

TÜRKİYE HALK BANKASI A.Ş.
INFORMATION DOCUMENT FOR THE ANNUAL GENERAL MEETING
MARCH 26, 2021

Pursuant to the relevant provisions of the Turkish Commercial Code, the 2020 Ordinary General Assembly of our Bank, at which the agenda items set forth shall be discussed, shall be held on Friday, March 26, 2021 at 10:00 at the Head Office located at Barbaros Mahallesi Şebboy Sokak No:4/1 Ataşehir/İstanbul Pursuant to Article 437 of the Turkish Commercial Code, the Financial Statements, the Dividend Distribution Statement, the Annual Report of the Board of Directors, the Report of the Board of Auditors, the Independent Audit Report, and other documents of our Bank relevant to the agenda 2020 shall be made available at the Head Office Building for the shareholders to examine Thursday, March 04, 2021 at the latest. In addition, the aforementioned documents and their annexes shall be accessible via the Internet at <https://www.halkbank.com.tr/en/investor-relations/corporate-governance/general-assembly.html> and <https://www.halkbank.com.tr/en/investor-relations/financial-information/financial-reports.html>.

Pursuant to the Turkish Commercial Code No 6102, the Capital Markets Law No 6362, and other relevant legislation adopted in accordance with these laws, shareholders may attend the General Assembly using the "Electronic General Assembly System" (EGAS), an electronic platform provided by the Central Registry Agency (CRA), or by presenting themselves in person at the location of the General Assembly.

Attending the General Assembly via EGAS

Shareholders who have dematerialized their shares in their own names may attend the General Assembly in person or by proxy provided that they obtain a qualified electronic certificate and that they complete the EGAS trainings. Shareholders can obtain further information about how they can attend the General Assembly via EGAS by visiting the website of the Central Registry Agency.

Shareholders who declare that they will attend the General Assembly via EGAS may not attend the General Assembly in person.

Attending the General Assembly in Person

- 1) Real person shareholders must present an identity card which bears their Turkish Identification Number.
- 2) If real person shareholders have designated a proxy via EGAS, the proxy must present an identity card which bears their Turkish Identification Number.
- 3) If real person shareholders have not designated a proxy via EGAS, the proxy must present an identity card which bears their Turkish Identification Number and a power of attorney given below which shows that they have been designated as a proxy.
- 4) Proxies designated by real person shareholders may attend the General Assembly by presenting an identity card that bears their Turkish Identification Number and a power of attorney given below which proves that they have been designated as a proxy.

Proxies who will attend the General Assembly must use the sample power of attorney given below. The powers of attorney must be notarized and, if they will not be notarized, the shareholder's notarized circular of signature must be attached to the power of attorney.

The power of attorney must bear the following information: name of the company; date of the General Assembly; the full name and Turkish Identity Number of the proxy; the number of shareholder shares; the full name, title, Turkish Identification Number/Taxpayer Identification Number and signature of the shareholder. Powers of attorney which do not bear any of this information shall be considered invalid.

Custodial institutions may attend the General Assembly as representing shareholders who hold shares in their accounts, by being authorized by shareholders via EGAS. If the said institutions authorize their own employees to attend the General Assembly in person, these persons must present, in addition to their powers of attorney, the Power of Attorney and Instruction Notice Form contained in the Regulation on the “Procedures and Principles Regarding the General Assemblies of Joint Stock Companies and Ministry of Customs and Trade Representatives to be Present at these Assemblies” issued by the Ministry of Customs and Trade.

TÜRKİYE HALK BANKASI A.Ş.
BOARD OF DIRECTORS

AGENDA:

1. Opening and formation of the General Assembly Presidency,
2. Reading and discussion of the 2020 Annual Report prepared by the Board of Directors, the Independent Audit Report, and the Report of the Board of Auditors,
3. Reading, discussion and approval of the financial statements for the 2020 financial and fiscal year,
4. Reading, discussion and approval of the Profit Distribution Tables for year 2020 proposed by the Board of Directors,
5. Discharging of the members of the Board of Directors and Board of Auditors from any liability,
6. Election of the members of the Board of Directors and the Board of Auditors,
7. Determination of the remuneration of members of the Board of Directors and the Board of Auditors,
8. Approval of the audit firm, which is selected by the Board of Directors and which will conduct the independent audit activities in 2021,
9. Submission of information to the General Assembly regarding the donations made in the business year of 2020,
10. Authorization of the Board of Directors to permit the members of the Board of Directors to engage in activities mentioned in Article 395 and Article 396 of the Turkish Commercial Code and submission of information to the General Assembly pursuant to Article 1.3.6 of the Corporate Governance Principles issued by the Capital Markets Board of Turkey,
11. Submission of information to the General Assembly about the share buy-back and sale-back transactions as per the resolution of the Board of Directors,
12. Requests and Closing.

ADDITIONAL EXPLANATIONS PURSUANT TO THE COMMUNIQUE ON CORPORATE GOVERNANCE

1-) Ownership Structure

Latest ownership and capital structure of the bank is shown below and there are no privileged shareholders in the bank.

HALKBANKASI SHAREHOLDER STRUCTURE (TRY)		
SHAREHOLDER	PAID-IN CAPITAL (TRY)	SHAREHOLDING (%)
Turkey Wealth Fund	1,862,601,723.776	75.29386473
Free Float	611,094,302.000	24.70289334
Other	81,198.000	0.00324193
TOTAL	2,473,776,223.776	100.0000000

2-) Information regarding changes in management and business that would significantly affect the operations of the Bank or the Subsidiaries of the Bank

Within the scope of the New Economy Program, 89.18% of the Bank's shares in the capital of Halk Sigorta A.Ş. and 100% of the Bank's shares in the capital of Halk Hayat ve Emeklilik A.Ş. were transferred to TVF Finansal Yatırımlar A.Ş. on April 22, 2020.

3-) Written requests of the shareholders in relation to adding a clause to the agenda

There have been no written requests by the shareholders conveyed to the Investor Relations Department in relation to adding a clause to the agenda within the period.

EXPLANATIONS ON AGENDA ITEMS

1. Opening and formation of the General Assembly Presidency,

The Board of Presidency will be established in accordance with Turkish Commercial Code No: 6102 and the provision of the Article 15 of the Bank's Articles of Association.

2. Reading and discussion of the 2020 Annual Report prepared by the Board of Directors, the Independent Audit Report, and the Report of the Board of Auditors,

Annual Report prepared by the Board of Directors, the Independent Audit Report and the Report of the Board of Auditors, which have been submitted for the review of the shareholders at the Bank's Head Office Building, on the Bank's website (www.halkbank.com.tr), on the Public Disclosure Platform and on EGAS will be read and submitted for the shareholders' discussion. **(Annex-2)**

3. Reading, discussion and approval of the financial statements for the 2020 financial and fiscal year,

Financial statements for the year 2020, which have been submitted for the review of the shareholders at the Bank's Head Office Building, on the Bank's website (www.halkbank.com.tr) and EGAS will be read and submitted for the shareholders' discussion and approval.

4. Reading, discussion and approval of the Profit Distribution Tables for year 2020 proposed by the Board of Directors,

Profit Distribution Tables for 2020 proposed by the Board of Directors, which has been submitted for the review of the shareholders at the Bank's Head Office Building, on the Bank's website (www.halkbank.com.tr), on the Public Disclosure Platform and on EGAS will be read and submitted for the shareholders' discussion and approval. **(Annex-3)**

5. Discharging of the members of the Board of Directors and Board of Auditors from any liability,

Discharging of the members of the Board of Directors and the Board of Auditors for the year 2020 regarding their operations, transactions and accounts will be submitted for the shareholders' approval.

6. Election of the members of the Board of Directors and the Board of Auditors,

Elections will be held for the Members of the Board of Directors and the Board of Auditors.

7. Determination of the remuneration of members of the Board of Directors and the Board of Auditors,

In accordance with the provisions of the Articles 23 and 31 of the Bank's Articles of Association the remuneration of Members of the Board of Directors and the Board of Auditors will be determined.

8. Approval of the audit firm, which is selected by the Board of Directors and which will conduct the independent audit activities in 2021,

In accordance with the Article 399 of Turkish Commercial Code No: 6102 and the provision of the Article 30 of the Bank's Articles of Association, DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte), which was selected by the Board of Directors for independent audit activities of the Bank in 2021 will be submitted for the General Assembly' approval.

9. Submission of information to the General Assembly regarding the donations made in the business year of 2020,

Information will be presented to the General Assembly about the donations made in 2020.

10. Authorization of the Board of Directors to permit the members of the Board of Directors to engage in activities mentioned in Article 395 and Article 396 of the Turkish Commercial Code and submission of information to the General Assembly pursuant to Article 1.3.6 of the Corporate Governance Principles issued by the Capital Markets Board of Turkey,

The authorization of the Board of Directors to permit the members of the Board of Directors to engage in activities mentioned in Article 395 and 396 of the Turkish Commercial Code will be submitted for the approval of the General Assembly. Further, in case of any transactions executed in the scope of the relevant the Article 1.3.6 of the Corporate Governance Principle, information on these transactions will be presented to the General Assembly.

11. Submission of information to the General Assembly about the share buy-back and sale-back transactions as per the resolution of the Board of Directors,

Information will be presented to the General Assembly about the share buy-back and sale-back transactions executed as per the resolution of the Board of Directors within the context of the Capital Markets Board Communique on Share Buy-backs.

POWER OF ATTORNEY

I hereby designate _____ as my proxy to represent me as per the opinions I have stated below, to represent me, to vote, to make proposals and to sign documents at the Ordinary General Assembly of Halkbank to be held on Friday, March 26, 2021, at 10:00 at the Head Office of Halkbank located at Barbaros Mahallesi Şebboy Sokak No:4/1 Ataşehir/İstanbul.

PROXY'S (*)

Full Name/Title:

Turkish Identification Number/Tax Identification Number, Trade Registry Number and MERSİS Number:

(*)Proxies who are non-Turkish citizens must submit, if existing, the equivalent of these information, requested above.

A) SCOPE OF THE POWER OF ATTORNEY

For sections 1 and 2, the scope of the attorney shall be determined by choosing (a), (b) or (c) given below.

1. ABOUT THE AGENDA ITEMS OF THE GENERAL ASSEMBLY

- a) The Proxy is authorized to vote in line with his/her own views.
- b) The Proxy is authorized to vote in line with the proposals made by the company management.
- c) The Proxy is authorized to vote in line with the instructions contained in the table below.

Instructions:

If the shareholder chooses (c), he/she provides instructions to the proxy by choosing (accepting/rejecting) one of the options in front of the relevant agenda items. If the shareholder makes a rejection, he/she inserts his/her dissenting opinion, if any, to be recorded in the minutes of the General Assembly.

Agenda Items	Accept	Reject	Dissenting Opinion
1.Opening and formation of the General Assembly Presidency			
2.Reading and discussion of the 2020 Annual Report prepared by the Board of Directors, the Independent Audit Report, and the Report of the Board of Auditors			
3.Reading, discussion and approval of the financial statements for the 2020 financial and fiscal year			
4.Reading, discussion and approval of the Profit Distribution Tables for year 2020 proposed by the Board of Directors			
5.Discharging of the members of the Board of Directors and Board of Auditors from any liability			
6.Election of the members of the Board of Directors and the Board of Auditors			
7.Determination of the remuneration of members of the Board of Directors and the Board of Auditors			
8.Approval of the audit firm, which is selected by the Board of Directors and which will conduct the independent audit activities in 2021			
9.Submission of information to the General Assembly regarding the donations made in the business year of 2020			

10. Authorization of the Board of Directors to permit the members of the Board of Directors to engage in activities mentioned in Article 395 and Article 396 of the Turkish Commercial Code and submission of information to the General Assembly pursuant to Article 1.3.6 of the Corporate Governance Principles issued by the Capital Markets Board of Turkey			
11. Submission of information to the General Assembly about the share buy-back and sale-back transactions as per the resolution of the Board of Directors			
12. Requests and Closing			

2. Special instruction regarding other issues that may arise during the General Assembly and especially on the use of minority rights:

- a) The Proxy is authorized to vote in line with his/her own views.
- b) The Proxy is authorized to represent the shareholder regarding these issues.
- c) The Proxy is authorized to vote in line with the special instructions listed below

SPECIAL INSTRUCTIONS: Shareholder gives his/her special instructions, if any, to the Proxy here.

B) SHAREHOLDER CHOOSES ONE OF THE OPTIONS BELOW TO DESIGNATE THE SHARES HE/SHE WANTS THE PROXY TO REPRESENT

1. I hereby authorize the proxy to represent my shares, the details of which are given below.

- a) Order and series:*
- b) Number/Group:**
- c) Amount-Nominal Value:
- d) Voting or Non-voting Share:
- e) Bearer or Registered Share:*
- f) Ratio of the total amount of shares owned and voting rights enjoyed by shareholder:

*This information is not requested for dematerialized shares.

**For dematerialized shares, information about the group rather than the number of shares will be provided.

2. I authorize the proxy to represent all of my shares contained in the list, prepared by the Central Registry Agency, of shareholders who may attend the General Assembly a day before the start of the General Assembly.

SHAREHOLDER'S (*)

Full Name and Title:

Turkish Identification Number/Tax Identification Number, Trade Registry Number and MERSİS Number:

Address:

(*)Shareholders who are non-Turkish citizens must submit, if existing the equivalent of the information, requested above.

Signature

TÜRKİYE HALK BANKASI A.Ş.
BOARD OF DIRECTORS REPORT

As a long-established bank in the sector, Halkbank has provided full support to the real economy and, in 2020, continued to offer high-quality products and services to its customers by drawing upon its 82 years of experience, risk management activities and quick responses to market conditions. In this context, the Bank continued to contribute to the national economy by actively supporting SMEs and tradespeople in 2020, particularly during the pandemic, with funds obtained from the capital market instruments it has issued and its widespread deposit base.

In 2020, Halkbank increased its assets from 457 billion Turkish lira to 680 billion Turkish lira with a year-on-year increase of 48.8 percent. It also ranked third in assets within the sector.

During the pandemic and normalization periods, a total support of 140 billion Turkish lira was provided to 3.1 million customers. In this context, 2.1 million customers were granted a loan of 79 billion Turkish lira during the pandemic, and more than 100 thousand customers were granted a loan of 20.9 billion Turkish lira during the normalization period to support economic recovery. Additionally, the loan repayments of 850 thousand customers worth 40.1 billion Turkish lira were either postponed or restructured. Finally, for the first time ever, the Bank granted a working capital loan of 18.7 billion Turkish lira to 755 thousand artisans and tradespeople. With 10.5 billion Turkish lira of the Paraf Esnaf Card limit granted to 556 thousand artisans and tradespeople, 29.2 billion Turkish lira was added to each of the aforementioned support channels.

As of year-end 2020, the Bank directed a large part of its funding sources to loans, with loans accounting for 66.1 percent of its balance sheet. Its commercial loans, including the SME loans, rose to 367.1 billion Turkish lira and its retail loans to 82.7 billion Turkish lira. The Bank ranked second in cash loans within the sector. In 2020, cash and non-cash loan volumes increased from 399.1 billion Turkish lira to 564.3 billion Turkish lira, up 41.4 percent year-on-year. Loan disbursement for artisan loans was recorded at 42.7 billion Turkish lira in 2020, as the artisan loan balance increased by 65 percent year-on-year to 67.5 billion Turkish lira.

The size of the securities portfolio also increased to 159.2 billion Turkish lira in 2020, up 55 percent year-on-year. The portfolio's share in the balance sheet amounted to 23.4 percent.

In 2020, Halkbank issued bills and bonds to qualified investors without making any public offering with a par value of 15.2 billion Turkish lira.

Halkbank's total deposit base grew by 53.6 percent to 457.3 billion Turkish lira, up from 297.7 billion Turkish lira year-on-year, in turn lifting the Bank to the second-highest position in the sector. In addition, demand deposit volume amounted to 88 billion Turkish lira in 2020.

The Bank posted a 2.6 billion Turkish lira year-end profit and maintained its sustainable profitability in 2020. In 2020, the Bank's capital adequacy ratio was 15.2 percent.

With 8 new branches opening in 2020, Halkbank expanded its branch network to 1,007 domestic branches and ended the year with 20,171 employees.

We would like to thank our employees. Their efforts and contributions have enabled Halkbank to maintain its sustained growth in 2020 and contributed to our profitable and productive year. We hereby submit the Reports of the Board of Directors' and Auditors', as well as financial statements for the year 2020, to our esteemed shareholders and their representatives for their consideration.

Respectfully,

Osman ARSLAN
Board Member
General Manager

R. Süleyman ÖZDİL
Chairman

TÜRKİYE HALK BANKASI A.Ş.
2020 BOARD OF SUPERVISORY' REPORT

The Board of Supervisory has determined the following points upon review of the Bank's activities for 2020.

- As of the end of 2020, the total assets of the banking sector increased by 36 percent year-on-year to 6,107,832 million Turkish lira. The total portfolio of securities rose by 54.7 percent to 1,022,643 million Turkish lira, while total deposits grew by 35 percent year-on-year to 3,616,358 million Turkish lira. Non-cash loans rose to 1,003,399 million Turkish lira, an increase of 23.2 percent year-on-year and cash loans rose to 3,576,732 million Turkish lira, an increase of 34.7 percent year-on-year. The non-performing loans/total cash loans ratio amounted to 4.08 percent.
- With such sector developments in the backdrop, by the end of 2020, the Bank's total assets soared to 680,026 million Turkish lira, an increase of 48.8 percent year-on-year. Non-cash loans rose by 27.4 percent, growing from 89,918 million Turkish lira to 114,555 million Turkish lira, cash loans rose by 48 percent, growing from 287,703 million Turkish lira to 425,818 million Turkish lira. The Bank's SME loans, aimed at financing the driving force behind our country's growth, rose from 113,757 million Turkish lira to 183,529 million Turkish lira, up 61.3 percent year-on-year. The Bank also sustained the lead in the sector with a 21.6-percent market share in SME loans in 2020. Loan disbursement for artisan loans was recorded at 42,685 million Turkish lira as the artisan loan balance increased by 65 percent year-on-year from 41,042 million Turkish lira to 67,518 million Turkish lira. The total portfolio of securities grew by 54.6 percent from 91,757 million Turkish lira to 141,824 million Turkish lira. Additionally, total deposits increased by 53.9 percent from 296,085 million Turkish lira to 455,652 million Turkish lira. The Bank's ratio of non-performing loans/total cash loans amounted to 3.34 percent.
- During the pandemic and normalization periods, a total of 3.1 million customers were provided with support worth 140 billion Turkish lira. A loan of 79 billion Turkish lira was granted to 2.1 million customers during the pandemic, and a loan of 20.9 billion Turkish lira was granted to more than 100 thousand customers during the normalization period to support economic recovery. Additionally, the loan repayments of 850 thousand customers worth 40.1 billion Turkish lira were either postponed or restructured. Finally, for the first time ever, the Bank granted a working capital loan of 18.7 billion Turkish lira to 755 thousand artisans and tradespeople. With 10.5 billion Turkish lira of the Paraf Esnaf Card limit granted to 556 thousand artisans and tradespeople, 29.2 billion Turkish lira was added to each of the aforementioned support channels.
- In 2020, the Bank issued bills/bonds with a total nominal value of 15.2 billion Turkish lira.
- As a historical mission, the Bank grants loans to small- and medium-sized enterprises, artisans and tradespeople, as well as corporate, commercial and retail customers. Accordingly, as of year-end 2020, the ratio of cash loans/total assets, an indicator of asset quality, amounted to 62.6 percent (sector average: 58.6 percent), while the loan-to-deposit ratio reached 93.5 percent (sector average: 98.9 percent).
- The Bank's registered share capital ceiling increased from 7,500 million Turkish lira to 10,000 million Turkish lira, while its paid-in capital increased from 1,250 million Turkish lira to 2,474 million Turkish lira with a capital increase of 1,224 million Turkish lira. Furthermore, the Bank's shareholder's equity rose by 33.3 percent year-on-year from 32,197 million Turkish lira to 42,931 million Turkish lira.

- The Bank’s net profit for the period amounted to 2,600 million Turkish lira at the end of 2020.
- The total number of credit cards issued increased to 5.3 million, the total number of POS devices installed increased to 413 thousand, and the number of member merchants who signed on grew to 297 thousand .
- The Bank’s bookkeeping order in the January 1–December 31, 2020 fiscal year complied with the Turkish Commercial Code, the Banking Regulation and Supervision Agency, the provisions of the Bank’s Articles of Association on accounting and financial reporting, and other relevant legislation. All books and records that the Bank is obligated to retain were kept according to the legal requirements, with records and documents that serve as evidence kept suitably, and the financing and reporting systems managed efficiently and in due form.
- The Board of Directors’ resolutions with respect to the management of the Bank are duly recorded in the Board of Directors’ minute book and are duly maintained.
- The Bank’s internal control, risk management, and internal auditing systems are managed duly and effectively in accordance with the findings of audits performed both at the head office and on site.
- The Bank’s growth continued thanks to the opening of 8 new branches in 2020, increasing the total number of branches to 1,013. It currently operates with 1,007 domestic branches and 6 foreign branches: 5 in the Turkish Republic of Northern Cyprus and one in Bahrain. Furthermore, the Bank has representative offices in Tehran, London, and Singapore.
- In 2020, 392 employees left the Bank to retire or for other reasons. The Bank recruited 1,596 new employees to meet its personnel needs, increasing the total number of employees to 20,171. The share of personnel expenses in total revenues decreased to 19.8 percent in 2020, down from 22 percent in 2019.
- In 2020, university/college graduates accounted for 86.8 percent of the total headcount, up 100 basis points year-on-year.
- The Bank continued to provide service training in line with the objective of developing bank employees, and reported a training rate of 13.4 employees per day, or 20,333 participants. This included instructor-led, on-the-job, and e-learning training programs in 2020.

In conclusion, we respectfully submit to the General Assembly the Board of Auditors’ Report, prepared pursuant to Article 31 of the Articles of Association of the Bank.

Respectfully,

Yılmaz Çolak, Ph.D.
Member of the Supervisory Board

Faruk Özçelik
Member of the Supervisory Board

* Figures excluding rediscount.

INDEPENDENT AUDITOR’S REPORT

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

A) Report on the Audit of the Financial Statements**1) Qualified Opinion**

We have audited the financial statements of Türkiye Halk Bankası A.Ş. (“the Bank”), which comprise the balance sheet as at 31 December 2020, and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity and unconsolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters on the unconsolidated financial statements described in the basis for the qualified opinion paragraphs, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

The Bank reclassified the government bonds amounting to TRY 18.965.006 thousand, which were previously classified under financial assets at fair value through other comprehensive income according to the business model prepared in accordance with Turkish Financial Reporting Standard (“TFRS”) 9, into financial assets measured at amortised cost and reversed the marketable securities revaluation fund accumulated under other comprehensive income or loss to be reclassified through profit or loss amounting to TRY 2.229.977 thousand on 23 May 2018. The reclassification constitutes a departure from TFRS 9. The government bonds reclassified into financial assets measured at amortised cost as at 31 December 2020 amounted to TRY 18.215.607 thousand. If such classification were not made, total assets and shareholders’ equity, excluding tax effects, would be lower by TRY 1.334.666 thousand as at 31 December 2020.

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

and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matter

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

On 15 October 2019, the New York Southern District Attorney General of the United States (“US”) Department of Justice prepared an indictment and filed a lawsuit against the Bank in the New York Southern District Court (“District Court”) for alleged violations of Iranian sanctions. This criminal lawsuit action is ongoing.

In addition, a civil lawsuit was filed against the Parent Bank on 27 March 2020 with a claim for compensation by plaintiffs in the U.S. New York Southern District Court "on the grounds that they (plaintiffs) could not satisfy their judgments from Iran due to violations of sanctions" and it was served to the Bank's lawyers on 1 July 2020. The civil lawsuit action at the District Court is ongoing.

In addition, the appeal process of the case which resulted in the conviction of the defendant former executive of the Bank, who was released on 19 July 2019 and returned to Turkey, is completed. The decision related to the conviction was upheld.

At this stage, the Bank's Management state that there is no penalty, compensation, sanction or other measure arising from the ongoing criminal and civil lawsuits against the Bank. There is an uncertainty with respect to any decisions by the US authorities that may adversely affect the financial position of the Bank. No provision has been made in the accompanying unconsolidated financial statements related to these matters. Our opinion is not modified in respect of these matters.

4) Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
<p><i>Impairment of loans in accordance with TFRS 9 “Financial Instruments Standard”</i></p> <p>Impairment of loans is a key area of judgement for the management. The Bank has the total loans amounting to TRY 449.745.215 thousand, which comprise 66% of the Bank’s total assets in its unconsolidated financial statements and the total provision for expected credit loss amounting to TRY 16.632.208 as at 31</p>	<p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of</p>

<p>December 2020.</p> <p>As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. Applied accounting policies are explained in detail in the Section 3 Note VIII. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Bank exercises significant decisions using judgement, interpretation and assumptions over calculating loan impairments. These judgements, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans. In addition, the impairment of loans and receivables includes estimates and assumptions about the effects of the Covid-19 outbreak.</p> <p>There is a potential risk of impairment losses/provisions provided/will be provided may not meet the requirements of the TFRS 9. Failure in determining the loans that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk.</p> <p>Accordingly, impairment of loans is considered as a key audit matter.</p> <p>Related explanations relating to the impairment of loans are presented in Section 5 Note I.5.</p>	<p>impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have read and analysed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.</p> <p>We have performed audit procedures on selected samples of loans and receivables with the objective of identifying whether the loss event had occurred and whether the provision for expected credit loss has been recognized in a timely manner within the framework of the provisions of the relevant regulation.</p> <p>We have tested relevant inputs and assumptions used by the management considering the effects of the Covid-19 outbreak in each stage of the expected credit loss calculation by considering whether those appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p>We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p>Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements, including the effects of Covid-19, underlying the estimations of impairments were reasonable.</p>
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	<p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loans and related impairment provisions.</p>
<p>Key Audit Matter</p>	<p>How the matter was addressed in the audit</p>
<p><i>Valuation of Pension Fund Obligations</i></p> <p>Defined benefit pension plan that the Bank provides to its employees is managed by Türkiye Halk Bankası AŞ Emekli Sandığı Vakfı and T.C. Ziraat Bankası ve T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (“Plan”) which were established by the 20th provisional article of the Social Security Law numbered 506 (the “Law”).</p> <p>As disclosed in the Section III Note XVII to the unconsolidated financial statements, the Plan is composed of benefits which are subject to transfer to the Social Security Foundation (“SSF”) as per the Social Security Law no.5510 provisional article 20, and other social rights and pension benefits provided by the Bank that are not transferable to the SSF. The Council of Ministers has been authorized to determine the transfer date. Following the transfer, the funds and the institutions that employ the funds’ members will cover the non-transferable social rights and pension benefits provided under the Plan even if it is included in foundation deed.</p> <p>As of 31 December 2020, the Bank’s transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by the Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and No.26377. The valuation of the Plan liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, inflation levels, demographic assumptions, and the impact of</p>	<p>Our audit work included the following procedures:</p> <p>We involved external experts (actuary) in our audit team to evaluate the assumptions used in the calculation of the pension obligations and the appropriateness of the estimates.</p> <p>It has been tested whether the plan assets meet plan obligations in accordance with the methods and assumptions used.</p> <p>In addition, reconciliations and tests were carried out through sampling of the accuracy of the data provided to the Bank’s actuary.</p> <p>We have assessed whether there is a significant change in the actuarial assumptions, methods, legal regulations and legislation used in the calculations and whether the assumptions are reasonable. In addition, we have reviewed the sufficiency of disclosures prepared with this regard.</p>

changes in the Plan. Management uses expert opinion of the independent actuary in assessing uncertainties related to these underlying assumptions and estimates.	
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As described in Section Five Note II.9.f considering the subjectivity of key judgments and assumptions, plus the uncertainty around the transfer date and basis of the transfer calculation given the fact that the technical interest rate is prescribed under the Law, we considered this as a key audit matter.	
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5) Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code (“TCC”), nothing has come to our attention that may cause us to believe that the Bank’s set of accounts for the period 1 January-31 December 2020 does not comply with the TCC and the provisions of the Bank’s articles of association in relation to financial reporting.

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

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

Additional Paragraph for English Translation

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

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

Müjde Aslan
Partner

Istanbul, 15 February 2021

T.Halk Bankası A.S. Profit Distribution Table for 2020 (TRY)		
1.	Paid-in Capital	2.473.776.223,78
2.	General Legal Reserves (Based on the Legal Records)	2.418.760.131,67
Information regarding the privilege in profit distribution, if any, granted pursuant to the Articles of Association		
		Based on the Official Records (Pursuant to the Accounting Standards of the Public Oversight Accounting and Auditing Standards Authority and the BRSA)
3.	Profit for the Financial Year	3.229.900.300,98
4.	Taxes Payable (-)	629.854.829,61
5.	Net Profit for the Period (=)	2.600.045.471,37
6.	Prior Years Losses (-)	0,00
7.	General Legal Reserves (-)	130.002.273,57
8.	NET PROFIT AVAILABLE FOR DISTRIBUTION (=)	2.470.043.197,80
9.	Donations made during the year (+)	
10.	Net Profit available for distribution including donations made subject to first dividend	
11.	First Dividend to Shareholders	0,00
	Cash	0,00
	Non Chase	0,00
	Total	0,00
12.	Dividends Distributed to the Privileged Shareholders	0,00
13.	Other Distributable Dividends	0,00
	To the Members of the Board of Directors	0,00
	To the Personnel	0,00
	To Other Persons excluding Shareholders	0,00
14.	Dividends to Owners of Redeemed Shares	0,00
15.	Second Dividend to Shareholders	0,00
16.	General Legal Reserves	0,00
17.	Status Reserves	0,00
18.	Special Funds *	1.163.177.622,23
19.	EXTRAORDINARY RESERVES	2.470.043.197,80
20.	Other Distributable Funds	0,00

* Under the TFRS-9 standard, returns on the sales of partnerships reported at fair value are put down in the equities account. The 75% exception to these returns, as provided by Article 5/1/e, Corporate Tax no. 5520, accounts to TRY 1,163,177,622.23, and this will continue to be put down in the special funds account.

	GROUP	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND/ NET DISTRIBUTABLE PROFIT	DIVIDEND PER SHARE TOTAL DIVIDEND AMOUNT (NOMINAL VALUE: TRY 1)	
		CASH (TRY)	NON CASH (TRY)	RATIO (%)	AMOUNT (TRY)	RATIO (%)
GROSS	-	0,00	-	0,00	0,00	0,00
NET	-	0,00	-	0,00	0,00	0,00