		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	6.132.299	2.908.372
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions	6.132.299	2.908.372
Off -Balance Sheet Items		
10.Gross Notional Amount of Off-Balance Sheet Items	404.466.015	224.766.954
11.Adjustments for Conversion to Credit Equivalent Amounts	(15.758.540)	(8.480.178)
12.The Total Risk of Off-Balance Sheet Items	388.707.475	216.286.776
Capital And Total Exposures		
13.Tier 1 Capital	97.079.431	54.798.407
14.Total Exposures	1.800.987.628	1.087.097.539
Leverage Ratio		
15.Leverage Ratio	5,39%	5,04%

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

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

VIII. EXPLANATIONS RELATED TO THE CONSOLIDATED BUSINESS SEGMENTATION

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

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

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

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

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

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

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

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

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

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

VIII. EXPLANATIONS RELATED TO THE CONSOLIDATED 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 2022 are presented in the table below.

Current Period	Commercial/ Corporate	Integrated	Treasury/ Investment ⁽¹⁾	Other ⁽¹⁾	Total
1 January -31 December 2022					
OPERATING INCOME / EXPENSES					
Interest Income	26.231.967	59.003.530	69.837.838	1.503.746	156.577.081
Interest on Loans	26.000.171	58.096.815	2.222.063	-	86.319.049
Interest Income on Marketable Securities	-	866.067	66.806.028	-	67.672.095
Interest Received from Banks	-	-	528.733	8.383	537.116
Other Interest Income	231.796	40.648	281.014	1.495.363	2.048.821
Interest Expense	26.747.756	36.218.862	23.030.751	459.531	86.456.900
Interest on Deposits	26.422.390	35.471.004	2.630.631	-	64.524.025
Interest on Borrowings	24.009	70.374	304.633	222.994	622.010
Interest on Money Market Borrowings	-	269.111	15.672.137	182.590	16.123.838
Interest on Marketable Bonds Issued	-	-	3.715.519	53.107	3.768.626
Other Interest Expense	301.357	408.373	707.831	840	1.418.401
Net Interest Income	(515.789)	22.784.668	46.807.087	1.044.215	70.120.181
Net Fees and Commissions Income	2.685.153	4.933.816	1.729.770	23.623	9.372.362
Net Trading Profit / (Loss)	37.893	6.063.174	(11.865.486)	12.383	(5.752.036)
Dividend Income	-	-	54.260	-	54.260
Other Income	822.708	1.203.463	1.857.679	138.730	4.022.580
Expected Loss Provisions	1.688.139	2.998.944	32.379.032	94.495	37.160.610
Other Expenses	1.462.794	8.517.751	9.332.205	188.161	19.500.911
Income Before Taxes	(120.968)	23.468.426	(3.127.927)	936.295	21.155.826
Income Tax Provision	-	-	(5.554.380)	(130.143)	(5.684.523)
Net Profit For The Period	(120.968)	23.468.426	(8.682.307)	806.152	15.471.303

SEGMENT ASSETS

31 December 2022

Marketable Securities ⁽²⁾	-	17.824.827	360.975.678	628	378.801.133
Derivative Financial Assets Held for Trading	-	250.665	2.984.005	-	3.234.670
Banks and Money Market Receivables ⁽²⁾	-	427.159	8.188.383	105.703	8.721.245
Associates and Subsidiaries (Net)	-	-	1.687.204	-	1.687.204
Loans ⁽²⁾	284.922.174	497.341.919	30.247.190	-	812.511.283
Other Assets ⁽²⁾	3.723.562	12.657.863	199.781.771	12.780.019	228.943.215
TOTAL ASSETS	288.645.736	528.502.433	603.864.231	12.886.350	1.433.898.750

SEGMENT LIABILITIES

31 December 2022

Deposits	361.738.703	585.394.896	142.521.818	-	1.089.655.417
Derivative Financial Liabilities	-	301.279	521.073	-	822.352
Money Market Balances	-	7.585.020	96.159.760	1.495.235	105.240.015
Borrowing Funding Loans	395.181	589.094	15.182.741	928.240	17.095.256
Bonds Issued	-	-	9.723.707	3.606.734	13.330.441
Other Liabilities	8.287.920	16.366.361	76.494.973	371.568	101.520.822
Provisions and Tax Payable	342.318	535.444	17.840.773	88.834	18.807.369
Shareholders' Equity	3.424.863	26.027.659	56.650.823	1.323.733	87.427.078
TOTAL LIABILITIES	374.188.985	636.799.753	415.095.668	7.814.344	1.433.898.750

OFF-BALANCE SHEET ITEMS

31 December 2022

Guarantees and Sureties	158.431.430	117.125.931	47.006.559	-	322.563.920
Commitments	1.420.003	32.386.264	85.053.259	4.943	118.864.469
Derivative Financial Instruments	-	35.087.036	315.515.594	-	350.602.630
TOTAL OFF-BALANCE SHEET ITEMS	159.851.433	184.599.231	447.575.412	4.943	792.031.019

⁽¹⁾ Amounts arising from transactions of general directorate and Halk Yatırım Menkul Değerler AŞ., Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Banka A.D. Beograd, and Halk Banka A.D., Skopje transactions are presented under the Treasury / Investment column, Halk Finansal Kiralama AŞ., Halk Faktoring AŞ and Halk Varlık Kiralama AŞ activities presented under the Other column.

⁽²⁾ 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 GROUP (continued)

VIII. EXPLANATIONS RELATED TO THE CONSOLIDATED BUSINESS SEGMENTATION (continued)

Prior Period	Commercial/ Corporate	Integrated	Treasury/ Investment ⁽¹⁾	Other ⁽¹⁾	Total
1 January -31 December 2021					
OPERATING INCOME / EXPENSES					
Interest Income	15.819.162	38.342.805	29.912.378	746.506	84.820.851
Interest on Loans	15.647.171	38.083.916	846.646	-	54.577.733
Interest Income on Marketable Securities	-	232.578	27.627.998	-	27.860.576
Interest Received from Banks	-	-	1.276.051	7.949	1.284.000
Other Interest Income	171.991	26.311	161.683	738.557	1.098.542
Interest Expense	15.536.256	24.415.122	23.823.283	304.477	64.079.138
Interest on Deposits	15.490.835	23.901.163	2.675.455	-	42.067.453
Interest on Borrowings	18.839	70.226	149.042	147.171	385.278
Interest on Money Market Borrowings	-	55.063	17.564.511	124.361	17.743.935
Interest on Marketable Bonds Issued	-	-	3.267.509	32.588	3.300.097
Other Interest Expense	26.582	388.670	166.766	357	582.375
Net Interest Income	282.906	13.927.683	6.089.095	442.029	20.741.713
Net Fees and Commissions Income	1.291.317	2.417.278	816.935	(1.409)	4.524.121
Net Trading Profit / (Loss)	22.916	7.038.059	(14.425.307)	61.463	(7.302.869)
Dividend Income	-	-	4.051	-	4.051
Other Income	1.923.901	1.098.521	3.546.767	93.164	6.662.353
Expected Loss Provisions	611.460	1.484.600	9.900.322	125.462	12.121.844
Other Expenses	391.184	4.853.884	5.304.780	74.728	10.624.576
Income Before Taxes	2.518.396	18.143.057	(19.173.561)	395.057	1.882.949
Income Tax Provision	-	-	23.028	(61.519)	(38.491)
Net Profit For The Period	2.518.396	18.143.057	(19.150.533)	333.538	1.844.458

SEGMENT ASSETS

31 December 2021

Marketable Securities ⁽²⁾	-	4.994.370	222.351.776	628	227.346.774
Derivative Financial Assets Held for Trading	-	447.113	8.541.782	-	8.988.895
Banks and Money Market Receivables ⁽²⁾	-	287.484	4.196.188	55.854	4.539.526
Associates and Subsidiaries (Net)	-	-	1.195.858	-	1.195.858
Loans ⁽²⁾	192.127.215	321.749.042	21.058.059	-	534.934.316
Other Assets ⁽²⁾	3.472.032	4.900.834	139.117.296	7.190.687	154.680.849
TOTAL ASSETS	195.599.247	332.378.843	396.460.959	7.247.169	931.686.218

SEGMENT LIABILITIES

31 December 2021

Deposits	192.292.442	383.390.584	71.746.259	-	647.429.285
Derivative Financial Liabilities	-	316.628	2.153.809	-	2.470.437
Money Market Balances	-	2.644.672	136.575.505	814.568	140.034.745
Borrowing Funding Loans	521.718	1.141.076	13.987.319	1.948.452	17.598.565
Bonds Issued	-	-	6.413.302	1.763.470	8.176.772
Other Liabilities	3.556.364	9.148.230	54.236.086	359.353	67.300.033
Provisions and Tax Payable	178.534	368.158	4.057.125	61.193	4.665.010
Shareholders' Equity	6.132.788	19.601.597	17.577.345	699.641	44.011.371
TOTAL LIABILITIES	202.681.846	416.610.945	306.746.750	5.646.677	931.686.218

OFF-BALANCE SHEET ITEMS

31 December 2021

Guarantees and Sureties	99.533.601	59.372.678	36.399.386	-	195.305.665
Commitments	932.320	15.722.466	38.999.863	1.894	55.656.543
Derivative Financial Instruments	-	24.817.046	175.822.438	-	200.639.484
TOTAL OFF-BALANCE SHEET ITEMS	100.465.921	99.912.190	251.221.687	1.894	451.601.692

⁽¹⁾ Amounts arising from transactions of general directorate and Halk Yatırım Menkul Değerler AŞ., Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Banka A.D. Beograd, and Halk Banka A.D., Skopje transactions are presented under the Treasury / Investment column, Halk Finansal Kiralama AŞ., Halk Faktoring AŞ and Halk Varlık Kiralama AŞ activities presented under the Other column.

⁽²⁾ 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 GROUP (continued)

IX. EXPLANATIONS ON PRESENTATION OF THE CONSOLIDATED FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

	Current Period		Prior Period	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets	1.371.123.616	1.384.331.244	877.708.986	842.947.609
Cash and Balances with the Central Bank of Türkiye	164.219.881	164.219.881	126.029.567	126.029.567
Financial assets at fair value through P&L ⁽³⁾ ⁽⁴⁾	214.435	214.435	84.276	84.276
Banks	8.702.504	8.653.187	4.540.453	4.540.067
Money Market Placements	25.005	25.005	1.001	1.001
Financial Assets at Fair Value Through Other Comprehensive Income ⁽¹⁾	100.232.132	100.232.132	66.919.835	66.919.835
Other Financial Assets Measured at Amortised Cost	241.455.259	263.082.145	133.178.664	109.974.846
Loans ⁽²⁾	847.119.613	838.749.672	540.870.326	529.313.153
Lease Receivables	5.547.035	5.547.035	4.389.595	4.389.595
Factoring Receivables	3.607.752	3.607.752	1.695.269	1.695.269
Financial Liabilities	1.254.691.930	1.249.461.208	829.185.944	827.670.247
Banks Deposits	135.387.250	135.270.655	64.054.408	63.975.310
Other Deposits	954.268.167	949.101.524	583.374.877	581.679.000
Derivative financial liabilities held for trading	822.352	822.352	2.470.437	2.470.437
Funds provided from other financial institutions	17.095.256	17.508.277	17.598.565	17.852.088
Money market borrowings	105.240.015	105.236.717	140.034.745	140.038.714
Securities issued	13.330.441	12.973.234	8.176.772	8.178.558
Miscellaneous payables	27.029.287	27.029.287	12.419.305	12.419.305
Leasing payables	1.519.162	1.519.162	1.056.835	1.056.835

⁽¹⁾ As of 31 December 2022, TRY 2.630.062 (31 December 2021: TRY 2.016.889) of "equity investments not quoted on stock exchange" followed in financial assets at fair value through other comprehensive income are not included.

⁽²⁾ Net of follow-up loans has not been included in the table above.

⁽³⁾ As of 31 December 2022, marketable securities amounting to TRY 354.023 (31 December 2021: TRY 294.710) that are not valued with market price, are not included in financial assets at fair value through Profit and Loss..

⁽⁴⁾ Securities lending transactions amounting to TRY 33.947.997 (31 December 2021: TRY 24.869.108) is not included in the financial assets at fair value through P&L.

The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

The fair value of the held to maturity assets is determined at other financial assets measured at amortised cost, when the market prices are not available, quoted market prices of other marketable securities which are amortised with the same terms of interest maturity and other similar conditions are used.

The prevailing interest rates as of balance sheet date are used in the calculation of fair value of money market placements, banks, loans, deposits, funds provided from other financial intuitions and miscellaneous payables.

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

IX. EXPLANATIONS ON PRESENTATION OF THE CONSOLIDATED 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 Parent Bank. This distinction brings about a fair value measurement classification generally as follows:

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

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

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

Classification requires using observable market data if possible.

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

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair Value:				
Financial Assets Measured at Fair Value through Profit/Loss ^{(2) (4)}	214.435	-	-	214.435
Derivative financial assets	-	3.234.670	-	3.234.670
Financial Assets at Fair Value through Other Comprehensive Income ⁽¹⁾	100.232.132	-	-	100.232.132
Subsidiaries	-	-	100.345	100.345
Associates ⁽³⁾	-	-	1.373.880	1.373.880
Total Financial Assets	100.446.567	3.234.670	1.474.225	105.155.462
Financial Liabilities Measured at Fair Value:				
Derivative financial liabilities	-	822.352	-	822.352
Total Financial Liabilities	-	822.352	-	822.352

⁽¹⁾ As of 31 December 2022, share certificates amounting to TRY 2.630.062 of “securities not quoted on the stock exchange” in financial assets at fair value through other comprehensive income are not included in the above table.

⁽²⁾ As of 31 December 2022, marketable securities amounting to TRY 354.023 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

⁽³⁾ Parent Bank’s associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş (TRY 71.349), Bileşim Finansal Teknolojiler ve Ödeme Sis. A.Ş (TRY 127.982), Kredi Kayıt Bürosu A.Ş. (TRY 2.516) and Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş. (TRY 11.132) are not included in the table.

⁽⁴⁾ As of 31 December 2022, the securities lending transactions amounting to TRY 33.947.997 followed in financial assets at fair value through profit or loss are not included in the table.

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

IX. EXPLANATIONS ON PRESENTATION OF THE CONSOLIDATED 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)}	84.276	-	-	84.276
Derivative financial assets	-	8.988.895	-	8.988.895
Financial Assets at Fair Value through Other Comprehensive Income ⁽¹⁾	66.919.835	-	-	66.919.835
Subsidiaries	-	-	-	-
Associates ⁽³⁾	-	-	1.108.396	1.108.396
Total Financial Assets	67.004.111	8.988.895	1.108.396	77.101.402

Financial Liabilities Measured at Fair Value:

Derivative financial liabilities	-	2.470.437	-	2.470.437
Total Financial Liabilities	-	2.470.437	-	2.470.437

⁽¹⁾ As of 31 December 2021, share certificates amounting to TRY 2.016.889 of “securities not quoted on the stock exchange” in financial assets at fair value through other comprehensive income are not included in the above table.

⁽²⁾ As of 31 December 2021, marketable securities amounting to TRY 294.710 that are not valued at fair value, are not included in financial assets at fair value through profit or loss.

⁽³⁾ Parent Bank’s associates which are shown with their cost values in the accompanying financial statements as no fair values are available, Kobi Girişim Sermayesi Yatırım Ortaklığı A.Ş. (TRY 20.907), Bileşim Finansal Teknolojiler ve Ödeme Sis. A.Ş. (TRY 62.989), Kredi Kayıt Bürosu A.Ş. (TRY 2.516) and Platform Ödeme Hizmetleri ve Elektronik Para A.Ş. (TRY 1.050) are not included in the table.

⁽⁴⁾ As of 31 December 2021, the securities lending transactions amounting to TRY 24.869.108 followed in financial assets at fair value through profit or loss are not included in the table.

The movement of financial assets in the third level are as follows:

	Current Period
Balance at the beginning of the period	1.108.396
Purchases during the year	99.295
Non-paid up shares	-
Valuation Difference	265.484
Transfers	1.050
Redemption or Sales	-
Period End Balance	1.474.225

	Prior Period
Balance at the beginning of the period	681.339
Purchases during the year	-
Non-paid up shares	-
Valuation Difference	427.057
Transfers	-
Redemption or Sales	-
Period End Balance	1.108.396

X. EXPLANATIONS RELATED TO TRANSACTIONS MADE ON BEHALF OF OTHERS AND TRANSACTIONS BASED ON TRUST

The Parent Bank performs buying transactions on behalf of customers, and gives custody, administration and consultancy services.

The Group does not engage in fiduciary transactions.

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

XI. EXPLANATIONS ON THE CONSOLIDATED RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS

Explanations Related To Risk Management

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

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

The structure of the internal systems determines the level of risk by identifying the risks that the bank is exposed to. The Department of Compliance, another unit within the scope of internal systems, performs the compliance function of the Parent Bank's activities regarding MASAK and Anti-Money Laundering and Prevention of Terrorist Financing.

In this direction, the relevant units are responsible for monitoring, controlling and reporting risks, limited to their areas of responsibility. Outside of internal systems, Top Management is directly responsible to the Board of Directors for the risks to which the Parent Bank is exposed in relation to its duties.

The Parent Bank is using information technologies and training documents openly and effectively for the dissemination and application of risk culture, and the development of bank staff is supported in line with this goal with face to face learning and e-learning. In addition, all personnel are regularly informed and aware of the risks that the Parent Bank is exposed to.

Risk measurement systems are based on accepted risk models and workflows for the identification, monitoring and reporting of risks in accordance with legislation. Methods and software that are in line with international standards are used for risk groups such as credit, market, operational and counterparty credit risk etc.

Within the scope of risk management activities, regular reporting and presentations are made by related units to the board of directors, asset-liability and audit committees and to the other committees, in order to manage the risks that the Parent Bank is exposed to more effectively, to support the decision making processes related to them, to create new strategies and policies.

The Parent Bank reports to the BRSA by applying the stress tests determined in accordance with the Internal Capital Adequacy Assessment Process (ICAAP). In addition, stress tests are carried out in line with the scenarios created by the risks exposed and the macroeconomic conditions. This test which is made by applying shocks for various risk factors, shows the results on risk weighted assets, own funds and capital adequacy ratio.

The Parent Bank monitors its effectiveness by closely monitoring the processes of managing and reducing the risks arising from the business model. The Parent Bank regularly revises the strategies it has established regarding these processes in line with the existing conditions and sets policies.

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XI. EXPLANATIONS ON THE CONSOLIDATED 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) ^(**)	786.720.694	457.884.181	62.937.656	36.630.734
2	Standardized approach (SA)	786.720.694	457.884.181	62.937.656	36.630.734
3	Internal rating-based (IRB) approach	-	-	-	-
4	Counterparty credit risk ^(**)	8.071.010	4.597.834	645.681	367.827
5	Standardized approach for counterparty credit risk (SA-CCR)	8.071.010	4.597.834	645.681	367.827
6	Internal model method (IMM)	-	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-	-
8	Investments made in collective investment companies look-through approach	-	-	-	-
9	Investments made in collective investment companies mandate-based approach	-	-	-	-
10	Investments made in collective investment companies 1250% weighted risk approach	-	-	-	-
11	Settlement risk	-	-	-	-
12	Securitization positions in banking accounts	-	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-	-
16	Market risk	32.488.100	13.829.113	2.599.048	1.106.329
17	Standardized approach (SA)	32.488.100	13.829.113	2.599.048	1.106.329
18	Internal model approaches (IMM)	-	-	-	-
19	Operational Risk	29.467.236	25.961.517	2.357.379	2.076.921
20	Basic Indicator Approach	29.467.236	25.961.517	2.357.379	2.076.921
21	Standard Approach	-	-	-	-
22	Advanced measurement approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	3.108.851	2.098.107	248.708	167.849
24	Floor adjustment	-	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	859.855.891	504.370.752	68.788.472	40.349.660

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

^(**) Based on the Board Decision dated 28 April 2022 published by the BRSA, CBRT's foreign exchange buying rates as of 31 December 2021 was used in the calculation of the amount subject to credit risk.

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

Differences and Matching Between Accounting and Regulatory Scopes of Consolidation^(*):

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	164.199.016	164.199.016	-	-	-	-
Derivative Financial Assets	3.234.670	-	3.234.670	-	172.742	-
Financial assets at fair value through profit and loss	34.516.455	144.824	-	-	3.993	34.367.638
Banks	8.696.239	8.696.239	-	-	-	-
Receivables from Money markets	25.005	-	25.005	-	-	-
Financial assets at fair value through OCI (net)	102.862.194	72.249.173	-	-	30.613.021	-
Loans	812.511.283	812.379.923	-	-	-	131.360
Receivables from factoring	3.607.752	3.607.752	-	-	-	-
Financial assets measured at amortised cost (net)	241.422.483	241.422.483	-	-	-	-
Subsidiaries (net)	1.586.859	1.586.859	-	-	-	-
Associates (net)	100.345	100.345	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-
Finance lease receivables	5.547.035	5.547.035	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Tangible Assets (net)	20.265.059	19.879.122	-	-	-	385.937
Intangible Assets (net)	838.555	264.087	-	-	-	574.468
Real estate for investment purpose (net)	2.110.015	2.110.015	-	-	-	-
Tax asset	10.862	10.862	-	-	-	-
Deferred Tax Assets	8.517.784	-	-	-	-	8.517.784
Assets Held For Sale and Discontinued Operations (net)	1.772	1.772	-	-	-	-
Other assets	23.845.367	23.845.023	-	-	344	-
Total Assets	1.433.898.750	1.356.044.530	3.259.675	-	30.790.100	43.977.187
Liabilities						
Deposits	1.089.655.417	-	-	-	-	1.089.655.417
Derivative financial liabilities	822.352	-	-	-	49.005	773.347
Loans	17.095.256	-	-	-	-	17.095.256
Money market borrowings	105.240.015	-	65.634.823	-	-	39.605.192
Securities issued	13.330.441	-	-	-	-	13.330.441
Funds	237.542	-	-	-	-	237.542
Other liabilities	72.547.721	-	-	-	3.404	72.544.317
Factoring payables	1.136	-	-	-	-	1.136
Finance lease payables	1.519.162	-	-	-	-	1.519.162
Derivative financial liabilities held for risk management	-	-	-	-	-	-
Provisions	9.126.847	-	-	-	-	9.126.847
Tax Liability	9.678.370	-	-	-	-	9.678.370
Deferred Tax Liability	2.152	-	-	-	-	2.152
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-
Subordinated Loans	27.215.261	-	-	-	-	27.215.261
Shareholders' equity	87.427.078	-	-	-	-	87.427.078
Total liabilities	1.433.898.750	-	65.634.823	-	52.409	1.368.211.518

* Expected Loss Provisions presented in related lines.

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XI. EXPLANATIONS ON THE CONSOLIDATED 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	1.433.898.750	1.356.044.530	-	3.259.675	30.790.100
2 Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	65.634.823	52.409
3 Total net amount under regulatory scope of consolidation	1.433.898.750	1.356.044.530	-	(62.375.148)	30.737.691
4 Off-balance Sheet Amounts(*)	792.031.019	196.879.642	-	7.273.137	18.285.021
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences due to prudential filters	-	-	-	-	-
9 Differences due to risk reduction	-	1.552.924.172	-	(55.102.011)	49.022.712

Explanations of differences between accounting and regulatory exposure amounts:

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

Explanations Related to Counterparty Credit Risk

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

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

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

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

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

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

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XI. EXPLANATIONS ON THE CONSOLIDATED 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)	3.355.493	2.599.279		1,4	5.954.772	2.678.160
Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					6.287.155	4.217.809
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
Total					12.241.927	6.895.969

* Expected effective positive risk amount.

Capital requirement for credit valuation adjustment (CVA):

	EAD post-CRM	Risk weighted amount
Total portfolios subject to the Advanced CVA capital obligation	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the Standardised CVA capital obligation	5.954.772	781.196
Total subject to the CVA capital obligation	5.954.772	781.196

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XI. EXPLANATIONS ON THE CONSOLIDATED 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	2.568.183	-	-	-	-	-	-	-	-	2.568.183
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	2.918.093	764.218	-	1.847.403	-	-	-	5.529.714
Claims on corporates	-	-	23.543	-	-	3.951.057	-	-	-	3.974.600
Claims included in the regulatory retail portfolios	-	-	-	-	169.430	-	-	-	-	169.430
Claims secured by residential property	-	-	-	-	-	-	-	-	-	-
Overdue loans	-	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other Assets*	-	-	-	-	-	781.196	-	-	-	781.196
Total	2.568.183	-	2.941.636	764.218	169.430	6.579.656	-	-	-	13.023.123

(*) Includes the amounts that are not included in the assessment of the counterparty credit risk according to the measurement methods shown in the table "Central counterparty risks".

Collaterals for Counterparty Credit Risk:

	Collateral for derivative transactions				Collateral for other transactions	
	Received Collaterals		Given Collaterals		Received Collaterals	Given Collaterals
	Segregated	Nonsegregated	Segregated	Nonsegregated		
Cash-domestic currency	-	-	-	63.520	-	-
Cash-foreign currency	-	1.732.196	-	424.624	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	1.732.196	-	488.144	-	-

Counterparty Credit Risk-Credit Derivatives:

None.

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

Exposures to Central Counterparty (CCP):

	Exposure post-CRM	RWA
Total Exposure to Qualified Central Counterparties (QCCPs)		393.845
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	1.318.365	393.631
(i) Over the counter derivative financial instruments	815.273	16.305
(ii) Other derivative financial instruments	503.092	377.326
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	10.461	
Unreserved initial collateral	-	-
Pre-funded guarantee fund contributions	10.725	214
Unfunded guarantee fund contributions	-	-
Total Exposures to Non-QCCPs		-
Exposures for trades with QCCPs (excluding initial margin and guarantee fund)	-	-
(i) Over the counter derivative financial instruments	-	-
(ii) Other derivative financial instruments	-	-
(iii) Repo-reverse repo transactions, margin trading and securitites or commodity lending or borrowing	-	-
(iv) Counterparties where cross product netting applied	-	-
Reserved initial collateral	-	-
Unreserved initial collateral	-	
Pre-funded guarantee fund contributions	-	-
Unfunded guarantee fund contributions	-	-

Securitisations:

None.

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

Qualitative Disclosure on Credit Risk:

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

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

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

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

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

Credit Quality of Assets

Gross carrying value as per TAS				Allowances/ amortisation and impairments	Net values
		Defaulted	Non-Defaulted		
1	Loans	19.052.911	847.119.613	53.661.241	812.511.283
2	Debt Securities(*) Off-balance sheet	-	344.943.414	90.278	344.853.136
3	exposures	-	441.428.389	3.162.583	438.265.806
4	Total	19.052.911	1.633.491.416	56.914.102	1.595.630.225

(*) As of 31 December 2022, TRY 33.947.997 of borrowed securities is not included in Financial Assets at Fair Value through profit or loss.

Changes in Stock of Defaulted Loans and Debt Securities

1	Defaulted loans and debt securities at end of the previous reporting period	16.749.893
2	Loans and debt securities defaulted since the last reporting period	10.672.220
3	Receivables back to performing status	183.407
4	Amounts written off	2.283.484
5	Other changes	(5.902.311)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	19.052.911

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

Additional Disclosure Related To The Credit Quality Of Assets:

Breakdown According to Maturity:

31 December 2022	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Over	Total
Loans	20.809.500	84.872.544	58.491.587	269.899.525	319.972.533	112.126.835	866.172.524

Exposures Provisioned Against By Major Regions:

31 December 2022	Non-Performing Loans	ECL (Stage 3)
Domestic	18.522.690	15.132.085
European Union (EU) Countries	1.910	192
OECD Countries	33	25
Off-Shore Banking Regions	-	-
USA, Canada	20	10
Other Countries	528.258	253.342
Total	19.052.911	15.385.654

Exposures Provisioned Against By Sectors:

Explained in Section 4 Credit Risk Information according to sectors and counterparties

Aging analysis of overdue but not impaired financial assets:

31 December 2022	
30-60 days overdue	2.277.069
60-90 days overdue	3.047.541
Total	5.324.610

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

31 December 2022	
Loans Structured from Standard Loans	496.258
Loans Composed of Follow-up Loans	26.836.059
Loans Restructured from Non-Performing Loans	2.087.915

* Rediscounts are not included in the amount.

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

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

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

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

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

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

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

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

Concentration checks are conducted on guarantors and collateral providers.

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

Credit Risk Mitigation Techniques- Overview

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans ⁽²⁾	433.220.972	388.445.098	242.658.357	26.856.075	21.833.243	-	-
2 Debt Instruments ⁽¹⁾	344.853.136	-	-	-	-	-	-
3 Total	778.074.108	388.445.098	242.658.357	26.856.075	21.833.243	-	-
4 Of which defaulted	2.106.371	1.656.963	1.103.396	596.524	562.031	-	-

⁽¹⁾ As of 31 December 2022, TRY 33.947.997 of borrowed securities is not included in Financial Assets at Fair Value through Profit or Loss.

⁽²⁾ Carrying amount as per TAS includes Lease Receivables and Factoring Receivables.

Information about the Banks' Use of Ratings in Calculating Credit Risk by Using Standard Approach

Explained in risk classifications related to Article 6 of Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks in 4-II Financial Position and Risk Management of Bank – Credit Risk section.

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XI. EXPLANATIONS ON THE CONSOLIDATED 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	412.182.231	906.793	433.470.949	1.298.473	495.871	0,11%
Claims on regional governments or local authorities	2.032.493	161.442	2.018.172	65.241	1.041.707	50,00%
Claims on administrative bodies and other non-commercial undertakings	2.801.642	2.162.994	2.733.072	935.156	3.668.228	100,00%
Claims on multilateral development banks	-	-	63	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	8.965.067	5.911.660	8.962.657	3.612.306	7.381.501	58,70%
Claims on corporates	301.906.625	230.760.999	282.647.421	145.689.531	370.593.716	86,52%
Claims included in the regulatory retail portfolios	247.422.116	87.195.357	227.784.916	18.028.158	185.666.799	75,53%
Claims secured by residential property	119.476.448	15.711.986	119.476.448	7.882.972	44.575.796	35,00%
Claims secured by commercial property	75.758.795	24.101.029	75.758.795	15.256.941	49.491.251	54,38%
Overdue loans	4.394.733	1.230.080	3.785.928	351.045	3.803.769	91,95%
Higher risk categories decided by the Board	45.677.121	-	45.616.005	-	84.299.479	184,80%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	393.531	-	393.531	-	393.531	100,00%
Equity share investments	73.350.548	8.089.836	73.348.546	18.844	35.309.047	48,13%
Total	1.294.361.350	376.232.176	1.275.996.503	193.138.667	786.720.695	53,55%

Standardised Approach- Claims By Risk Classification And Risk Weights

Risk Classification	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	500%	Total risk amount (pt-CCF and CRM)
Claims on sovereigns and Central Banks	434.273.553	-	-	-	-	-	-	495.869	-	-	-	-	434.769.422
Claims on regional governments or local authorities	-	-	-	-	2.083.413	-	-	-	-	-	-	-	2.083.413
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	3.668.228	-	-	-	-	3.668.228
Claims on multilateral development banks	63	-	-	-	-	-	-	-	-	-	-	-	63
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	5.219.269	-	2.036.093	-	5.319.601	-	-	-	-	-	12.574.963
Claims on corporates	-	-	50.153.269	-	37.544.753	135	338.335.217	2.303.578	-	-	-	-	428.336.952
Claims included in the regulatory retail portfolios	-	-	-	-	-	240.585.105	5.227.969	-	-	-	-	-	245.813.074
Claims secured by residential property	-	-	-	127.359.420	-	-	-	-	-	-	-	-	127.359.420
Claims secured by commercial property	-	-	-	-	83.048.968	-	7.966.768	-	-	-	-	-	91.015.736
Overdue loans	-	-	-	-	835.016	-	3.133.348	168.609	-	-	-	-	4.136.973
Higher risk categories decided by the Board	-	-	-	-	-	-	-	13.912.669	31.695.401	-	-	7.935	45.616.005
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	393.531	-	-	-	-	-	393.531
Other receivables	33.281.878	-	5.765.506	-	-	656.239	33.663.767	-	-	-	-	-	73.367.390
Total	467.555.494	-	61.138.044	127.359.420	125.548.243	241.241.479	398.204.298	16.384.856	31.695.401	-	-	7.935	1.469.135.170

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

Publicly Announced Qualitative Disclosure on Market Risk

The Parent Bank's market risks are managed within the framework of the "Policies Related to the Management of the Market Risk" approved by the Board of Directors, and the trading activities of the positions and portfolios subject to the market risks are carried out in accordance with the "Policy and Application Procedures regarding the Management of the Positions Held for the Trading Strategy".

The Parent Bank's market risks are measured by two methods, namely the standard method and the risk measurement method. In statutory reporting, the standard method is used in accordance with the "Regulation Regarding the Measurement and Evaluation of Parent Banks' Capital Adequacy" published in the Official Gazette dated 23 October 2015 and numbered 29511. In addition, the risk measurement model and the value at risk (VAR) are measured in accordance with the "Communiqué on Calculation of Market Risk and Risk Measurement Models and Evaluation of Risk Measurement Models" published in the Official Gazette dated 23 October 2015 and numbered 29511. Historical simulation method is used in VAR measurements.

Within the scope of the Parent Bank's "Policies for the Management of Market Risks"; VAR based limit and risk appetite has been determined and VAR results calculated by historical simulation method have been associated with statutory equity. The level of compliance with these limits is monitored daily. On the other hand, periodic stress tests are applied for market risks.

Concerning market risks, the results obtained by both the standard method and the risk measurement model and the level of compliance with the limits are reported to the Parent Bank's Top Management and related business units on a daily basis.

The following table discloses the amounts that are calculated using the standard method.

Market Risk: Standardised approach

	RWA
Outright products	
Interest rate risk (general and specific)	13.146.838
Equity risk (general and specific)	885.350
Foreign exchange risk	18.098.337
Commodity risk	-
Options	
Simplified approach	-
Delta-plus method	357.575
Scenario approach	-
Securitization	-
Total	32.488.100

Information related to Operational Risk

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

	2 PP Amount	1 PP Amount	CP Amount	Total/ No. Of Years of Positive Gross	Rate (%)	Total
Gross Income	11.301.244	17.550.992	18.295.342	15.715.859	15	2.357.379
Amount at Operational Risk (Total * 12,5)						29.467.236

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XII. EXPLANATIONS ON REMUNERATION POLICIES

Explanations on Remuneration Committee

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

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

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

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

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

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

As of the end of 2022, the number of critical key personnel is 25.

Information on the design and structure of remuneration process

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

Remuneration Committee at its meeting in December 2022 reviewed the remuneration policy and practices.

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XII. EXPLANATIONS ON REMUNERATION POLICIES (continued)

Evaluation about how the Parent Bank's remuneration processes take the current and future risks into account

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

Evaluation about how the Parent Bank associates variable remunerations with performance

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

Evaluation about the Parent Bank's methods to adjust remunerations according to long-term performance

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

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

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

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and foreign currency	2.918.483	6.866.742	1.900.638	5.512.483
CBRT	28.917.561	121.184.994	17.613.716	98.951.673
Other ⁽¹⁾	-	4.332.101	-	2.051.057
Total	31.836.044	132.383.837	19.514.354	106.515.213

⁽¹⁾ It includes the reserve requirement held by the Central Bank of Macedonia and Central Bank of Serbia.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand unrestricted amount ⁽¹⁾	28.666.697	38.540.462	17.211.303	34.517.548
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Other ⁽²⁾	250.864	82.644.532	402.413	64.434.125
Total	28.917.561	121.184.994	17.613.716	98.951.673

⁽¹⁾ Reserve deposits kept in CBRT.

⁽²⁾ Blocked reserve deposits amounts held in the CBRT and Central Bank of TRNC are included in the Other.

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

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

With the Board of Directors decision No. 177/21 dated 2022 of the Central Bank of Macedonia, reserve requirement ratio is 5% for MKD currency liabilities, 18% for foreign currency liabilities and 50% for foreign indexed liabilities.

According to the Official Gazette of Serbia No. 76/2018 of the Central Bank of Serbia, banks maintain reserve requirement of 5% for short term liabilities with maturities less than two years and 0% for long term liabilities with maturities more than two years, 20% for short term foreign currency liabilities with maturities less than two years and 13% for long term foreign liabilities with maturities more than two years and 100% for foreign currency index liabilities.

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	34.015.603	-	-	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	93.792	-	24.163.846	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward transactions	-	121.833	-	195.839
Swap transactions	319.674	2.745.078	2.721.424	6.017.770
Futures transactions	-	-	-	-
Options	-	48.085	17.442	36.420
Other	-	-	-	-
Total	319.674	2.914.996	2.738.866	6.250.029

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	1.012.531	780.750	273.302	256.026
Foreign banks	892.789	6.016.434	124.354	3.886.771
Branches and offices abroad	-	-	-	-
Total	1.905.320	6.797.184	397.656	4.142.797

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

(3) Information on banks and other financial institutions: (continued)

b) Information on foreign banks:

	Unrestricted Balance	Restricted Balance
	Current Period	Current Period
EU Countries	697.618	360.299
USA and Canada	393.539	-
OECD Countries ⁽¹⁾	1.076.186	727.158
Offshore Banking Regions	23.048	-
Other	1.821.057	1.810.318
Total	4.011.448	2.897.775

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

	Unrestricted Balance	Restricted Balance
	Prior Period	Prior Period
EU Countries	555.808	373.545
USA and Canada	214.266	-
OECD Countries (1)	895.112	332.114
Offshore Banking Regions	1.009	-
Other	675.651	963.620
Total	2.341.846	1.669.279

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	18.240.767	33.445.116	11.765.216	25.351.058

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	109.178	472.490	56.683	-

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

	Current Period	Prior Period
Debt securities	102.360.287	70.269.358
<i>Quoted on a stock exchange</i>	99.831.814	68.309.354
<i>Not quoted</i>	2.528.473	1.960.004
Equity Securities	559.360	420.691
<i>Quoted on a stock exchange</i>	440.490	346.525
<i>Not quoted</i>	118.870	74.166
Impairment provision (-)	57.453	1.753.325
Total	102.862.194	68.936.724

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

(5) Information on loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
<i>Corporate shareholders</i>	-	-	-	-
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	1.487.680	-	792.643	-
Total	1.487.680	-	792.643	-

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

	Cash Loans	Standard Loans	Loans Under Close Monitoring		
			Loans Not Subject to Restructuring	Restructured Loans	
				Loans with Revised Contract Terms	Refinance
Non-specialized loans	653.239.772	26.421.778	232.110	26.603.945	
<i>Corporation loans</i>	389.163.977	19.716.406	207.273	26.591.496	
<i>Export loans</i>	34.493.695	42.749	-	-	
<i>Import loans</i>	-	-	-	-	
<i>Loans given to financial sector</i>	7.850.727	-	-	-	
<i>Consumer loan</i>	111.991.072	1.214.848	24.837	8.646	
<i>Credit cards</i>	35.922.313	1.591.375	-	928	
<i>Other</i>	73.817.988	3.856.400	-	2.875	
Specialized lending	124.515.992	3.620.213	-	4	
Other receivables	-	-	-	-	
Accruals	9.547.932	1.928.865	5.686	1.003.316	
Total	787.303.696	31.970.856	237.796	27.607.265	

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	12.229.027	3.669.091	-	-
Significant Increase in Credit Risk	-	-	26.046.560	6.904.033

In the current period, the increase in expected loss provisions of first stage and second stage is due to the increase in the balance of standard loans and under close monitoring loans, as well as the increase in the risk levels of customers.

c) Distribution of cash loans by maturity structure:

Current Period	Standard Loans	Loans under close monitoring	
		Loans Not Subject To Restructuring	Restructured
Short Term Loans	253.340.565	4.620.365	691.736
Medium and Long Term Loans	533.963.131	27.350.491	27.153.325
Prior Period			
Short Term Loans	102.173.219	3.238.802	264.290
Medium and Long Term Loans	389.431.873	22.197.985	23.564.157

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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	1.299.363	98.062.826	99.362.189
<i>Real estate loans</i>	8.291	71.829.365	71.837.656
<i>Automobile loans</i>	58.894	4.889.921	4.948.815
<i>Consumer loans</i>	1.232.178	21.343.540	22.575.718
<i>Other</i>	-	-	-
Consumer loans- Indexed to FC	3.561	1.565.305	1.568.866
<i>Real estate loans</i>	-	1.466.015	1.466.015
<i>Automobile loans</i>	-	21.617	21.617
<i>Consumer loans</i>	3.561	77.673	81.234
<i>Other</i>	-	-	-
Consumer loans- FC	28.103	8.806.792	8.834.895
<i>Real estate loans</i>	538	2.887.399	2.887.937
<i>Automobile loans</i>	364	10.440	10.804
<i>Consumer loans</i>	23.343	5.876.537	5.899.880
<i>Other</i>	3.858	32.416	36.274
Individual credit cards-TRY	11.455.918	920	11.456.838
<i>Installment</i>	4.559.861	920	4.560.781
<i>Non-installment</i>	6.896.057	-	6.896.057
Individual credit cards-FC	1.834	419.016	420.850
<i>Installment</i>	-	400.887	400.887
<i>Non-installment</i>	1.834	18.129	19.963
Personnel loans-TRY	97.640	725.142	822.782
<i>Real estate loans</i>	-	42	42
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	97.640	725.100	822.740
<i>Other</i>	-	-	-
Personnel loans-Indexed to FC	138	73.712	73.850
<i>Real estate loans</i>	-	71.981	71.981
<i>Automobile loans</i>	-	157	157
<i>Consumer loans</i>	138	1.300	1.438
<i>Other</i>	-	274	274
Personnel loans-FC	1.343	152.865	154.208
<i>Real estate loans</i>	260	92.356	92.616
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	1.077	60.186	61.263
<i>Other</i>	6	323	329
Personnel credit cards-TRY	355.740	-	355.740
<i>Installment</i>	129.770	-	129.770
<i>Non-installment</i>	225.970	-	225.970
Personnel credit cards-FC	196	10.370	10.566
<i>Installment</i>	-	-	-
<i>Non-installment</i>	196	10.370	10.566
Overdraft accounts-TRY (Retail customers) ^(**)	2.118.415	-	2.118.415
Overdraft accounts-FC (Retail customers) ^(***)	276.909	27.289	304.198
Total	15.639.160	109.844.237	125.483.397

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

^(**) TRY 67.951 of the overdraft account consists of loans given to personnel.

^(***) TRY 2.583 of the overdraft account consists of loans given to personnel.

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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	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	3.233	1.082.415	1.085.648
<i>Real estate loans</i>	-	990.722	990.722
<i>Automobile loans</i>	-	18.950	18.950
<i>Consumer loans</i>	3.233	72.743	75.976
<i>Other</i>	-	-	-
Consumer loans- FC	12.699	6.489.305	6.502.004
<i>Real estate loans</i>	1.019	2.138.992	2.140.011
<i>Automobile loans</i>	77	8.990	9.067
<i>Consumer loans</i>	7.678	4.286.670	4.294.348
<i>Other</i>	3.925	54.653	58.578
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	271.868	272.196
<i>Installment</i>	-	261.871	261.871
<i>Non-installment</i>	328	9.997	10.325
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	42	55.471	55.513
<i>Real estate loans</i>	-	50.948	50.948
<i>Automobile loans</i>	-	344	344
<i>Consumer loans</i>	42	4.179	4.221
<i>Other</i>	-	-	-
Personnel loans-FC	409	103.048	103.457
<i>Real estate loans</i>	48	73.687	73.735
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	353	28.995	29.348
<i>Other</i>	8	366	374
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	6.826	6.955
<i>Installment</i>	-	5.999	5.999
<i>Non-installment</i>	129	827	956
Overdraft accounts-TRY (Retail customers) ^(**)	1.711.484	-	1.711.484
Overdraft accounts-FC (Retail customers) ^(***)	194.876	19.136	214.012
Total	8.116.955	80.751.879	88.868.834

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

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

^(***) TRY 1.806 of the overdraft account consists of loans given to personnel.

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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	2.717.960	57.612.595	60.330.555
<i>Business premises loans</i>	1.654	1.591.953	1.593.607
<i>Automobile loans</i>	89.786	2.402.499	2.492.285
<i>Consumer loans</i>	2.626.520	53.618.143	56.244.663
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	964.604	3.744.442	4.709.046
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	964.604	3.744.442	4.709.046
Commercial installment loans - FC	2.908.865	82.139.278	85.048.143
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	391.917	71.059.454	71.451.371
<i>Other</i>	2.516.948	11.079.824	13.596.772
Corporate credit cards-TRY	25.249.390	-	25.249.390
<i>Installment</i>	10.623.531	-	10.623.531
<i>Non-installment</i>	14.625.859	-	14.625.859
Corporate credit cards-FC	1.033	20.199	21.232
<i>Installment</i>	-	10.250	10.250
<i>Non-installment</i>	1.033	9.949	10.982
Overdraft accounts-TRY (Commercial customers)	23.866.070	-	23.866.070
Overdraft accounts-FC (Commercial customers)	55.948	-	55.948
Total	55.763.870	143.516.514	199.280.384

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

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	1.520.962	36.567.506	38.088.468
<i>Business premises loans</i>	3.550	787.833	791.383
<i>Automobile loans</i>	32.484	969.733	1.002.217
<i>Consumer loans</i>	1.484.928	34.809.940	36.294.868
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	336.819	2.341.018	2.677.837
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	2.056	2.056
<i>Other</i>	336.819	2.338.962	2.675.781
Commercial installment loans - FC	1.940.599	66.195.326	68.135.925
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	312.007	58.444.333	58.756.340
<i>Other</i>	1.628.592	7.750.993	9.379.585
Corporate credit cards-TRY	14.274.775	-	14.274.775
<i>Installment</i>	6.228.064	-	6.228.064
<i>Non-installment</i>	8.046.711	-	8.046.711
Corporate credit cards-FC	1.611	9.763	11.374
<i>Installment</i>	-	7.535	7.535
<i>Non-installment</i>	1.611	2.228	3.839
Overdraft accounts-TRY (Commercial customers)	5.341.578	-	5.341.578
Overdraft accounts-FC (Commercial customers)	40.782	-	40.782
Total	23.457.126	105.113.613	128.570.739

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

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

(5) Information on loans: (continued)

f) Loans by customers

	Current Period	Prior Period
Public	34.412.916	12.323.186
Private	812.706.697	528.547.140
Total	847.119.613	540.870.326

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

g) Domestic and foreign loans(*):

	Current Period	Prior Period
Domestic loans	815.375.195	519.241.284
Foreign loans	31.744.418	21.629.042
Total	847.119.613	540.870.326

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

h) Loans granted to subsidiaries and associates:

None. (31 December 2021: None.)

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

	Current Period	Prior Period
Loans with Limited Collectability	1.832.288	1.081.673
Loans with Doubtful Collectability	2.220.847	332.075
Uncollectible Loans	11.332.519	10.699.031
Total	15.385.654	12.112.779

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

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

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current period			
Gross amounts before the specific provisions	740.290	339.119	1.008.506
<i>Restructured loans</i>	<i>740.290</i>	<i>339.119</i>	<i>1.008.506</i>
Prior period			
Gross amounts before the specific provisions	503.625	72.765	1.196.092
<i>Restructured loans</i>	<i>503.625</i>	<i>72.765</i>	<i>1.196.092</i>

(*) Rediscounts are not included.

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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	2.561.869	761.381	13.426.643
Additions (+)**	8.800.771	153.726	1.717.723
Transfers from other categories of loans under non-performing (+)	-	5.111.990	2.172.798
Transfers to other categories of loans under non-performing (-)	5.421.194	1.863.594	-
Collections (-)*	2.357.057	787.943	2.940.718
Write-offs (-)**	2	735	2.270.648
Sold (-)	-	-	12.099
<i>Corporate and Commercial Loans</i>	-	-	12.099
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
Current period end balance	3.584.387	3.374.825	12.093.699
Provision (-)	1.832.288	2.220.847	11.332.519
Net balance on balance sheet	1.752.099	1.153.978	761.180
Prior Period			
Prior period end balance	2.362.520	650.741	14.103.903
Additions (+)	3.620.026	109.606	338.303
Transfers from other categories of loans under non-performing (+)	-	1.880.788	2.387.021
Transfers to other categories of loans under non-performing (-)	2.777.544	1.490.265	-
Collections (-)*	643.133	388.630	3.364.230
Write-offs (-)	-	859	38.354
Sold (-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
Current period end balance	2.561.869	761.381	13.426.643
Provision (-)	1.081.673	332.075	10.699.031
Net balance on balance sheet	1.480.196	429.306	2.727.612

(*) 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.

(**) As of reporting period, the loan granted to LYY Telekomünikasyon A.Ş. amounting to TRY 1.337.985 has been transferred as non-performing loans and 100% stage 3 expected credit losses has been made and at the same time has been written-off in connection with there is no reasonable expectation for its recovery as per the scope of "Procedures and Principals regarding Classifications of Loans and Allowances Allocated for Such Loans".

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	483.217	881.159	4.188.003
Provisions(-)	333.731	815.753	3.972.860
Net balance in the balance sheet	149.486	65.406	215.143
Prior period			
Balance at the end of the period	510.934	85.059	4.527.705
Provisions(-)	352.073	33.706	3.737.561
Net balance in the balance sheet	158.861	51.353	790.144

(*) Rediscounts are included.

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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)	1.752.099	1.153.978	761.180
Loans to granted real persons and legal entities (Gross)	3.584.387	3.374.825	12.093.699
Provisions (-)	1.832.288	2.220.847	11.332.519
Loans to granted real persons and legal entities (Net)	1.752.099	1.153.978	761.180
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-
Prior period (Net)	1.480.196	429.306	2.727.612
Loans to granted real persons and legal entities (Gross)	2.561.869	761.381	13.426.643
Specific provisions (-)	1.081.673	332.075	10.699.031
Loans to granted real persons and legal entities (Net)	1.480.196	429.306	2.727.612
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans (Net)	-	-	-

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)	819	240	1.082
Interest Accruals and Valuation Differences	8.737	7.959	1.753.921
Provision (-)	7.918	7.719	1.752.839
Prior Period (Net)	7.400	1.908	399.497
Interest Accruals and Valuation Differences	16.817	16.841	1.963.468
Provision (-)	9.417	14.933	1.563.971

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

(5) Information on loans: (continued)

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

The Parent Bank liquidates its uncollectible receivables through three methods. These are by signing financial restructuring contract under the Law No: 4743, by making payment protocols and by presenting adequate repayment schedules for the lower amount of receivables. Within the context of this collection policy, non-performing loans are collected in considerable amounts. Collections are firstly offset against lawsuits and expenses, interest and principle receivables from loans.

m) Explanations on write-off policy:

The Group derecognised the non-performing loan amounting to TRY 2.271.385 on the grounds that there was no reasonable expectation, and the Group's non-performing loan ratio decreased from 2,46% to 2,20% after the loans were written off. (In the previous period, the Group derecognised the non-performing loan amounting to TRY 39.213 due to lack of reasonable expectations, and this derecoginiton has no effect on the NPL ratio.)

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED 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 blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked Securities	109.707.592	55.559.702	55.081.664	49.778.434

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	46.157.728	17.310.081	8.858.706	4.975.643

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

	Current Period		Prior Period	
Government bonds	234.845.851		132.029.922	
Treasury bills	1.982.106		305.345	
Other public sector debt securities	2.167.490		792.874	
Total	238.995.447		133.128.141	

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

	Current Period		Prior Period	
Debt securities	241.455.259		133.178.664	
<i>Quoted on a stock exchange</i>	223.107.074		120.512.297	
<i>Not quoted</i>	18.348.185		12.666.367	
Impairment provision (-)	-		-	
Total	241.455.259		133.178.664	

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

	Current Period		Prior Period	
Beginning balance	133.178.664		84.804.689	
Foreign currency differences on monetary assets	23.584.831		17.932.370	
Purchases during the year ⁽¹⁾	96.151.910		41.281.309	
Disposals through sales and redemptions	(11.460.146)		(10.839.704)	
Impairment provision (-)	-		-	
Balance at the end of the period	241.455.259		133.178.664	

⁽¹⁾ The difference between the discount amount of TRY 67.406.334 as of 31 December 2022 and the amount of discount amount of TRY 31.918.355 as of 31 December 2021 is shown in the line disposed by purchases during the year.

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

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

(7) Information on associates (Net):

a) The reasons behind unconsolidated associates being out of consolidation scope:

In accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks, associates that are financial institutions are included in the consolidation, associates that are non-financial institutions are not included in the scope of consolidation.

b) Information on unconsolidated associates:

Description	Address (City/ Country)	Bank's share percentage, if different- voting percentage (%)	Bank's risk group share percentage (%)
1. Kredi Kayıt Bürosu AŞ ⁽¹⁾	Istanbul	18,18	18,18
2. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ ⁽¹⁾	Istanbul	33,33	33,33

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

Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1. 781.026	34.415	320.607	67.411	-	(18.412)	58.105	-
2. 413.537	313.485	109.191	38.333	-	(35.010)	(5.804)	-

⁽¹⁾ The financial data is obtained from unaudited 31 December 2022 financial statement .

d) Information on consolidated associates:

Description	Address (City/ Country)	Bank's share percentage, if different voting percentage (%)	Bank's risk group share percentage (%)
1. Demir-Halkbank NV ⁽¹⁾	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾	Ankara	31,47	33,12
3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ ⁽¹⁾⁽³⁾	Istanbul	33,33	33,33

e) Information related to the associates as shown in (d):

Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value ⁽²⁾
1. 34.298.279	4.579.579	50.717	842.867	3.064	196.944	106.321	1.612.921
2. 228.749	226.721	1.323	27.652	-	156.706	13.794	-
3. 33.447	33.398	13	4.081	-	3.398	-	-

⁽¹⁾ The financial data is obtained from 31 December 2022 financial statements used in consolidation.

⁽²⁾ Financial information about the fair value of Demir Halkbank NV has been obtained from valuation report as of 31 December 2022.

⁽³⁾ Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ, one of the subsidiaries of the Parent Bank, in which the Parent Bank has a 33.33% share, is established in the current period.

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

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

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

f) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	1.195.858	764.460
Movements during the period	391.001	431.398
<i>Purchases ⁽¹⁾⁽²⁾⁽³⁾</i>	79.539	57.243
<i>Bonus shares obtained profit from current year's share</i>	-	-
<i>Dividends from current year income</i>	-	-
<i>Sales</i>	-	-
<i>Transfers⁽³⁾</i>	(5.595)	(57.243)
<i>Revaluation decrease (-) / increase</i>	317.057	431.398
<i>Impairment provisions (-)/ reversals</i>	-	-
Balance at the end of the period	1.586.859	1.195.858
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ In the current period, the Parent Bank has made a payment TRY 64.994 due to the paid capital increase of Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.

⁽²⁾ The Parent Bank has made a payment TRY 10.000 for Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ which was established in the current period.

⁽³⁾ In the current period, the Parent Bank has purchased 13,33% of Platform Ödeme Hizmetleri ve Elektronik Para A.Ş. for TRY 700 increasing its share ratio to 33,33%, and afterwards purchased 66,67% of Platform Ödeme Hizmetleri ve Elektronik Para A.Ş. for TRY 3.845 and increased its share ratio to 100% and transferred the related associate to the subsidiaries.

g) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	1.373.880	1.108.396
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	82.481	20.907
Other non- financial investments	130.498	66.555

h) Associates quoted to a stock exchange:

None.

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

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

(8) Information on subsidiaries (Net):

a) Information on consolidated subsidiaries ⁽¹⁾:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ	Halk Osiguruvanje AD, Skopje
COMMON EQUITY TIER I CAPITAL								
Paid in Capital	150.000	1.570.000	523.000	1.338.698	246.000	754.199	100	110.639
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-	-
Share premium	-	50.372	-	11.633	-	773.455	-	-
Reserves	135.372	50.817	34.246	2.769.832	127.042	2.221.736	3.088	354.925
Other Comprehensive Income according to TAS	11.174	4.841.036	2.071	-	10	-	-	-
Profit / Loss	419.256	3.551	208.609	70.296	177.856	205.391	1.711	(139.361)
<i>Net Profit</i>	<i>419.256</i>	<i>3.551</i>	<i>234.525</i>	<i>200.623</i>	<i>177.856</i>	<i>205.391</i>	<i>1.711</i>	<i>(58.178)</i>
<i>Prior Period Profit/Loss</i>	<i>-</i>	<i>-</i>	<i>(25.916)</i>	<i>(130.327)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(81.183)</i>
Bonus Shares from Associates, Subsidiaries and Joint Ventures not Accounted in Current Period's Profit	-	-	-	-	-	-	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	-	-	-	79.638	-	320.868	-	-
Leasehold Improvements (-)	-	-	-	18.845	-	16.419	-	-
Intangible Assets (-)	10.796	1.973	1.594	60.345	4.373	169.825	-	4.147
Total Core Capital	705.006	6.513.803	766.332	4.031.631	546.535	3.447.669	4.899	322.056
SUPPLEMENTARY CAPITAL	-	-	93.321	97.633	28.252	45.002	-	-
CAPITAL	705.006	6.513.803	859.653	4.129.264	574.787	3.492.671	4.899	322.056
NET AVAILABLE CAPITAL	705.006	6.513.803	859.653	4.129.264	574.787	3.492.671	4.899	322.056

⁽¹⁾ The information is presented from companies' financial statements as of 31 December 2022.

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

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

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

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

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

b) Unconsolidated subsidiaries, reasons for not consolidating if any and information on total needed shareholder's equity that is subjected to minimum capital requirements:

In accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks, subsidiaries that are financial institutions are included in the consolidation, subsidiaries that are non-financial institutions are not included in the scope of consolidation.

In this context, subsidiary of the Parent Bank, Platform Ödeme Hizmetleri ve Elektronik Para A.Ş., which is non-financial institution, is not included in the scope of consolidation.

c) Information on unconsolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage, if different voting percentage (%)	Bank's risk group share percentage (%)
1. Platform Ödeme Hizmetleri ve Elektronik Para A.Ş. ⁽¹⁾	Istanbul	100,00	100,00

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

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

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

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	101.191	101.066	214	2.653	-	737	922	100.345

⁽¹⁾ The financial data is obtained from 31 December 2022 financial statements.

e) Information on consolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage, if different voting percentage (%)	Bank's risk group share percentage (%)
1. Halk Yatırım Menkul Değerler AŞ	Istanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ (2) (3)	Istanbul	79,33	79,36
3. Halk Finansal Kiralama AŞ	Istanbul	100,00	100,00
4. Halk Banka AD, Skopje	Macedonia	99,56	99,56
5. Halk Faktoring AŞ	Istanbul	100,00	100,00
6. Halkbank A.D. Beograd	Serbia	100,00	100,00
7. Halk Varlık Kiralama AŞ	Istanbul	100,00	100,00
8. Halk Osiguruvanje A.D., Skopje	Macedonia	-	99,56

f) Information related to the subsidiaries as shown in (e): ⁽¹⁾

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	3.765.683	715.802	25.107	390.409	14.937	419.256	197.868	1.090.578
2.	10.807.979	6.472.642	7.088.761	28.296	6.253	3.551	40.160	7.400.240
3.	7.186.625	767.926	8.891	796.460	-	234.525	75.184	811.319
4.	26.972.319	4.110.821	901.636	737.610	38.175	200.623	38.472	4.103.294
5.	3.783.697	550.908	7.574	709.044	-	177.856	67.633	931.982
6.	18.857.208	3.633.913	436.697	559.397	70.410	205.391	83.117	3.497.880
7.	3.174.006	4.899	1	-	-	1.711	850	6.182
8.	388.682	326.203	13.927	2.127	1.343	(58.178)	(41.528)	-

⁽¹⁾ The financial data is obtained from 31 December 2022 financial statements used in consolidation.

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

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

g) Movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period (Before Elimination)	7.733.280	5.516.428
Movements during the period	10.276.156	2.216.852
Purchase ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	2.266.422	555.211
Bonus shares obtained profit from current year's share	28.785	81.981
Dividends from current year income	-	-
Sales	-	-
Transfer	5.595	-
Revaluation increase/decrease	7.975.354	1.579.660
Impairment Provisions (-)/ Reversals	-	-
Share capital elimination of subsidiaries	(17.909.091)	(7.733.280)
Balance at the end of the period	100.345	-
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾ In the current period, the Parent Bank has made a payment TRY 367.008 due to the paid capital increase of Halk Gayrimenkul Yatırım Ortaklığı AŞ.

⁽²⁾ In the current period, the Parent Bank has made a payment TRY 150.000 due to the paid capital increase of Halk Faktoring A.Ş.

⁽³⁾ In the current period, the Parent Bank has made a payment TRY 200.000 due to the paid capital increase of Halk Finansal Kiralama A.Ş.

⁽⁴⁾ The Parent Bank has made a payment TRY 539.663 due to the paid capital increase of Halk Banka A.D., Skopje and increased its share ratio 99,56%.

⁽⁵⁾ In the current period, the Parent Bank has made a payment TRY 94.750 due to the paid capital increase of Platform Ödeme Hizmetleri ve Elektronik Para A.Ş.

⁽⁶⁾ In the current period, the Parent Bank has made a payment TRY 915.001 due to the paid capital increase of Halkbank A.D. Beograd.

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

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

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

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

	Current Period	Prior Period
Banks	7.601.174	4.585.604
Insurance companies	67.616	67.616
Factoring companies	931.982	362.348
Leasing companies	811.319	471.661
Financing companies	-	-
Other financial subsidiaries	8.497.000	2.246.051
Other non-financial subsidiaries	100.345	-

i) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock ⁽¹⁾	7.400.240	1.710.255
Quoted foreign stock exchange	-	-

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

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

None.

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

a) Maturity structure of investments on financial lease:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	3.126.042	424.461	2.058.860	1.626.152
1 - 4 years	3.286.853	3.376.404	2.482.054	1.901.548
More than 4 years	1.459.005	1.811.085	1.182.442	894.281
Total	7.871.900	5.611.950	5.723.356	4.421.981

b) Information on net investments of financial lease:

	Current Period	Prior Period
Gross financial lease investment	7.871.900	5.723.356
Unearned revenues from financial lease	(2.259.950)	(1.301.375)
Total	5.611.950	4.421.981

c) Information on receivables from non- performing loans of financial lease:

	Current Period	Prior Period
Financial lease receivables with limited collectability	2.276	38.909
Financial lease receivables with doubtful collectability	7.289	23.316
Uncollectible financial lease receivables	293.797	419.407
Provisions	(274.956)	(414.935)
Total	28.406	66.697

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

None (31 December 2021: None).

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

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

(12) Information on tangible assets:

Current Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
Cost:						
Immovable	5.827.783	1.424.225	6.701.614	166.060	(121.787)	13.665.775
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	1.576.346	898.930	-	290.020	-	2.185.256
Office machines	1.389.773	774.003	-	62.693	-	2.101.083
Fixed assets obtained due to non-performing loans	4.571.769	2.065.395	-	1.915.880	-	4.721.284
Lease hold improvements costs	493.736	303.097	-	801	-	796.032
Other	487.618	144.487	-	28.823	-	603.282
Total Cost	14.347.025	5.610.137	6.701.614	2.464.277	(121.787)	24.072.712
Accumulated depreciation (-)						
Immovable	547.049	66.271	514.846	75.517	(787)	1.051.862
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	602.188	356.335	-	176.262	-	782.261
Office machines	890.893	316.984	-	52.685	-	1.155.192
Fixed assets obtained due to non-performing loans	22.074	21.264	-	11.101	-	32.237
Lease hold improvements costs	263.985	104.423	-	801	-	367.607
Other	328.292	68.820	-	6.956	-	390.156
Total Accumulated Depreciation	2.654.481	934.097	514.846	323.322	(787)	3.779.315
Provision for impairment (-)						
Immovable	15.325	-	8.658	-	-	23.983
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	-	-	-	-	-	-
Fixed assets obtained due to non-performing loans	4.355	-	-	-	-	4.355
Total provision for impairment (-)	19.680	-	8.658	-	-	28.338
Net Book Value	11.672.864	4.676.040	6.178.110	2.140.955	(121.000)	20.265.059

Prior Period	Balance at the end of the prior period	Additions	Revaluation Increase	Disposals (-)	Transfer	Balance at the end of the period
Cost:						
Immovable	4.363.469	677.157	789.128	42.323	40.352	5.827.783
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	1.218.128	655.846	-	297.628	-	1.576.346
Office machines	1.193.105	272.539	-	75.871	-	1.389.773
Fixed assets obtained due to non-performing loans	4.690.020	1.889.572	-	2.007.823	-	4.571.769
Lease hold improvements costs	325.472	168.264	-	-	-	493.736
Other	432.668	96.691	-	34.120	(7.621)	487.618
Total Cost	12.222.862	3.760.069	789.128	2.457.765	32.731	14.347.025
Accumulated depreciation (-)						
Immovable	353.193	57.716	139.675	3.926	391	547.049
Tangible assets purchased through financial lease	-	-	-	-	-	-
Right of Use Assets	362.579	305.276	-	65.667	-	602.188
Office machines	685.439	258.837	-	53.383	-	890.893
Fixed assets obtained due to non-performing loans	23.299	16.373	-	17.598	-	22.074
Lease hold improvements costs	191.800	72.185	-	-	-	263.985
Other	310.535	54.960	-	36.819	(384)	328.292
Total Accumulated Depreciation	1.926.845	765.347	139.675	177.393	7	2.654.481
Provision for impairment (-)						
Immovable	12.774	-	3.023	472	-	15.325
Tangible assets purchased through financial lease	-	-	-	-	-	-
Office machines	-	-	-	-	-	-
Fixed assets obtained due to non-performing loans	4.355	-	-	-	-	4.355
Total provision for impairment (-)	17.129	-	3.023	472	-	19.680
Net Book Value	10.278.888	2.994.722	646.430	2.279.900	32.724	11.672.864

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

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

(13) Information on intangible assets:

Current Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
Cost:					
Other intangible assets	1.248.573	416.524	-	-	1.665.097
Total Cost	1.248.573	416.524	-	-	1.665.097
Accumulated Depreciation (-)					
Other intangible assets	568.457	258.085	-	-	826.542
Total Accumulated Depreciation	568.457	258.085	-	-	826.542
Net Book Value	680.116	158.439	-	-	838.555
Prior Period	Balance at the end of the prior period	Additions	Disposals (-)	Transfer	Balance at the end of the period
Cost:					
Other intangible assets	980.987	270.344	2.758	-	1.248.573
Total Cost	980.987	270.344	2.758	-	1.248.573
Accumulated Depreciation (-)					
Other intangible assets	342.279	228.538	2.360	-	568.457
Total Accumulated Depreciation	342.279	228.538	2.360	-	568.457
Net Book Value	638.708	41.806	398	-	680.116

(14) Information on investment property:

	Current Period	Prior Period
Cost:		
Opening Balance	1.478.497	1.303.741
Acquisitions	648.032	251.888
Transfer	121.787	(40.352)
Disposals	(28.280)	(36.780)
Impairment Charge/Reversal	-	-
Ending Balance	2.220.036	1.478.497
Accumulated Depreciation (-)		
Opening Balance	104.680	96.480
Amortization Charge	8.844	8.835
Transfer	787	(391)
Disposals	(4.290)	(244)
Impairment Provisions	-	-
Total Accumulated Depreciation (-)	110.021	104.680
Net Book Value	2.110.015	1.373.817

(15) Information on deferred tax assets:

	Current Period	Prior Period
Deferred Tax Asset /(Liability)		
Provisions ⁽¹⁾	12.105.270	3.262.334
Revaluation of Financial Assets	(2.220.087)	(5.524.767)
Other	(1.369.551)	2.491.324
Deferred Tax Asset /(Liability):	8.515.632	228.891
Deferred tax accounted under shareholders' equity		
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	(2.598.507)	458.256
Actuarial gains/losses	470.093	117.935
Valuation of subsidiaries	(587.150)	(216.550)

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

⁽²⁾ Net deferred tax assets amounting to TRY 8.515.632 consists of deferred tax assets which amounting to TRY 8.517.784 and deferred tax liabilities amounting to TRY 2.152.

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

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

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

	Current Period	Prior Period
Cost	1.772	2.481
Accumulated Depreciation (-)	-	-
Net book value	1.772	2.481
Opening Balance	2.481	1.441
Acquisition	1	1.110
Transfer (Net)	-	-
Disposals (Net)	(710)	(70)
Revaluation Increase	-	-
Impairment (-) / Reversal	-	-
Depreciation (-)	-	-
Closing net book value	1.772	2.481

(17) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 23.876.662 and does not exceed 10% of the balance sheet total (31 December 2021: TRY 8.637.340).

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

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES

(1) Information on deposit / funds collected:

a) Information on maturity structure of deposits / funds collected:

Current Period

	Demand accounts	7 day call	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	24.119.641	-	8.307.357	63.747.128	105.970.538	6.174.864	4.274.725	119.802	212.714.055
Foreign currency deposits	99.768.616	-	49.866.705	159.022.163	31.834.515	10.947.876	19.613.612	23.189	371.076.676
Residents in Türkiye	76.567.976	-	42.417.062	150.678.266	27.557.992	6.105.336	10.209.124	22.365	313.558.121
Residents abroad	23.200.640	-	7.449.643	8.343.897	4.276.523	4.842.540	9.404.488	824	57.518.555
Public sector deposits	6.713.701	-	60.362.673	6.116.194	904.955	21.801	17.221	-	74.136.545
Commercial inst. deposits	52.824.520	-	57.388.655	55.648.871	34.238.292	6.557.775	4.083.234	-	210.741.347
Other inst. deposits	3.448.365	-	5.340.727	18.482.502	6.753.311	7.144.804	570.948	-	41.740.657
Precious metals	36.848.593	-	193.786	6.095.225	338.744	169.169	213.370	-	43.858.887
Interbank deposits	92.070.027	-	16.380.144	26.854.275	108	82.696	-	-	135.387.250
CBRT	1.779	-	-	-	-	-	-	-	1.779
Domestic banks	381.409	-	14.886.939	16.215.175	108	82.503	-	-	31.566.134
Foreign banks	86.792.579	-	692.756	10.639.100	-	193	-	-	98.124.628
Participation banks	4.894.260	-	800.449	-	-	-	-	-	5.694.709
Total	315.793.463	-	197.840.047	335.966.358	180.040.463	31.098.985	28.773.110	142.991	1.089.655.417

(*) As of 31 December 2022, the Parent Bank has a total of TRY 147.918.128 without accruals FX indexed TRY deposit instrument of which published by the CBRT and Ministry of Treasury and Finance.

Prior Period

	Demand accounts	7 day call	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	14.771.332	-	9.301.522	61.536.172	16.277.055	2.544.494	3.720.806	132.027	108.283.408
Foreign currency deposits	75.970.760	-	44.444.289	159.242.063	10.295.146	8.144.243	16.071.559	20.344	314.188.404
Residents in Türkiye	63.967.775	-	36.689.100	153.563.705	6.800.758	4.983.025	8.309.005	19.744	274.333.112
Residents abroad	12.002.985	-	7.755.189	5.678.358	3.494.388	3.161.218	7.762.554	600	39.855.292
Public sector deposits	5.162.007	-	5.159.673	4.843.268	535.623	53.068	15.044	-	15.768.683
Commercial inst. deposits	19.264.364	-	24.624.910	32.537.851	1.582.430	1.414.218	2.042.503	-	81.466.276
Other inst. deposits	1.532.264	-	3.505.395	13.905.284	2.023.206	2.673.524	6.073.817	-	29.713.490
Precious metals	28.229.042	-	197.454	4.914.191	243.446	136.356	234.127	-	33.954.616
Interbank deposits	28.422.696	-	19.987.368	15.570.775	73.419	150	-	-	64.054.408
CBRT	27.637	-	-	-	-	-	-	-	27.637
Domestic banks	377.832	-	19.480.597	10.091.593	73.419	-	-	-	30.023.441
Foreign banks	28.017.227	-	506.771	5.479.182	-	150	-	-	34.003.330
Participation banks	-	-	-	-	-	-	-	-	-
Total	173.352.465	-	107.220.611	292.549.604	31.030.325	14.966.053	28.157.856	152.371	647.429.285

(*) As of 31 December 2021, the Parent Bank has a total of TRY 13.050.234 without accruals FX indexed TRY deposit instrument of which published by the CBRT and Ministry of Treasury and Finance.

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

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

(1) Information on deposit / 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	65.044.411	45.659.431	147.363.380	62.400.473
Foreign currency saving deposits	56.563.132	44.442.049	151.351.055	136.615.979
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	1.252.749	535.794	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

All deposit and participation funds have been covered by insurance except official institutions, credit institutions and financial institutions in accordance with the "Amendment of Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936. In this scope, the balance of commercial deposits of the Parent Bank subject to insurance is TRY 24.870.348. This amount is not included at the above table that includes the insurance and exceeding the insurance limit saving deposit informations.

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

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

	Current Period	Prior Period
Foreign branches' saving deposits and other accounts	524.208	395.337
Deposits and other accounts belonging to dominant partners as well as their fathers, mothers, spouses and children under their custody	-	-
Deposits and other accounts belonging to the chairman and members of the board of directors, general managers and deputy general managers as well as their fathers, mothers, spouses and children under their custody	21.252	16.627
Deposits and other accounts covered by assets generated through the offenses mentioned in Article 282 of the Turkish Penal Code No.5237 and dated 26.9.2004	-	-
Deposits in the banks to be engaged exclusively in offshore banking in Türkiye	-	-

(2) Information on derivative financial liabilities:

Negative differences table related to the derivative financial liabilities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward transactions	-	130.902	-	287.630
Swap transactions	-	644.566	357	2.154.501
Future transactions	-	-	-	-
Options	-	46.884	17.830	10.119
Other	-	-	-	-
Total	-	822.352	18.187	2.452.250

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

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

(3) Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Funds borrowed from CBRT	-	-	-	-
Domestic banks and institutions	960.890	1.690.542	938.425	3.229.997
Foreign banks, institutions and funds	2.551	14.441.273	-	13.430.143
Total	963.441	16.131.815	938.425	16.660.140

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	722.863	319.001	792.744	1.617.915
Medium and long-term	240.578	15.812.814	145.681	15.042.225
Total	963.441	16.131.815	938.425	16.660.140

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

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

Main liability of the Group is deposits, which is composed of 19,52% of saving deposits and 34,05% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Group borrows loans from interbank money markets.

The Group's 81,03% of bank deposits and 43,48% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (Net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	8.292.627	-	4.890.092	-
Bonds	857.411	-	706.982	-
Assets Backed Securities	4.180.403	-	2.579.698	-
Total	13.330.441	-	8.176.772	-

(5) Explanations to the funds:

Funds are granted as loans in conformity with the protocols between the Parent Bank and fund owner ministry or institutions. These funds include funds from the Ministry of Industry and Technology, Ministry of Treasury and Finance, and other funds.

Maturity structure of funds:

	Current Period	Prior Period
Short Term	1.411	1.350
Long Term	236.131	137.191
Total	237.542	138.541

(6) Information on other liabilities:

Other liabilities balance does not exceed 10% of the balance sheet total.

(31 December 2021: Other liabilities balance does not exceed 10% of the balance sheet total).

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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 Parent Bank:

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

- b) Explanation on finance lease payables:

None (31 December 2021: None).

- c) Explanations on operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	89.013	79.589	42.617	41.416
1 - 4 years	519.305	419.253	536.782	427.750
More than 4 years	1.689.033	1.020.320	959.620	587.669
Total	2.297.351	1.519.162	1.539.019	1.056.835

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

None (31 December 2021: None).

(9) Explanations on provisions:

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

As of 31 December 2022 the Group does not have a provision amount of the currency differences on foreign currency indexed loans and finance lease receivables (31 December 2021: None).

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

As of 31 December 2022, the Group's stage 3 expected credit losses for unindemnified and unfunded non-cash loans balance is TRY 389.456 (31 December 2021: TRY 337.306).

- c) Information on other provisions:

Total other provision balance amounting to TRY 3.468.144 (31 December 2021: TRY 1.187.989) consists of TRY 389.456 (31 December 2021: TRY 337.306) for stage 3 expected credit losses of unindemnified and unfunded non-cash loans, TRY 2.773.127 (31 December 2021: 637.107) for stage 1 and stage 2 expected credit loss amount of non-cash loans, TRY 107.145 (31 December 2021: TRY 84.445) for legal cases filed against the Group, and TRY 198.416 (31 December 2021: TRY 129.131) of other provisions.

- d) Movement of employee termination benefits:

Severance indemnity provision of the Parent Bank as of 31 December 2022 is calculated by an independent company by using the actuarial conjectures.

The amount calculated for the employee termination benefits of the Parent Bank as a result of the actuarial valuation according to TAS 19, is as follows;

	Current Period	Prior Period
Inflation Rate	9,90%	15,80%
Discount Rate	13,09%	19,10%
Estimated Real Wage Growth Rate	53,50% ^(*)	30,00%

^(*)It was used 53,50% for 2023 and 10,10% for the following years.

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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	1.538.791	941.282
Charge for the year	205.223	96.220
Interest Expense	289.635	118.500
Actuarial gain/loss	1.293.936	416.791
Prior period service cost composed		
current period	16.166	6.311
Payment/The limitation of benefits/ Loss		
(Gain) therefore discharge	2.490	657
Benefits paid within the period (-)	(76.513)	(40.970)
Total	3.269.728	1.538.791

e) Liabilities for employee benefits:

As of 31 December 2022, unused vacation accruals are TRY 429.828, personnel dividend provision is TRY 1.689.611, severance indemnity provision for Group personnel is TRY 3.102.569 and severance indemnity provision for outsourcing firms is TRY 167.159. (31 December 2021: TRY 231.194 for unused vacation accruals; TRY 1.479.036 for severance indemnity provision for Group personnel; TRY 59.755 for severance indemnity provision for outsources; TRY 549.481 for personnel dividend provision).

The Group's accounts for actuarial gains / losses under equity commencing from 1 January 2013.

f) Liabilities arising from retirement benefits:

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

None.

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

Based on the results of the actuarial reports prepared as of 31 December 2022, it was determined that there is no technical deficit for Türkiye Halk Bankası AŞ Emekli Sandığı and T.C. Ziraat Bankası ve Türkiye Halk Bankası Çalışanları Emekli Sandığı Vakfı.

The above mentioned actuarial review, which was made in accordance with the principles of the related law, measures the present value of the liability as of 31 December 2022, in other words; it measures the amount to be paid to the Social Security Institution by the Parent Bank. Actuarial assumptions used in the calculation are given below.

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

Halk Bankası Çalışanları Emekli Sandığı Vakfı, ("Fund") which was established by 20th provisional article of Social Security Law numbered 506. As of 31 December 2022, the number of personnel who benefit from the Fund is 39.857 (31 December 2021: 38.816).

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED 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 2022, by taking into account the health expenses within the Social Security Institution limits.

Transferable Pension and Medical Benefits:	Current Period	Prior Period
Net Present Value of Total Liabilities Other Than Health	(9.641.633)	(4.839.389)
Net Present Value of Long Term Insurance Line Premiums	9.611.819	4.989.362
Net Present Value of Total Liabilities Other Than Health	(29.814)	149.973
Net Present Value of Health Liabilities	(1.687.560)	(1.134.467)
Net Present Value of Health Premiums	6.004.830	3.117.266
Net Present Value of Health Liabilities	4.317.270	1.982.799
Pension Fund Assets	8.089.148	5.679.944
General Administration Expenses (1%)	(113.292)	(59.739)
Amount of Actuarial and Technical Deficit	12.263.312	7.752.977

Total Assets	Current Period	Prior Period
Banks	6.720.925	4.811.099
Marketable Securities	515.350	504.807
Property and Equipment	404.510	179.872
Other	448.363	184.166
Total	8.089.148	5.679.944

On the other hand, after the transfer, the currently paid health benefits will be revised within the framework of the Social Security Institution legislation and related regulations.

Change in Assumptions (%)

Assumptions	Death Benefits	Medical Benefits	Total
Discount rate +1	(19,90%)	(19,80%)	(19,80%)
Discount rate -1	27,40%	27,10%	27,10%
Inflation rate +1	27,50%	33,60%	33,60%
Inflation rate -1	(20,20%)	(23,40%)	(23,40%)

g) Insurance Technical Provisions (Net):

	Current Period	Prior period
Life-Mathematical Provisions	-	-
Provisions for unearned premium claims	103.898	100.423
Provision for outstanding claims	165.638	105.956
Provisions for unexpired risk reserves	-	-
Other	-	-
Total	269.536	206.379

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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 31December 2022, the Group's calculated current tax liability is amounting to TRY 8.180.085 and recognized under corporate tax provision account as of the mentioned date (31 December 2021: TRY 78.491 corporate tax liability)

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate tax payable	8.180.085	78.491
Income on securities tax	641.431	409.434
Property income tax	4.713	3.049
Banking and insurance transactions tax (BITT)	505.394	252.910
Foreign exchange transactions tax	16.351	52.359
Value added tax payable	28.348	3.534
Other	173.657	80.672
Total	9.549.979	880.449

a.3. Information on premiums:

	Current Period	Prior Period
Social insurance premiums-employee	746	341
Social insurance premiums-employer	2.974	1.084
Bank social aid pension fund premium-employee	43.988	22.968
Bank social aid pension fund premium-employer	68.535	37.885
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	3.455	1.694
Unemployment insurance-employer	6.636	3.416
Other	2.057	1.187
Total	128.391	68.575

b) Explanations related to 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 non-current assets held for sale and discontinued operations:

None (31 December 2021: None).

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

	Current Period		Prior Period	
Information on Subordinated Loans	TRY	FC	TRY	FC
To be included in the calculation of additional capital borrowings instruments	-	21.173.452	-	15.591.893
<i>Subordinated loans</i>	-	21.173.452	-	15.591.893
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in contribution capital calculation	6.041.809	-	6.051.459	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	6.041.809	-	6.051.459	-
Total	6.041.809	21.173.452	6.051.459	15.591.893

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

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

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

(13) Information on shareholders' equity

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	4.969.121	2.473.776
Preferred stock	-	-

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

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

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

In accordance with the decision of the Board of Directors of the Parent Bank dated 9 February 2022, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 13.400.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 17 February 2022. Accordingly, the recognition of the capital increase of TRY 2.495.345 on 9 March 2022 was realized on 14 March 2022, based on the permission obtained from the BRSA. The change made to the relevant Articles of Association was registered on 22 March 2022, and it was announced in the Trade Registry Gazette dated 23 March 2022 and numbered 10543. After the increase, TRY 2.495.345 of nominal and TRY 10.904.655 of share premium, amounting to a capital increase of TRY 13.400.000, were recognized in the financial statements. Mentioned capital increase was made by the Parent Bank's main shareholder Türkiye Varlık Fonu. Share capital increased from TRY 2.473.776 to TRY 4.969.121.

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

None.

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

None.

f) Information on the Parent Bank's acquired shares:

Between 1 January 2022 – 31 December 2022, the Parent Bank has repurchased shares amounting to TRY 8.850 and has not resold shares within the scope of the Board of Directors' decision dated 17 March 2020.

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

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

h) Information on preferred shares:

None.

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

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

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

i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	15.040	-	15.040	2.669
<i>Valuation differences</i>	<i>15.040</i>	-	<i>15.040</i>	<i>2.669</i>
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	7.933.780	(889.029)	(1.817.314)	(278.853)
<i>Valuation differences</i>	<i>7.933.780</i>	<i>(893.748)</i>	<i>(1.817.314)</i>	<i>(142.399)</i>
<i>Exchange rate difference</i>	-	<i>4.719</i>	-	<i>(136.454)</i>
Total	7.948.820	(889.029)	(1.802.274)	(276.184)

j) Information on Profit Distribution:

The Ordinary General Assembly Meeting of the Parent Bank was held on March 25, 2022. At the General Assembly Meeting, it was decided to transfer the remaining amount of TRY 1.432.343 to extraordinary reserves, after allocating TRY 75.386 of the unconsolidated net profit amounting to TRY 1.507.729 from the activities of the year 2021 as general legal reserves.

k) Information on Legal Reserves:

	Current Period	Prior Period
I. Legal Reserve	1.808.379	1.661.716
II. Legal Reserve	665.655	636.172
Special Reserves	232.169	141.821
Share Buyback Reserve Fund	424.229	351.767
Total	3.130.432	2.791.476

l) Information on Extraordinary Reserves:

	Current Period	Prior Period
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	26.949.466	25.470.612
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Difference on Foreign Currency Capital (-)	-	-
Total	26.949.466	25.470.612

(14) Information on minority interest shares:

	Current Period	Prior Period
Paid-in Capital	329.869	214.638
Export Premium	10.446	10.366
Share Cancellation Profits	(43.134)	(28.756)
Marketable Securities Revaluation Fund	-348	7
Legal Reserves	7.351	6.576
Extraordinary Reserves	3.613	4.966
Retained Earnings	92.704	55.471
Other Profit Reserves	11.109	8.738
Other Capital Reserves	9.548	1.191
Net Period Profit / Loss	5.791	8.487
Closing Balance	426.949	281.684

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED 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	34.942.445	17.465.120
Payment commitments for cheques	9.705.677	6.146.359
Loan granting commitments	18.300.735	6.401.780
Forward asset purchase and sale commitments	29.819.815	9.044.334
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	24.391	27.584
Tax and fund liabilities from export commitments	163.349	106.220
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	8.216.891	5.853.373
Total	101.173.303	45.044.770

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

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

	Current Period	Prior Period
Letters of credit	6.316.149	7.133.429
Bank acceptances	23.628.261	11.581.244
Other guarantees	16.989.126	9.671.584
Total	46.933.536	28.386.257

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

	Current Period	Prior Period
Letters of certain guarantees	43.254.431	27.108.104
Letters of advance guarantees	11.528.112	8.238.368
Letters of tentative guarantees	3.266.565	1.981.621
Letters of guarantee given to customs offices	6.605.339	3.932.906
Other letters of guarantee	210.975.937	125.658.409
Total	275.630.384	166.919.408

c) Information on non-cash loans:

c.1. Total non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	44.389.420	27.373.541
<i>Within one year or less original maturity</i>	4.771.970	3.763.863
<i>Within more than one year maturity</i>	39.617.450	23.609.678
Other non-cash loans	278.174.500	167.932.124
Total	322.563.920	195.305.665

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

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

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	569.671	0,28	130.204	0,11	236.420	0,28	317.706	0,28
<i>Farming and Stockbreeding</i>	418.276	0,21	40.703	0,03	183.955	0,22	20.998	0,02
<i>Forestry</i>	25.924	0,01	18	-	8.548	0,01	4.709	-
<i>Fishery</i>	125.471	0,06	89.483	0,08	43.917	0,05	291.999	0,26
Manufacturing	65.835.859	32,30	52.530.677	44,25	19.675.926	24,04	52.963.470	46,69
<i>Mining and Quarrying</i>	2.949.309	1,45	1.749.802	1,47	386.734	0,47	1.712.885	1,51
<i>Production</i>	59.871.713	29,37	46.580.887	39,24	18.195.364	22,23	48.397.141	42,66
<i>Electricity, Gas and Water</i>	3.014.837	1,48	4.199.988	3,54	1.093.828	1,34	2.853.444	2,52
Construction	51.405.050	25,22	36.898.205	31,07	24.509.366	29,94	25.258.760	22,27
Services	83.553.425	40,99	28.501.070	24,03	36.767.027	44,91	34.346.996	30,28
<i>Wholesale and Retail Trade</i>	51.620.210	25,32	11.914.486	10,04	22.727.973	27,76	14.473.852	12,76
<i>Accommodation and Dining</i>	4.332.324	2,13	4.481.727	3,78	409.621	0,50	5.793.759	5,11
<i>Transportation and Telecom.</i>	2.662.042	1,31	6.470.238	5,45	1.543.594	1,89	9.291.420	8,19
<i>Financial Institutions</i>	10.181.169	4,99	936.061	0,79	5.374.538	6,57	197.237	0,17
<i>Real Estate and Rental Services</i>	12.614.788	6,19	4.342.674	3,66	5.290.718	6,46	4.189.939	3,69
<i>Professional Services</i>	67.142	0,03	92.937	0,08	44.473	0,05	142.807	0,13
<i>Educational Services</i>	167.347	0,08	89.467	0,08	106.846	0,13	149.930	0,13
<i>Health and Social Services</i>	1.908.403	0,94	173.480	0,15	1.269.264	1,55	108.052	0,10
Other	2.487.477	1,21	652.282	0,54	677.170	0,83	552.824	0,49
Total	203.851.482	100,00	118.712.438	100,00	81.865.909	100,00	113.439.756	100,00

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

	Group I		Group II	
	TRY	FC	TRY	FC
Non-Cash Loans	202.149.800	113.880.875	1.701.682	4.831.563
Letters of Guarantee	166.830.084	102.718.421	1.701.682	4.380.197
Bills of Exchange and Bank Acceptances	18.466.650	5.124.321	-	37.290
Letters of Credit	53.360	5.848.713	-	414.076
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Sureties	16.799.706	189.420	-	-

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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):	261.591.539	125.717.623	-	-
Currency Forwards-Purchases/Sales	11.334.982	16.455.764	-	-
Currency Swaps-Purchases/Sales	224.399.865	104.784.513	-	-
Currency Futures-Purchases/Sales	917.751	-	-	-
Currency Options-Purchases/Sales	24.938.941	4.477.346	-	-
Interest Rate related Derivative Transactions (II)	58.627.888	43.976.230	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Swaps-Purchases/Sales	58.627.888	43.976.230	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-
Other Trading Derivatives (III) ⁽¹⁾	30.383.203	30.945.631	-	-
A. Total Trading Derivatives (I+II+III)	350.602.630	200.639.484	-	-
Derivative Financial Instruments held for Risk Management	-	-	-	-
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	-	-
FC investment in associates risk hedge	-	-	-	-
B. Total Derivative Financial Instruments held for Risk Management	-	-	-	-
Total Derivative Transactions (A+B)	350.602.630	200.639.484	-	-

⁽¹⁾ Other trading derivative transactions include forward precious metal purchase and sale transactions of TRY 1.001.498 and TRY 5.126.311; respectively, and swap precious metal purchase transactions of TRY 24.255.394.

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

The Parent Bank has credit termly derivative transactions as part of its trading transactions. These transactions include credit default swaps which based on treasury of Turkish Republic's credit risk. As of 31 December 2022, the Parent Bank has credit default conditioned cross currency swap transaction amounting to USD 110 million with 5 year maturity (weighted average remaining maturity 8 months). In this transactions the Parent Bank sells protection.

4) Explanations on contingent liabilities and assets:

Group's commitments for the cheques given to customers are TRY 9.705.677 (31 December 2021: TRY 6.146.359).

5) Services provided on behalf of others:

None.

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

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans⁽¹⁾				
Short term loans	25.334.668	699.365	12.411.771	312.124
Medium and long term loans	48.363.628	10.798.552	34.201.398	7.290.556
Interest on non-performing loans	1.100.281	22.555	359.319	2.565
Premiums from resource utilization support fund	-	-	-	-
Total	74.798.577	11.520.472	46.972.488	7.605.245

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

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	319.750	12.331	1.211.758	-
Domestic banks	119.519	4.608	53.461	303
Foreign banks	58.285	22.623	15.271	3.207
Foreign headquarters and branches	-	-	-	-
Total	497.554	39.562	1.280.490	3.510

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	31.936	1.843	26.384	49
Financial Assets at Fair Value through Other				
Comprehensive Income	12.969.640	1.349.262	7.594.948	744.993
Financial Assets Measured at Amortized Cost	49.636.655	3.682.759	17.055.963	2.438.239
Total	62.638.231	5.033.864	24.677.295	3.183.281

d) Interest income from subsidiaries and associates

None (31 December 2021: None).

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

(2) Information on interest expenses:

a) Information on interest expense on funds borrowed: ⁽¹⁾

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	230.875	349.586	152.245	205.047
<i>CBRT</i>	-	-	-	-
<i>Domestic banks</i>	230.875	63.644	152.245	52.180
<i>Overseas banks</i>	-	285.942	-	152.867
<i>Overseas head office and branches</i>	-	-	-	-
Other institutions	14	41.535	7	27.979
Total	230.889	391.121	152.252	233.026

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

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	64.969	33.464

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	2.301.327	1.467.299	2.033.767	1.266.330

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IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED 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	292	2.860.892	1.162.647	3	-	-	-	4.023.834
Saving deposits	7	1.217.137	7.061.463	12.616.036	804.521	823.845	13.853	22.536.862
Public deposits	10	4.524.567	825.161	119.603	26.819	2.376	-	5.498.536
Commercial deposits	15	6.694.095	6.384.038	2.096.791	3.028.237	2.032.000	-	20.235.176
Other deposits	1	1.184.771	3.039.744	583.531	684.785	93.690	-	5.586.522
7 days call accounts	-	-	-	-	-	-	-	-
Total	325	16.481.462	18.473.053	15.415.964	4.544.362	2.951.911	13.853	57.880.930
Foreign currency								
Deposits	8.203	675.994	3.946.975	1.000.267	201.655	220.090	130	6.053.314
Bank deposits	53	61.392	498.451	8	-	-	-	559.904
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	1.017	25.522	1.408	783	1.147	-	29.877
Total	8.256	738.403	4.470.948	1.001.683	202.438	221.237	130	6.643.095
Grand total	8.581	17.219.865	22.944.001	16.417.647	4.746.800	3.173.148	13.983	64.524.025

Prior Period	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	1.509	2.520.061	744.308	26.874	-	-	-	3.292.752
Saving deposits	21	1.959.087	12.199.244	1.322.091	589.650	500.479	13.467	16.584.039
Public deposits	19	591.689	566.380	69.233	27.577	2.376	-	1.257.274
Commercial deposits	18	5.636.196	6.429.659	323.837	188.737	1.196.655	-	13.775.102
Other deposits	1	496.685	3.048.531	461.066	348.050	202.850	-	4.557.183
7 days call accounts	-	-	-	-	-	-	-	-
Total	1.568	11.203.718	22.988.122	2.203.101	1.154.014	1.902.360	13.467	39.466.350
Foreign currency								
Deposits	2.582	288.727	1.789.000	108.693	74.720	149.534	91	2.413.347
Bank deposits	30	14.037	154.292	171	177	-	-	168.707
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	596	16.133	884	416	1.020	-	19.049
Total	2.612	303.360	1.959.425	109.748	75.313	150.554	91	2.601.103
Grand total	4.180	11.507.078	24.947.547	2.312.849	1.229.327	2.052.914	13.558	42.067.453

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

(3) Information on dividend income:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	1.267	55
Financial Assets at Fair Value Through other Comprehensive Income	9.286	3.996
Other	43.707	-
Total	54.260	4.051

(4) Explanations on trading profit/loss:

	Current Period	Prior Period
Profit	163.030.606	218.039.853
<i>Profit from the capital market transactions</i>	<i>336.662</i>	<i>70.024</i>
<i>Profit on derivative financial transactions</i>	<i>36.881.015</i>	<i>50.607.062</i>
<i>Foreign exchange gains</i>	<i>125.812.929</i>	<i>167.362.767</i>
Loss (-)	168.782.642	225.342.722
<i>Loss from the capital market transactions</i>	<i>75.404</i>	<i>2.614</i>
<i>Loss from derivative financial transactions</i>	<i>28.990.513</i>	<i>32.065.733</i>
<i>Foreign exchange losses</i>	<i>139.716.725</i>	<i>193.274.375</i>

Explanations on derivative financial instruments:

	Current Period	Prior Period
Profit on derivative financial instruments	36.881.015	50.607.062
Effect of the change in foreign exchange on profit	36.071.229	50.223.698
Effect of the change in interest rate on profit	809.786	383.364
Loss on derivative financial instruments (-)	28.990.513	32.065.733
Effect of the change in foreign exchange on loss	28.218.449	31.748.382
Effect of the change in interest rate on loss	772.064	317.351
Profit/loss on derivative financial instruments	7.890.502	18.541.329

(5) Information on other operating income:

	Current Period	Prior Period
Adjustments for prior period expenses	1.929.828	5.790.664
Insurance technical income	159.916	127.860
Income from the asset sale	894.958	404.285
Rent income	136.479	74.938
Other income	791.869	228.369
Total	3.913.050	6.626.116

(6) Information on Expected Credit Losses and other provisions:

	Current Period	Prior Period
Expected Credit Losses	37.160.610	12.121.844
<i>12 Month Expected Credit Loss (Stage 1)</i>	<i>11.947.469</i>	<i>2.353.637</i>
<i>Significant Increase in Credit Risk (Stage 2)</i>	<i>19.362.526</i>	<i>5.379.090</i>
<i>Non – Performing Loans (Stage 3)</i>	<i>5.850.615</i>	<i>4.389.117</i>
Marketable Securities Impairment Expense	165.683	-
<i>Financial Assets at Fair Value through Profit or Loss</i>	<i>165.683</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	23.635	36.293
Total	37.349.928	12.158.137

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

(7) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	401.629	181.627
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	8.658	3.023
Depreciation expenses of fixed assets	671.702	507.876
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	207.056	164.135
Impairment expense for equity shares subject to the equity method accounting	-	-
Impairment expense of assets to be sold	-	-
Amortization expenses of assets to be sold	21.264	16.373
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	6.146.639	3.082.072
<i>Leasing Expenses on TFRS 16 Exceptions</i>	231.995	157.572
<i>Maintenance expenses</i>	183.692	107.260
<i>Advertisement expenses</i>	1.244.319	501.187
<i>Other expenses</i>	4.486.633	2.316.053
Loss on sales of assets	4.565	6.575
Other	3.005.596	1.996.665
Total	10.467.109	5.958.346

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

The Group's income before tax/loss is due from continuing activities. Net interest income is TRY 70.120.181 (31 December 2021: TRY 20.741.713), net fees and commissions income is TRY 9.372.362 (31 December 2021: TRY 4.524.121) and the profit from operations before tax is TRY 21.155.826 (31 December 2021: TRY 1.882.949).

(9) Information on tax provisions for continued and discontinued operations:

For the period then ended 31 December 2022, the Group's tax provision expense amounting to TRY 5.684.523 (31 December 2021: TRY 38.491) consists of TRY 17.046.469 (31 December 2021: TRY 187.703) of current tax charge and TRY 5.627.401 (31 December 2021: TRY 4.705.132) of deferred tax charge, TRY 16.989.347 (31 December 2021: TRY 4.854.344) of deferred tax income.

(10) Information on net operating income/expense from continued and discontinued operations after tax:

As of 31 December 2022, the Group's net operating income after tax is amounting to TRY 15.471.303. (31 December 2021: TRY 1.844.458)

(11) Information on net profit/loss:

- a) If disclosure of the nature, size and recurrence rate of income and expense items arising from ordinary banking transactions is necessary to understand the bank's performance during the period, the explanation regarding the nature and amount of these items is as follows:

There is no issue to be disclosed.

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

There is no issue to be disclosed.

(12) Minority interest profit/losses:

	Current Period	Prior Period
Minority interest profit/losses	5.791	8.487

(13) Other items in the Income Statement:

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

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V. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As per the BRSA circular announced on 28 April 2005, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA decree numbered 1623 and dated 21 April 2005.

According to this circular, TRY 1.220.451 of inflation adjustment related to paid in capital was transferred to the "Other Capital Reserves" account, which was previously recognized in "Paid-in Capital Inflation Adjustment" account before 31 December 2005. However, inflation adjustments related to other equity items are presented under the related equity item.

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VI. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED CASH FLOW STATEMENT

- (1) Disclosures for the “other” and “the effect of foreign exchange differences on cash and cash equivalents” items of cash flow statement:

The “net increase/(decrease) in other liabilities” under the changes in operating assets and liabilities is resulted from the changes in the funds obtained through repurchase agreements, miscellaneous payables, other external funding payables and taxes, duties and premiums payables and amounts to TRY 10.238.979 decrease (31 December 2021: TRY 47.941.552 increase) for the year 2022. The “others” item under operating income composes of fees and commissions paid, foreign exchange gains, other operating income and other operating expenses excluding employee costs, and amounts to TRY 67.172.063 decrease for the year 2022 (31 December 2021: TRY 36.499.118 decrease).

For the year ended 31 December 2022, the effect of change in foreign exchange rate on cash and cash equivalents is TRY 15.559.295 increase (31 December 2021: TRY 24.031.077 increase). The average exchange rates of last five weekdays were taken into consideration as of the balance sheet date when calculating the effect of change in the exchange rates.

- (2) Items used in determination of cash and cash equivalents, accounting policies used in the determination of those items:

Cash in TRY, cash in foreign currency, demand Central Bank and demand bank deposits are defined as cash, whereas time bank deposits up to three months and money market receivables are defined as cash equivalents.

- (3) The effect of any change in accounting policies:

None.

- (4) Cash and cash equivalents balance at the beginning of the period:

	Current Period	Prior Period
Cash	62.885.883	41.681.136
<i>Cash in TRY, foreign currency and others⁽¹⁾</i>	<i>7.413.148</i>	<i>5.063.008</i>
<i>Demand CBRT and Banks</i>	<i>55.472.735</i>	<i>36.618.128</i>
Cash equivalents	648.354	1.440.417
<i>Time Bank Deposits Up to 3 Months</i>	<i>647.353</i>	<i>1.187.420</i>
<i>Money Market Placements</i>	<i>1.001</i>	<i>252.997</i>
Total Cash and Cash Equivalents	63.534.237	43.121.553

⁽¹⁾ Other items include cheques received and required reserves that are held at The Central Bank of Macedonia and the Central Bank of Serbia.

- (5) Cash and cash equivalents balance at the end of the period:

	Current Period	Prior Period
Cash	83.352.615	62.885.883
<i>Cash in TRY, foreign currency and others⁽¹⁾</i>	<i>9.785.238</i>	<i>7.413.148</i>
<i>Demand CBRT and Banks</i>	<i>73.567.377</i>	<i>55.472.735</i>
Cash equivalents	2.156.596	648.354
<i>Time Bank Deposits Up to 3 Months</i>	<i>2.131.596</i>	<i>647.353</i>
<i>Money Market Placements</i>	<i>25.000</i>	<i>1.001</i>
Total Cash and Cash Equivalents	85.509.211	63.534.237

⁽¹⁾ Other items include cheques received and required reserves that are held at The Central Bank of Macedonia and the Central Bank of Serbia.

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VII. EXPLANATIONS RELATED TO THE RISK GROUP OF THE PARENT BANK

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

- a) Information on the loans of the Parent Bank's risk group:

Current Period

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning Balance	-	2.133	-	-	-	-
Closing Balance	-	2.255	-	-	-	-
Interest and commissions	-	38	-	-	-	-

Prior Period

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning Balance	-	-	-	-	-	-
Closing Balance	-	2.133	-	-	-	-
Interest and commissions	-	35	-	-	-	-

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

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	138.492	-	-	-	-	-
Closing Balance	522.749	138.492	-	-	-	-
Interest expense on deposits	64.969	33.464	-	-	-	-

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

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss						
Beginning Balance	28.466	-	-	-	-	-
Closing Balance	-	28.466	-	-	-	-
Total Profit/Loss	(1.455)	16	-	-	-	-

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

VII. EXPLANATIONS RELATED TO THE RISK GROUP OF THE PARENT BANK (continued)

(2) Disclosures for risk group of the Parent Bank:

- a) The relations of the Parent Bank with the entities controlled by the Parent Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Parent Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

The Parent Bank performs brokerage on the activities of Halk Yatırım Menkul Değerler AŞ within the scope of "the Brokerage Contract for Order Submission".

- b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

Current Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	-	-
Non-Cash Loans	2.255	<0,01
Deposits	522.749	0,05
Forward and Option Contracts	-	-

Prior Period	Amount	Compared To The Amounts In The Financial Statements (%)
Cash Loans	-	-
Non-Cash Loans	2.133	<0,01
Deposits	138.492	0,02
Forward and Option Contracts	28.466	0,01

Pricing of these transactions are in accordance with the general pricing policies of the Parent Bank and are in line with market rates.

- c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements:

Explained in b).

- d) Transactions accounted under the equity method:

None.

(3) Benefits given to the key management personnel:

Benefits given to the key management personnel of the Group are TRY 60.577 as of 31 December 2022 (31 December 2021: TRY 38.609).

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

VI. EXPLANATIONS ON THE PARENT BANK'S DOMESTIC BRANCHES, AGENCIES/BRANCHES ABROAD AND OFF-SHORE BRANCHES

(1) Explanations on the Parent Bank's domestic branches, agencies/branches abroad and off-shore branches

Current Period	Quantity	Number of Employees	Countries		
Domestic Branch	1.032	20.688			
Abroad Agencies	1	1	IRAN		
	1	1	ENGLAND		
				Total Assets	Statutory Capital
Overseas Branch	5	88	T.R.N.C.	6.114.197	-
	1	3	BAHRAIN	65.777.681	-
Off-shore Branches	-	-		-	-
Prior Period	Quantity	Number of Employees	Countries		
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	-	-		-	-

(*) Singapore Representative activities were terminated on December 31, 2021.

(2) Explanations on branch and agency openings or closings or other significant operational changes of the Parent Bank:

During the year 2022, the Parent Bank opened 15 branches, 1 of them being a foreign branch.

Singapore Representative activities were terminated on December 31, 2021.

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED 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	11.754	7.477
Fees for tax advisory	-	-
Fees for other assurance services	123	65
Fees for other services except independent audit	524	154
Total	12.401	7.696

X. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

The procedures and principles of the articles of law that allow the revaluation of immovable and depreciable economic assets have been revised on the Communiqué Amending the General Communiqué on Tax Procedure Law No. 547 published in the Official Gazette dated 14 January 2023 and numbered 32073. Accordingly, in terms of corporate tax calculation, the Parent Bank will be able to revalue its immovable and depreciable economic assets in the balance sheet, provided that the conditions in the related articles of Tax Procedure Law are met.

With the Board Decision of the BRSA dated 31 January 2023, in accordance with the Regulation on the Measurement and Assessment of the Capital Adequacy of Banks, in the calculation of the amount based on credit risk for TRY amount, the foreign currency items are decided to be calculated using the CBRT foreign exchange buying rate of 30 December 2022, instead of the CBRT foreign exchange buying rate of 31 December 2021 and also SME and retail limits are updated.

On 2, 7, 15 and 16 February, the Parent Bank has repurchased shares amounting to TRY 5.000, TRY 7.500, TRY 150 and TRY 2.500 within the scope of the Board of Directors' decision dated 17 March 2020, respectively.

On 6 February 2023, an earthquake, which the epicenter was Kahramanmaraş occurred and struck 10 provinces. After the disaster, BRSA, CBRT, TBB and Revenue Administration implemented several regulatory reliefs for the residents of the provinces in the disaster area. The Parent Bank management has taken all necessary measures within the scope of aforementioned reliefs, and further studies on the subject is in progress. As announced in the Official Gazette numbered 32098 and dated 8 February 2023, a State of Emergency was declared for 3 months in Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa.

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SECTION VI: OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE PARENT BANKS' ACTIVITY

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

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

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

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

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

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

District Court denied the Parent Bank's motion to dismiss the indictment on October 1, 2020. The Parent Bank appealed the Second Circuit through the motion to dismiss the indictment based on the Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On December 23, 2020, the Second Circuit accepted to hear the appeal on the merits and granted the Parent Bank's motion to stay the case pending sovereign immunity appeal. Before the Second Circuit, the oral argument was presented on April 12, 2021. The Second Circuit denied the Parent Bank's appeal on October 22, 2021. The Parent Bank filed its petition with the Second Circuit for an en banc rehearing. Second Circuit denied the Parent Bank's petition on December 15, 2021.

As the Parent Bank would file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the Second Circuit to stay the mandate so that the stay on the proceedings in the District Court continues. The petition was granted by the Second Circuit on January 14, 2022. The proceedings in the District Court are stayed until the process is completed in the US Supreme Court.

The Parent Bank filed its FSIA petition for a writ of certiorari with the US Supreme Court on May 13, 2022. The Solicitor General under the U.S. Department of Justice filed their brief in opposition to the Parent Bank's writ of certiorari on July 18, 2022, and the briefing was concluded on August 2, 2022.

The US Supreme Court reviewed the Parent Bank's petition for a writ of certiorari on September 28, 2022 and announced its decision to grant review on October 3, 2022. Following the grant of review, the Parent Bank filed its appeal on the merits with the Supreme Court on November 14, 2022. Then, the Solicitor General under the U.S. Department of Justice filed its reply brief on December 14, 2022. Briefing was concluded with the Parent Bank filing its counter reply brief with the Court on January 6, 2023.

The U.S. Supreme Court heard the oral argument on January 17, 2023. In the course of the next phase the US Supreme Court is expected to announce its opinion regarding the Parent Bank's FSIA appeal. If the US Supreme Court rules favorably, the case will be dismissed before the trial process. In the case of an adverse ruling, the case will be returned to the District Court for the Southern District of New York and the District Court will need to create a new schedule for the trials.

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SECTION VI: OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE PARENT BANKS' ACTIVITY(continued)

In addition, a civil case was filed against the Parent Bank on March 27, 2020 with a claim for damages by plaintiffs in the Southern District of New York Court "on the grounds that they (the plaintiffs) could not collect their judgments from Iran due to violations of sanctions" and it was served to the Parent Bank's attorneys on July 1, 2020. The Parent Bank filed a motion at the District Court to dismiss the complaint of plaintiffs, and thereby dismiss the case on September 25, 2020. The case was fully briefed on December 16, 2020. District Court conditionally granted the Parent Bank's motion to dismiss on the grounds of forum non conveniens on February 16, 2021. The case was closed at the District Court on March 3, 2021.

The Plaintiffs filed their appeal brief with the Second Circuit as to the District Court's Decision on June 30, 2021. The case is fully briefed, and the oral arguments were heard before the Second Circuit on October 13, 2022. The Second Circuit's decision is pending.

The proceedings of both the criminal case and the civil case are closely monitored by the Parent Bank through U.S. law firms with relevant expertise.

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SECTION VII: AUDITORS' REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT

The Parent Bank's publicly available consolidated financial statements and footnotes as of 31 December 2022 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 17 February 2023 is presented in front of the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.