

**TÜRKİYE HALK BANKASI  
ANONİM ŞİRKETİ**

**Unconsolidated Financial Statements  
As of 30 September 2023  
With Review Report Thereon**  
(Convenience Translation of Unconsolidated  
Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish)

## **REPORT ON REVIEW OF UNCONSOLIDATED INTERIM FINANCIAL INFORMATION**

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

### *Introduction*

We have reviewed the accompanying unconsolidated statement of financial position of Türkiye Halk Bankası A.Ş. (“the Bank”) as at 30 September 2023, and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity and unconsolidated statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying unconsolidated interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial 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 Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this unconsolidated interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

### *Basis for Qualified Conclusion*

The Bank reclassified the government bonds amounting to TRY 18.965.006 thousand, which were previously classified under financial assets at fair value through other comprehensive income according to the business model prepared in accordance with Turkish Financial Reporting Standard (“TFRS”) 9, into financial assets measured at amortised cost and reversed the marketable securities revaluation fund accumulated under other comprehensive income or loss to be reclassified through profit or loss amounting to TRY 2.229.977 thousand on 23 May 2018. The reclassification constitutes a departure from TFRS 9 requirements. The government bonds reclassified into financial assets measured at amortised cost amounted to TRY 41.452.492 thousand as at 30 September 2023. If such classification were not made, total assets and shareholders’ equity, excluding tax effect, would have been lower by TRY 7.286.931 thousand as at 30 September 2023.

### *Qualified Conclusion*

Based on our review, except for the effects of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of Türkiye Halk Bankası A.Ş. as at 30 September 2023, and of the results of its operations and its cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

### *Emphasis of Matter*

As detailed in Section Five Note Seven, we draw attention to the following issue that may affect the Bank:

On October 15, 2019, the US Department of Justice, United States Attorney Southern District of New York indicted the Bank in the Southern District of New York Court (“District Court”) for the violations of Iranian sanctions. This criminal case is pending at the District Court. The proceedings are stayed as the Bank requests an appeal under the “Foreign Sovereign Immunity Act” (“FSIA”). The US Supreme Court has rejected the Bank’s FSIA appeal and remanded the case to the US Court of Appeals for the Second Circuit to be reviewed on common law immunity grounds. The process is ongoing.

In addition, a group of plaintiffs filed a civil lawsuit against the Bank with a claim for damages before the District Court for the Southern District of New York on March 27, 2020, "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 Second Circuit ruled in the Bank’s favor and dismissed the lawsuit on May 2, 2023. The plaintiffs appealed the decision to the US Supreme Court on August 30, 2023. The process is ongoing.

Finally, on July 26, 2023, a new civil case was filed against the Bank by a group of plaintiffs in a complaint filed with the District Court, seeking to satisfy judgements similar to the civil case dated March 27, 2020. The plaintiffs seek judgments by attempting to establish a connection between certain aggrievements they have suffered in various countries and the allegations in the current criminal case against the Bank, which was filed on October 15, 2019. The service was processed on October 1, 2023 and the Bank is closely following the process with its US-based lawyers. The process is ongoing.

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

### **Report on Other Legal and Regulatory Requirements**

Based on our review, nothing has come to our attention that causes us to believe that the unconsolidated interim financial information provided in the Management’s interim report included in section seven of the accompanying unconsolidated financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed unconsolidated interim financial statements and the explanatory notes.

*Additional paragraph for English translation:*

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

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

Erdem Taş  
Partner

Istanbul, 9 November 2023

**TÜRKİYE HALK BANKASI AŞ**  
**THE UNCONSOLIDATED FINANCIAL REPORT**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

1. The Bank's Headquarter Address:  
Finanskent Mahallesi Finans Caddesi No:42/1 Ümraniye/İstanbul
2. The Bank's Contact Phone and Facsimile:  
Phone : 0216 503 70 70  
Facsimile : 0212 340 93 99
3. The Bank's Website and E-mail Address:  
Website: www.halkbank.com.tr  
E-mail Address: halkbank.ir@halkbank.com.tr

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

- **Section One** : GENERAL INFORMATION ABOUT THE BANK
- **Section Two** : UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Three** : EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** : INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- **Section Five** : EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** : LIMITED REVIEW REPORT
- **Section Seven** : INTERIM ACTIVITY REPORT

The unconsolidated financial statements for nine-month period ended 30 September 2023 and related disclosures and footnotes that are subject to limited review 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, 9 November 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>Vice Chairman 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 : Sercan PAT / Specialist  
Tel : 0216 503 52 13  
Fax No : 0212 340 09 90

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**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

**SECTION I: GENERAL INFORMATION ABOUT THE BANK**

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

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

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

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

As of 30 September 2023 the shareholders’ structure and their respective ownerships are summarized as follows:

<b>Shareholders</b>	<b>30 September 2023</b>	<b>%</b>	<b>31 December 2022</b>	<b>%</b>
Türkiye Varlık Fonu <sup>(1)</sup>	6.573.604	91,49	4.357.946	87,70
Public shares <sup>(1)</sup>	611.094	8,51	611.094	12,30
Other shareholders <sup>(2)</sup>	80	0,00	81	0,00
<b>Total</b>	<b>7.184.778</b>	<b>100,00</b>	<b>4.969.121</b>	<b>100,00</b>

<sup>(1)</sup> The shares of the Türkiye Varlık Fonu amounting to TRY 5.935.328 have been included in Public shares.

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

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

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

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

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

<b>Name</b>	<b>Title</b>
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
Mihrimah Belma SATIR	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
Mehmet AYDIN	Member of the Supervisory Board
Faruk ÖZÇELİK	Member of the Supervisory Board
Olca ATLIOĞLU	Executive Vice President, Information Technologies
İlhan BÖLÜKBAŞ	Executive Vice President, Loan Allocation and Management
Celal CANDAN	Executive Vice President, Credit Risk Monitoring and Legal Proceedings
Tahir DEMİRKIRAN	Executive Vice President, Loan Policies, Monitoring and Specialized Loans
Ergin KAYA	Executive Vice President, Banking Operations and Digital Transformation
Yalçın MADENCİ	Executive Vice President, Corporate and Commercial Marketing
Yusuf Duran OCAK	Executive Vice President, Financial Management and Planning
Fatih ŞAHBAZ	Executive Vice President, Human Resources and Support Services
Ali ŞÖNER	Executive Vice President, Treasury Management and International Banking
Altan TAŞKIRAN	Executive Vice President, Retail and Digital Banking
Hasan TUNCAY	Executive Vice President, SME Banking

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

- a) The Bank's top management members who have assigned to their position in 2023 are listed with titles and dates of assignment

<b>Title</b>	<b>Name and Surname</b>	<b>Beginning Date</b>
Member of the Board of Directors	Mihrimah Belma SATIR	2 August 2023
Member of the Supervisory Board	Mehmet AYDIN	2 August 2023
Member of the Supervisory Board	Faruk ÖZÇELİK	2 August 2023

- b) The Bank's top management members who have left their position in 2023 are listed with titles and dates of leaving.

<b>Title</b>	<b>Name and Surname</b>	<b>Leaving Date</b>
Member of the Supervisory Board	Faruk ÖZÇELİK	16 March 2023
Member of the Supervisory Board	Prof. Dr. Yılmaz ÇOLAK	2 August 2023
Independent Member of the Board of Directors	Prof. Dr. Mesut KARAKAŞ	2 August 2023

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

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

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

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

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

**1) General information about the Bank:**

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

**2) Bank's restructuring process:**

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

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

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

# TÜRKİYE HALK BANKASI AŞ

## EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

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

#### V. EXPLANATIONS ON THE BANK'S FUNCTIONS AND LINES OF ACTIVITY(continued)

##### 2) Bank's restructuring process: (continued)

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

##### 3) The Bank's service activities and operating areas:

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

As of 30 September 2023, the Bank operates with a total of 1.066 branches consisting of 1.060 domestic and 6 foreign branches that are 5 in Turkish Republic of Northern Cyprus and 1 in Bahrain. Domestic branches include 31 satellite branches. The Bank has also 2 representative offices in England and Iran.

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

Platform Ödeme Hizmetleri ve Elektronik Para AŞ, subsidiary, and Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, associate, are not consolidated in accordance with the "Communiqué on the Preparation of Consolidated Financial Statements of Banks" as they are not within the scope of financial institutions. In the consolidated financial statements prepared in accordance with International Financial Reporting Standards, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ is included in the scope of consolidation according to the equity method, while Platform Ödeme Hizmetleri ve Elektronik Para AŞ is included in the scope of full consolidation.

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

DHB Bank NV, Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ, Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ and Birleşim Varlık Yönetim AŞ which are classified as investments in associates, are included in the financial statements based on equity method of accounting. Associates are the domestic or foreign subsidiaries which the Bank participates to equity with significant influence but without controlling interest.

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

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

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

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2023**  
*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*  
**I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

	Note	Reviewed			Audited		
		Current Period			Prior Period		
		30 September 2023			31 December 2022		
ASSETS		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. FINANCIAL ASSETS (NET)</b>		<b>262.781.343</b>	<b>268.868.126</b>	<b>531.649.469</b>	<b>129.001.375</b>	<b>173.538.837</b>	<b>302.540.212</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>145.383.718</b>	<b>226.782.266</b>	<b>372.165.984</b>	<b>33.526.579</b>	<b>132.587.288</b>	<b>166.113.867</b>
1.1.1 Cash and Balances with Central Bank	(1)	142.504.256	216.199.737	358.703.993	31.834.644	127.159.631	158.994.275
1.1.2 Banks	(3)	2.990.796	10.582.529	13.573.325	1.749.473	5.427.657	7.177.130
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Loss Provision (-)		111.334	-	111.334	57.538	-	57.538
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	(2)	<b>59.062.143</b>	<b>56.326</b>	<b>59.118.469</b>	<b>33.996.979</b>	<b>133.751</b>	<b>34.130.730</b>
1.2.1 Government Debt Securities		54.872.066	1.785	54.873.851	33.948.807	923	33.949.730
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		4.190.077	54.541	4.244.618	48.172	132.828	181.000
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(4)	<b>58.335.482</b>	<b>39.308.949</b>	<b>97.644.431</b>	<b>61.158.143</b>	<b>37.902.282</b>	<b>99.060.425</b>
1.3.1 Government Debt Securities		57.051.189	38.439.346	95.490.535	59.787.086	37.459.800	97.246.886
1.3.2 Equity Instruments		754.792	869.603	1.624.395	843.654	442.482	1.286.136
1.3.3 Other Financial Assets		529.501	-	529.501	527.403	-	527.403
<b>1.4 Derivative Financial Assets</b>	(2)(11)	<b>-</b>	<b>2.720.585</b>	<b>2.720.585</b>	<b>319.674</b>	<b>2.915.516</b>	<b>3.235.190</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		-	2.720.585	2.720.585	319.674	2.915.516	3.235.190
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST(Net)</b>		<b>1.229.207.964</b>	<b>358.037.237</b>	<b>1.587.245.201</b>	<b>779.661.282</b>	<b>250.604.261</b>	<b>1.030.265.543</b>
<b>2.1 Loans</b>	(5)	<b>1.016.101.808</b>	<b>235.159.630</b>	<b>1.251.261.438</b>	<b>666.016.811</b>	<b>176.600.717</b>	<b>842.617.528</b>
<b>2.2 Lease Receivables</b>	(10)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	(6)	<b>263.038.778</b>	<b>122.877.607</b>	<b>385.916.385</b>	<b>166.986.452</b>	<b>74.003.544</b>	<b>240.989.996</b>
2.4.1 Government Debt Securities		260.616.989	122.877.607	383.494.596	164.526.640	74.003.544	238.530.184
2.4.2 Other Financial Assets		2.421.789	-	2.421.789	2.459.812	-	2.459.812
<b>2.5 Expected Credit Loss (-)</b>		<b>49.932.622</b>	<b>-</b>	<b>49.932.622</b>	<b>53.341.981</b>	<b>-</b>	<b>53.341.981</b>
<b>III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)</b>	(14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale		-	-	-	-	-	-
3.2 Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>9.978.811</b>	<b>14.152.073</b>	<b>24.130.884</b>	<b>10.492.662</b>	<b>9.214.095</b>	<b>19.706.757</b>
<b>4.1 Investments in Associates (Net)</b>	(7)	<b>309.241</b>	<b>2.340.649</b>	<b>2.649.890</b>	<b>152.016</b>	<b>1.612.921</b>	<b>1.764.937</b>
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		309.241	2.340.649	2.649.890	152.016	1.612.921	1.764.937
<b>4.2 Subsidiaries (Net)</b>	(8)	<b>9.669.570</b>	<b>11.811.424</b>	<b>21.480.994</b>	<b>10.340.646</b>	<b>7.601.174</b>	<b>17.941.820</b>
4.2.1 Unconsolidated Financial Subsidiaries		9.569.225	11.811.424	21.380.649	10.240.301	7.601.174	17.841.475
4.2.2 Unconsolidated Non- Financial Subsidiaries		100.345	-	100.345	100.345	-	100.345
<b>4.3 Joint Ventures (Net)</b>	(9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>		<b>15.084.473</b>	<b>956</b>	<b>15.085.429</b>	<b>12.067.835</b>	<b>609</b>	<b>12.068.444</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>1.272.143</b>	<b>-</b>	<b>1.272.143</b>	<b>574.468</b>	<b>-</b>	<b>574.468</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.272.143	-	1.272.143	574.468	-	574.468
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(12)	<b>409.227</b>	<b>-</b>	<b>409.227</b>	<b>360.056</b>	<b>-</b>	<b>360.056</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>	(13)	<b>9.731.242</b>	<b>-</b>	<b>9.731.242</b>	<b>8.437.719</b>	<b>-</b>	<b>8.437.719</b>
<b>X. OTHER ASSETS (Net)</b>	(15)	<b>26.000.372</b>	<b>2.641.871</b>	<b>28.642.243</b>	<b>17.299.341</b>	<b>887.634</b>	<b>18.186.975</b>
<b>TOTAL ASSETS</b>		<b>1.554.465.575</b>	<b>643.700.263</b>	<b>2.198.165.838</b>	<b>957.894.738</b>	<b>434.245.436</b>	<b>1.392.140.174</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2023**  
*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*  
**I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**

LIABILITIES	Note	Reviewed			Audited		
		Current Period			Prior Period		
		30 September 2023			31 December 2022		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>I. DEPOSITS</b>	(1)	1.072.376.399	700.344.176	1.772.720.575	567.603.075	493.319.456	1.060.922.531
<b>II. FUNDS BORROWED</b>	(3)	330.271	15.200.866	15.531.137	180.267	13.241.796	13.422.063
<b>III. MONEY MARKETS</b>		107.835.734	11.932.516	119.768.250	94.101.600	8.057.568	102.159.168
<b>IV. SECURITIES ISSUED (Net)</b>	(4)	11.967.857	-	11.967.857	8.976.077	-	8.976.077
4.1 Bills		10.825.278	-	10.825.278	7.107.044	-	7.107.044
4.2 Assets Backed Securities		1.011.031	-	1.011.031	1.011.622	-	1.011.622
4.3 Bonds		131.548	-	131.548	857.411	-	857.411
<b>V. FUNDS</b>		24.739	-	24.739	237.542	-	237.542
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		24.739	-	24.739	237.542	-	237.542
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)(7)	440.750	1.900.811	2.341.561	-	823.543	823.543
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		440.750	1.900.811	2.341.561	-	823.543	823.543
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES</b>	(6)	2.753.159	68.005	2.821.164	1.275.326	3.163	1.278.489
<b>X. PROVISIONS</b>	(8)	10.682.264	-	10.682.264	8.717.353	-	8.717.353
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		6.679.129	-	6.679.129	5.285.506	-	5.285.506
10.3 Insurance for Technical Provision (Net)		-	-	-	-	-	-
10.4 Other Provisions		4.003.135	-	4.003.135	3.431.847	-	3.431.847
<b>XI. CURRENT TAX LIABILITY</b>	(9)	2.741.022	1.012	2.742.034	9.468.573	527	9.469.100
<b>XII. DEFERRED TAX LIABILITIES</b>	(9)	-	-	-	-	-	-
<b>XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(11)	6.030.419	31.782.842	37.813.261	6.041.809	21.173.452	27.215.261
14.1 Loans		-	31.782.842	31.782.842	-	21.173.452	21.173.452
14.2 Other Debt Instruments		6.030.419	-	6.030.419	6.041.809	-	6.041.809
<b>XV. OTHER LIABILITIES</b>	(5)	90.460.248	8.501.004	98.961.252	64.721.368	4.354.061	69.075.429
<b>XVI. SHAREHOLDERS' EQUITY</b>	(12)	120.009.819	2.781.925	122.791.744	88.073.481	1.770.137	89.843.618
16.1 Paid-in Capital		7.184.778	-	7.184.778	4.969.121	-	4.969.121
16.2 Capital Reserves		44.988.461	641.824	45.630.285	17.683.890	395.076	18.078.966
16.2.1 Share Premium		44.465.222	-	44.465.222	16.680.879	-	16.680.879
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		523.239	641.824	1.165.063	1.003.011	395.076	1.398.087
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		11.829.456	2.627.597	14.457.053	12.580.026	1.833.570	14.413.596
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		3.673.318	(487.496)	3.185.822	8.556.841	(458.509)	8.098.332
<b>16.5 Profit Reserves</b>		44.283.603	-	44.283.603	29.529.707	-	29.529.707
16.5.1 Legal Reserves		4.180.008	-	4.180.008	2.696.611	-	2.696.611
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		33.297.343	-	33.297.343	26.785.915	-	26.785.915
16.5.4 Other Profit Reserves		6.806.252	-	6.806.252	47.181	-	47.181
<b>16.6 Income or (Loss)</b>		8.050.203	-	8.050.203	14.753.896	-	14.753.896
16.6.1 Prior Periods' Income or (Loss)		-	-	-	-	-	-
16.6.2 Current Period Income or (Loss)		8.050.203	-	8.050.203	14.753.896	-	14.753.896
<b>16.7 Minority Shares</b>		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		1.425.652.681	772.513.157	2.198.165.838	849.396.471	542.743.703	1.392.140.174

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF**  
**30 SEPTEMBER 2023**

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

**II. STATEMENT OF OFF BALANCE SHEET ITEMS**

	Note	Reviewed			Audited		
		Current Period			Prior Period		
		30 September 2023			31 December 2022		
OFF-BALANCE SHEET		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>A. COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>606.856.720</b>	<b>472.691.219</b>	<b>1.079.547.939</b>	<b>415.654.379</b>	<b>358.192.812</b>	<b>773.847.191</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(1)	<b>341.633.775</b>	<b>174.789.824</b>	<b>516.423.599</b>	<b>203.985.740</b>	<b>111.200.707</b>	<b>315.186.447</b>
1.1 Letters of guarantee		286.343.807	157.593.612	443.937.419	168.666.024	100.393.232	269.059.256
1.1.1 Guarantees subject to public procurement law		12.979.721	21.621.333	34.601.054	6.914.095	13.846.314	20.760.409
1.1.2 Guarantees given for foreign trade operations		25.825	43.715.648	43.741.473	260.008	26.715.104	26.975.112
1.1.3 Other letters of guarantee		273.338.261	92.256.631	365.594.892	161.491.921	59.831.814	221.323.735
1.2 Bank loans		33.069.629	3.782.214	36.851.843	18.466.650	5.161.611	23.628.261
1.2.1 Import acceptances		-	546.610	546.610	-	486.033	486.033
1.2.2 Other bank acceptances		33.069.629	3.235.604	36.305.233	18.466.650	4.675.578	23.142.228
1.3 Letters of credit		11.476	13.413.998	13.425.474	53.360	5.625.245	5.678.605
1.3.1 Documentary letters of credit		11.476	13.413.998	13.425.474	53.360	5.625.245	5.678.605
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		22.208.863	-	22.208.863	16.799.706	20.619	16.820.325
1.9 Other sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>124.118.216</b>	<b>18.613.776</b>	<b>142.731.992</b>	<b>85.805.725</b>	<b>23.652.091</b>	<b>109.457.816</b>
2.1 Irrevocable commitments	(1)	118.544.192	7.398.923	125.943.115	82.028.145	17.738.854	99.766.999
2.1.1 Forward asset purchase commitments		3.872.262	7.398.923	11.271.185	13.574.406	16.245.409	29.819.815
2.1.2 Forward deposit purchase and sale commitments		-	-	-	-	-	-
2.1.3 Capital commitments to subsidiaries and associates		-	-	-	-	-	-
2.1.4 Loan granting commitments		16.930.817	-	16.930.817	16.557.370	1.493.445	18.050.815
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Payment commitments for reserve deposits		-	-	-	-	-	-
2.1.7 Payment commitments for Cheques	(3)	17.286.729	-	17.286.729	9.705.677	-	9.705.677
2.1.8 Tax and fund liabilities from export commitments		382.183	-	382.183	163.349	-	163.349
2.1.9 Commitments for credit card expenditure limits		68.194.070	-	68.194.070	34.608.889	-	34.608.889
2.1.10 Commitments for credit cards and banking services promotions		23.672	-	23.672	24.391	-	24.391
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		11.854.459	-	11.854.459	7.394.063	-	7.394.063
2.2 Revocable commitments		5.574.024	11.214.853	16.788.877	3.777.580	5.913.237	9.690.817
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		5.574.024	11.214.853	16.788.877	3.777.580	5.913.237	9.690.817
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>141.104.729</b>	<b>279.287.619</b>	<b>420.392.348</b>	<b>125.862.914</b>	<b>223.340.014</b>	<b>349.202.928</b>
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		141.104.729	279.287.619	420.392.348	125.862.914	223.340.014	349.202.928
3.2.1 Forward foreign currency buy/sell transactions		6.715.121	22.676.246	29.391.367	540.243	10.809.669	11.349.912
3.2.1.1 Forward foreign currency transactions-buy		3.456.097	9.808.175	13.264.272	481.250	7.277.955	7.759.205
3.2.1.2 Forward foreign currency transactions-sell		3.259.024	12.868.071	16.127.095	58.993	3.531.714	3.590.707
3.2.2 Currency and interest rate swaps		134.373.824	227.502.368	361.876.192	113.069.406	168.543.715	281.613.121
3.2.2.1 Currency swap-buy		-	126.828.201	126.828.201	-	100.374.575	100.374.575
3.2.2.2 Currency swap-sell		134.193.824	15.362.357	149.556.181	112.749.406	9.861.252	122.610.658
3.2.2.3 Interest rate swap-buy		90.000	42.655.905	42.745.905	160.000	29.153.944	29.313.944
3.2.2.4 Interest rate swap-sell		90.000	42.655.905	42.745.905	160.000	29.153.944	29.313.944
3.2.3 Currency, interest rate and marketable securities options		-	376.197	376.197	11.743.835	13.195.106	24.938.941
3.2.3.1 Currency call options		-	187.773	187.773	6.189.963	6.289.150	12.479.113
3.2.3.2 Currency put options		-	188.424	188.424	5.553.872	6.905.956	12.459.828
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		15.784	14.566	30.350	509.430	408.321	917.751
3.2.4.1 Currency futures-buy		-	14.566	14.566	37.954	372.896	410.850
3.2.4.2 Currency futures-sell		15.784	-	15.784	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		-	28.718.242	28.718.242	-	30.383.203	30.383.203
<b>B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)</b>		<b>5.987.663.421</b>	<b>1.686.163.562</b>	<b>7.673.826.983</b>	<b>3.548.608.488</b>	<b>1.157.275.339</b>	<b>4.705.883.827</b>
<b>IV. CUSTODIES</b>		<b>2.532.529.557</b>	<b>237.620.314</b>	<b>2.770.149.871</b>	<b>1.368.688.542</b>	<b>147.968.761</b>	<b>1.516.657.303</b>
4.1 Assets under management		-	-	-	-	-	-
4.2 Custody marketable securities		191.242.880	21.403.227	212.646.107	169.310.140	12.803.462	182.113.602
4.3 Cheques in collection process		134.942.055	140.419.549	275.361.604	80.276.997	88.845.314	169.122.311
4.4 Commercial notes in collection process		2.124.744.126	35.491.561	2.160.235.687	1.068.266.795	24.536.791	1.092.803.586
4.5 Other assets in collection process		-	-	-	-	-	-
4.6 Underwritten securities		-	-	-	-	-	-
4.7 Other custodies		923.596	21.594	945.190	709.081	14.737	723.818
4.8 Custodians		80.676.900	40.284.383	120.961.283	50.125.529	21.768.457	71.893.986
<b>V. PLEDGED ASSETS</b>		<b>3.455.133.864</b>	<b>1.448.543.248</b>	<b>4.903.677.112</b>	<b>2.179.919.946</b>	<b>1.009.306.578</b>	<b>3.189.226.524</b>
5.1 Marketable securities		17.012.107	3.150.083	20.162.190	10.316.834	2.202.425	12.519.259
5.2 Collateral notes		60.412.501	2.240.416	62.652.917	40.176.584	1.945.380	42.121.964
5.3 Commodity		25.812	-	25.812	25.812	-	25.812
5.4 Warranty		-	-	-	-	-	-
5.5 Land and buildings		2.827.911.671	1.044.828.365	3.872.740.036	1.733.386.899	734.152.394	2.467.539.293
5.6 Other pledged assets		378.711.475	280.397.485	659.108.960	269.193.018	182.899.222	452.092.240
5.7 Pledges		171.060.298	117.926.899	288.987.197	126.820.799	88.107.157	214.927.956
<b>VI. ACCEPTED BILL GUARANTEES AND SURETIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)</b>		<b>6.594.520.141</b>	<b>2.158.854.781</b>	<b>8.753.374.922</b>	<b>3.964.262.867</b>	<b>1.515.468.151</b>	<b>5.479.731.018</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED**  
**30 SEPTEMBER 2023**

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

**III. STATEMENT OF PROFIT OR LOSS**

			Reviewed Current Period 1 January -30 September 2023	Reviewed Prior Period 1 January -30 September 2022	Reviewed Current Period 1 July -30 September 2023	Reviewed Prior Period 1 July -30 September 2022
INCOME AND EXPENSES		Note				
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>188.284.357</b>	<b>105.237.140</b>	<b>82.680.476</b>	<b>47.196.025</b>
1.1	Interest on Loans		114.043.791	59.417.505	50.109.017	23.131.211
1.2	Interest on Reserve Requirements		14.206	2.749	6.282	1.351
1.3	Interest on Banks		836.101	444.497	488.924	67.559
1.4	Interest on Money Market Transactions		-	-	-	-
1.5	Interest on Marketable Securities Portfolio		73.055.186	45.118.307	32.014.814	23.966.682
1.5.1	Fair Value Through Profit or Loss		16.399	9.772	8.062	3.121
1.5.2	Fair Value Through Other Comprehensive Income		12.286.687	9.901.841	5.047.645	4.639.532
1.5.3	Measured at Amortized Cost		60.752.100	35.206.694	26.959.107	19.324.029
1.6	Financial Lease Interest Income		-	-	-	-
1.7	Other Interest Income		335.073	254.082	61.439	29.222
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>158.071.768</b>	<b>60.419.562</b>	<b>73.191.329</b>	<b>23.833.369</b>
2.1	Interest on Deposits		142.760.225	43.562.005	67.671.235	17.949.982
2.2	Interest on Funds Borrowed		520.483	236.418	204.546	88.863
2.3	Interest Expense on Money Market Transactions		7.869.825	13.272.193	3.246.727	4.591.577
2.4	Interest on Securities Issued		5.189.562	2.593.630	1.596.235	800.404
2.5	Interest on Leases		321.058	105.887	144.628	37.585
2.6	Other Interest Expenses		1.410.615	649.429	327.958	364.958
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>30.212.589</b>	<b>44.817.578</b>	<b>9.489.147</b>	<b>23.362.656</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>12.076.561</b>	<b>5.708.149</b>	<b>4.870.687</b>	<b>2.431.645</b>
4.1	Fees and Commissions Received		17.469.273	7.971.964	7.728.321	3.388.123
4.1.1	Non – cash Loans		3.838.673	1.808.781	1.712.047	794.847
4.1.2	Other	<b>(11)</b>	13.630.600	6.163.183	6.016.274	2.593.276
4.2	Fees and Commissions Paid (-)		5.392.712	2.263.815	2.857.634	956.478
4.2.1	Non – cash Loans		190	104	54	43
4.2.2	Other	<b>(11)</b>	5.392.522	2.263.711	2.857.580	956.435
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>397.107</b>	<b>381.902</b>	<b>353.122</b>	<b>1.338</b>
<b>VI.</b>	<b>TRADING INCOME / LOSS (Net)</b>	<b>(3)</b>	<b>(5.066.857)</b>	<b>(4.194.273)</b>	<b>(3.674.828)</b>	<b>(1.635.591)</b>
6.1	Trading Gains / (Losses) on Securities		3.339.956	65.335	1.493.927	36.132
6.2	Gains / (Losses) on Derivate Financial Transactions		21.636.648	1.081.265	(4.610.795)	(1.459.928)
6.3	Foreign Exchange Gains / (Losses)		(30.043.461)	(5.340.873)	(557.960)	(211.795)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(4)</b>	<b>10.085.897</b>	<b>2.430.270</b>	<b>2.821.404</b>	<b>849.868</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>47.705.297</b>	<b>49.143.626</b>	<b>13.859.532</b>	<b>25.009.916</b>
<b>IX.</b>	<b>EXPECTED LOSS PROVISIONS (-)</b>	<b>(5)</b>	<b>2.691.990</b>	<b>24.538.261</b>	<b>1.327.675</b>	<b>14.308.889</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>(5)</b>	<b>37.453</b>	<b>237.079</b>	<b>372</b>	<b>(69.873)</b>
<b>XI.</b>	<b>PERSONNEL EXPENSE (-)</b>		<b>13.569.551</b>	<b>5.559.033</b>	<b>5.462.527</b>	<b>2.422.926</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(6)</b>	<b>23.184.283</b>	<b>6.423.122</b>	<b>5.992.956</b>	<b>2.593.129</b>
<b>XIII.</b>	<b>NET OPERATING INCOME /LOSS (IX-X-XI)</b>		<b>8.222.020</b>	<b>12.386.131</b>	<b>1.076.002</b>	<b>5.754.845</b>
<b>XIV.</b>	<b>INCOME AFTER MERGER</b>		-	-	-	-
<b>XV.</b>	<b>INCOME / ( LOSS ) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-	-	-
<b>XVI.</b>	<b>INCOME / (LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XVII.</b>	<b>PROFIT / LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>	<b>(7)</b>	<b>8.222.020</b>	<b>12.386.131</b>	<b>1.076.002</b>	<b>5.754.845</b>
<b>XVIII.</b>	<b>TAX PROVISIONS FOR CONTINUED OPERATIONS (±)</b>	<b>(8)</b>	<b>(171.817)</b>	<b>(3.481.425)</b>	<b>2.019.664</b>	<b>(1.450.428)</b>
18.1	Current Tax Provision		177.839	10.442.718	85.107	4.253.409
18.2	Deferred Tax Income Effect (+)		10.085.682	5.100.109	(2.605.614)	247.006
18.3	Deferred Tax Expense Effect (-)		10.091.704	12.061.402	(500.843)	3.049.987
<b>XIX.</b>	<b>CURRENT PERIOD PROFIT / LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(9)</b>	<b>8.050.203</b>	<b>8.904.706</b>	<b>3.095.666</b>	<b>4.304.417</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
20.1	Income from Non-Current Assets Held for Sale		-	-	-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Income from Other Discontinued Operations		-	-	-	-
<b>XXI.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
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		-	-	-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)</b>		-	-	-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Deferred Tax Expense Effect (+)		-	-	-	-
23.3	Deferred Tax Income Effect (-)		-	-	-	-
<b>XXIV.</b>	<b>CURRENT PERIOD PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-	-	-
<b>XXV.</b>	<b>NET PROFIT/(LOSS) (XIX+XXIV)</b>	<b>(10)</b>	<b>8.050.203</b>	<b>8.904.706</b>	<b>3.095.666</b>	<b>4.304.417</b>
25.1	Profit / (Loss) of Group		8.050.203	8.904.706	3.095.666	4.304.417
25.2	Profit / (Loss) of Minority Shares (-)		-	-	-	-
	Profit / (Loss) Per Share (full TRY)		1,24568756	2,06557398	0,43086453	0,86623308

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED**  
**30 SEPTEMBER 2023**

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

**IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		Reviewed	Reviewed
		Current Period	Prior Period
INCOME EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY		1 January -30 September 2023	1 January -30 September 2022
<b>I.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>8.050.203</b>	<b>8.904.706</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(4.869.053)</b>	<b>9.480.152</b>
<b>2.1</b>	<b>Not Reclassified Through Profit or Loss</b>	<b>43.457</b>	<b>1.284.206</b>
2.1.1	Property and Equipment Revaluation Increase/Decrease	(6.557)	(180.859)
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(31.022)	1.467.111
2.1.5	Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss	81.036	(2.046)
<b>2.2</b>	<b>Reclassified Through Profit or Loss</b>	<b>(4.912.510)</b>	<b>8.195.946</b>
2.2.1	Foreign Currency Translation Differences	(92.716)	175.259
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(6.026.259)	10.608.576
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	1.206.465	(2.587.889)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>3.181.150</b>	<b>18.384.858</b>

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2023**  
*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*  
**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Reviewed (1 January -30 September 2022)	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	5.776.224	-	1.481.519	1.948.954	(471.746)	4.683.914	(136.454)	(1.785.539)	-	28.021.978	-	1.507.729	43.500.355	-	43.500.355
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	2.473.776	5.776.224	-	1.481.519	1.948.954	(471.746)	4.683.914	(136.454)	(1.785.539)	-	28.021.978	-	1.507.729	43.500.355	-	43.500.355
IV. Total Comprehensive Income	-	-	-	-	(212.389)	29.484	1.467.111	175.259	8.020.687	-	-	-	8.904.706	18.384.858	-	18.384.858
V. Capital Increase by Cash	2.495.345	10.904.655	-	-	-	-	-	-	-	-	-	-	-	13.400.000	-	13.400.000
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease by Other Changes	-	-	-	(163.334)	-	-	-	-	-	-	-	1.507.729	(1.507.729)	(163.334)	-	(163.334)
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	1.507.729	(1.507.729)	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1.507.729	(1.507.729)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)	4.969.121	16.680.879	-	1.318.185	1.736.565	(442.262)	6.151.025	38.805	6.235.148	-	29.529.707	-	8.904.706	75.121.879	-	75.121.879
(1 January -30 September 2023)																
I. Prior Period End Balance	4.969.121	16.680.879	-	1.398.087	4.110.048	(1.410.280)	11.713.828	4.719	8.093.613	-	29.529.707	-	14.753.896	89.843.618	-	89.843.618
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)	4.969.121	16.680.879	-	1.398.087	4.110.048	(1.410.280)	11.713.828	4.719	8.093.613	-	29.529.707	-	14.753.896	89.843.618	-	89.843.618
IV. Total Comprehensive Income	-	-	-	-	(19.539)	94.018	(31.022)	(92.716)	(4.819.794)	-	-	-	8.050.203	3.181.150	-	3.181.150
V. Capital Increase by Cash	2.215.657	27.784.343	-	-	-	-	-	-	-	-	-	-	-	30.000.000	-	30.000.000
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease by Other Changes	-	-	-	(233.024)	-	-	-	-	-	-	-	14.753.896	(14.753.896)	(233.024)	-	(233.024)
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	14.753.896	(14.753.896)	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	14.753.896	(14.753.896)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)	7.184.778	44.465.222	-	1.165.063	4.090.509	(1.316.262)	11.682.806	(87.997)	3.273.819	-	44.283.603	-	8.050.203	122.791.744	-	122.791.744

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

**TÜRKİYE HALK BANKASI AŞ**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED**  
**30 SEPTEMBER 2023**

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

**VI. STATEMENT OF CASH FLOWS**

	Note	Reviewed	Reviewed
		Current Period	Prior Period
		1 January -30 September 2023	1 January -30 September 2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>(123.351.002)</b>	<b>(32.290.626)</b>
1.1.1 Interest received		126.906.912	77.249.180
1.1.2 Interest paid		(135.675.032)	(55.441.209)
1.1.3 Dividend received		397.107	381.902
1.1.4 Fees and commissions received		18.877.676	8.658.110
1.1.5 Other income		6.516.534	1.252.443
1.1.6 Collections from previously written off loans		3.958.560	4.328.083
1.1.7 Cash payments to personnel and service suppliers		(13.965.627)	(5.633.081)
1.1.8 Taxes paid		(10.799.519)	(6.024.338)
1.1.9 Other		(119.567.613)	(57.061.716)
<b>1.2 Changes in Assets and Liabilities Subject to Banking Operations</b>		<b>298.875.117</b>	<b>67.833.360</b>
1.2.1 Net Increase / decrease in financial assets at fair value through profit or loss		(24.979.620)	48.369
1.2.2 Net (increase) / decrease in due from banks		-	-
1.2.3 Net (increase) / decrease in loans		(318.664.968)	(196.700.212)
1.2.4 Net (increase) / decrease in other assets		(43.593.970)	(14.694.061)
1.2.5 Net increase / (decrease) in bank deposits		30.236.956	36.458.657
1.2.6 Net increase / (decrease) in other deposits		614.485.505	226.989.614
1.2.7 Net Increase / decrease in financial liabilities at fair value through profit or loss		-	-
1.2.8 Net increase / (decrease) in funds borrowed		(362.618)	(1.043.502)
1.2.9 Net increase / (decrease) in matured payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		41.753.832	16.774.495
<b>I. Net cash provided from banking operations</b>		<b>175.524.115</b>	<b>35.542.734</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II. Net cash provided from/ (used in) investing activities</b>		<b>(68.704.605)</b>	<b>(54.432.280)</b>
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries		(1.014.057)	(1.351.960)
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(2.496.377)	(989.664)
2.4 Fixed assets sales		3.396.999	2.374.292
2.5 Cash paid for purchase of financial assets at fair value through other comprehensive income		(18.902.697)	(19.824.667)
2.6 Cash obtained from sale of financial assets at fair value through other comprehensive income		19.848.782	5.574.850
2.7 Cash paid for purchase of investment securities		(78.420.194)	(45.919.147)
2.8 Cash obtained from sale of investment securities		9.793.428	5.802.251
2.9 Other		(910.489)	(98.235)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>35.375.995</b>	<b>12.787.199</b>
3.1 Cash obtained from loans borrowed and securities issued		17.921.340	17.286.530
3.2 Cash used for repayment of loans borrowed and securities issued		(11.979.586)	(17.653.158)
3.3 Bonds issued		30.000.000	13.400.000
3.4 Dividends paid		-	-
3.5 Payments for leases		(565.759)	(246.173)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>29.402.231</b>	<b>14.536.309</b>
<b>V. Net increase / (decrease) in cash and cash equivalents</b>		<b>171.597.736</b>	<b>8.433.962</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>		<b>83.310.804</b>	<b>62.119.451</b>
<b>VII. Cash and cash equivalents at end of the period</b>		<b>254.908.540</b>	<b>70.553.413</b>

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

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS ON BASIS OF PRESENTATION**

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

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

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

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. 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 30 September 2023.

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**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**

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

a) The Bank's strategy on financial instruments:

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

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

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

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

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

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

The Bank started to apply fair value hedge accounting as at 1 July 2015 by designating the exchange rate risk of Halkbank AD Beograd (subsidiary), Halk Banka AD Skopje (subsidiary), DHB Bank NV (associate), foreign investments that are recognized under fair value accounting as hedged item, in compliance with TAS 39 standard. Accordingly, the effective portion of the foreign exchange differences is recorded under statement of profit or loss in the current period.

**III. EXPLANATIONS ON ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES**

Associates and subsidiaries are accounted for the "Turkish Accounting Standard on Separate Financial Statements Standard" (TAS 27), "Turkish Accounting Standard for Investments in Associates and Joint Ventures" (TAS 28) and TFRS 9 "Financial instruments: Turkish Financial Reporting Standards" in unconsolidated financial statements.

**IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE PRODUCTS**

Derivative transactions of the Bank consist of foreign currency and interest rate swaps, cross currency swaps, options and forwards. The bank uses derivatives to avoid economical risks and account for as trading under TFRS 9 Standard as "Changes in Fair Value through Profit or Loss".

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

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**

**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES**

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

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES**

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

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

**VII. EXPLANATIONS ON FINANCIAL ASSETS**

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

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

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

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

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

***Assessment of Business Model***

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

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

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

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

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

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**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)**

*Assessment of Business Model (continued)*

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

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

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

**3. Other Business Models:**

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

**Measurement Categories of Financial Assets and Liabilities**

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

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

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

In addition, the Bank's securities portfolio includes government bonds indexed to consumer prices (CPI), which are valued and accounted for based on the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these assets are generated according to the CPI of previous two months announced by the T.R Ministry of Treasury and Finance. The Bank determines the estimated inflation rate accordingly. The inflation rate estimated by taking into consideration the expectations of the T.R. Central Bank and the Bank's expectations is updated during the year when deemed necessary. In case the CPI forecast increases or decreases by 100 basis point, profit before taxes as of 30 September 2023 will increase or decrease by approximately TRY 853.258.

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**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)**

*Assessment of Business Model (continued)*

**3. Other Business Models: (continued)**

**Measurement Categories of Financial Assets and Liabilities (continued)**

**a. Financial Assets Measured at Amortised Cost**

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

(a) Asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

(b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

(a) Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

***Cash Equivalents and Banks***

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

***Loans and Receivables***

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

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

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

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

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

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**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (continued)**

**Assessment of Business Model (continued)**

**3. Other Business Models: (continued)**

**Measurement Categories of Financial Assets and Liabilities (continued)**

**c. Financial Assets Measured at Fair Value through Profit or Loss (continued)**

***Associates and subsidiaries***

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

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS**

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

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

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

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

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

**Calculation of Expected Credit Losses**

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

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

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

**Loss given Default (LGD)**

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

**Exposure at Default (EAD)**

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

**12 Month Expected Credit Losses**

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

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

**Lifetime Expected Credit Losses**

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

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

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

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (continued)**

**Lifetime Expected Credit Losses (continued)**

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

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

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

**Low Credit Risk**

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

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

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

**Significant Increase in Credit Risk**

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

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

**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**

**IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS**

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

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

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

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

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

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

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

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

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

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

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

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

**XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT**

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

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

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**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**

**XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT (continued)**

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

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

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

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

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

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

***Classification of Investment Properties:***

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

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

**XIV. EXPLANATIONS ON INVESTMENT PROPERTIES**

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

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

**XV. EXPLANATIONS ON LEASING TRANSACTIONS**

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

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

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

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**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**

**XV. EXPLANATIONS ON LEASING TRANSACTIONS (continued)**

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

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

***Existence of right-of-use:***

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

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

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

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

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

***The Lease Obligations:***

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

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

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

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

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

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**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**

**XVI. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES**

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

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

**XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES**

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

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

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

After the justified decree related to cancelling the provisional article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated 15 December 2007 and numbered 26731, Turkish Grand National Assembly (TGNA) started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law numbered 5754 “Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws”, which was published on the Official Gazette dated 8 May 2008 and numbered 26870, came into effect. The new law decrees that the contributors of the bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation. The three year transfer period can be prolonged for maximum 2 years by the Cabinet decision. However related transfer period has been prolonged for 2 years by the Council of Ministers decision dated 14 March 2011, which was published on the Official Gazette dated 9 April 2011 and numbered 27900. In addition, by the Law numbered 6283 “Emendating Social Security and General Health Insurance Act”, which was published on the Official Gazette dated 8 March 2012 and numbered 28227, the authority of the Council of Ministers extending 2 years has been raised to 4 years.

The statement “The Council of Ministers have entitled to determine transfer period” has taken place in the scope of the Article 51 of the Law No: 6645 which was published on the Gazette on 23 April 2015 and numbered 29335.

In accordance with the related legislation, as of the transfer date, the income and expenses of the transferred funds will be considered by the insurance branches and the present value of the actuarial liabilities will be calculated with the technical interest rate of 9,8%. Moreover, after the transfer to Social Insurance Institution,

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**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**

**XVII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES (continued)**

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% corporate tax rate applied on corporate profits, which is included in the first paragraph of Article 32 of the Corporate Tax Law No. 5520, has been increased to 25% for companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, within the scope of Law No. 7394, which came into force by being published in the Official Gazette dated April 15, 2022.

As a result of the amendment made in Article 32 of the Corporate Tax Law numbered 5520, by Article 21 of the "The Law on Imposing Additional Motor Vehicles Tax for Compensation for Economic Losses Caused by Earthquakes Occurred on 6 February 2023 and Amending Certain Laws and Decree Law No. 375" numbered 7456 published in the Official Gazette dated 15 July 2023, starting from the declarations that must be submitted as of 1 October 2023, the corporate tax rate has been determined as 30% for banks, to be applied to their earnings in 2023 and the following taxation periods. The Bank has calculated 30% corporate tax on corporate profits for the taxation period of September 30, 2023.

As of the current period, 30% 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.

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

Pursuant to the Repetitive Article 298 of the Tax Procedure Law No. 213, the inflation adjustment requirement for the financial statements has occurred depending on the fact that the increase in the price index in the 2021 accounting period is more than 100% in the last three accounting periods, including the current period, and more than 10% in the current accounting period. However, with the Provisional Article 33 added to the Tax Procedure Law with the Law No. 7352, the financial statements should be prepared regardless of whether the conditions for the inflation adjustment within the scope of the repetitive article 298 are met in the 2021 and 2022 accounting periods and the 2023 accounting period temporary tax periods, including the temporary tax periods. Accordingly, it is stated that, the financial statements for the 2021 and 2022 are 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)**

According to the Article 298/ç of Tax Procedure Law No. 213 and Temporary Article 32 related to Tax Procedure General Communiques No 537 and 547, revaluation provisions have been applied by the Bank. Considering the tax depreciation expenses determined over the adjusted values in the corporate tax value for the 2022 accounting period, 2% tax was calculated on the value increase amount within the scope of the Provisional Article 32, declared and paid within the required period. The aforementioned application was discussed and approved at the Bank's General Assembly.

In the corporate tax calculations as of September 30, 2023, Tax Procedure Law depreciation expenses have been calculated based on the net book values after revaluation. As a result of the revaluation, the Tax Procedure Law net book values of the revalued depreciable assets will be amortized over their remaining useful lives.

With the 27th clause of the 10th article of Law No. 7440 on the Restructuring of Certain Receivables and Amending Certain Laws published in the Official Gazette dated 12 March 2023 and numbered 32130, by the corporate taxpayers, by being shown in their corporate tax return for the year 2022, in accordance with the Law No. 5520 and the regulations in other laws, the exemption and discount amounts subject to deduction from corporate income and the bases subject to reduced corporate tax within the scope of Article 32/a of the same Law, an additional tax is calculated at the rate of 10% without being associated with the income for the period, and at the rate of 5% over the exempted earnings obtained from abroad with the exception regulated in subparagraph (a) of the first paragraph of Article 5 of the Law No. 5520 and proven to have at least 15% tax burden and the first installment of this tax is paid within the payment period of the corporate tax, and the second installment is paid in the fourth month following this period. The Bank made the first installment payment of the Additional Earthquake Tax together with the Corporate Tax Return for the 2022 accounting period and completed the second installment payment in August.

**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. Temporary taxes paid are deducted from the corporate tax and income tax calculated at the end of the year.

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.

Within the scope of the Financial Assistance and Preparedness for Earthquake and Other Natural Disasters Law prepared by the TRNC Council of Ministers in 2023, it has been decided to charge 1% Earthquake Tax on the balance of Net Profit Before Tax in the 2022 Income Statement for the Bank's Cyprus branches. The first installment of the Earthquake Tax was paid on 31 May 2023, and the second installment will be paid on 31 October 2023.

The first period temporary corporate tax return for the period 1 January 2023 - 31 March 2023 has been accrued and paid to the Income and Tax Office in May 2023, and the second term temporary corporate tax return for the period 1 April 2023 - 30 June 2023 was accrued and paid to the Income and Tax Office in August 2023. The third period temporary corporate tax return for the period 1 July 2023 - 30 September 2023 will be submitted in November 2023 and the fourth period temporary corporate tax return for the period 1 October 2023 - 31 December 2023 will be submitted in February 2024 to the Income and Tax Office and payment will be made following the accrual.

*Bahrain*

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

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**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**

**XIX. ADDITIONAL EXPLANATIONS ON BORROWINGS**

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

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

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

**XX. EXPLANATIONS ON SHARES ISSUED**

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

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

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

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

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

Share capital increased from TRY 2.473.776 to TRY 4.969.121.

In accordance with the decision of the Board of Directors of the Bank dated 21 March 2023, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 30.000.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 27 March 2023. Accordingly, the recognition of the capital increase of TRY 2.215.657 was realized on 31 March 2023, based on the permission obtained from the BRSA. After the increase, TRY 2.215.657 of nominal and TRY 27.784.343 of share premium, amounting to a capital increase of TRY 30.000.000, were recognized in the financial statements. The change made to the relevant Articles of Association was registered on 17 April 2023, and it was announced in the Trade Registry Gazette dated 18 April 2023 and numbered 10814. Mentioned capital increase was made by the Bank's main shareholder Türkiye Varlık Fonu.

Share capital increased from TRY 4.969.121 to TRY 7.184.778.

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**SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES(continued)**

**XXI. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES**

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

**XXII. EXPLANATIONS ON GOVERNMENT INCENTIVES**

There are no government incentives utilized by the Bank.

**XXIII. EXPLANATIONS ON SEGMENT REPORTING**

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

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

**XXIV. EXPLANATIONS ON OTHER MATTERS**

None.

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

**I. EXPLANATIONS ON CAPITAL**

Equity amount and capital adequacy standard ratio calculation is made within the framework of “Regulation on Equities of the Banks” and “Regulation on Measurement and Evaluation of Banks’ Capital Adequacy” and in accordance with the amendments announced by the BRSA in the resolution dated 21 December 2021, 31 January 2023 and 14 February 2023.

According to the related regulations, it is determined that 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, the amount subject to credit risk can be calculated by using Central Bank's foreign exchange buying rates on 30 December 2022 and the Banks’ own shares that are repurchased from Borsa İstanbul AŞ Money Market after 6 February 2023 are not considered to deduction from Tier I Capital and these are not included in the calculation of the amount subject to credit risk and and market risk until 1 January 2024.

As of 30 September 2023, the capital adequacy ratio and the capital amount of the Bank were realized as 13,25% (31 December 2022: 14,70%) and TRY 165.935.881 (31 December 2022: TRY 122.261.467) which were calculated within the scope of the above-mentioned regulation amendments.

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**I. EXPLANATIONS ON CAPITAL (continued)**

**(1) Information on Equity Items:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	8.405.229	6.189.572
Share Premium	44.465.222	16.680.879
Reserves	44.283.603	29.529.707
Other Comprehensive Income according to TAS	20.808.901	24.151.869
Profit	8.050.203	14.753.896
<i>Current Period Profit</i>	<i>8.050.203</i>	<i>14.753.896</i>
<i>Prior Period Profit</i>	-	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	1.024.492	604.530
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>127.037.650</b>	<b>91.910.453</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	2.564.296	1.482.209
Leasehold Improvements on Operational Leases	1.329.447	385.937
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	1.272.143	574.468
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	471.241	424.229
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	-
<i>The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital</i>	-	-
<i>Mortgage Servicing Rights not deducted</i>	-	-
<i>Excess Amount arising from Deferred Tax Assets from Temporary Differences</i>	-	-
Other items to be Defined by the BRSA	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>5.637.127</b>	<b>2.866.843</b>
<b>Total Common Equity Tier I Capital</b>	<b>121.400.523</b>	<b>89.043.610</b>

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**I. EXPLANATIONS ON CAPITAL (continued)**

**(1) Information on Equity Items: (continued)**

<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	26.007.210	17.921.340
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>26.007.210</b>	<b>17.921.340</b>
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>26.007.210</b>	<b>17.921.340</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>147.407.733</b>	<b>106.964.950</b>
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4.743.836	5.729.795
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)	14.033.233	9.698.082
<b>Tier II Capital Before Deductions</b>	<b>18.777.069</b>	<b>15.427.877</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>18.777.069</b>	<b>15.427.877</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>166.184.802</b>	<b>122.392.827</b>
<b>Total Tier I and Tier II Capital (Total Equity)</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	248.921	131.360

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

**I. EXPLANATIONS ON CAPITAL (continued)**

**(1) Information on Equity Items: (continued)**

<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
<b>TOTAL CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	165.935.881	122.261.467
Total Risk Weighted Assets	1.252.383.934	831.962.718
<b>Capital Adequacy Ratios</b>		
CET1 Capital Ratio (%)	9,69	10,7
Tier I Capital Ratio (%)	11,77	12,86
Capital Adequacy Ratio (%)	13,25	14,7
<b>BUFFERS</b>		
Bank-specific total CET1 Capital Ratio (a+b+c)	2,508	2,508
a) Capital Conservation Buffer Ratio (%)	2,500	2,500
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,008	0,008
c) Systemic significant bank buffer ratio %	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	5,25	6,696
<b>Amounts Lower Than Excesses as per Deduction Rules</b>		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	793.966	509.314
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	9.731.242	8.437.719
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	37.824.952	41.007.350
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	14.033.233	9.698.082
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0,6% Risk Weighted Assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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

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

**I. EXPLANATIONS ON CAPITAL (continued)**

- (2) Within the scope of the "Regulation on Banks' Equity" (Regulation), the equity that is the basis for the capital adequacy standard ratio calculation is calculated after deducting the values to be deducted from the equity from the total capital and supplementary capital. The main difference between the "Equity" in the balance sheet and the equity calculated within the scope of the Regulation arises from the stage1 and stage2 expected credit loss allowances in the Tier II capital, and the subordinated debt instruments included in the su Tier II capital capital. In addition, within the scope of the BRSA's Board Decision dated December 21, 2021, in case the net valuation differences of the securities in the portfolio of "Securities at Fair Value through Other Comprehensive Income" as of December 21, 2021 are negative, these differences may not taken into account in the calculated equity amount. Additionally, with the Board Decision of the BRSA dated 14 February 2023, the Banks' own shares that are repurchased from Borsa İstanbul AŞ Money Market are not considered to deduction from Tier I Capital until 1 January 2024. In accordance with the regulation, operating lease development costs, which are presented under the Tangible Assets item in the balance sheet and Intangible Fixed Assets for the calculation of capital adequacy are taken into account as a discount item from the core capital. In addition; in accordance with the regulation, operating lease development costs, which are presented under the Tangible Assets item in the balance sheet and Intangible Fixed Assets for the calculation of capital adequacy are taken into account as a discount item from the core capital. Similarly, some accounts determined by the Board are deducted from the total Equity in the calculation of the "Equity" amount, which is the basis for the capital adequacy calculation.

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

**I. EXPLANATIONS ON CAPITAL (continued)**

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

<b>Details on Subordinated Liabilities:</b>				
Issuer	T. Halk Bankası AŞ	T. Halk Bankası AŞ	T. Halk Bankası AŞ	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
<b>Regulatory treatment</b>				
Subject to 10% deduction as of 1/1/2015	No	No	No	No
Eligible at unconsolidated / consolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated	Consolidated - Unconsolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	800	1.560	2.384	26.007
Par value of instrument (Currency in mil)	1.000	1.950	2.980	-
Accounting classification	346.011	346.011	346.011	347.0001
Original date of issuance	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Demand or dated	Dated	Dated	Dated	Demand
Original maturity date	20.10.2017	03.07.2018	26.09.2018	24.04.2019
Issuer call subject to prior supervisory approval	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.	At the end of the fifth year, the Bank has an early redemption option.
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
<b>Coupons / dividends</b>				
Fixed or floating dividend/coupon	Floating Coupon	Fixed Coupon	Fixed Coupon	No Coupon Payment
Coupon rate and any related index	Government Debt Security for 5 years +350 base points	14,10 %	12,79 %	5 years 25,38%
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	-	-	-	-
<b>Convertible or non-convertible</b>				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-

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

**I. EXPLANATIONS ON CAPITAL (continued)**

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

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

**TÜRKİYE HALK BANKASI AŞ****EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023***(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)***SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (continued)****II. EXPLANATIONS ON CURRENCY RISK**

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

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

Current foreign exchange buying rates announced by the Bank as of the financial statement date and the last 5 business days before that, and foreign exchange buying rates of the Bank for the thirty days before the financial statement date are as follows:

	<b>USD</b>	<b>EUR</b>	<b>CHF</b>	<b>GBP</b>	<b>JPY</b>
<b>Balance sheet valuation rate:</b>	27,3283000	28,8969000	29,8385000	33,2523000	0,1824387
<b>Before the balance sheet date;</b>					
Current foreign exchange buying rate on the 1st business day	27,3283000	28,8969000	29,8385000	33,2523000	0,1824387
Current foreign exchange buying rate on the 2nd business day	27,3530000	28,8711000	29,8101000	33,3056000	0,1826403
Current foreign exchange buying rate on the 3rd business day	27,2385000	28,6467000	29,5916000	33,0261000	0,1816932
Current foreign exchange buying rate on the 4th business day	27,1975000	28,7967000	29,7331000	33,0674000	0,1821632
Current foreign exchange buying rate on the 5th business day	27,1388000	28,7359000	29,6787000	33,0773000	0,1817578
<b>Last 30 days arithmetic average:</b>	<b>26,9315857</b>	<b>28,7549905</b>	<b>29,9146714</b>	<b>33,3217905</b>	<b>0,1817355</b>

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**STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

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

**II. EXPLANATIONS ON CURRENCY RISK (continued)**

Information related to currency risk:

Current Period	EUR	USD	OTHER FC	TOTAL
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	108.139.260	89.072.777	18.987.700	216.199.737
Banks	4.129.939	3.332.888	3.119.702	10.582.529
Financial assets at fair value through profit and loss	-	56.326	-	56.326
Money market placements	-	-	-	-
Financial assets at fair value through other comp. income	11.923.226	27.385.723	-	39.308.949
Loans	133.897.135	96.980.520	4.281.975	235.159.630
Subsidiaries, associates and entities under common control	2.340.649	-	11.811.424	14.152.073
Financial assets measured at amortised cost	31.782.829	67.886.063	23.208.715	122.877.607
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	956	956
Intangible assets	-	-	-	-
Other assets <sup>(2)</sup>	1.099.796	1.536.930	1.146.411	3.783.137
<b>Total assets</b>	<b>293.312.834</b>	<b>286.251.227</b>	<b>62.556.883</b>	<b>642.120.944</b>
<b>Liabilities</b>				
Bank deposits	159.391.081	5.871.701	4.877.154	170.139.936
Foreign currency deposits	215.532.587	241.265.794	73.405.859	530.204.240
Money market balances	-	11.932.516	-	11.932.516
Funds provided from other financial institutions	7.392.869	7.807.997	-	15.200.866
Bonds issued	-	-	-	-
Miscellaneous Payables	1.751.788	3.744.578	1.194.653	6.691.019
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities <sup>(2)</sup>	33.022.455	1.414.949	261.907	34.699.311
<b>Total liabilities</b>	<b>417.090.780</b>	<b>272.037.535</b>	<b>79.739.573</b>	<b>768.867.888</b>
<b>Net balance sheet position</b>	<b>(123.777.946)</b>	<b>14.213.692</b>	<b>(17.182.690)</b>	<b>(126.746.944)</b>
<b>Net off-balance sheet position</b>	<b>114.656.403</b>	<b>(11.355.289)</b>	<b>29.513.600</b>	<b>132.814.714</b>
Financial derivative assets <sup>(3)(4)</sup>	118.326.639	13.262.213	35.318.357	166.907.209
Financial derivative liabilities <sup>(3)(4)</sup>	3.670.236	24.617.502	5.804.757	34.092.495
Non-cash loans <sup>(1)</sup>	83.568.721	81.252.761	9.968.342	174.789.824
<b>Prior period</b>				
Total assets	193.663.525	201.565.914	36.848.119	432.077.558
Total liabilities	274.452.397	213.644.981	52.676.362	540.773.740
<b>Net balance sheet position</b>	<b>(80.788.872)</b>	<b>(12.079.067)</b>	<b>(15.828.243)</b>	<b>(108.696.182)</b>
<b>Net off-balance sheet position</b>	<b>75.059.575</b>	<b>4.773.006</b>	<b>23.751.174</b>	<b>103.583.755</b>
Financial derivative assets	89.295.579	21.310.272	31.824.794	142.430.645
Financial derivative liabilities	14.236.004	16.537.266	8.073.620	38.846.890
Non-cash loans <sup>(1)</sup>	59.276.701	46.041.320	5.882.686	111.200.707

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

<sup>(2)</sup> In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Foreign currency derivative financial instruments foreign currency income discounts, equity and derivative financial instruments foreign currency expense discounts in liabilities are not taken into consideration in the currency risk measurement.

<sup>(3)</sup> Financial derivative assets include forward precious metal purchase transactions amounted to TRY 4.943.004 and swap precious metal purchase transactions amounted to TRY 21.653.177. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 2.122.061 Besides, derivative transactions under forward foreign currency purchase and sale commitments are included.

<sup>(4)</sup> In accordance with the provisions of the "Regulation on the Calculation and Application of the Standard Foreign Currency Net General Position/ Equity Ratio by Banks on a Consolidated and Unconsolidated Basis", money options are included in the calculation of exchange rate risk with delta equivalents.

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

**III. EXPLANATIONS ON INTEREST RATE RISK**

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

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

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	380.510	-	-	-	-	358.323.483	358.703.993
Banks and financial institutions	1.876.235	-	-	-	-	11.697.090	13.573.325
Financial assets at fair value through profit and loss	55.387	587	144.830	828	21	58.916.816	59.118.469
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	12.740.036	21.520.208	31.071.384	23.781.959	6.906.449	1.624.395	97.644.431
Loans	482.786.461	179.727.038	157.039.170	292.340.758	95.313.643	44.054.368	1.251.261.438
Financial assets measured at amortised cost	75.951.231	34.813.927	92.726.339	70.016.094	112.408.794	-	385.916.385
Other assets <sup>(1)(4)</sup>	3.733.869	99.456	476.444	634.611	64.969	26.938.448	31.947.797
<b>Total assets</b>	<b>577.523.729</b>	<b>236.161.216</b>	<b>281.458.167</b>	<b>386.774.250</b>	<b>214.693.876</b>	<b>501.554.600</b>	<b>2.198.165.838</b>
<b>Liabilities</b>							
Bank deposits	53.542.714	16.271.063	-	-	-	148.432.576	218.246.353
Other deposits	781.997.190	346.576.327	63.324.791	1.043.001	-	361.532.913	1.554.474.222
Money market balances	116.759.830	2.732.887	-	-	-	275.533	119.768.250
Miscellaneous Payables	6.520.336	-	-	-	-	28.054.548	34.574.884
Bonds issued	3.948.505	7.611.787	394.986	-	-	12.579	11.967.857
Funds provided from other financial institutions <sup>(3)</sup>	529.630	831.905	10.239.056	3.676.660	168.904	84.982	15.531.137
Other liabilities <sup>(2)</sup>	1.000.000	-	80.878.369	4.929.795	-	156.794.971	243.603.135
<b>Total liabilities</b>	<b>964.298.205</b>	<b>374.023.969</b>	<b>154.837.202</b>	<b>9.649.456</b>	<b>168.904</b>	<b>695.188.102</b>	<b>2.198.165.838</b>
Balance sheet long position	-	-	126.620.965	377.124.794	214.524.972	-	718.270.731
Balance sheet short position	(386.774.476)	(137.862.753)	-	-	-	(193.633.502)	(718.270.731)
Off-balance sheet long position	145.115.674	40.127.354	3.025.918	7.516.137	13.851.815	-	209.636.898
Off-balance sheet short position	(146.876.878)	(39.228.007)	(3.292.612)	(7.506.138)	(13.851.815)	-	(210.755.450)
<b>Total position</b>	<b>(388.535.680)</b>	<b>(136.963.406)</b>	<b>126.354.271</b>	<b>377.134.793</b>	<b>214.524.972</b>	<b>(193.633.502)</b>	<b>(1.118.552)</b>

<sup>(1)</sup> TRY 9.731.242 of net deferred tax assets is disclosed under the non-bearing interest column in other liabilities.

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

<sup>(3)</sup> Funds provided from other financial institutions include borrowings.

<sup>(4)</sup> Provision amounts are included in the non-bearing interest column.

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

**III. EXPLANATIONS ON INTEREST RATE RISK (continued)**

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

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-bearing interest	Total
<b>Assets</b>							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	199.713	-	-	-	-	158.794.562	158.994.275
Banks and financial institutions	3.019.769	-	-	-	-	4.157.361	7.177.130
Financial assets at fair value through profit and loss	37.656	39.656	104.845	41	535	33.947.997	34.130.730
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	14.042.873	13.396.240	45.095.823	21.175.553	4.063.800	1.286.136	99.060.425
Loans	282.962.827	206.607.587	146.996.495	108.955.465	65.433.640	31.661.514	842.617.528
Financial assets measured at amortised cost	54.247.868	20.906.711	31.558.985	64.389.194	69.887.238	-	240.989.996
Other assets <sup>(1)(4)</sup>	3.266.641	54.732	240.722	527.829	46.713	5.033.453	9.170.090
<b>Total assets</b>	<b>357.777.347</b>	<b>241.004.926</b>	<b>223.996.870</b>	<b>195.048.082</b>	<b>139.431.926</b>	<b>234.881.023</b>	<b>1.392.140.174</b>
<b>Liabilities</b>							
Bank deposits	28.430.590	14.054.920	82.503	-	-	92.540.351	135.108.364
Other deposits	486.712.849	180.200.427	39.550.660	546.977	-	218.803.254	925.814.167
Money market balances	100.191.170	1.864.497	-	-	-	103.501	102.159.168
Miscellaneous Payables	6.047.698	-	-	-	-	19.696.793	25.744.491
Bonds issued	2.260.550	5.481.100	1.000.000	-	-	234.427	8.976.077
Funds provided from other financial institutions <sup>(3)</sup>	120.805	7.514.883	2.161.228	3.009.574	478.968	136.605	13.422.063
Other liabilities <sup>(2)</sup>	1.000.000	-	33.947.997	17.921.340	4.929.795	123.116.712	180.915.844
<b>Total liabilities</b>	<b>624.763.662</b>	<b>209.115.827</b>	<b>76.742.388</b>	<b>21.477.891</b>	<b>5.408.763</b>	<b>454.631.643</b>	<b>1.392.140.174</b>
Balance sheet long position	-	31.889.099	147.254.482	173.570.191	134.023.163	-	486.736.935
Balance sheet short position	(266.986.315)	-	-	-	-	(219.750.620)	(486.736.935)
Off-balance sheet long position	128.803.384	15.412.142	17.382.650	5.186.201	9.476.359	-	176.260.736
Off-balance sheet short position	(128.142.633)	(12.372.656)	(17.503.892)	(5.446.650)	(9.476.361)	-	(172.942.192)
<b>Total position</b>	<b>(266.325.564)</b>	<b>34.928.585</b>	<b>147.133.240</b>	<b>173.309.742</b>	<b>134.023.161</b>	<b>(219.750.620)</b>	<b>3.318.544</b>

<sup>(1)</sup> TRY 8.437.719 of net deferred tax assets is disclosed under the non-bearing interest column in other liabilities.

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

<sup>(3)</sup> Funds provided from other financial institutions include borrowings.

<sup>(4)</sup> Provision amounts are included in the non-bearing interest column.

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

**III. EXPLANATIONS ON INTEREST RATE RISK (continued)**

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

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TRY</b>
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks <sup>(1)</sup>	-	-	-	33,90
Financial assets at fair value through profit and loss <sup>(5)</sup>	-	6,00	-	18,77
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,02	7,08	-	22,48
Loans <sup>(2)</sup>	5,66	8,81	-	22,99
Financial assets measured at amortised cost	4,58	7,00	-	26,88
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,39	5,59	-	35,55
Other deposits <sup>(4)</sup>	1,31	2,44	0,01	27,76
Money market borrowings	-	7,33	-	31,35
Miscellaneous Payables <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	-	-	23,50
Funds provided from other financial institutions	2,65	1,73	-	25,43

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

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

<sup>(3)</sup> Declared maximum TRY deposits interest rate with a maturity of twelve months as of 30 September 2023.

<sup>(4)</sup> Demand deposit amounts are considered in the average interest rate calculation.

<sup>(5)</sup> Borrowed securities are not included in the average interest rate calculation.

<b>Prior Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TRY</b>
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the CBRT	-	-	-	-
Due from banks <sup>(1)</sup>	3,25	3,91	-	21,42
Financial assets at fair value through profit and loss <sup>(5)</sup>	3,50	4,53	-	9,01
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3,01	4,41	-	22,38
Loans <sup>(2)</sup>	5,27	7,96	-	14,76
Financial assets measured at amortised cost	4,66	5,61	-	35,66
<b>Liabilities</b>				
Bank deposits <sup>(4)</sup>	0,21	3,23	-	18,45
Other deposits <sup>(4)</sup>	1,56	2,56	-	14,37
Money market borrowings	-	2,56	-	9,82
Miscellaneous Payables <sup>(3)</sup>	-	-	-	5,00
Bonds issued	-	-	-	17,88
Funds provided from other financial institutions	1,69	4,50	-	17,73

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

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

<sup>(3)</sup> Declared maximum TRY deposits interest rate with a maturity of twelve months as of 31 December 2022.

<sup>(4)</sup> Demand deposit amounts are considered in the average interest rate calculation.

<sup>(5)</sup> Borrowed securities are not included in the average interest rate calculation.

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

**IV. EXPLANATIONS ON POSITION RISK OF SHARES**

Information about position risk of shares:

Equities	Comparison				Capital Requirements
	Carrying Value	Fair Value	Change <sup>(2)</sup>	Market Value	
Investment in Shares-Grade A	6.629.165	6.629.165		6.629.165	530.333
Quoted Securities <sup>(1)</sup>	6.629.165	6.629.165		6.629.165	530.333
Investment in Shares-Grade B	-	-		-	-
Quoted Securities	-	-		-	-
Investment in Shares-Grade C	-	-		-	-
Quoted Securities	-	-		-	-
Investment in Shares-Grade D	-	-		-	-
Other	17.580.169	17.192.478		-	1.691.809

<sup>(1)</sup> The Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı A.Ş. was privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa İstanbul AŞ.

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

Realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in Common Equity and Tier II Capital:

Portfolio	Realized gains/ losses in the current period	Realized gains/ losses in the current period		Unrealized gains and losses		
		Total	Included To Total Core Capital	Total	Included To Total Core Capital	Included to Supplementary Capital
1. Private equity investments	-	-	-	-	-	-
2. Share certificates quoted on a stock exchange <sup>(1)</sup>	-	5.445.301	5.445.301	-	-	-
3. Other share certificates	-	4.490.861	4.490.861	-	-	-
<b>Total</b>	<b>-</b>	<b>9.936.162</b>	<b>9.936.162</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> The Bank's subsidiary Halk Gayrimenkul Yatırım Ortaklığı A.Ş. was privatized by a public offering on 22 February 2013 and the shares are traded on the Borsa İstanbul AŞ.

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

**V. EXPLANATIONS ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO**

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

The liquidity risks of the Bank are managed within the framework of risk and transaction limits approved by the Board of Directors, and the written duties and responsibilities of the units related to liquidity risk management is established. Although the Board of Directors is primarily responsible for managing liquidity risk, committees have been established to ensure the efficient function. The committees responsible for managing liquidity risk are the Asset-Liability Committee (ALCO) and the Liquidity Risk Committee.

The desired level of risk that the bank intends to assume with regard to liquidity risk is determined within the Risk Appetite Framework Directive approved by the Bank's Board of Directors. Within the scope of the risk appetite framework, the level of risk capacity, risk appetite, and trigger levels have been determined on both consolidated and non-consolidated bases.

Regarding 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 are conducted on a daily/weekly/monthly basis and shared with the Bank's top management and related departments. Periodical stress tests are performed in line with the Bank's liquidity management policies.

The Bank has determined a high-quality liquid asset stock as a liquidity buffer for managing liquidity risk. Extending the maturity structure of the time deposits, which constitute a significant source of funds for the Bank, developing new products to encourage savings, and maintaining the core deposit level are adopted as strategic objectives to reduce liquidity risk. Limits and principles regarding the issuance of bonds and bills in TRY have been determined to provide long-term funding other than deposits as part of extending the maturity structure of liabilities. In line with the Bank's needs, new borrowing opportunities are utilized, and within this framework, price/cost movements in international capital markets are closely monitored, and alternative sources of funding are evaluated when conditions are favorable.

The Bank aims to obtain its funding sources from the longest-term and most stable sources possible, taking into account legal and internal limits as well as cost factors. In this context, concentration ratios such as the share of retail funding sources in total sources, the share of high-value deposits in total deposits, and the share of borrowings from money markets in bank borrowings and market volumes are monitored daily within the framework of the Liquidity Early Warning System.

Short-term or daily foreign currency liquidity needs can be met through swap transactions, and sufficient liquidity is kept with correspondent banks for effective management of repayments. Adequate liquidity buffer is maintained by the Bank to meet its intraday liquidity and short-term liquidity needs. In general context, liquidity management is managed within the limits defined by the market makers for the Bank and the limit structures defined by the Bank on the basis of counterparty and transaction type.

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

The Risk Management Department conducts routine and periodic stress tests based on rapid deposit outflows, defaults on cash and non-cash loans, liquidity outflows with significant loan expansions that may affect the Bank's liquidity such as pandemics and natural disasters, potential losses in the Bank's securities portfolio, FX outflows, scenarios related to the obligations of subsidiaries, and similar fundamental issues. Stress test scenarios that are for other all matters related to liquidity risk management are prepared in collaboration with relevant business units. Analysis of stress test scenarios is shared with the Bank's Top Management and relevant business units, and necessary actions are taken.

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

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

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

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

Liquidity Coverage Ratio:

According to the BRSA’s “Regulation for Banks’ Liquidity Coverage Ratio Calculations” published in the Official Gazette No. 28948 dated 21 March 2014, FC and TRY+FC liquidity coverage ratios are calculated by using high quality liquid assets divided by net cash outflows. Within this context, the Bank is required to have the ability to cover net cash outflows with high quality liquid assets and its related ratios should be in compliance with the legal limits. In accordance with the relevant Regulation, liquidity coverage ratio 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.

Within the third quarter of 2023, the Bank's deposit gain in TRY and foreign currency reduced its TRY-denominated secured borrowings obtained from money markets, and accordingly increased the total of free securities not given as collateral. Credit expansion slowed down compared to the previous period and the total of liquid assets and required reserves held by the CBRT increased significantly. These changes were developments that increased the Bank's stock of high quality liquid assets during the period. Net cash outflows increased, especially due to the increase in the TRY deposit balance with a maturity of less than 30 days and the increase in other liabilities with a maturity of less than 30 days. The fact that the increase in the stock of high quality liquid assets on a TRY+FC basis was greater than the increase in net cash outflows increased the total liquidity coverage ratio during the period. In addition, the increase in FC deposits and FC liquid assets increased the foreign currency liquidity coverage ratio during the period. During the period, FC and TRY+FC ratios remained above the legal lower limit.

High quality liquid assets are composed of 51,39% accounts held by the CBRT and the Central Banks of the foreign branches, 46,73% securities considered as high quality liquid assets and 1,88% cash and cash equivalents. The primary funding source for the Bank is deposit. Other important funding sources are money market borrowings and securities issued.

Derivative transactions did not cause a net cash outflow that would negatively affect the liquidity position. However, there are periodical fluctuations in the foreign currency liquidity coverage ratio due to foreign currency swap transactions that have TRY side. 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 2.668.240.

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

Likidite Minimum-Maksimum

Liquidity Coverage Ratio	FC		TRY+FC	
	Related Week	(%)	Related Week	(%)
Maximum	25.09.2023 - 1.10.2023	617,67	11.09.2023 - 17.09.2023	163,81
Minimum	3.07.2023 - 9.07.2023	304,98	3.07.2023 - 9.07.2023	132,11

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

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

Liquidity Coverage Ratio:

	Total Unweighted Value (average) <sup>(1)</sup>		Total Weighted Value (average) <sup>(1)</sup>	
Current Period	TRY+FC	FC	TRY+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			599.693.974	260.705.126
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	763.804.948	286.025.050	69.778.457	28.602.505
Stable Deposits	132.040.751	-	6.602.038	-
Less Stable Deposits	631.764.197	286.025.050	63.176.419	28.602.505
Unsecured wholesale funding , of which;	791.005.010	368.774.132	352.847.009	134.718.661
Operational Deposits	201.870.102	157.181.585	50.467.519	39.295.396
Non-operational Deposits	558.272.590	205.061.183	278.769.505	89.147.449
Other Unsecured Funding	30.862.318	6.531.364	23.609.985	6.275.816
Secured Funding			-	-
Other cash outflows, of which;	25.727.096	2.791.322	22.855.119	2.788.200
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	4.058.167	2.786.120	4.058.167	2.786.120
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	21.668.929	5.202	18.796.952	2.080
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	569.724.985	174.661.507	42.250.727	13.473.504
<b>Total Cash Outflows</b>			<b>487.731.312</b>	<b>179.582.870</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	151.480.085	19.523.994	93.800.705	15.646.625
Other Cash Inflows	2.074.959	123.091.771	2.074.959	123.091.771
<b>Total Cash Inflows</b>	<b>153.555.044</b>	<b>142.615.765</b>	<b>95.875.664</b>	<b>138.738.396</b>
<b>Total Adjusted Value</b>				
<b>Total HQLA Stock</b>			<b>599.693.974</b>	<b>260.705.126</b>
<b>Total Net Cash Outflows</b>			<b>391.855.648</b>	<b>53.797.703</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>152,69%</b>	<b>508,02%</b>

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

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

Liquidity Coverage Ratio: (continued)

	Total Unweighted Value (average) <sup>(1)</sup>		Total Weighted Value (average) <sup>(1)</sup>	
Prior Period	TRY+FC	FC	TRY+FC	FC
<b>High Quality Liquid Assets</b>				
High Quality Liquid Assets			361.962.008	161.976.715
<b>Cash Outflows</b>				
Retail and Small Business Customers, of which;	454.061.279	214.588.563	42.384.914	21.458.856
Stable Deposits	60.424.277	-	3.021.214	-
Less Stable Deposits	393.637.002	214.588.563	39.363.700	21.458.856
Unsecured wholesale funding , of which;	470.497.677	214.953.791	204.134.108	80.070.514
Operational Deposits	101.363.427	81.222.850	25.340.857	20.305.712
Non-operational Deposits	345.056.052	128.395.134	162.199.268	54.552.308
Other Unsecured Funding	24.078.198	5.335.807	16.593.983	5.212.494
Secured Funding			-	-
Other cash outflows, of which;	10.977.828	1.861.618	8.476.254	1.859.245
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	2.099.510	1.857.663	2.099.510	1.857.663
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	8.878.318	3.955	6.376.744	1.582
Other revocable off-balance sheet commitments and Contractual Obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet Obligations	301.551.150	114.560.264	24.903.147	9.961.479
<b>Total Cash Outflows</b>			<b>279.898.423</b>	<b>113.350.094</b>
<b>Cash Inflows</b>				
Secured Lending	-	-	-	-
Unsecured Lending	87.976.024	15.053.950	53.558.688	11.658.370
Other Cash Inflows	634.979	83.384.924	634.979	83.384.924
<b>Total Cash Inflows</b>	<b>88.611.003</b>	<b>98.438.874</b>	<b>54.193.667</b>	<b>95.043.294</b>
<b>Total Adjusted Value</b>				
<b>Total HQLA Stock</b>			<b>361.962.008</b>	<b>161.976.715</b>
<b>Total Net Cash Outflows</b>			<b>225.704.756</b>	<b>29.528.881</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>160,38%</b>	<b>552,83%</b>

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

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

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

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

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
<b>Assets</b>								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the CBRT	32.207.315	326.482.472	-	14.206	-	-	-	358.703.993
Banks	11.573.270	2.000.055	-	-	-	-	-	13.573.325
Financial assets at fair value through profit and loss	-	55.382	54.871.746	144.830	41	813	4.045.657	59.118.469
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	746.071	10.469.404	31.325.558	43.103.584	10.375.419	1.624.395	97.644.431
Loans <sup>(4)</sup>	4.941.551	105.937.002	47.322.009	413.806.099	514.990.723	145.690.064	18.573.990	1.251.261.438
Financial assets measured at amortised cost	-	3.441.054	20.395.605	90.585.803	105.649.601	165.844.322	-	385.916.385
Other assets <sup>(2)</sup>	2.863	193.152	1.374.218	1.163.004	2.093.605	182.507	26.938.448	31.947.797
<b>Total assets</b>	<b>48.724.999</b>	<b>438.855.188</b>	<b>134.432.982</b>	<b>537.039.500</b>	<b>665.837.554</b>	<b>322.093.125</b>	<b>51.182.490</b>	<b>2.198.165.838</b>
<b>Liabilities</b>								
Bank deposits	147.808.355	54.060.869	16.377.129	-	-	-	-	218.246.353
Other deposits	335.210.662	797.693.419	355.105.599	65.304.107	1.157.695	2.740	-	1.554.474.222
Funds provided from other	33	24.247	81.244	852.396	5.273.140	9.300.077	-	15.531.137
Money market balances	-	117.000.646	34.774	-	-	2.732.830	-	119.768.250
Bonds issued	-	4.034.970	7.421.381	511.506	-	-	-	11.967.857
Miscellaneous Payables	47.766	16.975.749	446.796	2.018.182	9.630.953	51.783	5.403.655	34.574.884
Other liabilities <sup>(1)</sup>	-	12.881.366	1.453.615	86.978.775	6.387.816	2.342.967	133.558.596	243.603.135
<b>Total liabilities</b>	<b>483.066.816</b>	<b>1.002.671.266</b>	<b>380.920.538</b>	<b>155.664.966</b>	<b>22.449.604</b>	<b>14.430.397</b>	<b>138.962.251</b>	<b>2.198.165.838</b>
<b>Liquidity Gap</b>	<b>(434.341.817)</b>	<b>(563.816.078)</b>	<b>(246.487.556)</b>	<b>381.374.534</b>	<b>643.387.950</b>	<b>307.662.728</b>	<b>(87.779.761)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>(1.756.204)</b>	<b>(472.069)</b>	<b>1.109.721</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.118.552)</b>
Derivative Financial Assets	-	145.110.674	17.392.986	4.407.333	15.022.274	27.703.631	-	209.636.898
Derivative Financial Liabilities	-	(146.866.878)	(17.865.055)	(3.297.612)	(15.022.274)	(27.703.631)	-	(210.755.450)
<b>Non-Cash Loans</b>	<b>172.827.207</b>	<b>15.533.000</b>	<b>40.634.775</b>	<b>149.789.858</b>	<b>110.718.149</b>	<b>26.920.610</b>	<b>-</b>	<b>516.423.599</b>
<b>Prior Period</b>								
Total Assets	16.747.683	266.076.653	74.217.031	362.858.864	430.970.027	216.356.290	24.913.626	1.392.140.174
Total Liabilities	304.297.957	645.438.875	202.641.657	79.198.876	32.567.428	16.385.176	111.610.205	1.392.140.174
<b>Liquidity Gap</b>	<b>(287.550.274)</b>	<b>(379.362.222)</b>	<b>(128.424.626)</b>	<b>283.659.988</b>	<b>398.402.599</b>	<b>199.971.114</b>	<b>(86.696.579)</b>	<b>-</b>
<b>Net off-Balance Sheet Position</b>	<b>-</b>	<b>665.751</b>	<b>1.542.902</b>	<b>438.100</b>	<b>671.791</b>	<b>-</b>	<b>-</b>	<b>3.318.544</b>
Derivative Financial Assets	-	128.798.384	13.196.916	4.048.663	11.264.053	18.952.720	-	176.260.736
Derivative Financial Liabilities	-	(128.132.633)	(11.654.014)	(3.610.563)	(10.592.262)	(18.952.720)	-	(172.942.192)
<b>Non-Cash Loans</b>	<b>101.180.816</b>	<b>8.090.448</b>	<b>31.622.105</b>	<b>106.356.777</b>	<b>53.530.771</b>	<b>14.405.530</b>	<b>-</b>	<b>315.186.447</b>

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

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

<sup>(3)</sup> Funds provided from other financial institutions include borrowings.

<sup>(4)</sup> Non-performing loans is disclosed in under the undistributed column.

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**VI. EXPLANATIONS ON LEVERAGE RATIO**

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

	Current Period <sup>(1)</sup>	Prior Period <sup>(1)</sup>
<b>On-Balance Sheet Assets</b>		
1.On-Balance Sheet Assets (Excluding Derivatives and Sfts, but Including Collateral)	2.149.353.538	1.348.702.814
2.Assets That Are Deducted from Core Capital	(2.430.730)	(763.978)
3.Total on Balance Sheet Exposures(Sum of rows 1 and 2)	2.146.922.808	1.347.938.836
<b>Derivative Exposures And Credit Derivatives</b>		
4.Replacement Cost Associated with Derivative Financial Instruments and Credit Derivatives	3.074.251	2.725.285
5.The Potential Amount of Credit Risk with Derivative Financial Instruments and Credit Derivatives	3.116.894	2.657.237
6.The Total Amount of Risk on Derivative Financial Instruments and Credit Derivatives(Sum of rows 4 and 5)	6.191.145	5.382.522
<b>Investment Securities Or Commodity Collateral Financing Transactions</b>		
7.The Amount of Risk Investment Securities or Commodity Collateral Financing Transactions (Excluding on Balance Sheet Assets)	8.868.548	5.901.580
8.Risk Amount of Exchange Brokerage Operations	-	-
9.Total Risks Related with Securities or Commodity Financing Transactions(Sum of rows 7 and 8)	8.868.548	5.901.580
<b>Off -Balance Sheet Items</b>		
10.Gross Notional Amount of Off-Balance Sheet Items	616.156.953	371.490.714
11.(Adjustments for Conversion to Credit Equivalent Amounts)	(14.674.817)	(8.321.769)
12.The Total Risk of Off-Balance Sheet Items(Sum of rows 10 and 11)	601.482.136	363.168.945
<b>Capital And Total Exposures</b>		
13.Tier 1 Capital	146.262.627	100.109.350
14.Total Exposures(Sum of rows 3,6,9 and 12)	2.763.464.637	1.722.391.883
<b>Leverage Ratio</b>		
15.Leverage Ratio	%5,29	%5,81

<sup>(1)</sup> The amounts in the table represent three-month averages.

**VII. EXPLANATIONS ON BUSINESS SEGMENTATION**

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

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

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

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

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

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

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

**VII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)**

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

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

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

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**VII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)**

Details of the segment information prepared in accordance with the Act on “Disclosure of Financial Statements of Banks and The Related Presentations and Notes” as of 30 September 2023 are presented in the table below.

Current Period	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
<b>1 January -30 September 2023</b>				
<b>OPERATING INCOME / EXPENSES</b>				
Interest Income	33.698.630	80.407.548	74.178.179	188.284.357
Interest on Loans	33.469.036	79.381.313	1.193.442	114.043.791
Interest Income on Marketable Securities	-	957.851	72.097.335	73.055.186
Interest Received from Banks	-	-	836.101	836.101
Other Interest Income	229.594	68.384	51.301	349.279
Interest Expense	61.581.468	81.663.125	14.827.175	158.071.768
Interest on Deposits	61.427.064	80.323.364	1.009.797	142.760.225
Interest on Borrowings	25.253	46.683	448.547	520.483
Interest on Money Market Borrowings	-	547.417	7.322.408	7.869.825
Interest on Marketable Bonds Issued	-	-	5.189.562	5.189.562
Other Interest Expense	129.151	745.661	856.861	1.731.673
Net Interest Income	(27.882.838)	(1.255.577)	59.351.004	30.212.589
Net Fees and Commissions Income	3.702.608	6.891.285	1.482.668	12.076.561
Net Trading Profit / (Loss)	565.632	12.109.653	(17.742.142)	(5.066.857)
Dividend Income	-	-	397.107	397.107
Other Income	336.073	1.639.984	8.109.840	10.085.897
Expected Loss Provisions	688.306	1.240.757	762.927	2.691.990
Other Expenses	519.094	10.934.130	25.338.063	36.791.287
<b>Income Before Taxes</b>	<b>(24.485.925)</b>	<b>7.210.458</b>	<b>25.497.487</b>	<b>8.222.020</b>
Income Tax Provision	-	-	(171.817)	(171.817)
<b>Net Profit For The Period</b>	<b>(24.485.925)</b>	<b>7.210.458</b>	<b>25.325.670</b>	<b>8.050.203</b>

**SEGMENT ASSETS**

**30 September 2023**

Marketable Securities <sup>(1)</sup>	-	26.384.482	516.245.297	542.629.779
Derivative Financial Assets Held for Trading	-	349.441	2.371.144	2.720.585
Banks and Money Market Receivables	-	4.879.509	8.688.886	13.568.395
Associates and Subsidiaries (Net)	-	-	24.130.884	24.130.884
Loans <sup>(1)</sup>	404.962.739	796.030.742	384.841	1.201.378.322
Other Assets	3.622.824	19.038.790	391.076.259	413.737.873
<b>TOTAL ASSETS</b>	<b>408.585.563</b>	<b>846.682.964</b>	<b>942.897.311</b>	<b>2.198.165.838</b>

**SEGMENT LIABILITIES**

**30 September 2023**

Deposits	611.547.141	995.458.890	165.714.544	1.772.720.575
Derivative Financial Liabilities	-	584.555	1.757.006	2.341.561
Money Market Balances	-	11.741.215	108.027.035	119.768.250
Borrowing Funding Loans	278.090	568.806	14.684.241	15.531.137
Bonds Issued	-	-	11.967.857	11.967.857
Other Liabilities	7.117.393	26.196.990	106.306.033	139.620.416
Provisions and Tax Payable	608.405	969.884	11.846.009	13.424.298
Shareholders' Equity	(24.485.925)	7.210.458	140.067.211	122.791.744
<b>TOTAL LIABILITIES</b>	<b>595.065.104</b>	<b>1.042.730.798</b>	<b>560.369.936</b>	<b>2.198.165.838</b>

**OFF-BALANCE SHEET ITEMS**

**30 September 2023**

Guarantees and Sureties	256.227.820	192.757.612	67.438.167	516.423.599
Commitments	1.925.348	44.534.360	96.272.284	142.731.992
Derivative Financial Instruments	-	53.229.987	367.162.361	420.392.348
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>	<b>258.153.168</b>	<b>290.521.959</b>	<b>530.872.812</b>	<b>1.079.547.939</b>

<sup>(1)</sup> TFRS 9 Expected Credit Loss provisions are presented in related lines.

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

**VII. EXPLANATIONS ON BUSINESS SEGMENTATION (continued)**

Prior Period	Commercial/ Corporate	Integrated	Treasury/ Investment	Total
<b>1 January -30 September 2022</b>				
<b>OPERATING INCOME / EXPENSES</b>				
Interest Income	18.371.912	41.032.024	45.833.204	105.237.140
Interest on Loans	18.161.482	40.380.770	875.253	59.417.505
Interest Income on Marketable Securities	-	620.088	44.498.219	45.118.307
Interest Received from Banks	-	-	444.497	444.497
Other Interest Income	210.430	31.166	15.235	256.831
Interest Expense	18.075.108	24.431.065	17.913.389	60.419.562
Interest on Deposits	17.761.758	23.885.428	1.914.819	43.562.005
Interest on Borrowings	17.723	57.211	161.484	236.418
Interest on Money Market Borrowings	-	150.840	13.121.353	13.272.193
Interest on Marketable Bonds Issued	-	-	2.593.630	2.593.630
Other Interest Expense	295.627	337.586	122.103	755.316
Net Interest Income	296.804	16.600.959	27.919.815	44.817.578
Net Fees and Commissions Income	1.724.744	3.432.401	551.004	5.708.149
Net Trading Profit / (Loss)	27.329	4.980.442	(9.202.044)	(4.194.273)
Dividend Income	-	-	381.902	381.902
Other Income	810.020	1.045.902	574.348	2.430.270
Expected Loss Provisions	1.552.996	2.566.510	20.418.755	24.538.261
Other Expenses	1.203.720	7.264.302	3.751.212	12.219.234
<b>Income Before Taxes</b>	<b>102.181</b>	<b>16.228.892</b>	<b>(3.944.942)</b>	<b>12.386.131</b>
Income Tax Provision	-	-	(3.481.425)	(3.481.425)
<b>Net Profit For The Period</b>	<b>102.181</b>	<b>16.228.892</b>	<b>(7.426.367)</b>	<b>8.904.706</b>

**SEGMENT ASSETS**

**31 December 2022**

Marketable Securities <sup>(1)</sup>	-	17.824.827	356.323.549	374.148.376
Derivative Financial Assets Held for Trading	-	250.665	2.984.525	3.235.190
Banks and Money Market Receivables	-	427.159	6.744.178	7.171.337
Associates and Subsidiaries (Net)	-	-	19.706.757	19.706.757
Loans <sup>(1)</sup>	291.752.915	497.341.919	213.488	789.308.322
Other Assets	3.723.562	12.657.863	182.188.767	198.570.192
<b>TOTAL ASSETS</b>	<b>295.476.477</b>	<b>528.502.433</b>	<b>568.161.264</b>	<b>1.392.140.174</b>

**SEGMENT LIABILITIES**

**31 December 2022**

Deposits	366.969.314	585.394.896	108.558.321	1.060.922.531
Derivative Financial Liabilities	-	301.279	522.264	823.543
Money Market Balances	-	7.585.020	94.574.148	102.159.168
Borrowing Funding Loans	395.181	589.094	12.437.788	13.422.063
Bonds Issued	-	-	8.976.077	8.976.077
Other Liabilities	8.287.920	16.366.361	73.152.440	97.806.721
Provisions and Tax Payable	342.318	535.444	17.308.691	18.186.453
Shareholders' Equity	3.424.863	26.027.659	60.391.096	89.843.618
<b>TOTAL LIABILITIES</b>	<b>379.419.596</b>	<b>636.799.753</b>	<b>375.920.825</b>	<b>1.392.140.174</b>

**OFF-BALANCE SHEET ITEMS**

**31 December 2022**

Guarantees and Sureties	158.614.820	117.125.931	39.445.696	315.186.447
Commitments	1.420.003	32.386.264	75.651.549	109.457.816
Derivative Financial Instruments	-	35.087.036	314.115.892	349.202.928
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>	<b>160.034.823</b>	<b>184.599.231</b>	<b>429.213.137</b>	<b>773.847.191</b>

<sup>(1)</sup> TFRS 9 Expected Credit Loss provisions are presented in related lines.

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

**VIII. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS**

**Explanations Related To Risk Management**

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

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

The 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 Bank is exposed in relation to its duties.

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

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

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

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

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

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

**VIII. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)**

**Overview of Risk Weighted Amounts<sup>(\*)</sup>:**

	Risk Weighted Amounts		Minimum Capital Requirements	
	Current Period	Prior Period	Current Period	Prior Period
1 Credit risk (excluding counterparty credit risk) (CCR) <sup>(**)</sup>	1.108.587.334	765.045.505	88.686.987	61.203.640
2 Standardized approach (SA) <sup>(*)</sup>	1.108.587.334	765.045.505	88.686.987	61.203.640
3 Internal rating-based (IRB) approach	-	-	-	-
4 Counterparty credit risk <sup>(**)</sup>	9.642.185	7.692.181	771.375	615.374
5 Standardized approach for counterparty credit risk (SA-CCR)	9.642.185	7.692.181	771.375	615.374
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	63.697.413	28.424.938	5.095.793	2.273.995
17 Standardized approach (SA)	63.697.413	28.424.938	5.095.793	2.273.995
18 Internal model approaches (IMM)	-	-	-	-
19 Operational Risk	66.027.862	27.691.243	5.282.229	2.215.299
20 Basic Indicator Approach	66.027.862	27.691.243	5.282.229	2.215.299
21 Standard Approach	-	-	-	-
22 Advanced measurement approach	-	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	4.429.140	3.108.851	354.331	248.708
24 Floor adjustment	-	-	-	-
<b>25 Total ( 1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>1.252.383.934</b>	<b>831.962.718</b>	<b>100.190.715</b>	<b>66.557.016</b>

<sup>(\*)</sup> Amounts below the thresholds for deductions from capital are excluded from credit risk standard approach of RWA amount.

<sup>(\*\*)</sup> Based on the Board Decision dated 31 January 2023 published by the BRSA, CBRT's foreign exchange buying rates as of 30 December 2022 was used in the calculation of the amount subject to credit risk.

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**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS**

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash and foreign currency	3.485.232	8.681.111	2.917.083	5.670.704
CBRT	138.572.479	206.801.915	28.712.954	120.985.281
Other <sup>(1)</sup>	446.545	716.711	204.607	503.646
<b>Total</b>	<b>142.504.256</b>	<b>216.199.737</b>	<b>31.834.644</b>	<b>127.159.631</b>

<sup>(1)</sup> It includes the blocked required reserve amounts held by the TRNC Central Bank.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand unrestricted amount <sup>(1)</sup>	137.029.045	91.882.178	28.666.697	38.540.462
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Other <sup>(2)</sup>	1.543.434	114.919.737	46.257	82.444.819
<b>Total</b>	<b>138.572.479</b>	<b>206.801.915</b>	<b>28.712.954</b>	<b>120.985.281</b>

<sup>(1)</sup> Reserve deposits kept in the CBRT.

<sup>(2)</sup> Blocked reserve deposits amounts held in the CBRT 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 with reserve deposit rates between 0%-25% varied according to their maturity compositions, for their FC and precious metal liabilities at US Dollar, Euro and/or standard gold with reserve deposit rates between 5%-29% varied according to their maturity compositions.

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

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**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	54.871.159	-	33.947.997	-

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

None. (31 December 2022: None.)

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	-	520.633	-	121.865
Swap transactions	-	2.199.399	319.674	2.745.566
Futures transactions	-	-	-	-
Options	-	553	-	48.085
Other	-	-	-	-
<b>Total</b>	-	<b>2.720.585</b>	<b>319.674</b>	<b>2.915.516</b>

(3) Information on banks and other financial institutions:

Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	1.013.861	477.860	856.684	499.812
Foreign banks	1.976.935	10.104.669	892.789	4.927.845
Branches and offices abroad	-	-	-	-
<b>Total</b>	<b>2.990.796</b>	<b>10.582.529</b>	<b>1.749.473</b>	<b>5.427.657</b>

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

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked securities	19.594.911	23.913.821	18.240.767	33.445.116

- 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	-	191.285	109.178	472.490

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities	97.234.182		97.814.460	
<i>Quoted on a stock exchange</i>	97.234.182		97.814.460	
<i>Not quoted</i>	-		-	
Equity Securities	1.641.676		1.303.418	
<i>Quoted on a stock exchange</i>	1.545.946		1.197.734	
<i>Not quoted</i>	95.730		105.684	
Impairment provision (-)	1.231.427		57.453	
<b>Total</b>	<b>97.644.431</b>		<b>99.060.425</b>	

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

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

(5) Information on loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
<i>Corporate shareholders</i>	-	-	-	-
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	2.827.184	-	1.246.669	-
<b>Total</b>	<b>2.827.184</b>	<b>-</b>	<b>1.246.669</b>	<b>-</b>

(\*) Interest income accruals and discounts are not included in the table above.

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

	Cash Loans	Standard Loans	Loans Under Close Monitoring		
			Loans Not Subject to Restructuring	Restructured Loans	
				Loans with Revised Contract Terms	Refinance
Non-specialized loans		918.639.126	29.654.289	20.056	36.021.722
<i>Corporation loans</i>		522.256.842	21.517.442	-	36.015.048
<i>Export loans</i>		53.220.000	680.312	-	-
<i>Import loans</i>		-	-	-	-
<i>Loans given to financial sector</i>		22.100.094	-	-	-
<i>Consumer loan</i>		140.918.674	1.087.384	19.209	5.270
<i>Credit cards</i>		58.972.801	2.987.695	847	-
<i>Other</i>		121.170.715	3.381.456	-	1.404
Specialized lending		219.870.341	5.982.442	-	-
Other receivables		-	-	-	-
Accruals		19.399.788	1.649.224	2.653	1.447.807
<b>Total</b>		<b>1.157.909.255</b>	<b>37.285.955</b>	<b>22.709</b>	<b>37.469.529</b>

	Standard Loans		Loans Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
12 Months Expected Loss Provision	11.489.537	12.176.855	-	-
Significant Increase in Credit Risk	-	-	23.310.955	25.970.040

In the current period, the decrease in the Bank's Stage 1 and Stage 2 Expected Loss Provision balances is due to the decrease in the risk levels of certain customers.

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

(5) Information on loans (continued) :

c) Information on consumer loans, individual credit cards, personnel loans and credit cards<sup>(\*)</sup>:

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TRY	2.105.077	134.440.038	136.545.115
<i>Real estate loans</i>	16.759	101.235.277	101.252.036
<i>Automobile loans</i>	362.015	8.907.436	9.269.451
<i>Consumer loans</i>	1.726.303	24.297.325	26.023.628
<i>Other</i>	-	-	-
Consumer loans- Indexed to FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Consumer loans- FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Individual credit cards-TRY	22.365.230	796	22.366.026
<i>Installment</i>	8.264.671	796	8.265.467
<i>Non-installment</i>	14.100.559	-	14.100.559
Individual credit cards-FC	5.994	-	5.994
<i>Installment</i>	-	-	-
<i>Non-installment</i>	5.994	-	5.994
Personnel loans-TRY	772.442	1.200.473	1.972.915
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	772.442	1.200.473	1.972.915
<i>Other</i>	-	-	-
Personnel loans-Indexed to FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel loans-FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel credit cards-TRY	718.324	-	718.324
<i>Installment</i>	249.059	-	249.059
<i>Non-installment</i>	469.265	-	469.265
Personnel credit cards-FC	272	-	272
<i>Installment</i>	-	-	-
<i>Non-installment</i>	272	-	272
Overdraft accounts-TRY (Retail customers) <sup>(**)</sup>	3.512.507	-	3.512.507
Overdraft accounts-FC (Retail customers)	-	-	-
<b>Total</b>	<b>29.479.846</b>	<b>135.641.307</b>	<b>165.121.153</b>

<sup>(\*)</sup> Interest income accruals and rediscounts are not included in the table above.

<sup>(\*\*)</sup> TRY 135.673 of the overdraft account consists of loans given to personnel.

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

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

(5) Information on loans (continued) :

c) Information on consumer loans, individual credit cards, personnel loans and credit cards<sup>(\*)</sup> (continued):

Prior 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	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Consumer loans- FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Individual credit cards-TRY	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	-	1.834
<i>Installment</i>	-	-	-
<i>Non-installment</i>	1.834	-	1.834
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	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel loans-FC	-	-	-
<i>Real estate loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Personnel credit cards-TRY	355.740	-	355.740
<i>Installment</i>	129.770	-	129.770
<i>Non-installment</i>	225.970	-	225.970
Personnel credit cards-FC	196	-	196
<i>Installment</i>	-	-	-
<i>Non-installment</i>	196	-	196
Overdraft accounts-TRY (Retail customers) <sup>(**)</sup>	2.118.415	-	2.118.415
Overdraft accounts-FC (Retail customers)	-	-	-
<b>Total</b>	<b>15.329.106</b>	<b>98.788.888</b>	<b>114.117.994</b>

<sup>(\*)</sup> Interest income accruals and rediscounts are not included in the table above.

<sup>(\*\*)</sup> TRY 67.951 of the overdraft account consists of loans given to personnel.

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

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

(5) Information on loans (continued) :

d) Information on commercial installments loans and corporate credit cards<sup>(\*)</sup>:

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Commercial installment loans-TRY	2.797.276	111.572.585	114.369.861
<i>Business premises loans</i>	-	1.987.052	1.987.052
<i>Automobile loans</i>	72.114	3.613.767	3.685.881
<i>Consumer loans</i>	2.725.162	105.971.766	108.696.928
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	-	-	-
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Commercial installment loans - FC	509.113	94.975.098	95.484.211
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	509.113	94.975.098	95.484.211
<i>Other</i>	-	-	-
Corporate credit cards-TRY	38.869.916	-	38.869.916
<i>Installment</i>	12.010.392	-	12.010.392
<i>Non-installment</i>	26.859.524	-	26.859.524
Corporate credit cards-FC	811	-	811
<i>Installment</i>	-	-	-
<i>Non-installment</i>	811	-	811
Overdraft accounts-TRY (Commercial customers)	34.725.159	-	34.725.159
Overdraft accounts-FC (Commercial customers)	-	-	-
<b>Total</b>	<b>76.902.275</b>	<b>206.547.683</b>	<b>283.449.958</b>

<sup>(\*)</sup> Interest income accruals and rediscounts are not included in the table above.

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
Commercial installment loans-TRY	2.717.960	57.612.595	60.330.555
<i>Business premises loans</i>	1.654	1.591.953	1.593.607
<i>Automobile loans</i>	89.786	2.402.499	2.492.285
<i>Consumer loans</i>	2.626.520	53.618.143	56.244.663
<i>Other</i>	-	-	-
Commercial installment loans- Indexed to FC	-	-	-
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	-	-	-
<i>Other</i>	-	-	-
Commercial installment loans - FC	391.917	71.059.454	71.451.371
<i>Business premises loans</i>	-	-	-
<i>Automobile loans</i>	-	-	-
<i>Consumer loans</i>	391.917	71.059.454	71.451.371
<i>Other</i>	-	-	-
Corporate credit cards-TRY	25.249.390	-	25.249.390
<i>Installment</i>	10.623.531	-	10.623.531
<i>Non-installment</i>	14.625.859	-	14.625.859
Corporate credit cards-FC	1.033	-	1.033
<i>Installment</i>	-	-	-
<i>Non-installment</i>	1.033	-	1.033
Overdraft accounts-TRY (Commercial customers)	23.866.070	-	23.866.070
Overdraft accounts-FC (Commercial customers)	-	-	-
<b>Total</b>	<b>52.226.370</b>	<b>128.672.049</b>	<b>180.898.419</b>

<sup>(\*)</sup> Interest income accruals and rediscounts are not included in the table above.

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

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

(5) Information on loans (continued) :

e) Domestic and foreign loans<sup>(\*)</sup>:

	Current Period	Prior Period
Domestic loans	1.227.720.224	821.823.229
Foreign loans	4.967.224	2.200.262
<b>Total</b>	<b>1.232.687.448</b>	<b>824.023.491</b>

<sup>(\*)</sup> Non-performing loans balance is not included in the table above.

f) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	10.261.939	6.710.672
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>10.261.939</b>	<b>6.710.672</b>

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

	Current Period	Prior Period
Loans with Limited Collectability	590.626	1.778.357
Loans with Doubtful Collectability	1.170.611	2.189.055
Uncollectible Loans	13.321.387	11.194.899
<b>Total</b>	<b>15.082.624</b>	<b>15.162.311</b>

The decrease in the expected credit loss provision balance allocated for stage 3 loans is caused by the result of the decrease in risk amount in the current period.

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

h.1. Information on non-performing loans and restructured loans<sup>(\*)</sup>:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
<b>Current period</b>			
<b>Gross amounts before the specific provisions</b>	<b>296.604</b>	<b>204.520</b>	<b>868.012</b>
<i>Restructured loans</i>	<i>296.604</i>	<i>204.520</i>	<i>868.012</i>
<b>Prior period</b>			
<b>Gross amounts before the specific provisions</b>	<b>680.019</b>	<b>332.509</b>	<b>932.583</b>
<i>Restructured loans</i>	<i>680.019</i>	<i>332.509</i>	<i>932.583</i>

<sup>(\*)</sup> Rediscounts are not included.

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

**(5) Information on loans (continued) :**

**h) Information on non-performing loans (Net) (continued):**

**h.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
<b>Current Period</b>			
Current period end balance	3.442.182	3.279.970	11.871.885
Additions(+)	4.131.176	64.770	269.655
Transfers from other categories of loans under non-performing(+)	-	3.677.944	5.174.196
Transfers to other categories of loans under non-performing(-)	5.075.759	3.776.381	-
Collections(-) (*)	1.177.113	773.756	2.519.984
Write-offs(-)	-	-	14.795
Sold(-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
<b>Current period end balance</b>	<b>1.320.486</b>	<b>2.472.547</b>	<b>14.780.957</b>
Provision(-)	590.626	1.170.611	13.321.387
<b>Net balance on balance sheet</b>	<b>729.860</b>	<b>1.301.936</b>	<b>1.459.570</b>
<b>Prior Period</b>			
Prior period end balance	2.424.637	708.929	13.163.616
Additions(+) (**)	8.601.080	60.961	1.598.919
Transfers from other categories of loans under non-performing(+)	-	5.053.238	2.101.918
Transfers to other categories of loans under non-performing(-)	5.359.655	1.795.501	-
Collections(-) (*)	2.223.880	747.657	2.887.685
Write-offs(-) (**)	-	-	2.104.883
Sold(-)	-	-	-
<i>Corporate and Commercial Loans</i>	-	-	-
<i>Consumer Loans</i>	-	-	-
<i>Credit Cards</i>	-	-	-
<i>Other</i>	-	-	-
<b>Current period end balance</b>	<b>3.442.182</b>	<b>3.279.970</b>	<b>11.871.885</b>
Provision(-)	1.778.357	2.189.055	11.194.899
<b>Net balance on balance sheet</b>	<b>1.663.825</b>	<b>1.090.915</b>	<b>676.986</b>

(\*) It also includes loan balances structured in non-performing loans and transferred to performing loan accounts during the period, as they meet the necessary conditions within the scope of the relevant articles of the Regulation of Allowance.

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

**h.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
<b>Current period</b>			
Balance at the end of the period	65.450	1.255.421	4.277.414
Provisions(-)	65.450	504.038	4.152.009
<b>Net balance in the balance sheet</b>	<b>-</b>	<b>751.383</b>	<b>125.405</b>
<b>Prior period</b>			
Balance at the end of the period	341.012	786.304	3.966.189
Provisions(-)	279.800	783.961	3.835.240
<b>Net balance in the balance sheet</b>	<b>61.212</b>	<b>2.343</b>	<b>130.949</b>

(\*) Rediscounts are included.

**TÜRKİYE HALK BANKASI AŞ**

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

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

(5) Information on loans (continued):

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

h.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
<b>Current period (Net)</b>	<b>729.860</b>	<b>1.301.936</b>	<b>1.459.570</b>
Loans to granted real persons and legal entities (Gross)	1.320.486	2.472.547	14.780.957
Provisions (-)	590.626	1.170.611	13.321.387
<b>Loans to granted real persons and legal entities (Net)</b>	<b>729.860</b>	<b>1.301.936</b>	<b>1.459.570</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior period (Net)</b>	<b>1.663.825</b>	<b>1.090.915</b>	<b>676.986</b>
Loans to granted real persons and legal entities (Gross)	3.442.182	3.279.970	11.871.885
Specific provisions (-)	1.778.357	2.189.055	11.194.899
<b>Loans to granted real persons and legal entities (Net)</b>	<b>1.663.825</b>	<b>1.090.915</b>	<b>676.986</b>
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans (Gross)	-	-	-
Provisions (-)	-	-	-
<b>Other loans (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

i) 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
<b>Current Period (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest Accruals and Valuation Differences	6.221	3.764	1.636.786
Provision (-)	6.221	3.764	1.636.786
<b>Prior Period (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest Accruals and Valuation Differences	7.019	6.376	1.743.778
Provision (-)	7.019	6.376	1.743.778

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

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

**(5) Information on loans (continued):**

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

The Bank liquidates its uncollectible receivables through different methods. These are 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.

**k) Explanations on write-off policy:**

As per the provisions of TFRS 9 Financial Instruments Standard and the Provisions Communique of the BRSA dated 27 November 2019, banks are allowed to derecognize the portion of the loans under non-performing in loan Group 5 which no reasonable expectation remains.

In the current period, the Bank derecognised the 5th group non-performing loan amounting to TRY 14.795 in accordance with the related Regulation of Allowance, on the grounds that there was no reasonable expectation, which decrease the Bank's non-performing loan ratio from 1,49% to 1.48%. (In the previous period, the Bank derecognised the 5th group non-performing loan amounting to TRY 2.104.883 on the grounds that there was no reasonable expectation, and the Bank's non-performing loan ratio decreased from 2,45% to 2,21% after the loans were written off in accordance with the related the Regulation of Allowance.)

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

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as collateral/blocked Securities	100.707.017	95.970.413	109.707.592	55.559.702

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Subject to repurchase agreements securities	101.078.818	25.296.340	46.157.728	17.310.081

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds		378.473.109		234.826.643
Treasury bills		-		1.536.051
Other public sector debt securities		5.021.487		2.167.490
<b>Total</b>		<b>383.494.596</b>		<b>238.530.184</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities		385.916.385		240.989.996
<i>Quoted on a stock exchange</i>		360.356.236		223.107.074
<i>Not quoted</i>		25.560.149		17.882.922
Impairment provision (-)		-		-
<b>Total</b>		<b>385.916.385</b>		<b>240.989.996</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Beginning balance		240.989.996		132.853.694
Foreign currency differences on monetary assets		32.840.999		23.487.246
Purchases during the year <sup>(1)</sup>		121.878.818		91.774.783
Disposals through sales and redemptions		(9.793.428)		(7.125.727)
Impairment provision (-)		-		-
<b>Balance at the end of the period</b>		<b>385.916.385</b>		<b>240.989.996</b>

<sup>(1)</sup> The difference between the discount amount of TRY 110.863.735 as of September 30, 2023 and the amount of discount amount of TRY 67.405.111 as of 31 December 2022 is shown in the line disposed by purchases during the year.

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

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

(7) Information on associates (Net):

a) Information on associates:

Description	Address (City/ Country)	Bank's share percentage, if different- voting percentage (%)	Bank's risk group share percentage (%)
1. DHB Bank NV <sup>(1)</sup>	The Netherlands	30,00	30,00
2. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ <sup>(1)</sup>	Ankara	31,47	33,12
3. Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ <sup>(1)</sup>	Istanbul	35,79	35,79
4. Birleşim Varlık Yönetim AŞ <sup>(1)</sup>	Istanbul	16,00	16,00
5. KKB Kredi Kayıt Bürosu AŞ <sup>(2)</sup>	Istanbul	18,18	18,18
6. Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ <sup>(2)</sup>	Istanbul	33,33	33,33
7. Bankalararası Kart Merkezi AŞ <sup>(2)</sup>	Istanbul	9,28	9,28
8. JCR Avrasya Derecelendirme AŞ <sup>(2)</sup>	Istanbul	2,86	2,86

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

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value <sup>(3)</sup>
1.	52.581.406	7.006.949	67.388	1.532.210	13.639	403.856	149.110	2.340.649
2.	306.024	301.067	3.601	57.033	-	74.732	146.117	-
3.	53.334	532.645	173	3.532	-	2.367	1.936	-
4.	896.840	754.841	27.815	239.351	-	100.195	136.102	-
5.	1.124.771	125.480	352.211	121.262	-	91.040	15.744	-
6.	501.530	329.311	157.067	35.510	-	(9.743)	(22.495)	-
7.	4.379.330	4.222.009	384.280	512.853	-	3.536.150	207.418	-
8.	277.410	242.691	19.241	43.198	-	107.429	78.817	-

<sup>(1)</sup> The financial data is obtained from 30 September 2023 financial statements used in consolidation.

<sup>(2)</sup> The financial data is obtained from unaudited 30 September 2023 financial statement.

<sup>(3)</sup> Financial information about the fair value of DHB Bank NV has been obtained from valuation report as of 30 September 2023.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	1.764.937	1.296.997
Movements during the period	884.953	467.940
Purchases <sup>(1)(2)</sup>	126.285	79.539
Bonus shares obtained profit from current year's share	9.697	-
Dividends from current year income	-	-
Sales	-	-
Transfers	21.242	(5.595)
Revaluation decrease (-) / increase	727.729	393.996
Impairment provisions (-)/ reversals	-	-
<b>Balance at the end of the period</b>	<b>2.649.890</b>	<b>1.764.937</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

<sup>(1)</sup> The Bank has made a payment of TRY 119.285 for Birleşim Varlık Yönetim AŞ which is purchased in the current period.

<sup>(2)</sup> In the current period, the Bank has made a payment of TRY 7.000 due to the paid capital increase of Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı AŞ.

d) Sectorial information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	2.340.649	1.612.921
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial investments	156.929	21.518
Other non- financial investments	152.312	130.498

**TÜRKİYE HALK BANKASI AŞ**

**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

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

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

e) Associates quoted on a stock exchange:  
None.

(8) Information on subsidiaries (Net):

a) Information on subsidiaries<sup>(1)</sup>:

	Halk Yatırım Menkul Değerler AŞ	Halk Gayrimenkul Yatırım Ortaklığı AŞ	Halk Finansal Kiralama AŞ	Halk Banka AD, Skopje	Halk Faktoring AŞ	Halk Bank AD, Beograd	Halk Varlık Kiralama AŞ
<b>COMMON EQUITY TIER I CAPITAL</b>							
Paid in Capital	250.000	1.645.000	523.000	2.226.470	246.000	754.199	100
Effect of Inflation Adjustment on Paid in Capital	-	-	-	-	-	-	-
Share premium	-	50.372	-	11.633	-	773.455	-
Reserves	124.628	57.682	242.855	4.874.846	304.898	4.163.056	4.799
Other Comprehensive Income according to TAS	10.770	4.822.206	2.071	-	10	-	-
<b>Profit / Loss</b>	<b>1.006.475</b>	<b>273.620</b>	<b>322.488</b>	<b>413.349</b>	<b>430.460</b>	<b>327.121</b>	<b>1.638</b>
<i>Net Profit</i>	<i>1.006.475</i>	<i>357.345</i>	<i>322.488</i>	<i>413.349</i>	<i>430.460</i>	<i>327.121</i>	<i>1.638</i>
<i>Prior Period Profit/Loss</i>	-	(83.725)	-	-	-	-	-
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 (-)	-	-	-	119.410	-	171.466	-
Leasehold Improvements (-)	-	-	-	26.454	-	22.956	-
Intangible Assets (-)	9.309	2.233	1.883	91.430	5.941	313.075	-
<b>Total Core Capital</b>	<b>1.382.564</b>	<b>6.846.647</b>	<b>1.088.531</b>	<b>7.289.004</b>	<b>975.427</b>	<b>5.510.334</b>	<b>6.537</b>
<b>SUPPLEMENTARY CAPITAL</b>	-	-	<b>63.812</b>	<b>177.404</b>	<b>29.144</b>	<b>66.582</b>	-
<b>CAPITAL</b>	<b>1.382.564</b>	<b>6.846.647</b>	<b>1.152.343</b>	<b>7.466.408</b>	<b>1.004.571</b>	<b>5.576.916</b>	<b>6.537</b>
<b>NET AVAILABLE CAPITAL</b>	<b>1.382.564</b>	<b>6.846.647</b>	<b>1.152.343</b>	<b>7.466.408</b>	<b>1.004.571</b>	<b>5.576.916</b>	<b>6.537</b>

<sup>(1)</sup> The information is presented from companies' financial statements as of 30 September 2023.

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

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

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

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

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

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

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

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

b) Information on subsidiaries:

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1. Halk Yatırım Menkul Değerler AŞ <sup>(1)</sup>	Istanbul	100,00	100,00
2. Halk Gayrimenkul Yatırım Ortaklığı AŞ <sup>(1) (2) (3)</sup>	Istanbul	79,33	79,36
3. Halk Finansal Kiralama AŞ <sup>(1)</sup>	Istanbul	100,00	100,00
4. Halk Banka AD, Skopje <sup>(1)</sup>	Macedonia	99,63	99,63
5. Halk Faktoring AŞ <sup>(1)</sup>	Istanbul	100,00	100,00
6. Halkbank AD Beograd <sup>(1)</sup>	Serbia	100,00	100,00
7. Halk Varlık Kiralama AŞ <sup>(1)</sup>	Istanbul	100,00	100,00
8. Platform Ödeme Hizmetleri ve Elektronik Para AŞ <sup>(4)</sup>	Istanbul	100,00	100,00

c) Information related to the subsidiaries as shown in (b)<sup>(1)</sup>:

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	8.332.843	1.391.873	32.194	1.462.564	23.220	1.006.475	218.060	1.190.578
2.	12.436.875	6.803.952	7.877.192	89.973	-	357.345	7.884	6.629.164
3.	10.262.215	1.090.414	6.381	1.239.171	-	322.488	146.448	811.319
4.	40.748.832	7.406.888	1.349.072	1.212.714	112.711	413.349	54.412	6.725.518
5.	5.276.701	981.368	13.074	991.448	-	430.460	179.610	931.982
6.	29.380.242	5.846.365	805.753	928.796	77.057	327.121	124.443	5.085.906
7.	3.105.809	6.537	1	-	-	1.638	1.039	6.182
8.	106.867	97.875	13.748	17.822	-	(3.679)	326	100.345

<sup>(1)</sup> The financial data is obtained from 30 September 2023 financial statements used in consolidation.

<sup>(2)</sup> Halk Gayrimenkul Yatırım Ortaklığı AŞ is valued at stock price.

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

<sup>(4)</sup> The financial data is obtained from 30 September 2023 financial statements.

d) Movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	17.941.820	7.665.664
Movements during the period	3.539.174	10.276.156
Purchase <sup>(1)</sup>	887.772	2.266.422
Bonus shares obtained profit from current year's share	153.972	28.785
Dividends from current year income	-	-
Sales	-	-
Transfer	-	5.595
Revaluation increase/decrease	2.497.430	7.975.354
Impairment Provisions (-)/ Reversals	-	-
Balance at the end of the period	21.480.994	17.941.820
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

<sup>(1)</sup> The Bank has made a payment TRY 887.772 due to the paid capital increase of Halk Banka AD, Skopje and increased its share ratio to 99,63%.

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

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

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

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

	Current Period	Prior Period
Banks	11.811.424	7.601.174
Insurance companies	-	-
Factoring companies	931.982	931.982
Leasing companies	811.319	811.319
Financing companies	-	-
Other financial subsidiaries	7.825.924	8.497.000
Other non-financial subsidiaries	100.345	100.345

f) Subsidiaries quoted in the stock exchange:

	Current Period	Prior Period
Quoted to domestic stock <sup>(1)</sup>	6.629.164	7.400.240
Quoted foreign stock exchange	-	-

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

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

None.

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

None.

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

None.

(12) Information on investment property:

	Current Period	Prior Period
<b>Cost:</b>		
Opening Balance	448.766	445.071
Acquisitions	51.766	3.695
Transfer	-	-
Disposals	-	-
Impairment Charge/Reversal	-	-
<b>Ending Balance</b>	<b>500.532</b>	<b>448.766</b>
<b>Accumulated Depreciation (-)</b>		
Opening Balance	88.710	85.319
Amortization Charge	2.595	3.391
Transfer	-	-
Disposals	-	-
Impairment Provisions	-	-
<b>Total Accumulated Depreciation (-)</b>	<b>91.305</b>	<b>88.710</b>
<b>Net Book Value</b>	<b>409.227</b>	<b>360.056</b>

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

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

(13) Information on deferred tax assets:

	Current Period	Prior Period
<b>Deferred Tax Asset /(Liability)</b>		
Provisions <sup>(1)</sup>	14.013.044	12.065.255
Revaluation of Financial Assets	(10.065.852)	(2.221.419)
Other	5.784.050	(1.406.117)
<b>Deferred Tax Asset /(Liability):</b>	<b>9.731.242</b>	<b>8.437.719</b>
<b>Deferred tax accounted under shareholders' equity</b>	<b>(1.495.545)</b>	<b>(2.783.046)</b>
Fair value through other comprehensive income arising from securities' internal efficiency-stock market difference	(1.459.524)	(2.665.989)
Actuarial gains/losses	564.111	470.093
Valuation of subsidiaries	(600.132)	(587.150)

<sup>(1)</sup> Includes reserve for employee benefits and other provisions.

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

None.

(15) Information on other assets:

Other assets balance in the balance sheet amounts to TRY 28.642.243 and does not exceed 10% of the balance sheet total (31 December 2022: TRY 18.186.975).

**TÜRKİYE HALK BANKASI AŞ**

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

**II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES**

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

a) Information on deposit / funds collected:

**Current Period**

	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	31.731.039	-	9.671.523	114.504.867	281.700.230	18.087.697	6.479.072	120.237	462.294.665
Foreign currency deposits	161.892.891	-	62.596.108	190.931.142	23.117.721	8.316.391	17.569.034	29.662	464.452.949
<i>Residents in Türkiye</i>	144.318.431	-	61.257.099	181.907.690	21.841.305	5.712.320	12.496.204	29.107	427.562.156
<i>Residents abroad</i>	17.574.460	-	1.339.009	9.023.452	1.276.416	2.604.071	5.072.830	555	36.890.793
Public sector deposits	10.999.135	-	50.367.585	10.743.639	1.988.514	37.875	17.657	-	74.154.405
Commercial inst. deposits	68.252.034	-	74.185.773	132.334.129	105.050.070	28.047.696	8.244.931	-	416.114.633
Other inst. deposits	6.457.684	-	6.580.611	44.141.311	9.076.124	5.367.969	82.580	-	71.706.279
Precious metals	55.877.879	-	133.485	8.758.487	455.282	206.836	319.322	-	65.751.291
Interbank deposits	147.808.355	-	28.730.280	40.964.970	640.036	102.712	-	-	218.246.353
<i>CBRT</i>	2.863	-	-	-	-	-	-	-	2.863
<i>Domestic banks</i>	426.359	-	26.550.848	23.724.652	640.036	102.712	-	-	51.444.607
<i>Foreign banks</i>	146.859.895	-	376.303	17.240.318	-	-	-	-	164.476.516
<i>Participation banks</i>	519.238	-	1.803.129	-	-	-	-	-	2.322.367
<b>Total</b>	<b>483.019.017</b>	<b>-</b>	<b>232.265.365</b>	<b>542.378.545</b>	<b>422.027.977</b>	<b>60.167.176</b>	<b>32.712.596</b>	<b>149.899</b>	<b>1.772.720.575</b>

(\*) As of 30 September 2023, the Bank has a total deposit balance of TRY 423.284.793 without accrual regarding to FX indexed TRY deposit instruments announced by the CBRT and Ministry of Treasury and Finance.

**Prior Period**

	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months - year	1 year and over	Cumulative deposits	Total
Saving deposits	24.118.081	-	8.307.357	63.747.128	105.970.538	6.174.864	4.274.725	119.802	212.712.495
Foreign currency deposits	87.869.418	-	44.323.679	157.107.794	28.394.564	7.704.248	14.616.868	23.189	340.039.760
<i>Residents in Türkiye</i>	76.991.830	-	42.417.062	150.678.266	27.557.992	6.105.336	10.209.124	22.365	313.981.975
<i>Residents abroad</i>	10.877.588	-	1.906.617	6.429.528	836.572	1.598.912	4.407.744	824	26.057.785
Public sector deposits	6.713.701	-	60.362.673	6.116.194	904.955	21.801	17.221	-	74.136.545
Commercial inst. deposits	52.982.514	-	57.604.663	57.859.345	34.238.292	6.557.775	4.083.234	-	213.325.823
Other inst. deposits	3.448.365	-	5.340.727	18.482.502	6.753.311	7.144.804	570.948	-	41.740.657
Precious metals	36.848.593	-	193.786	6.095.225	338.744	169.169	213.370	-	43.858.887
Interbank deposits	92.281.429	-	15.904.749	26.839.575	108	82.503	-	-	135.108.364
<i>CBRT</i>	1.779	-	-	-	-	-	-	-	1.779
<i>Domestic banks</i>	381.409	-	14.886.939	16.215.175	108	82.503	-	-	31.566.134
<i>Foreign banks</i>	87.003.981	-	217.361	10.624.400	-	-	-	-	97.845.742
<i>Participation banks</i>	4.894.260	-	800.449	-	-	-	-	-	5.694.709
<b>Total</b>	<b>304.262.101</b>	<b>-</b>	<b>192.037.634</b>	<b>336.247.763</b>	<b>176.600.512</b>	<b>27.855.164</b>	<b>23.776.366</b>	<b>142.991</b>	<b>1.060.922.531</b>

(\*) As of 31 December 2022, the Bank has a total deposit balance of TRY 147.918.128 without accrual regarding to FX indexed TRY deposit instruments announced by the CBRT and Ministry of Treasury and Finance.

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

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

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

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

b.1. Amounts exceeding insurance limit:

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

Saving Deposits(*)	Under the guarantee insurance		Exceeding the insurance limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	119.726.327	65.042.724	342.148.605	147.363.380
Foreign currency saving deposits	48.447.786	26.072.068	156.366.315	128.339.568
Other deposits in the form of saving deposits	35.670.396	20.263.798	22.609.846	18.882.193
Foreign branches' deposits under foreign authorities' insurance	2.189.929	1.252.749	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

(\*) With the "Regulation on Insured Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated 22 December 2022 and numbered 32051, the amount of deposits under the guarantee insurance has been set as TRY 400 effective from the beginning of the calendar year of 2023, which was TRY 200 as of 2022.

All deposit and participation funds have been covered by insurance except official institutions, credit institutions and financial institutions in accordance with the "Amendment of Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936. The balance of commercial deposits subject to insurance in this scope is TRY 43.318.673. This amount is not included in the above table that includes the insurance and exceeding the insurance limit information for saving deposits only.

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	774.256	524.208
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	23.405	9.454
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	-	578.705	-	130.934
Swap transactions	440.750	1.321.333	-	645.725
Future transactions	-	-	-	-
Options	-	773	-	46.884
Other	-	-	-	-
<b>Total</b>	<b>440.750</b>	<b>1.900.811</b>	<b>-</b>	<b>823.543</b>

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

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

(3) Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Funds borrowed from CBRT	-	-	-	-
Domestic banks and institutions	325.931	1.443.372	177.716	1.527.077
Foreign banks, institutions and funds	4.340	13.757.494	2.551	11.714.719
<b>Total</b>	<b>330.271</b>	<b>15.200.866</b>	<b>180.267</b>	<b>13.241.796</b>

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	329.983	140.256	144.838	130.958
Medium and long-term	288	15.060.610	35.429	13.110.838
<b>Total</b>	<b>330.271</b>	<b>15.200.866</b>	<b>180.267</b>	<b>13.241.796</b>

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

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

Main liability of the Bank is deposits, which is composed of 26,08% of saving deposits and 26,20% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets.

The Bank's 77,96% of bank deposits and 34,11% of other deposits consist of foreign currency deposits.

(4) Marketable securities issued (net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	10.825.278	-	7.107.044	-
Bonds	131.548	-	857.411	-
Assets Backed Securities	1.011.031	-	1.011.622	-
<b>Total</b>	<b>11.967.857</b>	<b>-</b>	<b>8.976.077</b>	<b>-</b>

(5) Information on other liabilities:

Other liabilities balance in the balance sheet amounts to TRY 98.961.252 and does not exceed 10% of the balance sheet total. (31 December 2022: TRY 69.075.429)

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

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

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

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

Installments are based on useful life, usage periods and provisions of the related accounting standards.

- b) Explanation on finance lease payables:

None (31 December 2022: None).

- c) Explanations on operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	40.643	35.055	70.130	63.898
1 - 4 years	418.089	329.380	429.231	342.423
More than 4 years	6.434.452	2.456.729	1.525.874	872.168
<b>Total</b>	<b>6.893.184</b>	<b>2.821.164</b>	<b>2.025.235</b>	<b>1.278.489</b>

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

None (31 December 2022: None).

(8) 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 30 September 2023 the Bank does not have a provision amount of the currency differences on foreign currency indexed loans and finance lease receivables (31 December 2022: None).

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

As of 30 September 2023, the Bank's specific provision for unindemnified non-cash loans balance is TRY 525.616 (31 December 2022: TRY 389.456).

- c) Information on other provisions:

Total other provision balance amounting to TRY 4.003.135 (31 December 2022: TRY 3.431.847) consists of TRY 525.616 (31 December 2022: TRY 389.456) for stage 3 expected credit losses of unindemnified and unfunded non-cash loans, TRY 2.863.620 (31 December 2022: 2.770.142) for stage 1 and stage 2 expected credit losses amount of non-cash loans, TRY 93.633 (31 December 2022: TRY 92.820) for legal cases filed against the Bank, and TRY 520.266 (31 December 2022: TRY 179.429) of other provisions.

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

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

(9) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 30 September 2023, the Bank's calculated current tax liability is amounting to TRY 110.973 and recognized under corporate tax provision account as of the mentioned date (31 December 2022: TRY 8.044.471 corporate tax asset)

a.2. Information on taxes payable:

	<b>Current Period</b>	<b>Prior Period</b>
Corporate tax payable	110.973	8.044.471
Income on securities tax	1.047.985	641.431
Property income tax	6.374	4.713
Banking and insurance transactions tax (BITT)	980.463	491.879
Foreign exchange transactions tax	12.760	16.351
Value added tax payable	-	-
Other	262.187	147.060
<b>Total</b>	<b>2.420.742</b>	<b>9.345.905</b>

a.3. Information on premiums:

	<b>Current Period</b>	<b>Prior Period</b>
Social insurance premiums-employee	10	10
Social insurance premiums-employer	11	11
Bank social aid pension fund premium-employee	118.010	43.988
Bank social aid pension fund premium-employer	175.246	68.535
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	8.381	3.139
Unemployment insurance-employer	16.717	6.247
Other	2.917	1.265
<b>Total</b>	<b>321.292</b>	<b>123.195</b>

**TÜRKİYE HALK BANKASI AŞ**

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

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

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

b) Information on deferred tax liability:

It is explained in the 13th footnote of Section Five, Explanations And Notes Related To The Assets.

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

None. (31 December 2022: None.)

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

Information on Subordinated Loans	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital				
borrowings instruments	-	31.782.842	-	21.173.452
Subordinated loans	-	31.782.842	-	21.173.452
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution				
capital calculation	6.030.419	-	6.041.809	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	6.030.419	-	6.041.809	-
<b>Total</b>	<b>6.030.419</b>	<b>31.782.842</b>	<b>6.041.809</b>	<b>21.173.452</b>

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

(12) Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	7.184.778	4.969.121
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 30.000.000.

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 Bank dated 21 March 2023, the capital is increased, where the total sales proceeds through the capital increase shall amount to TRY 30.000.000, by the total nominal capital amount to be calculated based on the share sale price to be determined in accordance with the Wholesale Transactions Procedure of Borsa İstanbul AŞ with the Decision of the Capital Markets Board dated 27 March 2023. Accordingly, the recognition of the capital increase of TRY 2.215.657 was realized on 31 March 2023, based on the permission obtained from the BRSA. After the increase, TRY 2.215.657 of nominal and TRY 27.784.343 of share premium, amounting to a capital increase of TRY 30.000.000, were recognized in the financial statements. The change made to the relevant Articles of Association was registered on 17 April 2023, and it was announced in the Trade Registry Gazette dated 18 April 2023 and numbered 10814. Mentioned capital increase was made by the Bank's main shareholder Türkiye Varlık Fonu.

Share capital increased from TRY 4.969.121 to TRY 7.184.778.

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

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

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

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

None.

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

None.

f) Information on the Bank's acquired shares:

Between 1 January 2023 – 30 September 2023, the Bank has repurchased shares amounting to TRY 69.252 and has not resold shares within the scope of the Board of Directors' decisions dated 17 March 2020 and 14 February 2023.

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

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

h) Information on preferred shares:

None.

i) Information on marketable securities revaluation fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	7.308.565	2.627.597	8.133.613	1.833.570
<i>Valuation differences</i>	7.308.565	2.627.597	8.133.613	1.833.570
<i>Exchange rate difference</i>	-	-	-	-
Financial assets at fair value through other comprehensive income	3.673.318	(487.496)	8.556.841	(458.509)
<i>Valuation differences</i>	3.673.318	(399.499)	8.556.841	(463.228)
<i>Exchange rate difference</i>	-	(87.997)	-	4.719
<b>Total</b>	<b>10.981.883</b>	<b>2.140.101</b>	<b>16.690.454</b>	<b>1.375.061</b>

j) Information on Profit Distribution:

The Ordinary General Assembly Meeting of the Bank was held on August 2, 2023. At the General Assembly Meeting, it was decided to transfer the remaining amount of TRY 14.016.201 to extraordinary reserves, after allocating TRY 737.695 of the unconsolidated net profit amounting to TRY 14.753.896 from the activities of the year 2022 as general legal reserves. In addition, the income from real estate sales made during the period will continue to be monitored in the special funds account of 132.355 TL, which is the 50% exemption amount in Article 5/1-e of the Corporate Tax Law No. 5520.

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

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

(1) Information on off-balance sheet liabilities:

a) Amount and nature of irrevocable loan commitments:

<b>Types of irrevocable commitments</b>	<b>Current Period</b>	<b>Prior Period</b>
Commitments for credit card expenditure limits	68.194.070	34.608.889
Payment commitments for cheques	17.286.729	9.705.677
Loan granting commitments	16.930.817	18.050.815
Forward asset purchase and sale commitments	11.271.185	29.819.815
Forward deposit purchase and sale commitments	-	-
Commitments for credit cards and banking services promotions	23.672	24.391
Tax and fund liabilities from export commitments	382.183	163.349
Share capital commitments to associates and subsidiaries	-	-
Other irrevocable commitments	11.854.459	7.394.063
<b>Total</b>	<b>125.943.115</b>	<b>99.766.999</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of credit	13.425.474	5.678.605
Bank acceptances	36.851.843	23.628.261
Other guarantees	22.208.863	16.820.325
<b>Total</b>	<b>72.486.180</b>	<b>46.127.191</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of certain guarantees	67.840.306	41.826.204
Letters of advance guarantees	17.856.413	10.733.470
Letters of tentative guarantees	3.739.328	3.167.164
Letters of guarantee given to customs offices	11.343.788	6.241.811
Other letters of guarantee	343.157.584	207.090.607
<b>Total</b>	<b>443.937.419</b>	<b>269.059.256</b>

c) Information on non-cash loans:

c.1. Total non-cash loans:

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash loans for providing cash loans	74.896.676	37.360.755
<i>Within one year or less original maturity</i>	2.365.595	2.611.568
<i>Within more than one year maturity</i>	72.531.081	34.749.187
Other non-cash loans	441.526.923	277.825.692
<b>Total</b>	<b>516.423.599</b>	<b>315.186.447</b>

2) Explanations related to credit derivatives and its risk exposures:

The Bank has credit termly derivative transactions as part of its trading transactions. These transactions include credit default swaps which based on treasury of Turkish Republic's credit risk. As of 30 September 2023, the Bank has credit default conditioned cross currency swap transaction amounting to USD 50 million with 5 year maturity (remaining maturity 4,3 month). In this transactions the Bank sells protection.

3) Information on contingent liabilities and assets:

Bank's commitments for the cheques given to customers are TRY 17.286.729 (31 December 2022: TRY 9.705.677).

4) Services provided on behalf of others:

None.

**TÜRKİYE HALK BANKASI AŞ**

**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

**IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS**

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Interest on loans<sup>(1)</sup></b>				
Short term loans	38.101.749	430.789	16.941.488	285.209
Medium and long term loans	62.031.596	11.702.190	34.309.142	7.062.921
Interest on non-performing loans	1.777.467	-	818.745	-
Premiums from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>101.910.812</b>	<b>12.132.979</b>	<b>52.069.375</b>	<b>7.348.130</b>

<sup>(1)</sup> Includes fees and commissions obtained from cash loans.

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
CBRT	-	404.898	319.750	12.330
Domestic banks	245.640	1.111	54.542	1.830
Foreign banks	148.672	35.780	25.582	30.463
Foreign headquarters and branches	-	-	-	-
<b>Total</b>	<b>394.312</b>	<b>441.789</b>	<b>399.874</b>	<b>44.623</b>

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit or Loss	11.864	4.535	9.529	243
Financial Assets at Fair Value through Other Comprehensive Income	10.634.323	1.652.364	9.022.352	879.489
Financial Assets Measured at Amortized Cost	55.803.548	4.948.552	32.659.272	2.547.422
<b>Total</b>	<b>66.449.735</b>	<b>6.605.451</b>	<b>41.691.153</b>	<b>3.427.154</b>

d) Interest income from subsidiaries and associates:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest income from subsidiaries and associates		860.392		308.826

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

**IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS (continued)**

(2) Information on interest expenses:

a) Information on interest expense on funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	28.067	452.097	46.679	159.217
CBRT	-	-	-	-
Domestic banks	28.067	44.482	46.679	28.188
Overseas banks	-	407.615	-	131.029
Overseas head office and branches	-	-	-	-
Other institutions	2	40.317	6	30.516
<b>Total</b>	<b>28.069</b>	<b>492.414</b>	<b>46.685</b>	<b>189.733</b>

<sup>(1)</sup> Includes fees and commissions obtained from cash loans.

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses given to subsidiaries and associates	1.053.918	74.470

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on securities issued	2.666.042	2.523.520	1.651.653	941.977

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

**IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS (continued)**

(2) Information on interest expenses (continued):

d) Maturity structure of interest expenses on deposits:

Current Period	Time deposits							
Account name	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Cumulative deposit	Total
TRY								
Bank deposits	1.341	4.097.539	3.203.275	104.765	-	-	-	7.406.920
Saving deposits	4	1.949.890	17.823.399	29.397.433	1.476.371	692.836	10.594	51.350.527
Public deposits	14	7.187.351	1.253.090	126.504	4.812	2.016	-	8.573.787
Commercial deposits	35	16.859.712	17.560.814	9.148.683	1.892.838	517.464	-	45.979.546
Other deposits	1	1.817.146	6.657.380	1.185.837	1.166.430	22.544	-	10.849.338
7 days call accounts	-	-	-	-	-	-	-	-
Total	1.395	31.911.638	46.497.958	39.963.222	4.540.451	1.234.860	10.594	124.160.118
Foreign currency								
Deposits	486	916.919	3.816.293	10.025.472	2.611.490	486.530	158	17.857.348
Bank deposits	221	36.459	603.084	-	-	-	-	639.764
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	650	28.813	63.672	6.250	3.610	-	102.995
Total	707	954.028	4.448.190	10.089.144	2.617.740	490.140	158	18.600.107
Grand total	2.102	32.865.666	50.946.148	50.052.366	7.158.191	1.725.000	10.752	142.760.225

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	459	2.160.265	701.846	-	-	-	-	2.862.570
Saving deposits	6	912.137	4.953.064	8.438.431	588.651	655.154	10.884	15.558.327
Public deposits	7	2.939.484	632.878	76.774	25.736	1.789	-	3.676.668
Commercial deposits	14	4.308.354	4.060.981	918.727	2.789.894	1.853.397	-	13.931.367
Other deposits	1	752.587	2.138.523	322.293	410.375	72.240	-	3.696.019
7 days call accounts	-	-	-	-	-	-	-	-
Total	487	11.072.827	12.487.292	9.756.225	3.814.656	2.582.580	10.884	39.724.951
Foreign currency								
Deposits	91	413.543	2.552.825	332.829	79.337	91.854	98	3.470.577
Bank deposits	24	46.279	299.177	6	-	-	-	345.486
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	731	17.956	906	548	850	-	20.991
Total	115	460.553	2.869.958	333.741	79.885	92.704	98	3.837.054
Grand total	602	11.533.380	15.357.250	10.089.966	3.894.541	2.675.284	10.982	43.562.005

**TÜRKİYE HALK BANKASI AŞ**

**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

**IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS (continued)**

**(3) Information on trading profit/loss:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Profit</b>	<b>193.741.669</b>	<b>117.932.718</b>
<i>Profit from the capital market transactions</i>	<i>3.867.118</i>	<i>86.839</i>
<i>Profit on derivative financial transactions</i>	<i>53.864.288</i>	<i>24.691.046</i>
<i>Foreign exchange gains</i>	<i>136.010.263</i>	<i>93.154.833</i>
<b>Loss (-)</b>	<b>198.808.526</b>	<b>122.126.991</b>
<i>Loss from the capital market transactions</i>	<i>527.162</i>	<i>21.504</i>
<i>Loss from derivative financial transactions</i>	<i>32.227.640</i>	<i>23.609.781</i>
<i>Foreign exchange losses</i>	<i>166.053.724</i>	<i>98.495.706</i>

**(4) Impairment losses on loans and other receivables:**

	<b>Current Period</b>	<b>Prior Period</b>
Adjustments for prior period expenses	6.837.996	1.323.566
Income from the asset sale	759.918	639.839
Rent income	57.190	58.152
Other income	2.430.793	408.713
<b>Total</b>	<b>10.085.897</b>	<b>2.430.270</b>

**(5) Information on Expected Credit Losses and other operating expenses:**

	<b>Current Period</b>	<b>Prior Period</b>
Expected Credit Losses	2.691.990	24.538.261
<i>12 Month Expected Credit Loss (Stage 1)</i>	<i>31.001</i>	<i>8.636.391</i>
<i>Significant Increase in Credit Risk (Stage 2)</i>	<i>495.477</i>	<i>10.650.772</i>
<i>Non – Performing Loans (Stage 3)</i>	<i>2.165.512</i>	<i>5.251.098</i>
Marketable Securities Impairment Expense	-	165.683
<i>Financial Assets at Fair Value through Profit or Loss</i>	<i>-</i>	<i>165.683</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	37.453	71.396
<b>Total</b>	<b>2.729.443</b>	<b>24.775.340</b>

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

**IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS (continued)**

(6) Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	570.309	332.283
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	833.070	375.942
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	212.814	118.604
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	8.811	15.519
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	8.568.438	3.592.977
<i>Leasing Expenses on TFRS 16 Exceptions</i>	<i>324.466</i>	<i>128.789</i>
<i>Maintenance expenses</i>	<i>151.764</i>	<i>61.707</i>
<i>Advertisement expenses</i>	<i>1.261.514</i>	<i>685.352</i>
<i>Other expenses</i>	<i>6.830.694</i>	<i>2.717.129</i>
Loss on sales of assets	7	2.690
Other <sup>(*)</sup>	12.990.834	1.985.107
<b>Total</b>	<b>23.184.283</b>	<b>6.423.122</b>

<sup>(\*)</sup> It includes the cash donation payment of TRY 7.000.000 paid to the Disaster and Emergency Management Directorate of the Ministry of Interior – Republic of Türkiye due to the earthquake that occurred on February 6, 2023 centered by Kahramanmaraş.

(7) Information on profit/loss from continuing and discontinued operations before taxes:

The Bank's income before tax/loss is due from continuing activities. Net interest income is TRY 30.212.589 (30 September 2022: TRY 44.817.578 net interest income), net fees and commissions income is TRY 12.076.561 (30 September 2022: TRY 5.708.149 net fees and commissions income) and the profit from operations before tax is TRY 8.222.020 (30 September 2022: TRY 12.386.131 profit from operations before tax).

(8) Information on tax provisions for continuing and discontinued operations:

For the period then ended 30 September 2023, the Bank's tax provision expense amounting to TRY 171.817 (30 September 2022: TRY 3.481.425 tax provision expense) consists of TRY 177.839 (30 September 2022: TRY 10.442.718) of current tax charge and TRY 10.085.682 (30 September 2022: TRY 5.100.109) of deferred tax charge, TRY 10.091.704 (30 September 2022: TRY 12.061.402) of deferred tax income.

(9) Information on net income/expense from continuing and discontinued operations after tax:

As of 30 September 2023, the Bank's net operating income after tax is amounting to TRY 8.050.203 (30 September 2022: TRY 8.904.706)

(10) Information on net profit/loss:

- a) If disclosure of the nature, size and recurrence rate of income and expense items arising from ordinary banking transactions is necessary for an understanding of the Bank's performance during the period, an explanation of the nature and amount of these items:

There is no issue to be disclosed.

- b) Effects of changes in accounting estimates on the current and future periods' profit/loss:

There is no issue to be disclosed.

(11) 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.

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

**V. EXPLANATIONS RELATED TO THE RISK GROUP OF THE BANK**

- (1) Volume of the Bank's transactions with its risk group and outstanding loan and deposit balances as of the period-end, period income and expenses from the risk group:

- a) Information on the Loans of the Bank's risk group:

<b>Current Period</b>						
<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Loans						
Beginning Balance	6.710.672	185.644	-	-	-	-
Closing Balance	10.261.939	228.338	-	-	-	-
Interest and commissions	854.085	1.399	-	-	-	-
<b>Prior Period</b>						
<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Loans						
Beginning Balance	2.916.786	244.149	-	-	-	-
Closing Balance	6.710.672	185.644	-	-	-	-
Interest and commissions	308.826	950	-	-	-	-

- b) Deposits held by the Bank's risk group:

<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Deposits</b>						
Beginning Balance	3.771.699	861.235	-	-	-	-
Closing Balance	5.380.013	3.771.699	-	-	-	-
Interest expense on deposits	1.053.918	74.470	-	-	-	-

- c) Forward and option contracts and similar transactions with the Bank's risk group:

<b>Risk group</b>	<b>Subsidiaries, associates and jointly controlled entities (joint ventures)</b>		<b>Direct or indirect shareholders of the Bank</b>		<b>Other real and legal persons in the risk group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Transactions at Fair Value Through Profit or Loss</b>						
Beginning Balance	325.860	28.466	-	-	-	-
Closing Balance	215.806	325.860	-	-	-	-
Total Profit/Loss	(4.388)	(5.695)	-	-	-	-

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

**V. EXPLANATIONS RELATED TO THE RISK GROUP OF THE BANK (continued)**

**(2) Disclosures for risk group:**

- a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

The Bank performs brokerage on the activities of Halk Yatırım Menkul Değerler AŞ within the scope of “the Brokerage Contract for Order Submission”.

- b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

<b>Current Period</b>	<b>Amount</b>	<b>Compared To The Amounts In The Financial Statements (%)</b>
Cash Loans	10.261.939	0,82
Non-Cash Loans	228.338	0,04
Deposits	5.380.013	0,30
Forward and Option Contracts	215.806	0,05

<b>Prior Period</b>	<b>Amount</b>	<b>Compared To The Amounts In The Financial Statements (%)</b>
Cash Loans	6.710.672	0,80
Non-Cash Loans	185.644	0,06
Deposits	3.771.699	0,36
Forward and Option Contracts	325.860	0,09

Pricing of these transactions are in accordance with the general pricing policies of the Bank and are in line with market rates.

- c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements:

Explained in b).

- d) Transactions accounted under the equity method:  
None.

**(3) Benefits given to the key management personnel:**

Benefits given to the key management personnel are TRY 35.535 as of 30 September 2023 (30 September 2022: TRY 13.609).

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

**VI. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS**

None.

**VII. OTHER EXPLANATIONS ON THE BANKS' ACTIVITY**

On October 15, 2019, the U.S. Department of Justice, United States Attorney Southern District of New York indicted the Bank by repeating the allegations set forth in the case filed against the former executive of the Bank due to the Iranian sanction violations.

First, the Bank applied to the District Court on November 4, 2019 and requested a special appearance to discuss the issues of personal jurisdiction and recusal. On December 5, 2019, the District Court denied the request of special appearance. The Bank objected to the District Court's decision and appealed the decision at the Second Circuit on December 17, 2019. On February 21, 2020, the Second Circuit denied Bank's objection.

In the meeting held by the Bank's Board of Directors on March 27, 2020, it was decided to attend the District Court hearing at which the case starts to be heard on the merits on March 31, 2020, to accept the arraignment and to appoint Williams & Connolly law firm with a proxy to represent the Bank.

At the hearing on March 31, 2020, the District Court decided to postpone the hearing initially to June 9, 2020 and subsequently to June 30, 2020 due to the global scale COVID-19 outbreak.

At the hearing held in the District Court on June 30, 2020; the schedule was determined regarding the motion to recuse, discovery motions, and filings of other motions. It was decided that the jury trials would begin on March 1, 2021 for which the schedule was revised on October 26, 2020. Accordingly, the jury trials are scheduled to be held on May 3, 2021. In this regard, the Bank filed its recusal motion on July 14, 2020 and its other motions to dismiss the indictment on August 10, 2020 at the District Court.

Bank's recusal motion was denied by the District Court on August 24, 2020 and the Second Circuit on December 23, 2020.

District Court denied Bank's motion to dismiss the indictment on October 1, 2020. The Bank appealed the Second Circuit through the motion to dismiss the indictment based on the Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On December 23, 2020, the Second Circuit accepted to hear the appeal on the merits and granted Bank's motion to stay the case pending sovereign immunity appeal. Before the Second Circuit, the oral argument was presented on April 12, 2021. The Second Circuit denied the Bank's appeal on October 22, 2021. The Bank filed its petition with the Second Circuit for an en banc rehearing. Second Circuit denied Bank's petition on December 15, 2021.

As the Bank would file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the Second Circuit to stay the mandate so that the stay on the proceedings in the District Court continues. The petition was granted by the Second Circuit on January 14, 2022. The proceedings in the District Court are stayed until the process is completed in the US Supreme Court.

The Bank filed its FSIA petition for a writ of certiorari with the US Supreme Court on May 13, 2022. The Solicitor General under the U.S. Department of Justice filed their brief in opposition to the Bank's writ of certiorari on July 18, 2022, and the briefing was concluded on August 2, 2022.

The US Supreme Court reviewed the Bank's petition for a writ of certiorari on September 28, 2022 and announced its decision to grant review on October 3, 2022. Following the grant of review, the Bank filed its appeal on the merits with the Supreme Court on November 14, 2022. Then, the Solicitor General under the U.S. Department of Justice filed its reply brief on December 14, 2022. Briefing was concluded with the Bank filing its counter reply brief with the Court on January 6, 2023. Oral argument was held before the Court on January 17, 2023.

The US Supreme Court announced its opinion regarding the Bank's FSIA appeal on April 19, 2023, ruling that FSIA applied only in civil cases and not in criminal cases. On the other hand, the Supreme Court ruled that the Second Circuit did not fully consider the Bank's sovereign immunity status under common law and remanded the case for reconsideration by the Second Circuit.

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

**VII. OTHER EXPLANATIONS ON THE BANKS' ACTIVITY (continued)**

The briefing with the Second Circuit has started with the Bank's opening brief filed on July 31, 2023. The briefing process will be concluded by the Government's and the Bank's reply briefs, respectively.

If the Second Circuit review results in a decision that the Bank is entitled to common law sovereign immunity 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, with Bank's rights to appeal being fully reserved, and the District Court will need to create a new schedule for the trials.

In addition, a civil case was filed by plaintiffs against the Bank on March 27, 2020 with a claim for damages in the Southern District of New York Court "on the grounds that they (the plaintiffs) could not collect their judgments from Iran due to violations of sanctions" and it was served to the Bank's attorneys on July 1, 2020. The Bank filed a motion at the District Court to dismiss the complaint of plaintiffs, and thereby dismiss the case on September 25, 2020. The case was fully briefed on December 16, 2020. District Court conditionally granted Bank's motion to dismiss on the grounds of forum non conveniens on February 16, 2021. The case was closed at the District Court on March 3, 2021.

The Plaintiffs filed their appeal brief with the Second Circuit as to the District Court's Decision on June 30, 2021. The case is fully briefed, and the oral arguments were heard before the Second Circuit on October 13, 2022. The Second Circuit ruled in the Bank's favor and dismissed the lawsuit seeking to satisfy judgments on May 2, 2023. Plaintiffs appealed the decision to the US Supreme Court on August 30, 2023. The Bank will file its reply brief on November 14, 2023.

Finally, on July 26, 2023, 151 plaintiffs filed a complaint in the U.S. District Court for the Southern District of New York and a new civil case against the Bank seeking to satisfy judgments similar to the civil case dated March 27, 2020.

The service was processed on October 1, 2023. According to the complaint, the plaintiffs seek judgments from the Court to the fullest extent permitted by law, attempting to establish a connection between certain aggrievements they have suffered in various countries and the supposed allegations in the current criminal case against the Bank, which was filed on October 15, 2019.

The civil proceedings are being handled by the Bank and its US-based lawyers and the Bank will file its reply brief to the complaint at a date to be determined by the Court. The proceedings of both the criminal case and the civil case are closely monitored by the Bank through U.S. law firms with relevant expertise.

**TÜRKİYE HALK BANKASI AŞ**

**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL  
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*(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)*

**SECTION VI: LIMITED REVIEW REPORT**

**I. EXPLANATIONS ON INDEPENDENT AUDITORS' REPORT**

The Bank's publicly available unconsolidated financial statements and footnotes as of 30 September 2023 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditors' report dated 9 November 2023 is presented in front of the financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR**

None.

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
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**SECTION VII: INTERIM ACTIVITY REPORT**

**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESMENTS FOR THE INTERIM ACTIVITIES**

**Chairman's Review**

Dear Stakeholders,

While the global economy has yet to overcome the persisting issues it faces, it remains resilient against these challenges. Despite remaining flat for some time, the global economic growth outlook received a slight boost in end-of-year growth projections due to the partial improvement observed in the third quarter. The world has experienced a bottleneck in recent years and has come to adopt a “new normal” where social, political, and economic forecasting prove challenging. However, the resilience of the global economy is promising. It goes without saying that this situation by itself is still far from indicating a full recovery in the global economy. National economies still have to grapple not only with common challenges like combating inflation and rising energy prices but also with emerging risks varying from region to region.

Owing to the formidable shocks faced in the first half of 2023, the eurozone has experienced a slowdown of economic activities and continues to endure stagnation in growth due to weaknesses in domestic demand, high consumer prices, and enduring challenges in energy prices.

Although the tight monetary policies of central banks triggered a partial downward pressure in global economic growth, signs of recovery are becoming evident in the U.S. economy, which relatively quickly managed to overcome the impacts of the banking crisis it faced in the first half of the year. International authorities are now revising their growth expectations upward for the flagship of the global economy.

In addition to the uncertainties in the global economy and international centers of power, the geopolitical tensions in the Middle East present new global risks and a looming threat of a potentially disruptive global conflict. While regional instabilities carry the potential to disrupt the economic and commercial activities that underpin global demand, Türkiye continues to pursue its mission to become a regional leader. The country undertakes an active and effective role in seeking enduring solutions and highlights today's most-needed concepts including reliability, transparency, value-added production, innovation, and development thanks to its political and economic stability. As the world struggles with leadership and power balance issues, our country successfully saw through an election period and focused on its future goals while taking steady steps towards a sustainable economy.

A substantial indicator of success is the national five-year credit default swap (CDS) value, a key factor in international investments, which registered a drop soon after the elections, reaching 383.4 over the recent quarter. Thanks to the growth in the second quarter of the year, Türkiye ranked as the second-fastest growing economy among the Organisation for Economic Co-operation and Development (OECD) countries and the third among the G20 countries. The country sustained this performance in the third quarter. Guided by our Medium-Term Program and our 12th Development Plan, we will continue to steadily progress towards becoming a prominent power in the new financial ecosystem.

Our purpose for the Century of Türkiye is to seize upcoming opportunities to mitigate the risks of global fluctuations by harnessing our robust financial infrastructure and to embark on a period of rapid development by leveraging our vast resources through the industriousness of our young and dynamic population. The essence of our perspective on developing and growing by producing relies on the effective and efficient use of our entire physical, financial, natural, and, importantly, human resources in all our economic activities. By adopting new approaches and practices aligned with our national economic objectives, Türkiye is rapidly progressing towards becoming an international hub, particularly in sectors such as energy, transportation, industry, agriculture, and tourism.

When our Small and Medium-sized Enterprises (SMEs) enhance their innovation capacities, expand their scale, and are seamlessly integrated into supply chains, they can make a more effective and efficient contribution to both growth and employment. The banking sector plays a strategic role in national growth and development through loans as well as products and services that help drive our business world forward. The sector maintained its support of the Turkish economy over the last quarter.

<sup>(\*)</sup> Interim activity report information concerning amounts are unconsolidated and full TRY unless otherwise stated.

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
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**SECTION VII: INTERIM ACTIVITY REPORT (continued)**

**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESMENTS FOR THE INTERIM ACTIVITIES (continued)**

**Chairman's Review (continued)**

Today, just as in the past, we remain steadfast in our support for our nation and in our pursuit of Century of Türkiye goals, with the dedication of our 27,000 employees serving in branches across the four corners of our country. As we proudly celebrate the Centenary of our Republic, we renew our dedication and determination towards the ideal of "Great Türkiye." We will endeavor to propel our country to the global standing it rightfully deserves.

On behalf of Halkbank and each one of our dedicated and devoted employees, who work tirelessly to fulfill their responsibilities to our nation and our country, I would like to sincerely thank you, our distinguished stakeholders, for your invaluable cooperation and the value we create together. We will continue to work tirelessly and unwaveringly in the future, just as we have in the past, to further advance this valuable cooperation.

Sincerely,

R. Süleyman Özdil

Chairman

<sup>(\*)</sup> Interim activity report information concerning amounts are unconsolidated and full TRY unless otherwise stated.

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
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**SECTION VII: INTERIM ACTIVITY REPORT (continued)**

**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESMENTS FOR THE INTERIM ACTIVITIES (continued)**

**General Manager's Review**

Dear Stakeholders,

During a period marked by economic recovery efforts globally, Türkiye has once again demonstrated its commitment to growth by focusing on structural reforms, enhancing economic stability and confidence, and taking determined steps toward a strong future. Today, the world expects a new wave of economic fluctuations as global turmoil intensifies with rapidly escalating geopolitical tension in the Middle East. Meanwhile, the Ministry of Treasury and Finance and the Presidency of Strategy and Budget offered concrete steps towards adjusting to changing conditions and instilling due transformations to boost resilience against crises with the "Medium-Term Program," a comprehensive roadmap for the Turkish economy for the period between 2024 and 2026, and the 12th Development Plan for the years 2024–2028. On a steady growth streak for 13 years now, the Turkish economy continues to weather inflation and focus on production, high-value-added investments, and development within the scope of the Medium-Term Program and the 12th Development Plan.

In 2024, it is expected that our economy will grow by 4 percent, and inflation will decrease. The Organisation for Economic Co-Operation and Development (OECD), the International Monetary Fund (IMF), and the World Bank all simultaneously boosting end-of-year estimations for Türkiye serve as a clear indication of the rapid progress resulting from the measures taken.

As we see through another quarter, we pursue our mission to be the People's Bank and help businesses access funding in line with our national growth policy, which is built on investment, employment, production, and exportation.

We are committed to offering essential products and services to Türkiye's SMEs, assisting them in fulfilling their crucial role as drivers of the transition to a sustainable economy. Today, we are Türkiye's leading SME bank with a 20.2 percent market share. SME loans constitute 57.2 percent of our commercial loans as of the third quarter of 2023. This figure represents our emphasis on SMEs and our contribution to production and employment towards our goal of realizing a powerful Türkiye.

Our Bank continues to pursue its mission of supporting small-scale tradespeople and artisans as our tradespeople loan balance reached 227 billion Turkish lira as of September 2023. Our loan placement policy prioritizes tradespeople and artisans, and pledges to increase support to businesses.

We also maintain support in the entrepreneurship ecosystem to help spur new innovations and contribute to sustainable growth. We have provided 23.4 billion Turkish lira in loans to 127,000 entrepreneurs of all ages and educational backgrounds seeking to start their own businesses. To date, we have reached out to 207,000 entrepreneurs and women's cooperatives within the scope of our schemes to support the entrepreneurial women of the powerful Türkiye. Our total contribution to women entrepreneurs exceeded 50.3 billion Turkish lira.

As a testament to our commitment to promoting gender equality and women's full participation in the workforce and all aspects of social life, we have become a signatory to the Women's Empowerment Principles, a joint initiative by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the United Nations Global Compact. We have once again committed in front of the world's most reputable organizations that what we have done so far will continue to grow in the future. We will continue to support initiatives that prioritize women's labor, focus on technology and jobs, and increase domestic and national production.

<sup>(\*)</sup> Interim activity report information concerning amounts are unconsolidated and full TRY unless otherwise stated.

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

**SECTION VII: INTERIM ACTIVITY REPORT (continued)**

**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESMENTS FOR THE INTERIM ACTIVITIES (continued)**

**General Manager's Review (continued)**

Esteemed Stakeholders,

We achieved steady growth thanks to our efforts, some of which I cited above. With our focus set on our vision of the Century of Türkiye and, powered by our nation, on production and added-value generation, we boosted our assets by 79.9 percent on a year-on-year basis, reaching 2.2 trillion Turkish lira. During this period, our cash loans increased by 68.6 percent and reached 1.3 trillion Turkish lira while total loans rose by 72.4 percent to 1.8 trillion Turkish lira. Our commercial loan volume rose by 70.6 percent year-on-year to reach 1.1 trillion Turkish lira.

We set off on our journey 85 years ago in a small two-story building in Ankara to accomplish the great dreams of our nation, and our nation guides us to this day. Today, we have become a large family of 27,000 people dedicated to our country and working in 1,182 locations for the welfare and well-being of our nation.

Indeed, our clients and shareholders who believe in a bright future for Türkiye comprise a major part of this great family.

On behalf of Halkbank, established upon the order of Gazi Mustafa Kemal Atatürk in line with the economic independence and national development ideals of our Republic, I would like to thank all our stakeholders who accompanied us on our way into the centenary of our Republic and I hope to nurture this cooperation in the future.

Sincerely,

Osman Arslan

General Manager

<sup>(\*)</sup> Interim activity report information concerning amounts are unconsolidated and full TRY unless otherwise stated.

**TÜRKİYE HALK BANKASI AŞ**

**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

**SECTION VII: INTERIM ACTIVITY REPORT (continued)**

**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESSMENTS FOR THE INTERIM ACTIVITIES (continued)**

**Major Financial Information**

<b>Summary Balance Sheet (TRY Million)</b>	<b>September 2023</b>	<b>December 2022</b>	<b>Change (%)</b>
Total Assets	2.198.166	1.392.140	57,9
Loans	1.251.261	842.618	48,5
<i>TRY</i>	1.016.102	666.017	52,6
<i>FC</i>	235.159	176.601	33,2
Marketable Securities	542.679	374.181	45,0
Deposit	1.772.721	1.060.923	67,1
<i>TRY</i>	1.072.377	567.603	88,9
<i>FC</i>	700.344	493.320	42,0
Total Equity	122.792	89.844	36,7

<b>Summary Statement of Profit or Loss (TRY Million)</b>	<b>September 2023</b>	<b>September 2022</b>	<b>Change (%)</b>
Interest Income	188.284	105.237	78,9
<i>On Loan</i>	114.044	59.418	91,9
<i>On Securities</i>	73.055	45.118	61,9
Interest Expense	158.072	60.420	161,6
<i>On Deposit</i>	142.760	43.562	227,7
Net Interest Income	30.213	44.818	-32,6
Net Fee and Commission	12.077	5.708	111,6
Net Profit	8.050	8.905	-9,6

<b>Ratio (%)</b>	<b>September 2023</b>	<b>December 2022</b>
Cash Loans/Total Asset	56,9	60,5
Non-Performing Loans/Total Cash Loans (Gross)	1,5	2,2
Demand Deposit/Total Deposit	27,2	28,7
Loan/Deposit Ratio	70,6	79,4
Average Return on Asset (ROA)	0,60	1,29
Average Return on Equity (ROE)	10,12	22,13
Capital Adequacy Ratio	13,25	14,70

**TÜRKİYE HALK BANKASI AŞ**  
**EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL**  
**STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

**SECTION VII: INTERIM ACTIVITY REPORT (continued)**

**I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESSMENTS FOR THE INTERIM ACTIVITIES (continued)**

**2023 Third Quarter Interim Developments**

**Significant Developments**

- Our Bank has issued commercial papers/bonds with a par value of 12,910 billion Turkish lira to qualified investors during the period.

**New Products and Campaigns**

- The “Credit Guarantee Fund Support Loan 3” has been developed to address the financial requirements of small and medium-sized enterprises (SMEs), which hold an important place in our country and the global economic system and have a strong ability to adapt to innovations and change
- The “Bursa İnegöl Emergency Support Loan” product has been established to provide financial assistance on favorable terms to businesses that were impacted by the factory and workplace fires in the İnegöl district of Bursa province in August 2023.
- The “Term-Free Export Credit Package” product has been created to contribute to the achievement of our country’s export targets.
- The “İkitelli Region Flood Support Loan” was established to offer relief to businesses in the aftermath of the catastrophic flooding caused by the severe rainfall in the Başakşehir and Arnavutköy districts of Istanbul on September 5, 2023. This product is designed to help enterprises within the İkitelli Organized Industrial Zone resume their operations and provide the necessary funds to recover from the damages sustained.

<sup>(\*)</sup> Interim activity report information concerning amounts are unconsolidated and full TRY unless otherwise stated.