

# **HSBC BANK A.Ş.**

## **PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT 31 MARCH 2024 TOGETHER WITH AUDITOR'S REVIEW REPORT**

**(Convenience translation of publicly announced consolidated financial statements,  
related disclosures and auditor's review report at 31 March 2024, See Note I. of Section Three)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR’S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH  
(See Note I of Section Three)  
AUDITOR’S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION**

To the General Assembly of HSBC Bank A.Ş.;

***Introduction***

We have reviewed the consolidated balance sheet of HSBC Bank A.Ş. (“the Bank”) and its subsidiaries (collectively referred to as the “Group”) at 31 March 2024 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-months-period. The Group Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation” which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

***Scope of Review***

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Limited 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 performed in accordance with the 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 opinion.

## ***Conclusion***

According to our review, the consolidated interim financial information, the consolidated financial position of HSBC Bank A.Ş and its consolidated subsidiaries as of 31 March 2024 and the consolidated financial performance and consolidated cash flows for the three-months-period ended on the same date, are in accordance with BRSA Accounting and Financial Reporting Regulations. Nothing has come to our attention that causes us to believe that it has not been presented fairly, in all material respects.

## ***Report on other regulatory requirements arising from legislation***

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, is not consistent with the reviewed consolidated financial statements and disclosures in all material respects.

## ***Additional paragraph for convenience translation to English***

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 March 2024. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökçe Yaşar Temel, SMMM  
Independent Auditor

İstanbul, 24 May 2024

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL  
STATEMENTS AND REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE  
CONSOLIDATED FINANCIAL REPORT OF HSBC BANK A.Ş.  
AS OF AND FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024**

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Web-site : www.hsbc.com.tr  
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The consolidated financial report for the three months period prepared in accordance with Communiqué on the Financial Statements and the Related Disclosures and Footnotes to be Publicly Announced as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

Our subsidiaries, affiliates and jointly controlled partnership of which financial statements have been consolidated within the framework of this period's consolidated financial statements are.

	Participations	Subsidiaries	Investments
1.	HSBC Yatırım ve Menkul Değerler A.Ş.	-	-

The consolidated financial statements for the three months period and related explanations and footnotes in this report are prepared in accordance with the Regulation on Banks' Accounting Applications and Principles and Procedures Concerning the Preservation of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and annexes interpretations thereof and are denominated as TL thousand unless otherwise specified, are held to subject to independent audit and are presented enclosed.

Didem Çerçi  
Vice President of the  
Executive Board/ Head of  
Audit Committee

Süleyman Selim Kervancı  
General Manager

Burçin Ozan  
Financial Reporting  
Assistant General Manager

Robert Adrian Underwood  
Member of Audit Committee

Yerlioan Kül  
Group Head

Information about the responsible personnel whom questions may be asked:

Name-Surname/Title : Burak Özlü / Senior Manager  
Tel : (0212) 376 4209  
Fax : (0212) 376 4912

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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE IN NOTE 3.I**

**HSBC BANK A.Ş.**

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2024**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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**SECTION ONE**

**GENERAL INFORMATION ABOUT THE PARENT BANK**

**I. THE PARENT BANK'S FOUNDATION DATE, START-UP STATUS, HISTORY  
REGARDING THE CHANGES IN THIS STATUS**

The establishment of HSBC Bank A.Ş. ("The Bank", "The Parent Bank", "HSBC Bank") to engage in commercial banking activities was authorized by the Council of Ministers decision dated 27 June 1990 and numbered 90/644, and the Articles of Association was published in the Official Gazette dated 18 September 1990 and numbered 2611. The bank is a foreign capital bank registered in accordance with the provisions of the Foreign Capital Encouragement Law No. 6224. On 20 September 2001, a 'Share Sale Agreement' was signed regarding the sale of Demirbank TAŞ., which is part of the Savings Deposit Insurance Fund ("TMSF"), to HSBC Bank Plc, the main shareholder of the Bank. With this agreement, it was envisaged that the necessary transactions would be completed by 31 October 2001, and that all of Demirbank TAŞ.'s shares, as well as some of its assets and liabilities, would be transferred to HSBC Bank Plc. The transfer of the said shares was made on 31 October 2001. On 14 December 2001 Demirbank TAŞ. and the Bank continued its activities by merging under the name of HSBC Bank A.Ş. Based on the approval of the Banking Regulation and Supervision Agency dated 21 June 2017, 10,01% share of HSBC Bank Plc.'s 100% ownership of the Bank's capital was transferred to HSBC Bank Middle East Limited and remaining 89,99% share of HSBC Bank Plc. was transferred to HSBC Middle East Holdings B.V. through share transfer agreement dated 29 June 2017.

**II. EXPLANATION ABOUT THE PARENT BANK'S CAPITAL STRUCTURE,  
SHAREHOLDERS OF THE PARENT BANK WHO ARE IN CHARGE OF THE  
MANAGEMENT AND/OR AUDITING OF THE PARENT BANK DIRECTLY OR  
INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THAT THE  
BANK BELONGS TO**

As of 31 March 2024, the Parent Bank's nominal capital is TL 652.290 and consists of 65.229.000.000 registered and fully paid shares, each amounting to TL 0,01. Based on the approval of the Banking Regulation and Supervision Agency dated 21 June 2017, 10,01% share of HSBC Bank Plc.'s 100% ownership of the Parent Bank's capital was transferred to HSBC Bank Middle East Limited and remaining 89,99% share of HSBC Bank Plc. was transferred to HSBC Middle East Holdings B.V. through share transfer agreement dated 29 June 2017. As of 31 March 2024 there have been no changes regarding the Parent Bank's capital structure and shareholders of the Parent Bank who are in charge of the management or auditing of the Parent Bank directly or indirectly.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE IN NOTE 3.I**

**HSBC BANK A.Ş.**

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2024**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

**III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, IF AVAILABLE, SHARES OF THE PARENT BANK THEY POSSESS AND THEIR AREAS OF RESPONSIBILITY**

<b><u>Title</u></b>	<b><u>Name</u></b>	<b><u>Responsibility</u></b>	<b><u>Education</u></b>
<b>Chairman of the Board:</b>	Paul Joseph LAWRENCE	Chairman	Undergraduate
<b>Vice President of the Executive Board:</b>	Didem ÇERÇİ	Deputy Chairman	Undergraduate
<b>Board of Directors:</b>	Süleyman Selim KERVANCI	Member, CEO	Graduate
	Robert Adrian UNDERWOOD	Member	Undergraduate
	Ayşe Ebru DORMAN	Member	Graduate
	Robert Cyril OATES	Member	Undergraduate
<b>CEO:</b>	Süleyman Selim KERVANCI	CEO	Graduate
<b>Head of Internal Audit:</b>	Ercan OĞUL	Head of Internal Audit	Graduate
<b>Deputy CEO:</b>	Burçin OZAN	Finance	Undergraduate
<b>Executive Vice Presidents:</b>	Anthony WRIGHT	Credit and Risk	Graduate
	Cem MURATOĞLU	Retail Banking	Graduate
	Burçin OZAN	Finance	Undergraduate
	Funda TEMOÇİN	Human Resources	Undergraduate
	İbrahim Namık AKSEL	Treasury and Capital Markets	Graduate
	Tolga TÜZÜNER	Head of Legal Advisory	Graduate
	Dilek GÜLEÇ SALZBURG	Global Banking	Undergraduate
	Caner IŞLAK	Corporate Banking	Graduate
	Seyyare ÖZBAŞLI TINAZ	Technology and Services	Graduate
<b>Audit Committee<sup>(*)</sup>:</b>	Didem ÇERÇİ	Head of the Audit Committee	Undergraduate
	Robert Adrian UNDERWOOD	Member of the Audit Committee	Graduate
	Robert Cyril OATES	Member of the Audit Committee	Undergraduate

(\*) Robert Cyril OATES has been appointed as a member of the Audit Committee as of 23 February 2024.

The individuals mentioned above do not possess any share of the Parent Bank.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE IN NOTE 3.I**

**HSBC BANK A.Ş.**

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2024**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**IV. INFORMATION ON THE INDIVIDUAL AND CORPORATE SHAREHOLDERS HAVING CONTROL SHARES OF THE PARENT BANK**

Name/Commercial Title	Share Amounts (Nominal) (*)	Share Percentages	Paid-in Capital (Nominal) (*)	Unpaid Portion
HSBC Middle East Holdings B.V.	586.995.771	89,99%	586.995.771	-
HSBC Bank Middle East Limited	65.294.226	10,01%	65.294.226	-

(\*) The amounts are expressed in full TL.

**V. INFORMATION ON THE PARENT BANK'S SERVICE TYPES AND FIELDS OF OPERATION**

The Parent Bank's activities in accordance with related regulations and the articles of association of the Parent Bank summarized are as follows;

- To accept all kinds of deposits both in Turkish Lira and in foreign currency,
- To provide funds in Turkish Lira and foreign exchange, for own use or as an intermediary,
- To launch cash and non-cash loans,
- To perform discount and purchase activities,
- To perform order transmissions brokerage, transactions brokerage, portfolios brokerage, restricted custody and general custody activities in accordance with Capital Markets regulations,
- To perform factoring activities,
- To perform payment services.

In addition to regular banking operations in accordance to the articles of association, the Parent Bank also provides insurance intermediary services as an agency of Türkiye Sigorta, Axa Sigorta, Zurich Sigorta, Allianz Hayat ve Emeklilik, Allianz Sigorta, Gulf Sigorta, Allianz Trade (Euler Hermes), Coface and Anadolu Hayat Emeklilik, through its branches, undertaking the role of portfolio sharing including steering customers for Marsh Sigorta ve Reasürans Brokerlik, and intermediary services agent for transmitting orders of HSBC Yatırım.

As of 31 March 2024, the Bank has 44 domestic branches (31 December 2023: 44 domestic branches).

As of 31 March 2024, the number of employees of the Bank is 1.533 (31 December 2023: 1.578).

**VI. OTHER MATTERS**

Unless otherwise stated, the consolidated financial statements and explanations and notes regarding the consolidated financial statements have been prepared in thousands of Turkish Lira.

**VII. INFORMATION OF INSTITUTIONS IN CONSOLIDATION SCOPE**

The Parent Bank, HSBC Yatırım Menkul Değerler A.Ş., which is fully owned by the Parent Bank and HSBC Portföy Yönetimi A.Ş., a subsidiary of HSBC Yatırım, included in the scope of consolidation.

The subsidiaries consolidated along with the Parent Bank are referred to as "the Group".

The consolidated financial statements have been prepared in accordance with the "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated 8 November 2006 and numbered 26340 and "Consolidated Financial Statements" ("TFRS 10").



**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE IN NOTE 3.I**

**HSBC BANK A.Ş.**

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2024**

*(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))*

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

Due to the differences between the “Communiqué on the Preparation of Consolidated Financial Statements of Banks” and the consolidation transactions made in accordance with Turkish Accounting Standards, The Parent Bank has no non-financial subsidiaries.

**IX. THE EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES ON THE TRANSFER OF SHAREHOLDERS’ EQUITY BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES OR REIMBURSEMENT OF LIABILITIES**

None.

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

- I. Consolidated Balance Sheet**
- II. Consolidated Statement of Off - Balance Sheet Commitments**
- III. Consolidated Statement of Profit or Loss**
- IV. Consolidated Statement of Profit or Loss and Other Comprehensive Income**
- V. Consolidated Statement of Changes in Shareholders' Equity**
- VI. Consolidated Statement of Cash Flows**

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN  
TURKISH, SEE IN NOTE 3.I**

**HSBC BANK A.Ş.  
CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2024 AND 31 DECEMBER 2023  
(STATEMENT OF FINANCIAL POSITION)**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

**SECTION TWO  
CONSOLIDATED FINANCIAL STATEMENTS**

I. CONSOLIDATED BALANCE SHEET	Note (Section Five I)	Reviewed Current Period (31.03.2024)			Audited Prior Period (31.12.2023)		
		TL	FC	Total	TL	FC	Total
<b>ASSETS</b>							
<b>I. FINANCIAL ASSETS (Net)</b>		<b>47.541.240</b>	<b>41.178.225</b>	<b>88.719.465</b>	<b>52.688.375</b>	<b>35.383.208</b>	<b>88.071.583</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>33.601.126</b>	<b>34.097.660</b>	<b>67.698.786</b>	<b>43.129.594</b>	<b>28.992.657</b>	<b>72.122.251</b>
1.1.1 Cash and Balances with Central Bank	(I-a)	8.695.737	15.369.739	24.065.476	9.758.366	13.546.107	23.304.473
1.1.2 Banks	(I-c)	11.842.316	1.398.079	13.240.395	10.831.644	651.227	11.482.871
1.1.3 Money Market Placements		13.068.588	17.337.552	30.406.140	22.543.155	14.801.734	37.344.889
1.1.4 Expected Loss Provision (-)		5.515	7.710	13.225	3.571	6.411	9.982
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(I-b)</b>	<b>219.922</b>	<b>583.117</b>	<b>803.039</b>	<b>523.514</b>	<b>178.043</b>	<b>701.557</b>
1.2.1 Government Debt Securities		164.180	583.117	747.297	517.772	178.043	695.815
1.2.2 Equity Instruments		5.742	-	5.742	5.742	-	5.742
1.2.3 Other Financial Assets		50.000	-	50.000	-	-	-
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(I-d)</b>	<b>12.434.795</b>	<b>-</b>	<b>12.434.795</b>	<b>7.973.914</b>	<b>-</b>	<b>7.973.914</b>
1.3.1 Government Debt Securities		12.434.795	-	12.434.795	7.973.914	-	7.973.914
1.3.2 Equity Instruments		-	-	-	-	-	-
1.3.3 Other Financial Assets		-	-	-	-	-	-
<b>1.4 Derivative Financial Assets</b>	<b>(I-b)</b>	<b>1.285.397</b>	<b>6.497.448</b>	<b>7.782.845</b>	<b>1.061.353</b>	<b>6.212.508</b>	<b>7.273.861</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		1.285.397	6.497.448	7.782.845	1.061.353	6.212.508	7.273.861
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-k)	-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>24.386.022</b>	<b>33.822.250</b>	<b>58.208.272</b>	<b>22.768.554</b>	<b>26.520.977</b>	<b>49.289.531</b>
<b>2.1 Loans</b>	<b>(I-e)</b>	<b>21.075.713</b>	<b>34.960.397</b>	<b>56.036.110</b>	<b>19.545.642</b>	<b>27.749.386</b>	<b>47.295.028</b>
<b>2.2 Lease Receivables</b>	<b>(I-j)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>		<b>226.855</b>	<b>437.791</b>	<b>664.646</b>	<b>177.571</b>	<b>94.824</b>	<b>272.395</b>
<b>2.4 Other Financial Assets Measured at Amortized Cost</b>	<b>(I-f)</b>	<b>3.495.740</b>	<b>-</b>	<b>3.495.740</b>	<b>3.432.430</b>	<b>-</b>	<b>3.432.430</b>
2.4.1 Government Debt Securities		3.495.740	-	3.495.740	3.432.430	-	3.432.430
2.4.2 Other Financial Assets		-	-	-	-	-	-
<b>2.5 Expected Credit Losses (-)</b>		<b>412.286</b>	<b>1.575.938</b>	<b>1.988.224</b>	<b>387.089</b>	<b>1.323.233</b>	<b>1.710.322</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)</b>	<b>(I-p)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4.1 Investments in Associates (Net)</b>	<b>(I-g)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Accounted Under Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	<b>(I-h)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Entities under Common Control (Joint Venture) (Net)</b>	<b>(I-i)</b>	<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. TANGIBLE ASSETS (Net)</b>	<b>(I-l)</b>	<b>459.737</b>	<b>-</b>	<b>459.737</b>	<b>413.988</b>	<b>-</b>	<b>413.988</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(I-m)</b>	<b>409.478</b>	<b>-</b>	<b>409.478</b>	<b>424.681</b>	<b>-</b>	<b>424.681</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		409.478	-	409.478	424.681	-	424.681
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(I-n)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>340.297</b>	<b>-</b>	<b>340.297</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(I-o)</b>	<b>595.229</b>	<b>-</b>	<b>595.229</b>	<b>489.382</b>	<b>-</b>	<b>489.382</b>
<b>X. OTHER ASSETS</b>	<b>(I-r)</b>	<b>1.409.878</b>	<b>86.218</b>	<b>1.496.096</b>	<b>1.130.982</b>	<b>124.110</b>	<b>1.255.092</b>
<b>TOTAL ASSETS</b>		<b>74.801.584</b>	<b>75.086.693</b>	<b>149.888.277</b>	<b>78.256.259</b>	<b>62.028.295</b>	<b>140.284.554</b>

The explanations and notes on pages 14 to 87 form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN  
TURKISH, SEE IN NOTE 3.I**

**HSBC BANK A.Ş.**

**CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2024 AND 31 DECEMBER 2023  
(STATEMENT OF FINANCIAL POSITION)**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

I. CONSOLIDATED BALANCE SHEET	Note (Section Five II)	Reviewed Current Period (31.03.2024)			Audited Prior Period (31.12.2023)		
		TL	FC	Total	TL	FC	Total
		LIABILITIES					
<b>I. DEPOSITS</b>	(II-a)	48.355.479	61.514.595	109.870.074	59.332.178	49.091.960	108.424.138
<b>II. FUNDS BORROWED</b>	(II-d)	-	5.569.622	5.569.622	-	4.949.714	4.949.714
<b>III. MONEY MARKET BALANCES</b>	(II-e)	5.238.637	-	5.238.637	-	-	-
<b>IV. MARKETABLE SECURITIES ISSUED (Net)</b>	(II-e)	-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Assets Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. BORROWER FUNDS</b>		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(II-b)	732.636	5.781.517	6.514.153	597.591	5.557.962	6.155.553
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		732.636	5.781.517	6.514.153	597.591	5.557.962	6.155.553
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES</b>	(II-g)	94.838	4.821	99.659	114.765	4.767	119.532
<b>X. PROVISIONS</b>	(II-i)	509.535	20.922	530.457	865.611	175.448	1.041.059
10.1 Restructuring Provisions		15.384	-	15.384	23.084	-	23.084
10.2 Reverse for Employee Benefits		231.301	-	231.301	210.079	-	210.079
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		262.850	20.922	283.772	632.448	175.448	807.896
<b>XI. CURRENT TAX LIABILITY</b>	(II-j)	524.418	-	524.418	329.991	-	329.991
<b>XII. DEFERRED TAX LIABILITY</b>	(II-j)	-	-	-	-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(II-k)	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(II-l)	-	4.625.261	4.625.261	-	4.337.395	4.337.395
14.1 Loans		-	4.625.261	4.625.261	-	4.337.395	4.337.395
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	(II-f)	1.537.839	2.605.476	4.143.315	1.202.916	1.862.022	3.064.938
<b>XVI. SHAREHOLDERS' EQUITY</b>	(II-m)	12.772.681	-	12.772.681	11.862.234	-	11.862.234
16.1 Paid-in capital		652.290	-	652.290	652.290	-	652.290
16.2 Capital Reserves		323.573	-	323.573	1.464.825	-	1.464.825
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		323.573	-	323.573	1.464.825	-	1.464.825
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		(190.059)	-	(190.059)	(184.595)	-	(184.595)
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		77.676	-	77.676	131.783	-	131.783
16.5 Profit Reserves		10.939.183	-	10.939.183	5.493.823	-	5.493.823
16.5.1 Legal Reserves		213.071	-	213.071	202.671	-	202.671
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		10.726.112	-	10.726.112	5.291.152	-	5.291.152
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit Or Loss		970.018	-	970.018	4.304.108	-	4.304.108
16.6.1 Prior Years' Profit/Loss		-	-	-	-	-	-
16.6.2 Current Year Profit/Loss		970.018	-	970.018	4.304.108	-	4.304.108
16.7 Minority Interest		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>69.766.063</b>	<b>80.122.214</b>	<b>149.888.277</b>	<b>74.305.286</b>	<b>65.979.268</b>	<b>140.284.554</b>

The explanations and notes on pages 14 to 87 form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN  
TURKISH, SEE IN NOTE 3.I**

**HSBC BANK A.Ş.**

**CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2024 AND 31 DECEMBER 2023  
(STATEMENT OF FINANCIAL POSITION)**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II. OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Reviewed Current Period (31.03.2024)			Audited Prior Period (31.12.2023)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)</b>		<b>108.023.220</b>	<b>316.071.834</b>	<b>424.095.054</b>	<b>79.804.103</b>	<b>307.369.438</b>	<b>387.173.541</b>
<b>I. GUARANTEES AND COLLATERALS</b>	<b>(III-a-2,3)</b>	<b>2.245.430</b>	<b>23.334.527</b>	<b>25.579.957</b>	<b>1.878.388</b>	<b>23.038.187</b>	<b>24.916.575</b>
1.1 Letters of Guarantee		2.176.930	13.576.438	15.753.368	1.809.888	13.411.465	15.221.353
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		2.176.930	13.576.438	15.753.368	1.809.888	13.411.465	15.221.353
1.2 Bank Acceptances		-	42.620	42.620	-	-	-
1.2.1 Import Letter of Acceptance		-	42.620	42.620	-	-	-
1.2.2 Other Bank Acceptance		-	-	-	-	-	-
1.3 Letters of Credit		68.500	8.928.289	8.996.789	68.500	8.906.899	8.975.399
1.3.1 Documentary Letters of Credit		68.500	7.138.843	7.207.343	68.500	7.807.762	7.876.262
1.3.2 Other Letters of Credit		-	1.789.446	1.789.446	-	1.099.137	1.099.137
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	787.180	787.180	-	719.823	719.823
1.9 Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>(III-a-1)</b>	<b>10.360.772</b>	<b>16.183.378</b>	<b>26.544.150</b>	<b>7.435.594</b>	<b>34.293.918</b>	<b>41.729.512</b>
2.1 Irrevocable Commitments		10.360.772	16.183.378	26.544.150	7.435.594	34.293.918	41.729.512
2.1.1 Forward Asset Purchase and Sale Commitments		4.292.164	16.180.448	20.472.612	1.380.522	34.291.238	35.671.760
2.1.2 Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		36.040	-	36.040	32.194	-	32.194
2.1.5 Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Payment Commitment for Checks		16.717	-	16.717	14.419	-	14.419
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Expenditure Limits		5.407.059	-	5.407.059	5.396.993	-	5.396.993
2.1.10 Commitments for Promotions Related with Credit Cards and Banking Activities		46.196	-	46.196	43.996	-	43.996
2.1.11 Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		562.596	2.930	565.526	567.470	2.680	570.150
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(III-b)</b>	<b>95.417.018</b>	<b>276.553.929</b>	<b>371.970.947</b>	<b>70.490.121</b>	<b>250.037.333</b>	<b>320.527.454</b>
3.1 Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1 Fair Value Hedge		-	-	-	-	-	-
3.1.2 Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2 Held for Trading Transactions		95.417.018	276.553.929	371.970.947	70.490.121	250.037.333	320.527.454
3.2.1 Forward Foreign Currency Buy/Sell Transactions		18.719.374	63.534.367	82.253.741	16.759.002	51.897.377	68.656.379
3.2.1.1 Forward Foreign Currency Transactions-Buy		16.070.824	25.916.943	41.987.767	11.312.430	23.728.297	35.040.727
3.2.1.2 Forward Foreign Currency Transactions-Sell		2.648.550	37.617.424	40.265.974	5.446.572	28.169.080	33.615.652
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rate		65.297.820	156.061.567	221.359.387	46.113.261	170.049.071	216.162.332
3.2.2.1 Foreign Currency Swap-Buy		595.100	71.113.832	71.708.932	907.661	75.991.781	76.899.442
3.2.2.2 Foreign Currency Swap-Sell		22.175.370	56.982.945	79.158.315	16.401.528	66.300.908	82.702.436
3.2.2.3 Interest Rate Swap-Buy		21.263.675	13.982.395	35.246.070	14.402.036	13.878.191	28.280.227
3.2.2.4 Interest Rate Swap-Sell		21.263.675	13.982.395	35.246.070	14.402.036	13.878.191	28.280.227
3.2.3 Foreign Currency, Interest Rate, and Securities Options		11.399.824	49.309.178	60.709.002	7.617.858	22.344.724	29.962.582
3.2.3.1 Foreign Currency Options-Buy		5.699.912	24.654.589	30.354.501	3.808.929	11.172.362	14.981.291
3.2.3.2 Foreign Currency Options-Sell		5.699.912	24.654.589	30.354.501	3.808.929	11.172.362	14.981.291
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	7.648.817	7.648.817	-	5.746.161	5.746.161
<b>B. CUSTODY AND PLEDGES SECURITIES (IV+V+VI)</b>		<b>1.078.387.908</b>	<b>205.933.208</b>	<b>1.284.321.116</b>	<b>1.018.814.798</b>	<b>180.043.395</b>	<b>1.198.858.193</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>1.007.874.028</b>	<b>97.610.437</b>	<b>1.105.484.465</b>	<b>947.391.162</b>	<b>81.868.379</b>	<b>1.029.259.541</b>
4.1 Customers' Securities Held		65.828.863	34.115.871	99.944.734	64.853.706	23.204.130	88.057.836
4.2 Investment Securities Held in Custody		941.513.682	17.777.650	959.291.332	881.953.177	16.198.880	898.152.057
4.3 Checks Received for Collection		186.341	44.108	230.449	184.988	72.589	257.577
4.4 Commercial Notes Received for Collection		257.574	181.058	438.632	194.521	164.539	359.060
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		87.568	45.491.750	45.579.318	204.770	42.228.241	42.433.011
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>67.039.655</b>	<b>45.459.409</b>	<b>112.499.064</b>	<b>67.889.411</b>	<b>40.975.434</b>	<b>108.864.845</b>
5.1 Marketable Securities		266.664	4.955.670	5.222.334	282.388	4.750.018	5.032.406
5.2 Guarantee Notes		123.780	1.616.150	1.739.930	228.780	1.478.000	1.706.780
5.3 Commodity		370.236	4.163.283	4.533.519	399.283	3.901.165	4.300.448
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estate		4.175.646	28.432.636	32.608.282	4.240.474	24.759.073	28.999.547
5.6 Other Pledged Items		62.103.329	6.291.670	68.394.999	62.738.486	6.087.178	68.825.664
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL OF EXCHANGE AND COLLATERALS</b>		<b>3.474.225</b>	<b>62.863.362</b>	<b>66.337.587</b>	<b>3.534.225</b>	<b>57.199.582</b>	<b>60.733.807</b>
<b>TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)</b>		<b>1.186.411.128</b>	<b>522.005.042</b>	<b>1.708.416.170</b>	<b>1.098.618.901</b>	<b>487.412.833</b>	<b>1.586.031.734</b>

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**HSBC BANK A.Ş.**

**CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2024 AND 31 MARCH 2023  
(STATEMENT OF FINANCIAL POSITION)**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS		Note (Section Five IV)	Reviewed	
			Current Period (01.01.2024 – 31.03.2024)	Prior Period (01.01.2023 – 31.03.2023)
INCOME AND EXPENSE ITEMS				
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-a)</b>	<b>7.085.778</b>	<b>2.085.323</b>
1.1	Interest Income on Loans	(IV-a-1)	2.957.148	1.281.637
1.2	Interest Received from Reserve Requirements		98.608	12.591
1.3	Interest Received from Banks	(IV-a-2)	1.730.617	200.656
1.4	Interest Received from Money Market Transactions		978.188	326.236
1.5	Interest Received from Marketable Securities Portfolio	(IV-a-3)	1.219.005	250.653
1.5.1	Financial Assets at Fair Value through Profit or (Loss)		65.491	14.198
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		1.049.580	138.841
1.5.3	Financial Assets at Measured at Amortized Cost		103.934	97.614
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		102.212	13.550
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(IV-b)</b>	<b>4.811.895</b>	<b>1.551.062</b>
2.1	Interest Expense on Deposits	(IV-b-4)	4.481.042	1.470.142
2.2	Interest Expense on Funds Borrowed	(IV-b-1)	233.901	63.781
2.3	Interest Expense on Money Market Transactions		71.407	3.183
2.4	Interest on Securities Issued	(IV-b-3)	-	-
2.5	Interest Expense on Lease		6.133	5.032
2.6	Other Interest Expenses		19.412	8.924
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>2.273.883</b>	<b>534.261</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>245.402</b>	<b>150.520</b>
4.1	Fees and Commissions Received		627.915	336.425
4.1.1	Non-Cash Loans		168.006	118.680
4.1.2	Other	(IV-m)	459.909	217.745
4.2	Fees and Commissions Paid (-)		382.513	185.905
4.2.1	Non-Cash Loans		284	352
4.2.2	Other		382.229	185.553
<b>V</b>	<b>DIVIDEND INCOME</b>	<b>(IV-c)</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING GAIN/(LOSS) (Net)</b>	<b>(IV-d)</b>	<b>268.534</b>	<b>712.339</b>
6.1	Trading Gains/(Losses) on Securities		82.369	45.960
6.2	Derivative Financial Transactions Gains/(Losses)		837.200	673.869
6.3	Foreign Exchange Gains/(Losses)		(651.035)	(7.490)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-e)</b>	<b>140.766</b>	<b>139.128</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>2.928.585</b>	<b>1.536.248</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES (-)</b>	<b>(IV-f)</b>	<b>168.145</b>	<b>79.130</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>		<b>6.484</b>	<b>9.609</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>778.921</b>	<b>430.841</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-g)</b>	<b>580.285</b>	<b>395.098</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>1.394.750</b>	<b>621.570</b>
<b>XIV.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>INCOME/ (LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>		<b>1.394.750</b>	<b>621.570</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>(IV-i)</b>	<b>(424.732)</b>	<b>61.463</b>
18.1	Current Tax Provision		(534.737)	(165.701)
18.2	Deferred Tax Income Effect (+)		-	-
18.3	Deferred Tax Expense Effect (-)		110.005	227.164
<b>XIX.</b>	<b>NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	<b>(IV-j)</b>	<b>970.018</b>	<b>683.033</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
20.1	Income from Non-Current Assets Held for Resale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
20.3	Other Income from Discontinued Operations		-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
21.1	Expenses for Non-Current Assets Held for Resale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
21.3	Other Expenses from Discontinued Operations		-	-
<b>XXII.</b>	<b>PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Income Effect (+)		-	-
23.3	Deferred Tax Expense Effect (-)		-	-
<b>XXIV.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT/LOSSES (XIX+XXIV)</b>	<b>(IV-k)</b>	<b>970.018</b>	<b>683.033</b>
	Earnings/Loss per Share		0,014871	0,010471

The explanations and notes on pages 14 to 87 form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE IN NOTE 3.J**

**HSBC BANK A.Ş.**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIODS ENDED 31 MARCH 2024 AND 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

<b>IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
	<b>Reviewed Current Period (31.03.2024)</b>	<b>Reviewed Prior Period (31.03.2023)</b>
<b>I. INCOME/LOSS FOR THE PERIOD</b>	<b>970.018</b>	<b>683.033</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(59.571)</b>	<b>(8.097)</b>
<b>2.1 Not Reclassified Through Profit or Loss</b>	<b>(5.464)</b>	<b>(28.489)</b>
2.1.1 Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	(7.797)	(37.986)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	2.333	9.497
<b>2.2 Reclassified Through Profit or Loss</b>	<b>(54.107)</b>	<b>20.392</b>
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(77.253)	27.151
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 Losses	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	23.146	(6.759)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>910.447</b>	<b>674.936</b>

The explanations and notes on pages 14 to 87 form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN  
TURKISH, SEE IN NOTE 3.I**

**HSBC BANK A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2023**

<b>V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b>																		
						Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss									
Reviewed Prior Period 31 March 2023	Note Section Five (V)	Paid-in Capital	Share Premium	Share Cancel Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/ (Loss)	Net Profit/ (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Equity	
<b>I. Balances at the Beginning of the Period – 31 December 2022</b>		652.290	-	-	323.573	-	(142.741)	-	-	100.572	-	3.568.210	-	3.066.865	7.568.769	-	7.568.769	
<b>II. Corrections According to TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>III. Adjusted Beginning Balance (I+II)</b>		652.290	-	-	323.573	-	(142.741)	-	-	100.572	-	3.568.210	-	3.066.865	7.568.769	-	7.568.769	
<b>IV. Total Comprehensive Income</b>	(V-a)	-	-	-	-	-	(28.489)	-	-	20.392	-	-	-	683.033	674.936	-	674.936	
<b>V. Capital Increase by Cash</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VI. Capital Increase by Internal Sources</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VII. Paid-in capital inflation adjustment difference</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VIII. Convertible Bonds to Shares</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>IX. Subordinated Debt Instruments</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>X. Increase/Decrease by Other Changes</b>		-	-	-	1.147.850	-	-	-	-	-	-	(1.147.850)	-	-	-	-	-	
<b>XI. Profit Distribution</b>		-	-	-	-	-	-	-	-	-	-	3.066.865	-	(3.066.865)	-	-	-	
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	3.066.865	-	(3.066.865)	-	-	-	
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Period End Balance (III+IV+.....+X+XI)</b>		652.290	-	-	1.471.423	-	(171.230)	-	-	120.964	-	5.487.225	-	683.033	8.243.705	-	8.243.705	

1. Increase/decrease of accumulated revaluation reserve on tangible,
2. Accumulated gains/losses on remeasurement of defined benefit plans,
3. Other (other comprehensive income of associates and joint ventures accounted with equity method that will not be reclassified at profit and loss and other accumulated amounts of other comprehensive income items that will not be reclassified at profit or loss,
4. Exchange differences on translation reserve,
5. Accumulated revaluation and/or classification gains/losses of financial assets at fair value through other comprehensive income,
6. Other (cash flow hedge gains/losses, other comprehensive income of associates and joint ventures accounted with equity method that will be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will be reclassified at profit or loss).

The explanations and notes on pages 14 to 87 form an integral part of these consolidated financial statements.



**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
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**HSBC BANK A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2024**

<b>V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b>																		
						Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss									
Reviewed Current Period 31 March 2024	Note Section Five (V)	Paid-in Capital	Share Premium	Share Cancel Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/ (Loss)	Net Profit/ (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Equity	
<b>I. Balances at the Beginning of the Period – 31 December 2023</b>		652.290	-	-	1.464.825	-	(184.595)	-	-	131.783	-	5.493.823	-	4.304.108	11.862.234	-	11.862.234	
<b>II. Corrections According to TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>III. Adjusted Beginning Balance (I+II)</b>		652.290	-	-	1.464.825	-	(184.595)	-	-	131.783	-	5.493.823	-	4.304.108	11.862.234	-	11.862.234	
<b>IV. Total Comprehensive Income</b>	(V-a)	-	-	-	-	-	(5.464)	-	-	(54.107)	-	-	-	970.018	910.447	-	910.447	
<b>V. Capital Increase by Cash</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VI. Capital Increase by Internal Sources</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VII. Paid-in capital inflation adjustment difference</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VIII. Convertible Bonds to Shares</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>IX. Subordinated Debt Instruments</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>X. Increase/Decrease by Other Changes</b>		-	-	-	(1.141.252)	-	-	-	-	-	-	1.141.252	-	-	-	-	-	
<b>XI. Profit Distribution</b>		-	-	-	-	-	-	-	-	-	-	4.304.108	-	(4.304.108)	-	-	-	
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	4.304.108	-	(4.304.108)	-	-	-	
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Period End Balance (III+IV+.....+X+XI)</b>		652.290	-	-	323.573	-	(190.059)	-	-	77.676	-	10.939.183	-	970.018	12.772.681	-	12.772.681	

1. Increase/decrease of accumulated revaluation reserve on tangible,
2. Accumulated gains/losses on remeasurement of defined benefit plans,
3. Other (other comprehensive income of associates and joint ventures accounted with equity method that will not be reclassified at profit and loss and other accumulated amounts of other comprehensive income items that will not be reclassified at profit or loss,
4. Exchange differences on translation reserve,
5. Accumulated revaluation and/or classification gains/losses of financial assets at fair value through other comprehensive income,
6. Other (cash flow hedge gains/losses, other comprehensive income of associates and joint ventures accounted with equity method that will be reclassified at profit or loss and other accumulated amounts of other comprehensive income items that will be reclassified at profit or loss).

The explanations and notes on pages 14 to 87 form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN  
TURKISH, SEE IN NOTE 3.I**

**HSBC BANK A.Ş.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIODS ENDED 31 MARCH 2024 AND 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

<b>VI. CONSOLIDATED STATEMENT OF CASH FLOWS</b>			
	<b>Note (Section Five VI)</b>	<b>Reviewed Current Period (31.03.2024)</b>	<b>Reviewed Prior Period (31.03.2023)</b>
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>	<b>(VI-a)</b>	<b>(1.128.635)</b>	<b>124.691</b>
1.1.1 Interest Received	(VI-a)	6.403.079	2.071.695
1.1.2 Interest Paid	(VI-a)	(5.275.280)	(1.384.296)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		625.677	321.660
1.1.5 Other Income		125.337	68.820
1.1.6 Collections From Previously Written-Off Loans and Other Receivables		7.090	12.475
1.1.7 Cash Payments to Personnel and Service Suppliers	(VI-a)	(1.206.412)	(751.251)
1.1.8 Taxes Paid		(161.721)	(138.865)
1.1.9 Other		(1.646.405)	(75.547)
<b>1.2 Changes in Operating Assets and Liabilities Subject to Banking Operations</b>		<b>(5.161.855)</b>	<b>13.951.080</b>
1.2.1 Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss		(95.678)	(91.687)
1.2.2 Net (Increase)/Decrease in Due from Banks		(5.987.365)	(889.172)
1.2.3 Net (Increase)/Decrease in Loans		(8.908.521)	(1.240.434)
1.2.4 Net (Increase)/Decrease in Other Assets		35.858	(484.142)
1.2.5 Net Increase/(Decrease) in Bank Deposits		243.984	(828.149)
1.2.6 Net Increase/(Decrease) in Other Deposits		1.524.401	16.439.464
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		870.163	7.024
1.2.9 Net Increase/(Decrease) in Matured Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		7.155.303	1.038.176
<b>I. Net Cash Provided from Banking Operations</b>		<b>(6.290.490)</b>	<b>14.075.771</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>(4.081.715)</b>	<b>(1.511.989)</b>
2.1 Cash Paid for the Purchase of Associates, Subsidiaries and Joint Ventures		-	-
2.2 Cash Obtained from the Sale of Associates, Subsidiaries and Joint Ventures		-	-
2.3 Cash Paid for the Purchase of Tangible and Intangible Asset		(67.089)	(9.223)
2.4 Cash Obtained from the Sale of Tangible and Intangible Asset		42.008	1.742
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(4.013.251)	(436.429)
2.6 Cash Obtained from the Sale of Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.7 Cash Paid for Purchase of Financial Assets at Amortized Cost		-	(1.014.268)
2.8 Cash Obtained from Sale of Financial Assets at Amortized Cost		-	-
2.9 Other		(43.383)	(53.811)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>(53.750)</b>	<b>765.873</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	784.955
3.2 Cash Outflow from Funds Borrowed and Securities Issued		-	-
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Lease Liabilities		(53.750)	(19.082)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>(VI-a)</b>	<b>10.851</b>	<b>29.278</b>
<b>V. Net (Decrease)/Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>(10.415.104)</b>	<b>13.358.933</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	<b>(VI-d)</b>	<b>59.295.849</b>	<b>29.071.145</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>	<b>(VI-d)</b>	<b>48.880.745</b>	<b>42.430.078</b>

The explanations and notes on pages 15 to 130 form an integral part of these consolidated financial statements.

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IN TURKISH, SEE IN NOTE 3.I**

**HSBC BANK A.Ş.**

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2024**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS ON BASIS OF PRESENTATION**

- a. The preparation of the consolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures Regarding Banks’ Accounting Application and Keeping Documents:**

The Group prepared the accompanying consolidated financial statements within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”) and in case where a specific regulation is not made by BRSA and Turkish Accounting Standards (“TAS”) published by the Public Oversight Accounting for the format and detail of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué dated 1 February 2019 which include Turkish Accounting Standard principles.

The consolidated financial statements have been prepared in TL, under the historical cost convention as modified in accordance with inflation adjustments until 31 December 2004, except for the financial assets and liabilities, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with TFRS requires the Parent Bank Management to use of certain make assumptions and estimates on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are reviewed regularly and, when necessary, corrections are made and the effects of these corrections are reflected to the income statement. The estimations and projections used are explained in corresponding disclosures.

- b. Accounting policies and valuation principles applied in the presentation of consolidated financial statements:**

The accounting policies followed and the valuation principles used in the preparation of the financial statements have been determined and applied in accordance with the principles within the scope of the “BRSA Accounting and Financial Reporting Legislation” and are consistent with the accounting policies applied in the annual financial statements prepared for the period ending on 31 December 2023.

Accounting policies for the current period and valuation principles used are explained in Notes II to XXXI.

The Parent Bank made certain estimations in the calculation of expected credit losses in the consolidated financial statements prepared as of 31 March 2024 and disclosed them in footnote VIII, “Explanations on Expected Loss Provisions”. The Parent Bank reviews its assumptions quarterly and makes updates if deemed necessary.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
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**HSBC BANK A.Ş.**

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2024**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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**I. EXPLANATIONS ON BASIS OF PRESENTATION (Continued)**

**c. Different accounting policies applied in the preparation of consolidated financial statements:**

Where the accounting policies used by the subsidiaries differ from the Parent Bank, the differences are aligned in the financial statements by taking into account the materiality criterion.

**Changes in accounting policies and disclosures**

New and revised TAS/IFRS effective for annual periods beginning on or after 1 January 2022 have no material effect on the financial statements, financial performance and on the Group’s accounting policies. New and revised TAS issued but not yet effective as of the finalization date of the financial statements have no material effect on the financial statements, financial performance and on the Group’s accounting policies.

The Public Oversight, Accounting and Auditing Standards Authority (“POA”), through its announcement dated 23 November 2023, has stated that the financial statements of entities applying Turkish Financial Reporting Standards for annual reporting periods ending on or after 31 December 2023 should be prepared in accordance with the Financial Reporting Standard for High Inflation Economies (“TAS 29”), however, institutions or organizations authorized to regulate and supervise in their respective fields may determine different transition dates for the application of TAS 29 provisions. In response to this announcement by POA, the Banking Regulation and Supervision Agency (“BRSA”) has decided, through its decision numbered 10744 dated 12 December 2023, that the financial statements as of 31 December 2023 of banks, financial leasing, factoring, financing, savings finance, and asset management companies should not be subjected to inflation adjustments required under TAS 29. In accordance with the decision numbered 10825 dated 11 January 2024 of BRSA; banks, financial leasing, factoring, financing, savings finance, and asset management companies are required to transition to inflation accounting practices as of 1 January 2025. Accordingly, the Bank did not apply the inflation accounting required under TAS 29 in its financial statements for the year ended 31 March 2024.

**Explanation for convenience translation into English:**

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 March 2024. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

The Parent Bank's main resources are customer deposits and foreign loans. The Parent Bank creates its liquidity structure that will ensure the fulfillment of its due liabilities by diversifying its funding sources and by keeping sufficient cash and assets that can be converted into cash.

The Group applies sophisticated methods in daily market risk managing and control activities. In measuring the market risk and determining limits, “Value at Risk” (“VaR”) approach is being applied. For the portfolios which are subject to market risk; interest rate and currency risks are monitored; with regard to this, limits such as daily and monthly maximum loss limits regarding the exchange rate and share price risk, Value at Risk limits, maturity limits and quantity limits are being applied. The limit usages are being monitored through various checkpoints and reported to the top management. Risk monitoring and control activities are being performed by independent units. For the portfolios, which are subject to the interest risks, sensitivity of the changes in interest rates are being analyzed by “Present Value Basis Points” method (“PVBP”) and relevant limits are being determined.

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**HSBC BANK A.Ş.**

**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2024**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

**II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND EXPLANATIONS ON FOREIGN CURRENCY TRANSACTIONS (Continued)**

Various stress scenarios, liquidity, gap and volatility analyzes are performed regarding the monitoring and management of market risk as well as control. By means of these analyzes, it is aimed to be ready for possible risks and to take quick decisions regarding the targeted profitability.

Analyses that are conducted related to determined risks are being tracked by the Asset-Liability Committee and value adding decisions are made. The foreign exchange gains and losses from the foreign exchange transactions are being recorded at the date of transactions conducted. The balances of other foreign currency active and liability accounts, excluding non-performing loans in foreign currency and non-monetary items accounted for on the basis of acquisition cost, are translated into TL at the Group's exchange rate and the resulting exchange differences are reflected in the income statement as foreign exchange profit or loss.

**III. EXPLANATIONS ON CONSOLIDATED INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES**

The Group has no investments in associates as of 31 March 2024. The accompanying consolidated financial statements are prepared in accordance with TFRS 10 “Consolidated Financial Statements” and “Communiqué on Preparation of Consolidated Financial Statements of Banks” published by BRSA on the Official Gazette numbered 26340 and dated 8 November 2006.

The corporations included in consolidation and their places of incorporation, nature of activities and shareholding percentages are as follows:

<b>Name</b>	<b>Consolidation Method</b>	<b>Place of Establishment</b>	<b>Subject of Operations</b>	<b>The Parent Bank's share percentage- If different voting percentage (%)</b>
HSBC Yatırım ve Menkul Değerler A.Ş.(*)	Full consolidation	Turkey	Securities Intermediary Services	100,00

(\*) HSBC Yatırım Menkul Değerler A.Ş. (“HSBC Yatırım”) and HSBC Portföy Yönetimi A.Ş. (“HSBC Portföy”), a subsidiary of HSBC Yatırım, is included in the scope of consolidation.

**IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS**

In order to reduce the foreign exchange position risk, the Parent Bank conducts currency forward purchase and sale transaction agreements, currency swap purchase and sale transaction agreements and option purchase and sale agreements. In order to reduce the interest risk, the Parent Bank conducts interest futures and forward interest rate agreements. The fair value differences of derivative instruments that are reflected in the profit and loss accounts are measured at fair value and associated with income statement during recognition. If the fair value of derivative financial instruments is positive, it is disclosed under the main account “Derivative Financial Assets at Fair Value Through Profit or Loss”; and if the fair value difference is negative, it is disclosed under “Derivative Financial Liabilities at Fair Value Through Profit or Loss”. Differences arising from the valuation of fair value are reflected in the “Derivative Financial Transactions Gains/Losses” account under income.

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

Interest income is recorded according to the effective interest rate method (rate equal to net present value of future cash flows or financial assets and liabilities) defined in the TFRS 9 “Financial Instruments” standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. When applying the effective interest rate method, an entity identifies fees that are an integral part of the effective interest rate method of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value being recognized in profit or loss.

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**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES (Continued)**

When applying the effective interest method, The Parent Bank amortized any fees, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate over the expected life of the financial instrument. In case an interest was accrued on a security before its acquisition, the collected interest is divided into two parts as interest before and after the acquisition and only the interest of the period after the acquisition is recorded as interest income in the financial statements. If the expectation for the cash flows from financial asset is revised for reasons other than the credit risk, the change is reflected in the carrying amount of asset and in the related statement of profit or loss line and is amortized over the estimated life of financial asset.

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

All fees and commission income are recognised on an accrual basis in accordance with the matching principle or “Effective Rate Method (Internal Rate of Return Method)” and according to the TFRS 15 “Revenue from Contracts With Customers”, except for certain commission income for various banking services, which are recorded as income at the time of collection. Income provided through contracts or through services related to transactions such as the purchase or sale of assets for a third party corporate or individual person is recorded as income on the date it is earned.

**VII. EXPLANATIONS ON FINANCIAL ASSETS**

The Group categorizes its financial assets as fair value through profit/loss, fair value through other comprehensive income or measured at amortized cost. Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

The Group recognize a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by the Parent Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Parent Bank's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments are made to earnings, losses or interest that were previously recorded in the financial statements.

**Classification and measurement of financial instruments**

According to the TFRS 9 standard, the classification and measurement of financial assets is determined according to the business model in which the financial asset is managed and whether it depends on the contractual cash flows that include only the principal and interest payments on the principal balance.

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

**Assessment whether contractual cash flows are solely payments of principal and interest**

Within the scope of this evaluation; “Principal” is defined as the fair value of the financial asset at initial recognition. “Interest”, for the time value of money, considers the credit risk and other underlying credit risks associated with the principal amount over a period of time, and the costs for the profit margin (for example, liquidity risk and administrative costs).

In the evaluation of the contractual cash flows, which include only the principal and interest payments, the Parent Bank considers the contractual terms of the financial asset. This assessment includes assessing whether the financial asset contains a contractual clause that could change the timing or amount of contractual cash flows. While making the assessment, the Parent Bank considers the followings.

- Events that could change the amount and timing of cash flows
- Leverage features
- Prepayment and extension terms
- Features to consider when measuring the time value of money

**a) Financial Assets at Fair Value Through Profit or Loss:**

Financial assets at fair value through profit or loss, financial assets managed with a business model other than a business model aimed at holding contractual cash flows to collect and selling contractual cash flows, and contractual terms related to financial assets, does not result in cash flows that only include principal and interest payments on the principal balance on specified dates; are financial assets that are acquired to profit from fluctuations in prices and similar factors in the short-term in the market, or that are part of a portfolio to make a profit in the short-term, regardless of the reason for their acquisition. Financial assets at fair value through profit or loss are recorded with their fair values and are then valued at their fair values. Gains and losses resulting from the valuation are included in the profit/loss accounts. In line with the Uniform Chart of Accounts (UCA) explanations, the positive difference between the acquisition cost and the discounted value of the financial asset is in “Interest Income”, if the fair value of the asset is above the discounted value, the positive difference is in the “Capital Market Transactions Profits” account. if the fair value is below the discounted value, the negative difference between the discounted value and the fair value is recorded in the “Capital Market Transactions Losses” account. In case the financial asset is disposed of before maturity, the resulting gains or losses are accounted for on the same basis.

Equity securities, which are classified as financial assets at fair value through profit or loss, are accounted with their fair values if they are traded in organized markets and/or their fair value can be determined reliably. If it is not traded in an organized market and its fair value cannot be determined reliably, it is reflected to the financial statements at cost after deducting the provision for impairment.

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

**b) Financial Assets at Fair Value Through Other Comprehensive Income:**

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

“Unrealized profits and losses” means the difference between amortized costs and fair value arising from changes in fair value of assets whose fair value difference is reflected in other comprehensive income. The collection of the value corresponding to the relevant financial asset is not reflected in the income statement for the period until either the asset is sold, disposed of or deteriorated, and is followed in the "Other comprehensive income or expense to be reclassified to profit or loss" account in shareholders' equity. When these financial assets are collected or disposed of, the accumulated fair value differences recognized in equity are reflected in the income statement. Interest and dividends of these financial assets are recorded in the relevant interest income and dividend income account.

At initial recognition, an entity may irrevocably choose to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income. If this preference is made, dividends from the investment in question are recognized as profit or loss.

In addition, the Parent Bank's securities portfolio includes consumer price indexed government bonds classified as financial assets at fair value through other comprehensive income. These securities are valued and accounted for using the effective interest method, based on real coupon rates, the reference inflation index at the date of issue, and the current index. As stated in the CPI-Indexed Bonds Investor's Guide of the Undersecretariat of Treasury, the reference indices used in calculating the actual coupon payment amounts of these securities are based on the CPI of two months ago.

**c) Financial Assets Measured in Amortized Cost:**

The financial asset is measured at amortized cost if the financial asset is held under a business model that aims to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that, at specified dates, only include payments of principal and interest on the principal balance. These assets are accounted for at their acquisition cost, which also includes transaction costs, when they are first recorded. After being recorded, it is valued at “Discounted Value” using the effective interest rate method.

**d) Loans:**

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. Loans are initially recorded by adding the transaction costs to the acquisition cost that reflects their fair value, and after they are recorded, they are measured with their amortized values using the “Effective Interest Rate (internal rate of return) Method”.

Group’s loans are recorded under the “Measured at Amortized Cost” account.



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**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES**

The Group allocates an expected loss provision for its financial assets measured at amortized cost and at fair value through other comprehensive income.

Pursuant to the “Regulation on the Procedures and Principles Regarding Classification of Loans and Provisions for These” published in the Official Gazette dated 22 June 2016 and numbered 29750 and entered into force as of 1 January 2018, the Parent Bank allocates provisions for impairment in accordance with the provisions of TFRS 9 as of 1 January 2019. In this framework, as of 31 December 2018, the loan provisions calculated within the framework of the relevant legislation of the BRSA have been changed in accordance with TFRS 9 by applying the expected credit loss model. The expected credit losses estimate is unbiased, probability-weighted, and includes supportable information about estimates of past events, current conditions, and future economic conditions.

At each reporting date, it is assessed whether there has been a significant increase in the credit risk of a financial instrument subject to impairment since its initial recognition, and financial assets are divided into the following three categories, depending on the increase in credit risks observed from the time they are first recognized:

**Stage 1:**

These are financial assets that do not have a significant increase in credit risk at the time they are first recognized in the financial statements or afterwards. The 12-month expected credit loss results from a possible default on a financial instrument within 12 months after the reporting period and is calculated as a portion of the lifetime expected credit loss. The 12-month expected credit loss is calculated based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month probabilities of default (PD) are applied to an estimated default amount and multiplied by the loss given default (LGD), discounted to the reporting date with the loan's original effective interest rate. For these assets, the credit risk impairment provision is recognized at the amount of 12-month expected credit losses.

**Stage 2:**

In the event that there is a significant increase in the credit risk after the first recognition in the financial statements and this increase exceeds the determined threshold values, there is a 30-day delay in loan repayments and/or it is placed on the close monitoring lists, the related financial asset is classified in Stage 2. Similar to those described above, including the use of multiple scenarios, but the probability of default (PD) and loss given default (LGD) rates are estimated over the life of the financial asset. Impairment provision for credit risk is recognized as lifetime expected credit losses.

**Stage 3:**

For financial assets with objective evidence of impairment, lifetime expected credit losses are estimated on an individual basis using the discounted cash flow method.

**Calculation of Expected Credit Losses**

The calculation of expected credit losses consists of three main parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD). PDs and LGDs used in the ECL calculation are point in time (“PIT”)-based for key portfolios and consider both current conditions and expected macroeconomic cyclical changes.

With the transition to TFRS 9, while the expected credit loss is estimated, three different macroeconomic scenarios (baseline scenario, pessimistic scenario, optimistic scenario) are evaluated. Due to the COVID-19 epidemic, an additional alternative pessimistic scenario was started to be used by including the optimistic scenario weight in the base scenario as of the 2nd quarter of 2020. Each of these scenarios was associated with the different PD and LGD. As of the first quarter of 2022, global stagnation expectations arising from the possible effects of the Russia-Ukraine tension have begun to be reflected in the pessimistic scenario and four different macroeconomic scenarios (base scenario, pessimistic scenario, alternative pessimistic scenario, optimistic scenario) including the global recession started to be used in the calculation of expected loan loss provisions.

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**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued)**

In calculating the expected credit loss provision, the potential difficulties that the earthquake disaster on 6 February 2023, could create in customers' cash flows and payments have been taken into account and reflected in the financial statements. Especially considering that the debt deferral support provided to retail customers generally ended in October-November 2023, expected credit losses are calculated based on the current risk situations of customers after the earthquake, excluding those with ongoing debt deferrals.

Products within retail loans are grouped into large and small portfolios, considering portfolio sizes, risk levels, and strategic business plans. In calculating expected credit loss provisions, TFRS9 models developed from historical data sets are used for large portfolios (Credit Card, General Purpose Loans, Overdraft), while a fixed macroeconomic expectation rate determined judgmentally is used for small portfolios (Mortgage Loans, Vehicle Loans, Cash Collateralized General Purpose Loans, Check Collaterals).

In case an area for improvement is identified in the performance of the models used in the calculations, necessary corrective actions are taken, and the calculated impact is reflected in the financial statements. Discrepancies were observed between the forecasted and actual PD values of the Credit Card TFRS9 model in the review conducted in December 2023, and the effect of the relevant discrepancy on the expected credit losses was calculated and reflected in the financial statements of the respective month. At the same time, the related discrepancy amounts, which do not have a significant impact on the financial statements, are reflected in the financial statements until the completion of the new model development and its implementation in 2024.

In addition, all commercial and corporate loans that are classified as non-performing loans and restructured in the expected credit loss calculation in accordance with TFRS 9 are subject to individual evaluation according to the discounted cash flow method (DCFm) in accordance with internal policies. This method is basically done by discounting the expected cash flows from the financial instrument to their present value with the effective interest rate. The expected credit loss calculation for financial instruments is evaluated based on the judgment and knowledge of the specialist business unit at the date of evaluation, taking into account the realization of the credit loss, which is objective and probability weighted in nature. Estimated credit loss is calculated by weighting the evaluations made for different scenarios according to their realization probabilities.

**Probability of Default (PD)**

The probability of default refers to the probability that the loan will default in a given time period. Two different probability of default values are used when calculating expected credit losses in accordance with TFRS 9:

- 12-month probability of default: an estimate of the probability of default within 12 months from the reporting date.
- Lifetime probability of default: an estimate of the probability of default over the expected life of the financial instrument.

The 12-month and lifetime probability of default consists of a cumulative probability of default estimation series. These estimates are based on the macro-TO model used to measure the risk of default, which is a function of macro-economic factors. This model is sensitive to current and future macro-economic conditions and is estimated over 12 months or lifetime timeframes. The Life Cycle (TTC) PD value is calculated with customer rating grades, and the Point in Time (PiT) PD value is reached with the macroeconomic models designed by the Parent Bank.

Internal rating models are used for the Commercial and Corporate portfolio. In the internal rating models used, the financial and non-financial information of the customer are being used and this information is evaluated together to reach the internal rating score. In the retail portfolio, on the other hand, a segment-based structure was designed to distribute customers among predetermined segments. Segments are shaped by product-specific variables on a product basis (limit usage rate, past and related month delay, remaining maturity, etc.). The probability of default calculation is performed by taking into account historical data, current conditions and forward-looking macroeconomic expectations.

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**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued)**

**Loss Given Default (LGD)**

It refers to the economic loss resulting from the loan in case of default by the borrower. It is expressed as a ratio. Loss given default for retail loans is calculated over the expected collections from collateral and other loan cash flows, taking into account the time value of money. While calculating the time value of money, the weighted average interest rate of the performing loan portfolio at the relevant period is taken into account as the effective interest rate. For Corporate and Commercial loans, a simplified approach, known as the LGD model, has been implemented with the transition to TFRS 9, incorporating macroeconomic expectation input and credit maturities. Subsequently, a LGD model specific to the country, incorporating country-specific economic expectations and historical loss data, was developed and, following independent validation, was implemented as of July 2023.

**Exposure at Default (EAD)**

Cash loans represent the balance that has been disbursed as of the report date. Non-cash loans and commitments are the values calculated by applying the loan conversion rate determined in the legislation. The exposure at default is calculated over cash loans and non-cash loans taken into account at the loan conversion ratio and represents the economic receivable amount at the reporting date. The expected exposure at default, for corporate and commercial loans, is based on the prudent assumption that it will remain constant over the life of the financial instrument. With this approach, more prudent results can be produced and risk-increasing factors such as non-payment and partial payment that may occur in cash flows are prevented.

**Consideration of the Macroeconomic Factors**

Probability of default parameters are determined by considering macroeconomic factors. The macroeconomic variables used in the expected loss calculation are as follows for the corporate/commercial and retail portfolio:

Corporate/commercial portfolio:

- Annual percentage change in Gross Domestic Product (GDP)
- Annual change in export amount
- Housing price index
- Short term external debt

Retail portfolio:

- Annual percentage change in Gross Domestic Product (GDP)
- Unemployment rate

Additionally, the macroeconomic variable that is used in the Loss Given Default model in Corporate/Commercial portfolio is a transformation of Gross National Product.

As of 31 March 2024, the Parent Bank calculates the expected credit loss by taking into account the statistical models designed to comply with the relevant legislation and accounting standards and the methods used for prudence, as well as the macroeconomic forecasts for the future. In addition, changes affecting macroeconomic factors reflected the data obtained with the maximum effort principle to the estimates and judgments used in the calculation of expected credit losses, with the best estimation method. Within the light of these data, the Parent Bank has developed an alternative pessimistic scenario in addition to the base, optimistic and pessimistic macro-economic expectations used in the calculation of expected credit loss and revised the scenario weights in this context. Calculations made by taking into account the PD and LGD parameters, which vary according to these scenarios and their weights, are reflected in the financial statements as of 31 March 2024. The PD values used in Corporate/Commercial Portfolio, basically reflect the annual rate of change in house prices, the change in short-term foreign debt in USD and the annual change in gross national product. At the presence of unexpected events that are not considered by the models due to its nature, the Parent Bank continues to allocate provisions in addition to those established for the corporate/commercial portfolio by adding management overlays in both increasing and decreasing directions.

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**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued)**

This approach, implemented since the third quarter of 2020, continued in the first half of 2023; however, in the second half of 2023, management overlays were removed considering macroeconomic improvements. The status of the existing portfolio, macroeconomic developments, and future expectations will be reviewed at regular intervals in the upcoming reporting periods.

**Calculating the Expected Loss Period**

Lifetime ECL is calculated by taking into account maturity extensions, repayment options and the period during which the Parent Bank will be exposed to credit risk. The time in financial guarantees and other irrevocable commitments represents the credit maturity for which the liabilities of the Parent Bank. Behavioral maturity analysis has been performed on credit cards and overdraft accounts. With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless there is the legal right to call it earlier. But due to segment-based approach to retail loans the maturity of the 95 percentile is calculated as the credit life.

**Significant Increase in Credit Risk**

The Parent Bank makes quantitative and qualitative assessments in determining the financial assets to be classified as Stage 2.

Quantitative assessments compare the relative change between the probability of default (PD) measured at the loan origination date and the PD measured at the report date. If this change exceeds the thresholds for a significant increase in credit risk, the financial asset is classified as Stage 2. In the quantitative evaluation of the significant increase in credit risk, the Parent Bank considers absolute threshold values as an additional layer in addition to relative threshold values. Receivables whose default probability is below the absolute threshold value are not included in the relative threshold value comparison.

The Parent Bank classifies the financial asset as Stage 2 where any of the following conditions are satisfied as a result of a qualitative assessment.

- Receivables overdue more than 30 days as of the reporting date
- Receivables classified as watch-list
- Receivables evaluated within the scope of restructuring

It is also considered that there is a default on the relevant debt under the following two conditions:

- Overdue for more than 90 days. The definition of default in practice is based on the criterion that the debt is overdue for more than 90 days.
- Convinced that the debt will not be paid. If the borrower is deemed to be unable to perform its obligations on the loan, the borrower should be considered in default, regardless of whether there is a delayed debt balance or the number of days of default.

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**IX. DERECOGNITION OF FINANCIAL INSTRUMENTS**

**a) Derecognition of financial assets due to change in contractual terms**

In accordance with TFRS 9, restructuring or changing the contractual cash flows of a financial instrument may result in derecognition of the existing financial asset. When a change in a financial asset results in derecognition of the existing financial asset and subsequent recognition of the modified financial asset, the modified financial asset is considered a “new” financial asset for the purposes of TFRS 9. When evaluating the new contractual terms characteristics of the financial asset, the contractual cash flows including the currency change, conversion to share, counterparty change and only the principal and interest payments on the principal balance are evaluated. If the contractual cash flows of a financial asset have been changed or otherwise restructured and such modification or restructuring does not result in derecognition of the financial asset, the gross book value of the financial asset is recalculated and the restructuring gain or loss is recognized in profit or loss. In cases where all the risks and gains of ownership of the asset are not transferred to another party and control of the asset is retained, the remaining interest in the asset and the liabilities arising from and due to this asset continue to be recognized. If all the risks and gains of ownership of a transferred asset are retained, the transferred asset continues to be recognized and a financial liability is recognized in exchange for the consideration received.

**b) Derecognition of financial assets without any change in contractual terms**

The Parent Bank derecognizes the asset if the contractual rights to cash flows from the financial asset are expired or the related financial asset and all risks and rewards of ownership of the asset are transferred to another party. Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in profit/loss.

**c) Derecognition of financial liabilities**

It shall be removed a financial liability (or a part of a financial liability) from the statement of financial position when and only when, it is extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires.

**d) Reclassification of financial instruments**

Based on TFRS 9, it shall be reclassified all affected financial assets at amortized cost to financial assets measured at fair value through other comprehensive income and fair value through profit or loss in the subsequent accounting when, and only when, it is changed the business model for managing financial assets.

**e) Restructuring and refinancing of financial instruments**

The Parent Bank may be changed the original contractual terms of a loan (maturity, repayment structure, guarantees and sureties) which were previously signed, in case the loan cannot be repaid or if a potential payment difficulty is encountered based on the new financing power and structure of the borrower.

The restructuring is the modification of the loan contract terms of the borrower or the partial or complete refinancing of the loan due to financial difficulties that the borrower may encounter or will likely encounter in the payments.

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**IX DERECOGNITION OF FINANCIAL INSTRUMENTS (Continued)**

**e) Restructuring and refinancing of financial instruments (Continued)**

To reclassify the restructured corporate and commercial loans as performing loans from non-performing loans, the following conditions must be met:

- All of the overdue payments that cause the loan to be classified in the non-performing loans have been collected without using the collaterals
- There is no delayed payment of the receivable as of the reclassification date and the last two payments before this date are due and complete.
- Ensuring the classification requirements of the company in the Stage 1 or Stage 2.

In the case of Consumer Loans, if the non-fulfillment of the payment obligation to the Parent Bank results from the temporary liquidity shortage, loans may be restructured in order to provide the borrower with liquidity power and to collect the receivable of the Parent Bank. Removal of customers from the scope of restructuring is done within the scope of the Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables.

- The loan, which is restructured in the process of performing-retail restructuring loans (consumer credit-vehicle-mortgage), is considered as close monitoring and is followed in close monitoring at the time of restructured loan period.
- There is no restructuring of loan and credit card related to the non-performing loans.

**X. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES**

None.

**XI. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis.

**XII. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES’ LENDING TRANSACTIONS**

Securities subject to repurchase agreements (“Repo”) are classified as “Financial Assets at Fair Value Through Profit or Loss”, “Financial Assets at Fair Value Through Other Comprehensive Income” and “Financial Assets Measured at Amortized Cost” in the balance sheet according to the investment purposes and measured according to the portfolio of the Group to which they belong. Funds obtained under repurchase agreements are accounted under “Funds provided under repurchase agreements” in liability accounts and differences between the sale and repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the “Effective interest (internal rate of return) method”. Funds given against securities purchased under agreements to resell (“Reverse repo”) are accounted under “Receivables from money market” in the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued evenly over the life of repurchase agreements using the “Effective interest rate method”. The Parent Bank has no securities lending transactions.

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**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS AND LIABILITIES RELATED WITH THESE ASSETS**

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing receivables and are accounted in the financial statements in accordance with the regulations of “Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TFRS 5)”.

As of 31 March 2024 and 31 December 2023, the Group has no discontinued operations.

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

The Group’s intangible assets are composed of software, goodwill and establishment expenditures. Intangible assets are measured in accordance with “Intangible Assets Standard” (“TAS 38”) at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical cost after the deduction of accumulated depreciation and the provision for value decreases. The depreciable amount of an intangible asset is allocated on a systematic basis over its useful life. The costs of the intangible assets purchased before 31 December 2004 end of the high inflation period is accepted as 31 December 2004, are subject to inflation indexation until 31 December 2004. Intangible assets purchased after 31 December 2004 are recognised with their acquisition cost in the financial statements.

As of 31 March 2024, there is no net book value of goodwill (31 December 2023: None).

**XV. EXPLANATIONS ON PROPERTY AND EQUIPMENT**

All property and equipment are measured in accordance with “Property, Plant and Equipment Standard” (“TAS 16”) at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for value impairment. The costs of the property and equipment purchased before 31 December 2004 or subject to inflation indexation until 31 December 2004. Property and equipment purchased after 31 December 2004 are recognized with their purchase cost in the financial statements. Property and equipment are amortized by using the straight-line method based on their useful lives, such as buildings depreciated at rate 2%, vehicles at rates 20%, furniture at rate 20%, and other tangible assets at rates ranging from 2% to 33%. The depreciation charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item will remain in property and equipment. Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its net sales revenue. Repair and maintenance expenses in order to increase the useful life of the property and equipment are capitalized, other repair and maintenance costs are recognized as expenses. There are no mortgages, pledges or similar precautionary measures on tangible fixed assets.

**XVI. EXPLANATIONS ON LEASING TRANSACTIONS**

The Group recognized assets held under finance leases on the basis of the lower of its fair value and the present value of the lease payments. Fixed assets acquired under finance lease contracts are classified in tangible assets and amortized over their estimated useful lives. Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a “Provision for value decrease” is recognized. Liabilities arising from the leasing transactions are included in “Financial lease payables” in the balance sheet. Interest and foreign exchange expenses regarding lease transactions are presented the income statement. The Group does not provide finance lease services as a “Lessor”.

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**XVI. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)**

At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognizes an asset representing the right to use the underlying asset and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

**Explanations on TFRS 16 Leasing Transactions:**

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting stays almost the same. The Group has started to apply the "TFRS 16 Leases" Standard with using the modified retrospective approach from 1 January 2019.

The Group's accounting policies following the application of TFRS 16 are as follows:

**Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The right use includes the presence of:

- The initial measurement of the lease,
- The amount obtained by deducting all lease payments received from all lease payments made on or on the date of actual lease; and
- All initial direct costs incurred by the Group.

At the end of the lease term of the underlying asset's service, the transfer of the Group is reasonably finalized, and the Group depreciates the asset until the end of the life of the underlying asset on which the lease actually began. Right-of-use assets are subject to impairment.

**Lease Liabilities**

The Group measures the lease obligation at the present value of the unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

- Fixed payments,
- Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease.
- Amounts expected to be paid by the Group under the residual value commitments
- The use price of this option and, if the Group is reasonably confident that it will use the purchase option;
- Fines for termination of the lease if the lease term indicates that the Group will use an option to terminate the lease.



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**XVI. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)**

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred. The Group revises the revised discount rate for the remainder of the lease term, if the implicit interest rate in the lease can be easily determined; the Group’s alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Group measures the lease obligation as follows:

- Increases the book value to reflect the interest on the lease obligation; and
- Decreases the book value to reflect the lease payments made.

In addition, if there is a change in the lease term, a change in the underlying fixed lease payments, or a change in the assessment of the option to purchase the underlying asset, the value of the finance lease liabilities is remeasured.

**Short-term leases and leases of low-value assets**

The Group applies the short-term lease registration exemption to short-term machinery and equipment lease agreements (i.e. assets that have a lease term of 12 months or less from the commencement date and do not have an option to purchase). It also applies the exemption from accounting for low value assets to office equipment whose rental value is considered to be of low value. Short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Due to the Group’s implementation of TFRS 16, rights of use assets classified under tangible assets as of 31 March 2024 amounted to TL 100.894 (31 December 2023: TL 99.015), lease liability amounted to TL 99.659 (31 December 2023: TL119.532), depreciation expense amounted to TL 13.438 (31 March 2023: TL 11.582) and interest expense amounted to TL 6.133 (31 March 2023: TL 5.032).

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

Provisions and contingent liabilities are accounted in accordance with, “Provisions, Contingent Liabilities and Contingent Assets Standard” (“TAS 37”). Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and a reliable estimate of the amount of the obligation can be made. When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Group, it is considered that a “contingent” liability exists and it is disclosed in the related notes to the financial statements.

**XVIII. EXPLANATIONS ON CONTINGENT ASSETS**

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group. Contingent assets are not recognized in financial statements since this may result in recognition of income that may never be realized. If an inflow of economic benefits to the Group has become probable, then the contingent asset is disclosed in the footnotes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements of the period in which the change occurs.

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**XIX. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS**

Obligations related to employment termination and vacation rights are accounted for in accordance with "Employee Rights Standard" ("TAS 19") and are classified under "Reserve for Employee Rights" account in the balance sheet. Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The Group allocates provision for retirement and termination liabilities by estimating the net present value of future payments arising from the retirement of employees and reflects this provision amount in the financial statements. For employee termination benefit provision calculation, future liability amounts are calculated and yearly discount rate is 2,44% (31 December 2023: 2,44%).

As of 31 March 2024, actuarial loss amounted to TL 190.059 (31 December 2023: TL 184.595 loss) is recognized under other profit reserves in the financial statements.

All actuarial gains and losses are recognized under equity in accordance with TAS 19.

**XX. EXPLANATIONS ON TAXATION**

**a) Current Tax:**

In accordance with Article 32 of the Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205, the corporate tax rate was determined as 20%. Pursuant to the amendment made in the Corporate Tax Law with the Law No. 7394, which was published in the Official Gazette dated 15 April 2022 and numbered 31810; The corporate tax rate has been permanently increased to 25% for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. With the Law No. 7456, which was published in the Official Gazette dated 15 July 2023 and numbered 32249, the said rate was determined as 30% for the same companies. It is stipulated that the aforementioned regulation will be applied, starting from the declarations that must be submitted as of 1 October 2023, and to be valid for the corporate earnings for the taxation period starting from 1 January 2023. Accordingly, the current tax provision is calculated at a tax rate of 30% for corporate profits for the tax period of 2023 and beyond. The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations and deducting the exemptions in the tax laws (such as the subsidiary earnings exception). No further tax is paid if the profit is not distributed.

There is no withholding tax on profit shares (dividends) paid to institutions that generate income through a workplace or permanent representative in Turkey and to institutions residing in Turkey. Dividend payments other than those made to non-resident companies that generate income through a workplace or their permanent representative in Turkey and to companies residing in Turkey are subject to 10% withholding tax. In the application of the withholding tax rates for profit distributions to limited taxpayer institutions and real persons, the practices included in the relevant "Double Taxation Avoidance Agreements" are also taken into consideration. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

In accordance with the provision of Article 298/A of the Tax Procedure Law, the conditions required for inflation adjustment in corporate tax calculations are met as of the end of the 2021 calendar year. However, the regulation made by Law No. 7352 dated 20 January 2022, defers the application of inflation adjustment in corporate tax calculations to 2023. Accordingly, it is stipulated that financial statements for the 2022 and 2023 accounting periods, including the provisional tax periods, shall not be subject to inflation adjustment, and financial statements dated 31 March 2024, shall be subject to inflation adjustment regardless of whether the conditions for inflation adjustment have been met, and the profit/loss differences arising from inflation adjustment shall be shown in the profit/loss account of previous years without affecting the corporate tax base.

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**XX. EXPLANATIONS ON TAXATION (Continued)**

**a) Current Tax (Continued):**

Provisional taxes are paid by calculating at the corporate tax rate to which the earnings of that year are subject. Provisional taxes paid during the year can be deducted from the corporate tax calculated on the annual corporate tax return of that year. Corporate tax returns are submitted to the relevant tax office until the evening of the last day of the fourth month following the month in which the accounting period is closed.

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the corporate income for the period, provided that it does not exceed 5 years. However, financial losses cannot be deducted from previous financial year profits.

**b) Deferred Tax Assets / Liabilities:**

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with “Income Taxes Standard” (“TAS 12”) and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. Deferred tax assets and liabilities are presented as net in the financial statements in accordance with TAS 12.

Pursuant to the amendment made in the Corporate Tax Law with the Law No. 7394; The corporate tax rate for banks and various other corporations has been increased to 25%. The new rate, which was determined as 30% by Law No. 7456, which was published in the Official Gazette dated 15 July 2023 and numbered 32249, will be applied starting from the declarations that must be submitted as of 1 October 2023. Therefore, as of 31 March 2024, the Group has calculated a 30% deferred tax on all its assets and liabilities.

Deferred tax assets and liabilities are reflected in the financial statements by netting. Net deferred tax asset resulting from offsetting is shown in the balance sheet as deferred tax asset and net deferred tax liability is shown as deferred tax liability. As of 31 March 2024, the Group has recognized deferred tax receivable amounting to TL 595.229 as an asset (31 December 2023: The Group has recognized a deferred tax receivable amounting to TL 489.382 as an asset).

Various operations and calculations with unascertained effects on final tax amount occur during standard workflow, and these require important judgement in determining income tax provision. The Parent Bank records tax liabilities caused by projections of additional taxes to be paid as a result of tax related incidents. In cases, which final tax results based on these incidents differ from initially recorded amounts, differences may affect income tax and deferred tax assets of the period they are recognized.

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**XX. EXPLANATIONS ON TAXATION (Continued)**

**c) Transfer Pricing:**

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “disguised profit distribution” by way of transfer pricing. “The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing” published at 18 November 2007, explains the application related issues on this topic. According to this communiqué, the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. As stated in the “7.1 Annual Documentation” section of this communiqué, the taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization” form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices. Group has filled out the related form and presented it to the tax office.

**XXI. EXPLANATIONS ON BORROWINGS**

The funds borrowed are recorded at their costs and discounted by using the effective interest rate method. In the consolidated financial statements enclosed, foreign currency borrowings are translated according to the Parent Bank’s period end exchange rate. Interest expenses of the current period regarding the borrowing amounts are recognized in the financial statements. Also, the Group provides resources through the bond issue. As of 31 March 2024 and 31 December 2023, the Group has no convertible bonds.

**XXII. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES**

As of 31 March 2024 and 31 December 2023, the Group has no issued share certificates.

**XXIII. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES**

Avalized drafts and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts, if any.

**XXIV. EXPLANATIONS ON GOVERNMENT INCENTIVES**

As of 31 March 2024 and 31 December 2023, the Group has no government incentives.

**XXV. EXPLANATIONS ON OPERATING SEGMENTS**

Segment reporting is presented in Note XII of Section Four.

**XXVI. PROFIT RESERVES AND PROFIT DISTRIBUTION**

Retained earnings as per the statutory consolidated financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code (“TCC”), the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserves is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However, holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

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**XXVII. EARNINGS/LOSS PER SHARE**

Earnings per share disclosed in the statement of profit or loss are calculated by dividing net earnings/ (loss) for the year to the number of shares.

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 March 2023</b>
Net Earnings/(Loss) for the Period	970.018	683.033
Number of Shares	65.229.000.000	65.229.000.000
<b>Earnings/(Loss) per Share (*)</b>	<b>0,014871</b>	<b>0,010471</b>

(\*) Amounts are expressed in full TL.

**XXVIII. CASH AND CASH EQUIVALENTS**

For the purposes of the cash flow statement cash includes cash on hand, cash in transit, purchased bank cheques and demand deposits including balances with the Central Bank of the Republic of Turkey; and cash equivalents include interbank money market placements, reserve deposit average accounts, time deposits at banks and investments at marketable securities with original maturity periods of less than three months.

**XXIX. RELATED PARTIES**

Parties stated in the article no. 49 of the Banking Law No. 5411, Group’s senior management, and board members are deemed as related parties. Transactions with related parties are presented in Note VII of Section Five.

**XXX. RECLASSIFICATIONS**

None.

**XXXI. OTHER MATTERS**

None.

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**SECTION FOUR**

**EXPLANATIONS RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT**

**I. EXPLANATIONS RELATED TO COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY**

Equity and Capital Adequacy Standard Ratio is calculated in accordance with “Communiqué on Measurement and Assessment of Capital Adequacy of Banks” and “Communiqué on Equities of Banks”. As of 31 March 2024, equity of the Group and the Parent Bank is amounting to TL 17.641.800 and TL 17.369.893 respectively, and capital adequacy ratio is 20,82% and 19,32% respectively. As of 31 December 2023 equity of the Group and the Parent Bank is amounting to TL 16.254.124 and TL 15.924.613 respectively and the capital adequacy ratio was 24,67% and 24,41% respectively. Capital adequacy ratio of the Group is higher than the minimum rate required by the related regulation.

**a) Information about consolidated shareholders’ equity items:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	652.290	652.290
Share Premium	-	-
Reserves	11.262.756	6.958.648
Other Comprehensive Income according to TAS	77.676	131.783
Profit	970.018	4.304.108
Current Period Profit	970.018	4.304.108
Prior Period Profit	-	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	-
Minorities' Share	-	-
<b>Common Equity Tier I Capital Before Deductions</b>	<b>12.962.740</b>	<b>12.046.829</b>
<b>Deductions From Common Equity Tier I 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	190.059	184.595
Leasehold Improvements on Operational Leases	37.992	40.010
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	409.478	424.681
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
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	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank owns more than 10% of the issued share capital (amount above 10% threshold)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to second paragraph of the provisional article 2 in the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank owns more than 10% of the issued common share capital of the entity	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>637.529</b>	<b>649.286</b>
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	-	-
<b>Total Common Equity Tier I Capital</b>	<b>12.325.211</b>	<b>11.397.543</b>

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**I. EXPLANATIONS RELATED TO COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)**

	Current Period 31 March 2024	Prior Period 31 December 2023
<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	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Third parties’ share in the Additional Tier I capital	-	-
Third parties’ share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
<b>Additional Tier I Capital before Deductions</b>	-	-
<b>Deductions from Additional Tier I Capital</b>		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank’s Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued Share Capital (amount above 10% threshold)	-	-
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>Total Additional Tier I Capital</b>	-	-
<b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>	<b>12.325.211</b>	<b>11.397.543</b>
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4.538.569	4.255.901
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Third parties’ share in the Additional Tier II capital	-	-
Third parties’ share in the Additional Tier II capital (Covered by Temporary Article 3)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	781.060	605.221
<b>Total Deductions from Tier II Capital</b>	<b>5.319.629</b>	<b>4.861.122</b>
<b>Deductions from Tier II Capital</b>		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank’s Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
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 Common Equity Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	463	1.071
<b>Total Deductions from Tier II Capital</b>	<b>463</b>	<b>1.071</b>
<b>Total Tier II Capital</b>	<b>5.319.166</b>	<b>4.860.051</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>17.644.377</b>	<b>16.257.594</b>
<b>Amounts Deducted from Equity</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law	12	-
Net Book Values of Movables and Immovables 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	2.565	3.470
Other items to be Defined by the BRSA	-	-
<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 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	-	-

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**I. EXPLANATIONS RELATED TO COMPONENTS OF CONSOLIDATED SHAREHOLDERS’  
EQUITY (Continued)**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
<b>CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	17.641.800	16.254.124
Total Risk Weighted Assets	84.723.713	65.880.380
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated CET1 Capital Ratio (%)	14,55	17,30
Consolidated Tier I Capital Ratio (%)	14,55	17,30
Consolidated Capital Adequacy Ratio (%)	20,82	24,67
<b>BUFFERS</b>		
Total Additional Core Capital Requirement Ratio (a+b+c)	2,59	2,56
a) Capital Conservation Buffer Ratio (%)	2,59	2,50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,09	0,06
c) Systemic significant Bank Buffer Ratio (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital conservation and countercyclical Capital buffers to Risk weighted Assets (%)	5,96	8,75
<b>Amounts Lower Than Excesses as per the 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	-	-
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	-	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General provisions for standard based receivables (before ten thousand twenty five limitation)	1.932.023	1.821.271
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	781.060	605.221
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018 - 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

Within the scope of the regulations of the Banking Regulation and Supervision Agency dated 28 April 2022 and 21 December 2021, the amount subject to credit risk is allowed to be calculated with the Central Bank's foreign exchange buying rates as of 31 December 2023, and in case the net valuation differences of the securities whose fair value difference is reflected in other comprehensive income are negative, it is allowed that these differences are not taken into account in the amount of equity to be used for the capital adequacy ratio.



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**I. EXPLANATIONS RELATED TO COMPONENTS OF CONSOLIDATED SHAREHOLDERS’  
EQUITY (Continued)**

**b) Items included in consolidated capital calculation:**

<b>Information about instruments that will be included in total capital calculation: Details on Subordinated Liabilities:</b>	
Issuer	HSBC HOLDINGS PLC
Identifier(s) (CUSIP, ISIN vb.)	Subordinated Loans
Governing law (s) of the instrument	BRSA
<b>Regulatory treatment</b>	
Subject to 10% deduction as of 1/1/2015	Not Deducted
Eligible on unconsolidated and /or consolidated basis	Eligible
Instrument type	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	4.539
Nominal value of instrument	4.539
Accounting classification of the instrument	Liability –Subordinated Loan
Issuance date of instrument	28.04.2021
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	10 years
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	According to written approval of the BRSA, it can be fully repaid in the 5th year of the loan.
Subsequent call dates, if applicable	None
<b>Coupon/dividend payment</b>	
Fixed or floating coupon/dividend payments	Floating
Coupon rate and any related index	EURIBOR + 6,99%
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
<b>Convertible or non-convertible into equity shares</b>	
If convertible, conversion trigger (s)	In case of the possibility of cancelling the Parent Bank’s operational permit or transferring to the Fund; The principal amount and interest payment liabilities of the loan may be terminated in whole or in part in accordance with the decision of the Board in this direction or it may be converted into capital by complying with the required legislation.
If convertible, fully or partially	Fully convertible
If convertible, conversion rate	The conversion rate / value shall be calculated based on the market data in the case of the exercise of the right
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
<b>Write-down feature</b>	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation ( instrument type immediately senior to the instrument )	After borrowing, before additional capital, same as other contribution capital
Whether the conditions set forth in Articles 7 and 8 of the Regulation on Banks’ Equity are met or not	In compliance with the requirements of Article 7 and 8 of “Regulation on Equity of Banks”
Which of the conditions set forth in Articles 7 and 8 of the Regulation on Banks’ Equity are not met	In compliance with the requirements of Article 7 and 8 of “Regulation on Equity of Banks”

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**I. EXPLANATIONS RELATED TO COMPONENTS OF CONSOLIDATED SHAREHOLDERS’  
EQUITY (Continued)**

**c) Approaches for assessment of adequacy of internal capital requirements for current and future activities:**

The Group’s assessment process of adequacy of internal capital requirements and capital adequacy policies was prepared in order to describe the assessment process of adequacy of internal capital requirements and capital adequacy policies, and approved by its board of directors in 27 February 2017. The ultimate aim of this internal capital requirements process is to maintain the continuity of capital adequacy under the Parent Bank’s strategies, business plan, and scope or in case of changes in developed assumption and methodology, the assessment methodology of internal capital requirements is a developing process, accordingly, the future improvement areas are determined and the working plans are set.

With this evaluation process, on a prospective basis ensuring the continuity of the legal minimum limits of capital, keeping capital adequately to support the Parent Bank’s targeted risk profile and ensuring the maintenance of capital adequately as well as the process of compliance with laws and regulations.

**d) Explanations on reconciliation of capital items with balance sheet amounts:**

The difference between “Total Capital” and “Equity” in the consolidated balance sheet mainly arises from the general provision and subordinated-debts. In the calculation of “Total Capital”, general provision up to 1,25% credit risk is taken into consideration as Tier II Capital. Besides, losses that are subject to deductions from Common Equity Tier I and reflected to Equity in line with the TFRS, are determined by excluding the losses related to cash flow hedge transactions. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from “Total Capital”.

**II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK**

Not disclosed in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

**III. EXPLANATIONS ON CONSOLIDATED COUNTER CYCLICAL CAPITAL BUFFER RATIO  
CALCULATION**

Not disclosed in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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**IV. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK**

**a) Exposed risk of foreign currency, estimations on the effects of this matter, limits for the daily followed positions are determined by the Board of Directors:**

Currency risk refers to the probability of loss that banks may be exposed to due to changes in exchange rates. The Bank manages the currency risk in accordance with the “Regulation on Calculation and Application of the Foreign Currency Net General Position / Equity Standard Ratio by Banks on Consolidated and Unconsolidated Basis” and the Board Decision taken in accordance with the mentioned regulation, dated 26 December 2022 and numbered 10458.

In foreign currency risk management, the Group makes tiny distinctions and generally attentive to not taking short position when organizing the currency risk. In organizing foreign currency positions, the Group acts in accordance with both the legal limitations and the limitations determined by the Board of the Directors.

**b) Management policy for foreign currency risk:**

Policy of the foreign currency risk management is explained in the first article.

**c) Current foreign exchange bid rates of the Parent Bank for the last five business days prior to the financial statement date:**

The Parent Bank’s foreign exchange bid rates for US Dollar, and Euro as of the date of the financial statements and for the last five days prior to that date are presented below:

<b>Current Period – 31 March 2024</b>	<b>USD (\$)</b>	<b>Euro (€)</b>
<b>Balance Sheet Date</b>		
Bank Evaluation Rate	32,3230	34,9121
<b>Prior Balance Sheet Date</b>		
29 March 2024	32,3230	34,9121
28 March 2024	32,3230	34,9121
27 March 2024	32,2722	34,9185
26 March 2024	32,1876	34,8945
25 March 2024	32,1515	34,8297
<b>Prior Period – 31 December 2023</b>	<b>USD (\$)</b>	<b>Euro (€)</b>
<b>Balance Sheet Date</b>		
Bank Evaluation Rate	29,5600	32,7377
<b>Prior Balance Sheet Date</b>		
29 December 2023	29,5600	32,7377
28 December 2023	29,4401	32,7108
27 December 2023	29,3804	32,6386
26 December 2023	29,2251	32,2178
25 December 2023	29,2251	32,2178

**d. The simple arithmetic average of the Group’s foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies:**

As of March 2024, the Bank’s simple arithmetic average foreign exchange rate for USD is TL 32,0187 (December 2023: TL 29,1189) and exchange rate for Euro is TL 34,7916 (December 2023: TL 31,8032).

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**IV. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued)**

**e. Information related to Group’s currency risk:**

<b>Current Period -31 March 2024</b>	<b>Euro</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	4.640.426	7.209.859	3.513.490	15.363.775
Banks	484	1.357.595	39.992	1.398.071
Financial Assets at Fair Value through Profit or Loss (Net)	349.261	705.470	-	1.054.731
Interbank Money Market Placements	-	17.330.095	-	17.330.095
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Loans	22.105.428	11.869.383	-	33.974.811
Investments in Associates, Subsidiaries and Joint Ventures (Business Partners)	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets	4.332	81.351	47	85.730
<b>Total Assets</b>	<b>27.099.931</b>	<b>38.553.753</b>	<b>3.553.529</b>	<b>69.207.213</b>
<b>Liabilities</b>				
Bank Deposits	127.983	87	39.693	167.763
Foreign Currency Deposits	15.617.905	28.714.812	17.016.231	61.348.948
Funds from Interbank Money Market	-	-	-	-
Fund Borrowed	5.917.887	4.271.846	-	10.189.733
Marketable Securities Issued (Net)	-	-	-	-
Miscellaneous Payables	73.747	1.727.413	71.951	1.873.111
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	324.171	844.114	215.541	1.383.826
<b>Total Liabilities</b>	<b>22.061.693</b>	<b>35.558.272</b>	<b>17.343.416</b>	<b>74.963.381</b>
<b>Net On Balance Sheet Position</b>	<b>5.038.238</b>	<b>2.995.481</b>	<b>(13.789.887)</b>	<b>(5.756.168)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(4.998.779)</b>	<b>(3.439.778)</b>	<b>14.155.880</b>	<b>5.717.323</b>
Financial Derivative Assets	40.388.852	71.492.096	21.679.157	133.560.105
Financial Derivative Liabilities	45.387.631	74.931.874	7.523.277	127.842.782
Non-cash Loans	8.917.677	10.809.281	3.607.569	23.334.527
<b>Prior Period - 31 December 2023</b>				
Total Assets	23.573.266	30.053.063	2.470.142	56.096.471
Total Liabilities	16.591.982	31.324.796	12.773.032	60.689.810
<b>Net on-Balance Sheet Position</b>	<b>6.981.284</b>	<b>(1.271.733)</b>	<b>(10.302.890)</b>	<b>(4.593.339)</b>
<b>Net off-Balance Sheet Position</b>	<b>(6.886.510)</b>	<b>1.286.169</b>	<b>10.282.299</b>	<b>4.681.958</b>
Financial Derivative Assets	41.470.564	68.990.944	17.095.867	127.557.375
Financial Derivative Liabilities	48.357.074	67.704.775	6.813.568	122.875.417
Non-cash Loans	7.919.203	11.762.705	3.356.279	23.038.187

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**V. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK**

There is a short-term interest sensitivity gap at the balance sheet of the Parent Bank due to a structural risk of the banking sector; obligation of funding of long-term assets with short-term deposits. Derivative financial instruments are used to mitigate possible interest rate risk of interest sensitive assets and liabilities. Interest rate futures and interest rate swap transactions are performed to reduce the balance sheet and off-balance sheet interest rate risk.

The Parent Bank managed interest rate and prepayment risks of mortgages and other long-term loans with derivative financial instruments efficiently taking into consideration cost-benefit analysis and reduced the risk against to the fluctuations in global and local markets.

**a) Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates):**

<b>Current Period – 31 March 2024</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non – Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(*)</sup>	18.384.499	-	-	-	-	5.671.799	24.056.298
Banks <sup>(*)</sup>	13.198.435	-	-	-	-	40.974	13.239.409
Financial Assets at Fair Value Through Profit or Loss (Net) <sup>(**)</sup>	848.027	1.074.396	928.989	5.319.759	408.971	5.742	8.585.884
Interbank Money Market Placements <sup>(*)</sup>	30.403.079	-	-	-	-	-	30.403.079
Financial Assets at Fair Value Through Other Comprehensive Income	4.090.185	2.904.242	1.195.716	2.464.975	1.779.677	-	12.434.795
Loans	10.067.087	11.948.310	31.958.596	71.426	634.444	39.753	54.719.616
Financial Assets Measured at Amortized Cost <sup>(****)</sup>	-	-	-	1.084.677	2.403.979	-	3.488.656
Other Assets	1.663	-	77	40.806	-	2.917.994	2.960.540
<b>Total Assets</b>	<b>76.992.975</b>	<b>15.926.948</b>	<b>34.083.378</b>	<b>8.981.643</b>	<b>5.227.071</b>	<b>8.676.262</b>	<b>149.888.277</b>
<b>Liabilities</b>							
Bank Deposits	1.425.391	-	-	-	-	285.144	1.710.535
Other Deposits	37.660.522	14.908.832	5.450.046	5.625	-	50.134.514	108.159.539
Funds from Interbank Money Market	5.238.637	-	-	-	-	-	5.238.637
Miscellaneous Payables	-	-	-	-	-	4.179.244	4.179.244
Marketable Securities Issued (Net)	-	-	-	-	-	-	-
Funds Borrowed	7.444.484	2.536.186	-	-	-	214.213	10.194.883
Other Liabilities <sup>(***) (****)</sup>	425.058	379.309	1.460.091	5.146.008	89	12.994.884	20.405.439
<b>Total Liabilities</b>	<b>52.194.092</b>	<b>17.824.327</b>	<b>6.910.137</b>	<b>5.151.633</b>	<b>89</b>	<b>67.807.999</b>	<b>149.888.277</b>
Balance Sheet Long Position	24.798.883	-	27.173.241	3.830.010	5.226.982	-	61.029.116
Balance Sheet Short Position	-	(1.897.379)	-	-	-	(59.131.737)	(61.029.116)
Off-Balance Sheet Long Position	241.117	334	979.373	2.471	-	-	1.223.295
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>25.040.000</b>	<b>(1.897.045)</b>	<b>28.152.614</b>	<b>3.832.481</b>	<b>5.226.982</b>	<b>(59.131.737)</b>	<b>1.223.295</b>

<sup>(\*)</sup> Cash Assets, (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) Receivables from the CBRT, Banks and Money Markets items include the expected loss provision balance amounting to TL 13.225.

<sup>(\*\*)</sup> Derivative Financial Assets are shown in “Financial Assets at Fair Value Through Profit/Loss” and Derivative Financial Liabilities are shown in “Other Liabilities”.

<sup>(\*\*\*)</sup> Equity is shown in the “Non-interest” column in “Other Liabilities”.

<sup>(\*\*\*\*)</sup> Financial Assets Valued at Amortized Cost Includes expected loss provisions balance amounting to TL 7.084.

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**V. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)**

<b>Prior Period – 31 December 2023</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non – Interest Bearing</b>	<b>Total</b>
<b>Assets</b>							
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(*)</sup>	10.928.572	-	-	-	-	12.370.191	23.298.763
Banks <sup>(*)</sup>	11.450.829	-	-	-	-	31.528	11.482.357
Financial Assets at Fair Value Through Profit or Loss (Net) <sup>(**)</sup>	667.979	1.579.113	664.708	4.946.197	111.679	5.742	7.975.418
Interbank Money Market Placements <sup>(*)</sup>	37.341.131	-	-	-	-	-	37.341.131
Financial Assets at Fair Value Through Other Comprehensive Income	2.898.626	3.543.811	-	423.138	1.108.339	-	7.973.914
Loans	10.164.139	11.412.667	22.956.637	668.734	620.418	41.840	45.864.435
Financial Assets Measured at Amortized Cost <sup>(***)</sup>	-	-	-	1.092.757	2.332.339	-	3.425.096
Other Assets	1.966	-	131	42.354	-	2.878.989	2.923.440
<b>Total Assets</b>	<b>73.453.242</b>	<b>16.535.591</b>	<b>23.621.476</b>	<b>7.173.180</b>	<b>4.172.775</b>	<b>15.328.290</b>	<b>140.284.554</b>
<b>Liabilities</b>							
Bank Deposits	1.183.746	-	-	-	-	283.980	1.467.726
Other Deposits	35.743.015	22.536.412	6.438.211	31.331	-	42.207.443	106.956.412
Funds from Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	3.121.506	3.121.506
Marketable Securities Issued (Net)	-	-	-	-	-	-	-
Funds Borrowed	5.678.682	2.348.258	1.210.261	-	-	49.908	9.287.109
Other Liabilities <sup>(***)</sup>	507.770	797.775	1.537.788	4.509.486	819	12.098.163	19.451.801
<b>Total Liabilities</b>	<b>43.113.213</b>	<b>25.682.445</b>	<b>9.186.260</b>	<b>4.540.817</b>	<b>819</b>	<b>57.761.000</b>	<b>140.284.554</b>
Balance Sheet Long Position	30.340.029	-	14.435.216	2.632.363	4.171.956	-	51.579.564
Balance Sheet Short Position	-	(9.146.854)	-	-	-	(42.432.710)	(51.579.564)
Off-Balance Sheet Long Position	-	43.683	895.115	72.365	-	-	1.011.163
Off-Balance Sheet Short Position	(42.811)	-	-	-	-	-	(42.811)
<b>Total Position</b>	<b>30.297.218</b>	<b>(9.103.171)</b>	<b>15.330.331</b>	<b>2.704.728</b>	<b>4.171.956</b>	<b>(42.432.710)</b>	<b>968.352</b>

(\*) Cash Equivalents, (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) Items Receivable from CBRT, Banks and Money Markets include the expected loss provision balance amounting to TL 9.982.

(\*\*) Derivative Financial Assets are shown in “Financial Assets at Fair Value Through Profit/Loss” and Derivative Financial Liabilities are shown in “Other Liabilities”.

(\*\*\*) Equity is shown in the “Non-interest” column in “Other Liabilities”.

(\*\*\*\*) Financial assets measured at amortized cost include an expected loss provision balance of 7.334 TL.

**b) Effective average interest rates for monetary financial instruments:**

<b>Current Period – 31 March 2024</b>	<b>Euro</b>	<b>USD</b>	<b>Yen</b>	<b>TL</b>
<b>Assets</b>				
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	4,75	4,75	-	24,73
Banks	-	5,33	-	49,05
Financial Assets at Fair Value Through Profit or Loss (Net)	5,78	7,64	-	45,95
Interbank Money Market Placements	-	5,32	-	52,08
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	39,87
Loans	8,58	9,12	-	52,60
Financial Assets Measured at Amortized Cost	-	-	-	12,78
<b>Liabilities</b>				
Bank Deposits	-	-	-	43,84
Other Deposits	2,06	2,96	-	36,82
Funds From Interbank Money Market	-	-	-	50,00
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-
Funds Provided from Other Financial Institutions	10,27	8,14	-	-

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**V. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)**

**b) Effective average interest rates for monetary financial instruments (Continued):**

Prior Period – 31 December 2023	Euro	USD	Yen	TL
<b>Assets</b>				
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	42,18
Banks	-	5,20	-	43,83
Financial Assets at Fair Value Through Profit or Loss (Net)	4,76	7,39	-	35,38
Interbank Money Market Placements	-	5,18	-	42,87
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	42,61
Loans	9,20	9,91	-	49,60
Financial Assets Measured at Amortized Cost	-	-	-	12,78
<b>Liabilities</b>				
Bank Deposits	-	-	-	37,32
Other Deposits	0,51	1,71	-	33,44
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-
Funds Provided from Other Financial Institutions	10,31	8,15	-	-

**VI. EXPLANATIONS ON CONSOLIDATED POSITION RISK OF EQUITY SECURITIES IN BANKING BOOK**

**Position risk of equity securities in banking book:**

As of 31 March 2024, the Bank has no financial assets that would cause a significant effect on its equity securities position (31 December 2023: None).

**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE AND NET STABLE FUNDING RATIO**

**Information about the liquidity risk management including factors such as risk capacity of the Parent Bank, responsibilities and the structure of liquidity risk management, reporting of the liquidity risk within the Parent Bank and providing communication with Board of Directors and line of businesses in terms of liquidity risk strategy, policy and applications:**

The Parent Bank has adopted principle of funding the liquidity and funding management of the Parent Bank with stable funding instruments. Funds required must be available even under stressed conditions particular to the Bank and the Market.

The Balance Sheet Management, which is associated to the treasury function, and the management of liquidity manage the Parent Bank’s short-term liquidity and funding risks of the banking portfolio is conducted by Assets and Liabilities and Capital Management Unit (ALCM) operating under Finance department, within the framework of risk policies and risk appetite approved by Board of Directors. Board of Directors determines risk appetite and internal risk limits of liquidity. In terms of the approving risk appetite, inherent liquidity limits, and considering Bank's strategy and market conditions, Assets and Liabilities Committee (ALCO) is the decision making body regarding balance sheet management, identification and efficiency of funding sources, and determination of potential risks. The Asset-Liability Management Committee is responsible for preparing middle and long-term liquidity strategies.

Strategic funding plan forms up the primary basis of the liquidity and funding risk management, updated at least in annual basis and formed up within the scope of risk appetite. According to the strategic funding plan approved by ALCO, actions are considered in order to provide the most cost-efficient, diversified and stable funding resources in terms of maturity, currency and funding resource to monitor and evaluate balance sheet movements and projections and the current status of the balance sheet by ALCM.

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**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE AND NET STABLE FUNDING RATIO (Continued)**

In addition, current and planned liquidity positions of Parent Bank is tracked at tactical ALCO meetings with the participation of business representatives at least on weekly basis and business line representatives are informed if necessary actions are to be taken. The aim of these meetings is to ensure prevention of negative net cash flow of the bank liquidity and prevention exceeding limits by comparing the current situation regarding to the balance sheet structure of business line with the approved limit usage of strategic funding plans and liquidity.

**Information regarding functioning of liquidity management and the extent of centralization in funding strategy amid the Parent Bank and its subsidiaries:**

All subsidiaries of the controlling shareholder of the Parent Bank plan and manage their liquidity within the limits of their risk appetite and internal limits.

**The information about the Parent Bank’s funding strategy including policies on diversification of its sources and tenor of funding:**

The Parent Bank's liquidity and funding management adopts the principle that illiquid assets are funded with stable funding instruments and that the required funds are always available, and stable funding instruments consist of stable deposits and long-term borrowing instruments. In this context, liquidity and funding management is primarily based on the stability of the Parent Bank's deposit base and considers the total stable deposits as the basic measure. As the deposits of retail banking customers in the deposit base are more stable and cost-effective than other business lines, they are essential in terms of funding management. In addition, other medium and long-term debt instruments are also used in order to diversify and balance the funding base in terms of maturity, currency, fund source and cost, as deposits have a shorter average maturity compared to the assets.

**Information on liquidity management based on currency, which consists of a minimum of 5% of the Parent Bank’s total liabilities:**

Almost all of the Parent Bank's total liabilities mainly consist of Turkish Lira, US Dollar, Euro and Gold currencies. Liabilities in Turkish lira generally consist of deposits, repo and equity, while liabilities in FX consist of foreign currency deposits and other foreign currency borrowing instruments.

Consolidated liquidity measurement of the Parent Bank’s total liquidity and selected currencies for short and long terms is planned within the context of strategic funding plan. The FC and total internal risk limits approvals of Board of Directors is available.

**Information on liquidity risk mitigation techniques:**

Internal liquidity limits above legal limits and liquidity buffer are used in order to lower liquidity risk. Funding resources are diversified as much as possible by planning cash inflows and outflows within the context of strategic funding plan. Therefore, effective management of concentrations is ensured in terms of maturity, currency and funding resources. The Parent Bank also uses derivative transactions in order to lower liquidity risks.

**Explanation of the usage of stress test:**

Along with the legal liquidity risk calculations and restrictions, in terms of liquidity management, stress tests and scenario analyses are performed in accordance with the international liquidity management policies of HSBC. In these scenarios, liquidity crisis scenarios of the Parent Bank and macro liquidity crisis scenarios are evaluated and triggering factors of liquidity risk and early warning signals are tracked. Analyses and results of the liquidity risk are tracked in tactical ALCO meetings weekly and in ALCO-Market Risk Committees monthly.



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**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE AND NET STABLE FUNDING RATIO (Continued)**

**General information on liquidity emergency and contingency plans:**

Liquidity Emergency and Contingency Plan is approved by the Board of Directors and ALCO and renewed on yearly basis. The plan contains detailed analyses and information about the actions to be taken in crisis management and employees responsible for the process, liquidity Access resources, liquidity situation of the Parent Bank, early warning indicators within graded liquidity crisis scenarios.

Due to the financial uncertainty that occurred with the pandemic, market variables and liquidity movements are monitored daily and reported to the top management. The Parent Bank’s funding sources are substantially formed of customer deposits and the need for funding to be provided from interbank markets is at a minimum. Within the scope of the stress tests shared with the top management, deposit outflows and possible late payment, restructuring or deferral requests for loans subject to reporting in LCR, possible potential usage requests in revocable and irrevocable commitments given to customers were considered, without providing any new funds from the market. In this context, it has been measured for how long they could afford the cumulative cash outflows. As a result of the scenarios, there is no foreseeable risk for LCR or net liquid position.

**a) Liquidity coverage rate:**

**The change in matters that impact liquidity coverage rate and units that are used for the calculation of the ratio:**

The liquidity coverage ratio is calculated by dividing the high-quality liquid assets of the Parent Bank to the net cash outflows that will occur in one month. Due to their high share in liquid assets and net cash outflows in terms of amount and their high rate of consideration, the important items that affect the liquidity coverage ratio result are required reserves held at the CBRT, reverse repo transactions, securities that are not subject to repo/collateral for the purpose of providing liquidity, corporate and bank deposits that can generate high cash outflows, borrowings due and receivables from banks. The liquidity coverage ratio may fluctuate periodically in the following situations;

- Transfer of the short-term liquidity to Money markets instead of debt instruments issued by CBRT based on market conditions
- Fluctuations of bank and corporate deposits that are highly considered in fund resources
- Fluctuations that may occur due to the aging of borrowings
- Less than 1 month remaining maturity of cash inflows/outflows resulted specifically from FC derivative transactions

**Explanation regarding the components of high-quality liquid assets:**

High quality liquid assets consists of cash, effective depot, cheques purchased, time and demand deposit by CBRT, reverse repurchase transactions and securities that are not subject to repurchase/collateral for providing liquidity.

**Components density of fund resources in all funds:**

The Parent Bank’s funding sources are consisted of real person and retail deposit, corporate bank deposits, repurchase agreements and borrowings. Deposits that are used for funding consist 73% of total liabilities.

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**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE AND NET STABLE FUNDING RATIO (Continued)**

**Information about cash outflows resulted from derivative transactions and transactions that are likely to be collateralized:**

Cash outflows resulted from derivative transactions are taken into account of liquidity coverage rate calculation by considering TL and FC net cash flows with 30-days maturity. Net cash flows resulted from derivative transactions have minimal effect on total liquidity coverage rate. However, as a result of shifts in derivative volumes due to FC derivatives used in the management of cash flows and incoming maturities of derivative transactions, periodic fluctuations on FC liquidity coverage rate may occur.

**Concentration limits of collaterals in terms of fund resources based on counterparty and products:**

Within the context of strategic funding plan, cash inflows and outflows are planned and effective management of concentration of fund resources in terms of maturity, currency and fund resource is projected. In the context, customer-based deposit concentrations, limits and usages set up for the counterparties in non-deposit borrowings and maturity-based distribution of borrowings are tracked and reported to ALCO every month periodically.

Current Period – 31.03.2024	Total value to which the consideration ratio is not applied <sup>(*)</sup>		Total value to which the consideration ratio is applied <sup>(*)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			71.019.529	33.741.270
<b>Cash Outflows</b>			-	-
Retail and customer deposits	76.038.586	41.893.757	7.478.016	4.189.376
Stable deposits	2.516.845	-	125.842	-
Less stable deposits	73.521.741	41.893.757	7.352.174	4.189.376
Unsecured funding other than retail and small business customers deposits	36.355.752	15.243.161	17.662.588	6.671.160
Operational deposits	-	-	-	-
Non-Operational deposits	33.797.804	15.060.925	15.104.641	6.488.924
Other unsecured funding	2.557.948	182.236	2.557.947	182.236
Secured funding	-	-	-	-
Other cash outflows	2.285.368	5.062.508	2.285.368	5.062.508
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.285.368	5.062.508	2.285.368	5.062.508
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	29.822.555	21.484.217	3.498.642	2.870.247
Other irrevocable or conditionally revocable commitments	-	-	-	-
<b>TOTAL CASH OUTFLOWS</b>			<b>30.924.614</b>	<b>18.793.291</b>
<b>Cash Inflows</b>				
Secured lending transactions	-	-	-	-
Unsecured lending transactions	11.770.091	4.071.634	10.002.135	2.968.890
Other cash inflows	155.493	8.710.961	155.493	8.710.961
<b>TOTAL CASH INFLOWS</b>	<b>11.925.584</b>	<b>12.782.595</b>	<b>10.157.628</b>	<b>11.679.851</b>
			Values to which the upper limit is applied	
<b>TOTAL HQLA STOCK</b>	-	-	<b>71.019.529</b>	<b>33.741.270</b>
<b>TOTAL NET CASH OUTFLOWS</b>	-	-	<b>20.766.986</b>	<b>7.113.440</b>
<b>LIQUIDITY COVERAGE RATIO(%)</b>	-	-	<b>341,98</b>	<b>474,33</b>

<sup>(\*)</sup> Simple arithmetic average for last 3 months is calculated for items of the table, which are calculated by weekly simple arithmetic averages

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**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE AND NET STABLE FUNDING RATIO (Continued)**

Table below represents lowest, highest and average liquidity coverage rates for the last three months.

	Current Period – 31.03.2024			
	TL+FC		FC	
<b>Highest (%)</b>	<b>566,65</b>		<b>835,58</b>	
<b>Date</b>	8.01.2024		19.01.2024	
<b>Lowest (%)</b>	<b>233,71</b>		<b>251,47</b>	
<b>Date</b>	28.02.2024		10.01.2024	
<b>Average (%)</b>	<b>341,98</b>		<b>474,33</b>	
	Total value to which the consideration ratio is not applied (*)		Total value to which the consideration ratio is applied (*)	
<b>Prior Period – 31.12.2023</b>	<b>TL+FC</b>	<b>FC</b>	<b>TL+FC</b>	<b>FC</b>
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			70.579.035	27.656.299
<b>Cash Outflows</b>				
Retail and customer deposits	79.940.694	33.026.725	7.830.647	3.302.673
Stable deposits	3.268.447	-	163.422	-
Less stable deposits	76.672.247	33.026.725	7.667.225	3.302.673
Unsecured funding other than retail and small business customers deposits	37.627.528	13.946.197	19.520.957	6.484.912
Operational deposits	-	-	-	-
Non-Operational deposits	32.938.051	13.758.713	14.831.480	6.297.428
Other unsecured funding	4.689.477	187.484	4.689.477	187.484
Secured funding	-	-	-	-
Other cash outflows	2.258.319	4.897.887	2.258.319	4.897.887
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.258.319	4.897.887	2.258.319	4.897.887
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	30.646.446	22.392.023	3.616.910	3.019.787
Other irrevocable or conditionally revocable commitments	-	-	-	-
<b>TOTAL CASH OUTFLOWS</b>			<b>33.226.833</b>	<b>17.705.259</b>
<b>Cash Inflows</b>				
Secured lending transactions	-	-	-	-
Unsecured lending transactions	16.947.280	3.937.472	15.085.230	2.796.384
Other cash inflows	217.625	7.681.147	217.626	7.681.147
<b>TOTAL CASH INFLOWS</b>	<b>17.164.905</b>	<b>11.618.619</b>	<b>15.302.856</b>	<b>10.477.531</b>
			Values to which the upper limit is applied	
<b>TOTAL HQLA STOCK</b>	-	-	<b>70.579.035</b>	<b>27.656.299</b>
<b>TOTAL NET CASH OUTFLOWS</b>	-	-	<b>17.923.977</b>	<b>7.227.728</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>	-	-	<b>393,77</b>	<b>382,64</b>

(\*) Simple arithmetic average for last 3 months is calculated for items of the table, which are calculated by weekly simple arithmetic averages.

The lowest, highest and average liquidity coverage ratios calculated by taking the simple average for the last three months of 2023 are given in the table below.

	Prior Period – 31.12.2023	
	TL+FC	FC
<b>Highest (%)</b>	<b>857,02</b>	<b>644,79</b>
<b>Date</b>	3.11.2023	27.12.2023
<b>Highest (%)</b>	<b>248,71</b>	<b>228,97</b>
<b>Date</b>	10.11.2023	10.10.2023
<b>Average (%)</b>	<b>393,77</b>	<b>382,64</b>

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**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY  
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**b) Breakdown of assets and liabilities according to their outstanding maturities:**

Current Period – 31 March 2024	Demand	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Unallocated	Total
<b>Assets</b>								
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the CBRT <sup>(****)</sup>	5.671.799	18.384.499	-	-	-	-	-	24.056.298
Banks <sup>(****)</sup>	40.974	13.198.435	-	-	-	-	-	13.239.409
Financial Assets at Fair Value through Profit or Loss (Net) <sup>(***)</sup>	50.000	446.760	484.498	1.060.676	6.065.452	472.756	5.742	8.585.884
Interbank Money Market Placements <sup>(****)</sup>	-	30.403.079	-	-	-	-	-	30.403.079
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	1.344.859	8.956.480	2.133.456	-	12.434.795
Loans	-	6.631.316	6.735.578	26.164.252	10.747.292	4.401.425	39.753	54.719.616
Financial Assets at Fair Value Through Amortized Cost <sup>(*****)</sup>	-	-	-	-	1.084.677	2.403.979	-	3.488.656
Other Assets <sup>(*)</sup>	-	1.663	-	77	40.806	-	2.917.994	2.960.540
<b>Total Assets</b>	<b>5.762.773</b>	<b>69.065.752</b>	<b>7.220.076</b>	<b>28.569.864</b>	<b>26.894.707</b>	<b>9.411.616</b>	<b>2.963.489</b>	<b>149.888.277</b>
<b>Liabilities</b>								
Bank Deposits	285.144	1.425.391	-	-	-	-	-	1.710.535
Other Deposits	50.134.514	37.660.522	14.908.832	5.450.046	5.625	-	-	108.159.539
Money Market Borrowings	-	5.238.637	-	-	-	-	-	5.238.637
Miscellaneous Payables	-	-	-	-	-	-	4.179.244	4.179.244
Marketable Securities Issued (Net)	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	214.213	2.819.222	2.536.187	-	-	4.625.261	-	10.194.883
Other Liabilities <sup>(**)(***)</sup>	-	153.866	155.722	1.292.713	5.870.081	43.182	12.889.875	20.405.439
<b>Total Liabilities</b>	<b>50.633.871</b>	<b>47.297.638</b>	<b>17.600.741</b>	<b>6.742.759</b>	<b>5.875.706</b>	<b>4.668.443</b>	<b>17.069.119</b>	<b>149.888.277</b>
<b>Net Liquidity Excess / (Gap)</b>	<b>(44.871.098)</b>	<b>21.768.114</b>	<b>(10.380.665)</b>	<b>21.827.105</b>	<b>21.019.001</b>	<b>4.743.173</b>	<b>(14.105.630)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>	<b>-</b>	<b>169.931</b>	<b>(191.295)</b>	<b>1.242.188</b>	<b>2.471</b>	<b>-</b>	<b>-</b>	<b>1.223.295</b>
Derivative Financial Assets	-	67.889.614	42.079.857	52.658.358	32.851.100	1.242.191	-	196.721.120
Derivative Financial Liabilities	-	67.719.683	42.271.152	51.416.170	32.848.629	1.242.191	-	195.497.825
Non-cash Loans	22.713.825	46.658	1.875.839	943.635	-	-	-	25.579.957
<b>Prior Period - 31 December 2023</b>								
Total Assets	2.994.450	79.346.872	6.712.376	20.563.977	20.797.963	6.942.345	2.926.571	140.284.554
Total Liabilities	42.541.331	37.318.592	22.729.605	13.000.476	5.182.931	4.373.269	15.138.350	140.284.554
<b>Net Liquidity Excess / (Gap)</b>	<b>(39.546.881)</b>	<b>42.028.280</b>	<b>(16.017.229)</b>	<b>7.563.501</b>	<b>15.615.032</b>	<b>2.569.076</b>	<b>(12.211.779)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(106.537)</b>	<b>(208.781)</b>	<b>1.089.860</b>	<b>193.810</b>	<b>-</b>	<b>-</b>	<b>968.352</b>
Derivative Financial Assets	-	72.517.573	35.338.964	40.489.492	28.954.427	1.164.825	-	178.465.281
Derivative Financial Liabilities	-	72.624.110	35.547.745	39.399.632	28.760.617	1.164.825	-	177.496.929
Non-cash Loans	21.434.346	1.112.802	715.673	1.651.389	2.365	-	-	24.916.575

(\*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, investments, subsidiaries, stationary, pre-paid expenses and non-performing loans, are classified in this column.

(\*\*) Shareholders' Equity is presented under "Other Liabilities" item in the "Unallocated" column.

(\*\*\*) Financial Derivative Assets are shown in "Financial Assets at Fair Value Through Profit or Loss", and Financial Derivative Liabilities are shown in "Other Liabilities".

(\*\*\*\*) Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the CBRT, Banks and interbank money market balances consist of expected credit losses amounting to TL 13.225.

(\*\*\*\*\*) Financial Assets Valued at Amortized Cost include expected loss provisions balance amounting to TL 7.084.

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**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY  
COVERAGE AND NET STABLE FUNDING RATIO (Continued)**

**c) Net Stable Funding:**

Current Period – 31 March 2024		a	b	c	ç	d
		Total Value To Which The Consideration Ratio Is Not Applied				Total Value to Which The Consideration Ratio Is Not Applied
		Current	Current	Current	1 Year and More than 1 Year Term	
<b>Net Stable Funding</b>						
1	Shareholder’s Equity Elements	12.471.070	-	-	4.538.569	17.009.639
2	Core Capital and Supplementary Capital	12.471.070	-	-	4.538.569	17.009.639
3	Other Shareholder’s Equity Elements	-	-	-	-	-
4	Real Person and Retail Customer Deposits/Participation Funds	34.051.266	42.207.422	288.096	5.605	69.012.317
5	Stable Deposit/Participation Fund	408.623	1.884.584	10.043	96	2.188.178
6	Low Stable Deposit/Participation Fund	33.642.644	40.322.838	278.053	5.509	66.824.139
7	Debts to other people	16.653.435	20.528.327	-	-	14.778.201
8	Operational deposit/participation fund	-	-	-	-	-
9	Other Debts	16.653.435	20.528.327	-	-	14.778.201
10	Liabilities Equivalent to Interconnected Assets	-	-	-	-	-
11	Other Liabilities	-	-	-	-	-
12	Derivative Liabilities	-	-	6.514.153	-	-
13	Other equity elements and liabilities not listed above	12.872.929	-	-	-	-
14	Current Stable Fund					<b>100.800.157</b>
<b>Required Stable Fund</b>						
15	High quality liquid assets	-	-	-	-	3.653.767
16	Operational Deposit/Participation Fund Deposited in Credit Institutions or Financial Institutions	-	-	-	-	-
17	Biological Receivables	-	38.663.145	13.101.645	17.648.192	36.401.017
18	Receivables From Credit Institutions or Financial Institutions Whose Collateral is First Quality Liquid Assets	-	-	-	-	-
19	Unsecured or Secured Receivables from Credit Institutions or Financial Institutions Whose Collateral is Not First Quality Liquid Assets	-	13.782.038	1.348.119	1.280.421	2.461.587
20	Receivables From Corporate Customers, Organizations, Real Persons and Retail Customers, Central Governments, Central Banks and Public Institutions Other Than Credit Institutions or Financial Institutions	-	24.881.107	11.753.527	12.945.172	32.228.130
21	Receivables Subject to A Risk Weight Of 35% Or less	-	-	-	-	-
22	Receivables Secured by Residential Real Estate Mortgages	-	-	-	-	-
23	Receivables Subject to A Risk Weight Of 35% Or less	-	-	-	-	-
24	Shares And Debt Instruments Traded on The Stock Exchange That Do Not Qualify as High Quality Liquid Assets	-	-	-	3.422.600	1.711.300
25	Assets Equivalent to Interconnected Liabilities	-	-	-	-	-
26	Other Assets	-	-	-	-	8.096.330
27	Commodities With Physical Delivery, Including Gold	-	-	-	-	-
28	Initial Collateral of Derivative Contracts or Guarantee Fund Given to The Central Counterparty	-	-	-	54.915	46.678
29	Derivative Assets	-	-	-	1.268.692	1.268.692
30	Amount Of Derivative Liabilities Before Deducting Variation Margin	-	-	-	651.415	651.415
31	Other Assets Not Listed Above	-	-	-	6.129.545	6.129.545
32	Off-Balance Sheet Liabilities	-	31.708.210	-	-	1.585.410
33	<b>Required Stable Fund</b>					<b>49.736.524</b>
34	<b>Net Stable Funding Rate (%)</b>					<b>%202,67</b>

As of March 31, 2024, consolidated NSFR is calculated as 202,67% (December 31, 2023: 227,70%). Considering the amounts adjusted by the applicable consideration rate, the Equity Components with the highest consideration rate applied under the regulation constitute 16,9% of the Available Stable Funding amount (December 31, 2023: 16,4%), and Real Person and Retail Customer Deposits corresponds to 68,5% of Available Stable Funding amount (31 December 2023 : 69,7%). Performing Receivables, which have the largest share in the Required Stable Fund, constitute 73,2% of the Required Stable Fund amount (31 December 2023: 74,1%). Factors such as the development of major balance sheet items such as loans and deposits between periods and the change in the balance sheet maturity structure are effective in the development of the rate.

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**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY  
COVERAGE AND NET STABLE FUNDING RATIO (Continued)**

NSFR development in the first 3 months of 2024 is shown in the tables below:

<b>Period</b>	<b>Ratio</b>
31 January 2024	241,23%
29 February 2024	203,65%
31 March 2024	203,56%
<b>3 Month Average</b>	<b>216,15%</b>

<b>Prior Period – 31 December 2023</b>		<b>a</b>	<b>b</b>	<b>c</b>	<b>c</b>	<b>d</b>
		<b>Total Value to Which The Consideration Ratio Is Not Applied</b>				<b>Total value to which the consideration ratio is applied</b>
		<b>Current</b>	<b>Term Less than 6 Months</b>	<b>6 Months to More than 6 Months, Less than 1 Year Term</b>	<b>1 Year and More than 1 Year Term</b>	
<b>Net Stable Funding</b>						
1	Shareholder’s Equity Elements	11.993.966	-	-	4.255.901	16.249.867
2	Core Capital and Supplementary Capital	11.993.966	-	-	4.255.901	16.249.867
3	Other Shareholder’s Equity Elements	-	-	-	-	-
4	Real Person and Retail Customer Deposits/Participation Funds	28.936.908	47.248.438	294.439	28.727	69.006.164
5	Stable Deposit/Participation Fund	342.497	2.607.842	19.417	307	2.821.560
6	Low Stable Deposit/Participation Fund	28.594.411	44.640.595	275.022	28.420	66.184.604
7	Debts to other people	13.678.343	21.481.700	-	-	13.751.829
8	Operational deposit/participation fund	-	-	-	-	-
9	Other Debts	13.678.343	21.481.700	-	-	13.751.829
10	Liabilities Equivalent to Interconnected Assets	-	-	-	-	-
11	Other Liabilities	-	-	-	-	-
12	Derivative Liabilities	-	-	6.155.553	-	-
13	Other equity elements and liabilities not listed above	5.925.329	-	-	-	-
14	<b>Current Stable Fund</b>					<b>99.007.860</b>
<b>Required Stable Fund</b>						
15	High quality liquid assets	-	-	-	-	4.134.046
16	Operational Deposit/Participation Fund Deposited in Credit Institutions or Financial Institutions	-	-	-	-	-
17	Biological Receivables	-	36.491.682	7.839.127	15.822.779	32.216.674
18	Receivables From Credit Institutions or Financial Institutions Whose Collateral is First Quality Liquid Assets	-	-	-	-	-
19	Unsecured or Secured Receivables from Credit Institutions or Financial Institutions Whose Collateral is Not First Quality Liquid Assets	-	14.802.224	150.000	1.225.635	3.520.969
20	Receivables From Corporate Customers, Organizations, Real Persons and Retail Customers, Central Governments, Central Banks and Public Institutions Other Than Credit Institutions or Financial Institutions	-	21.689.459	7.689.127	11.566.319	27.180.293
21	Receivables Subject to A Risk Weight Of 35% Or less	-	-	-	-	-
22	Receivables Secured by Residential Real Estate Mortgages	-	-	-	-	-
23	Receivables Subject to A Risk Weight Of 35% Or less	-	-	-	-	-
24	Shares And Debt Instruments Traded on The Stock Exchange That Do Not Qualify as High Quality Liquid Assets	-	-	-	3.030.825	1.515.412
25	Assets Equivalent to Interconnected Liabilities	-	-	-	-	-
26	Other Assets	-	-	-	-	5.581.154
27	Commodities With Physical Delivery, Including Gold	-	-	-	-	-
28	Initial Collateral of Derivative Contracts or Guarantee Fund Given to The Central Counterparty	-	-	-	29.350	24.947
29	Derivative Assets	-	-	-	1.118.308	1.118.308
30	Amount Of Derivative Liabilities Before Deducting Variation Margin	-	-	-	615.555	615.555
31	Other Assets Not Listed Above	-	-	-	3.822.343	3.822.343
32	Off-Balance Sheet Liabilities	-	31.003.419	-	-	1.550.171
33	<b>Required Stable Fund</b>					<b>43.482.045</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>227,70%</b>

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**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE AND NET STABLE FUNDING RATIO (Continued)**

NSFR development in the last 3 months of 2023 is shown in the tables below.

<b>Period</b>	<b>Ratio</b>
31 October 2023	245,53%
30 November 2023	222,16%
31 December 2023	228,09%
<b>3 Month Average</b>	<b>231,93%</b>

**d) Information on securitisation position:**

None.

**VIII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO**

The table regarding the leverage ratio calculated in accordance with the “Regulation on the Measurement and Evaluation of the Leverage Level of Banks” published in the Official Gazette dated 5 November 2013 and numbered 28812 is given below.

	<b>Current Period 31.03.2024 (*)</b>	<b>Prior Period 31.12.2023 (*)</b>
<b>Assets On the Balance Sheet</b>		
1 Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	119.198.010	112.164.286
2 (Assets deducted from core capital)	(457.694)	(426.618)
<b>3 Total risk amount for assets on the balance sheet (sum of lines 1 and 2)</b>	<b>118.740.316</b>	<b>111.737.668</b>
<b>Derivative Financial Instruments and Loan Derivatives</b>		
4 Renewal cost of derivative financial instruments and loan derivatives	714.029	1.131.060
5 Potential credit risk amount of derivative financial instruments and loan derivatives	1.183.391	1.068.353
<b>6 Total risk amount of derivative financial instruments and loan derivatives (sum of lines 4 and 5)</b>	<b>1.897.420</b>	<b>2.199.413</b>
<b>Financing Transactions with Securities or Goods Warranties</b>		
7 Risk amount of financial transactions (excluding those in the balance sheet)		
Risk amount arising from intermediated transactions	543.702	852.709
8 Total risk amount of financing transactions with securities or goods warranties	-	-
<b>9 (Sum of lines 7 and 8)</b>	<b>543.702</b>	<b>852.709</b>
<b>Off-Balance Sheet Commitments</b>		
10 Gross nominal amount of the off-the-balance sheet transactions	47.468.627	54.522.520
11 Adjustment amount arising from multiplying by the credit conversion rate	-	-
<b>12 Total risk amount for off-the-balance sheet transactions (sum of lines 10 and 11)</b>	<b>47.468.627</b>	<b>54.522.520</b>
<b>Capital and Total Risk</b>		
13 Core capital	11.907.806	11.380.030
<b>14 Total risk amount (sum of lines 3,6,9 and 12)</b>	<b>168.650.065</b>	<b>169.312.310</b>
<b>Transition process unapplied leverage ratio</b>		
<b>15 Transition process unapplied leverage ratio (%)</b>	<b>7,06</b>	<b>6,72</b>

(\*) Table represents three-month average amounts.

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**VIII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO (Continued)**

Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS:

	Current Period 31.03.2024 <sup>(**)</sup>	Prior Period 31.12.2023 <sup>(**)</sup>
Total assets in the consolidated financial statements prepared in accordance with TAS <sup>(*)</sup>	145.782.453	144.524.357
Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks	3.225.482	2.687.656
Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(1.183.391)	(1.068.353)
Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	26.631.812	30.821.685
Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	-	-
Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	-	-
<b>Total Risk</b>	<b>168.650.065</b>	<b>169.312.310</b>

<sup>(\*)</sup> The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communiqué on Preparation of Consolidated Financial Statements of the Banks

<sup>(\*\*)</sup> Three months average values in the related periods.

**IX. EXPLANATIONS ON RISK MANAGEMENT**

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Group, the following required tables have not been presented on 31 March 2024:

- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of market risk exposures under an IMA



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**IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**a) Explanations on Risk Management and Risk Weighted Amount:**

	Risk Weighted Amounts		Minimum Capital Requirements
	Current Period 31 March 2024	Prior Period 31 December 2023	Current period 31 March 2024
Credit risk (excluding counterparty credit risk)	59.321.703	45.870.121	4.745.736
Standardised approach	59.321.703	45.870.121	4.745.736
Internal rating-based approach	-	-	-
Counterparty credit risk	3.163.098	2.547.542	253.048
Standardised approach for counterparty credit risk	3.163.098	2.547.542	253.048
Internal model method	-	-	-
Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
Equity investments in funds – look-through approach	-	-	-
Equity investments in funds – mandate-based approach	-	-	-
Equity investments in funds – 1250% risk weighting approach	-	-	-
Settlement risk	-	-	-
Securitisation exposures in banking book	-	-	-
IRB ratings-based approach	-	-	-
IRB supervisory formula approach	-	-	-
SA/simplified supervisory formula approach	-	-	-
Market risk	9.809.163	9.688.250	784.733
Standardised approach	9.809.163	9.688.250	784.733
Internal model approaches	-	-	-
Operational risk	12.429.749	7.774.467	994.380
Basic indicator approach	12.429.749	7.774.467	994.380
Standardised approach	-	-	-
Advanced measurement approach	-	-	-
Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
Floor adjustment	-	-	-
<b>Total</b>	<b>84.723.713</b>	<b>65.880.380</b>	<b>6.777.897</b>

**X. EXPLANATIONS ON PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (Continued)**

Not disclosed in the interim period.

**XI. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PARTIES**

Not disclosed in the interim period.

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**XII. EXPLANATIONS ON OPERATING SEGMENTS**

The Parent Bank operates in retail banking, corporate and investment banking, treasury and capital markets.

In the retail banking segment, the Parent Bank provides debit card, credit card, deposits, consumer loan, payment and collection, premier customer services, custodian services, financial planning, insurance products services. In corporate and commercial banking segment, the Parent Bank provides loans, commercial card, foreign trade financing, structured trading financing, project and export financing, syndications, custodian services, cash and risk management services. In the corporate and investment banking segment, loan and investment services, commercial card, insurance products, cash and risk management services are provided to customers. Also, the Parent Bank provides marketable securities transactions, gold and foreign exchange transactions, derivative transactions and money market transactions services to its customers.

	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Global Banking</b>	<b>Treasury and Capital Markets</b>	<b>Other</b>	<b>Group's Total Activities</b>
<b>Current Period – 31 March 2024</b>						
Operating Income	606.899	542.789	545.085	1.236.682	(2.870)	2.928.585
Other	-	-	-	-	-	-
<b>Operating Income</b>	<b>606.899</b>	<b>542.789</b>	<b>545.085</b>	<b>1.236.682</b>	<b>(2.870)</b>	<b>2.928.585</b>
Segment Net Profit	-	-	-	-	-	-
Undistributed Cost	-	-	-	-	-	-
Operating Profit/(Loss)	(115.155)	221.147	399.372	930.613	(41.227)	1.394.750
<b>Profit before Tax</b>	<b>(115.155)</b>	<b>221.147</b>	<b>399.372</b>	<b>930.613</b>	<b>(41.227)</b>	<b>1.394.750</b>
Corporate Tax Provision (*)	-	-	-	-	(424.732)	(424.732)
<b>Profit after Tax</b>	<b>(115.155)</b>	<b>221.147</b>	<b>399.372</b>	<b>930.613</b>	<b>(465.959)</b>	<b>970.018</b>
Non-Controlling Interest	-	-	-	-	-	-
<b>Net Profit for the Period</b>	<b>(115.155)</b>	<b>221.147</b>	<b>399.372</b>	<b>930.613</b>	<b>(465.959)</b>	<b>970.018</b>
Segment Assets	2.903.713	39.733.415	13.018.162	94.232.987	-	149.888.277
Associates and Subsidiaries	-	-	-	-	-	-
Undistributed Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>2.903.713</b>	<b>39.733.415</b>	<b>13.018.162</b>	<b>94.232.987</b>	<b>-</b>	<b>149.888.277</b>
Segment Liabilities	77.336.465	10.553.250	19.146.103	25.876.263	4.203.515	137.115.596
Undistributed Liabilities	-	-	-	-	12.772.681	12.772.681
<b>Total Liabilities</b>	<b>77.336.465</b>	<b>10.553.250</b>	<b>19.146.103</b>	<b>25.876.263</b>	<b>16.976.196</b>	<b>149.888.277</b>
<b>Other Segment Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10.003)</b>	<b>1.972.451</b>	<b>1.962.448</b>
Capital Investment	-	-	-	-	110.472	110.472
Amortization	-	-	-	-	(88.048)	(88.048)
Impairment	-	-	-	(10.003)	-	(10.003)
Non-Cash Other Income-Expense (**)	-	-	-	-	1.950.027	1.950.027

(\*) Corporate tax provision is not distributed.

(\*\*) Non-Cash Other Income-Expense includes other income and expense accruals and provisions.

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**XII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)**

	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Global Banking</b>	<b>Treasury and Capital Markets</b>	<b>Other</b>	<b>Group’s Total Activities</b>
<b>Prior Period – 31 December 2023<sup>(***)</sup></b>						
Operating Income	292.046	340.514	261.208	643.644	(1.164)	1.536.248
Other	-	-	-	-	-	-
<b>Operating Income</b>	<b>292.046</b>	<b>340.514</b>	<b>261.208</b>	<b>643.644</b>	<b>(1.164)</b>	<b>1.536.248</b>
Segment Net Profit	-	-	-	-	-	-
Undistributed Cost	-	-	-	-	-	-
Operating Profit/(Loss)	(180.042)	206.808	159.131	456.931	(21.258)	621.570
<b>Profit before Tax</b>	<b>(180.042)</b>	<b>206.808</b>	<b>159.131</b>	<b>456.931</b>	<b>(21.258)</b>	<b>621.570</b>
Corporate Tax Provision <sup>(*)</sup>	-	-	-	-	61.463	61.463
<b>Profit after Tax</b>	<b>(180.042)</b>	<b>206.808</b>	<b>159.131</b>	<b>456.931</b>	<b>40.205</b>	<b>683.033</b>
Non-Controlling Interest	-	-	-	-	-	-
<b>Net Profit for the Period</b>	<b>(180.042)</b>	<b>206.808</b>	<b>159.131</b>	<b>456.931</b>	<b>40.205</b>	<b>683.033</b>
Segment Assets	3.580.865	31.845.724	11.500.380	93.357.585	-	140.284.554
Associates and Subsidiaries	-	-	-	-	-	-
Undistributed Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>3.580.865</b>	<b>31.845.724</b>	<b>11.500.380</b>	<b>93.357.585</b>	<b>-</b>	<b>140.284.554</b>
Segment Liabilities	77.149.943	9.930.068	18.759.180	18.786.292	3.796.837	128.422.320
Undistributed Liabilities	-	-	-	-	11.862.234	11.862.234
<b>Total Liabilities</b>	<b>77.149.943</b>	<b>9.930.068</b>	<b>18.759.180</b>	<b>18.786.292</b>	<b>15.659.071</b>	<b>140.284.554</b>
<b>Other Segment Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17.501)</b>	<b>198.004</b>	<b>180.503</b>
Capital Investment	-	-	-	-	63.034	63.034
Amortization	-	-	-	-	(59.187)	(59.187)
Impairment	-	-	-	(17.501)	-	(17.501)
Non-Cash Other Income-Expense <sup>(**)</sup>	-	-	-	-	194.157	194.157

<sup>(\*)</sup> Corporate tax provision is not distributed.

<sup>(\*\*)</sup> Non-Cash Other Income-Expense includes other income and expense accruals and provisions.

<sup>(\*\*\*)</sup> Income-Expense items refer to amount of 31 March 2023.

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**SECTION FIVE**

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED  
FINANCIAL STATEMENTS**

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

**a) Information related to cash equivalents and balances with the Central Bank of the Republic of Turkey (The “CBRT”):**

**1. Information on cash equivalents and balances with the CBRT:**

	<b>Current Period 31 March 2024</b>		<b>Prior Period 31 December 2023</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Cash/Foreign Currency	60.832	1.451.215	69.876	2.363.548
The CBRT	8.634.905	13.918.524	9.688.490	11.182.559
<b>Total</b>	<b>8.695.737</b>	<b>15.369.739</b>	<b>9.758.366</b>	<b>13.546.107</b>

**2. Information related to balances with the CBRT:**

	<b>Current Period 31 March 2024</b>		<b>Prior Period 31 December 2023</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposit	4.094.298	67.235	218.241	311.489
Unrestricted Time Deposit	98.506	-	7.874.102	-
Restricted Time Deposit	-	-	-	-
Reserve Requirements	4.442.101	13.851.289	1.596.147	10.871.070
<b>Total</b>	<b>8.634.905</b>	<b>13.918.524</b>	<b>9.688.490</b>	<b>11.182.559</b>

**3. Explanation on reserve deposits:**

According to the CBRT's Communiqué No. 2013/15, banks operating in Turkey establish required reserves at the Central Bank of the Republic of Turkey for their Turkish currency and foreign currency liabilities. Required reserves are in Turkish Lira according to the “Communiqué on Reserve Required Reserves” at the Central Bank of the Republic of Turkey. It can be held in US Dollars and/or Euros and standard gold. According to the Communiqué on Required Reserves published in the Official Gazette dated 1 July 2021 and numbered 31528, the possibility of maintaining Turkish lira required reserves in foreign currency was terminated as of 1 October 2021.

As of 31 March 2024, Turkish lira required reserve ratios for Turkish lira deposits and other liabilities range from 0% to 25% (31 December 2023: 0% to 30%) and for foreign exchange deposits and other liabilities range from 5% to 30% (31 December 2023: 5% to 30%).

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**b) Information on financial assets at fair value through profit or loss:**

**1. Financial assets given as collateral/blocked and subject to repurchase agreements:**

	Current Period 31 March 2024	Prior Period 31 December 2023
Collateral/Blocked	-	-
Repurchase Agreement	-	-
Unrestricted	797.297	695.815
<b>Total</b>	<b>797.297</b>	<b>695.815</b>

**2. Positive differences table related to trading derivative financial assets:**

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Forward Transactions	-	394.287	-	656.471
Swap Transactions	1.285.397	907.820	1.061.353	1.048.425
Futures Transactions	-	-	-	-
Options	-	5.195.341	-	4.507.612
Other	-	-	-	-
<b>Total</b>	<b>1.285.397</b>	<b>6.497.448</b>	<b>1.061.353</b>	<b>6.212.508</b>

**c) Information on Banks:**

**1. Information on banks and other financial institutions:**

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	11.842.316	-	10.831.644	-
Foreign	-	1.398.079	-	651.227
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>11.842.316</b>	<b>1.398.079</b>	<b>10.831.644</b>	<b>651.227</b>

**2. Information on foreign bank accounts:**

Not disclosed in the interim period.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**d) Information on financial assets fair value through other comprehensive income given as collateral/blocked and subject to repurchase agreements:**

**1. Financial assets given as collateral/blocked and subject to repurchase agreements:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
Collateral/Blocked	4.266.185	4.075.006
Repurchase Agreement	4.803.425	-
Unrestricted	3.365.185	3.898.908
<b>Total</b>	<b>12.434.795</b>	<b>7.973.914</b>

**2. Information on financial assets at fair value through other comprehensive income:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
<b>Debt Securities</b>	<b>12.449.843</b>	<b>7.986.656</b>
Quoted to Stock Exchange	12.449.843	7.986.656
Not Quoted	-	-
<b>Share Certificate</b>	<b>-</b>	<b>-</b>
Quoted to Stock Exchange	-	-
Not Quoted	-	-
<b>Impairment Provision (-)</b>	<b>15.048</b>	<b>12.742</b>
<b>Total</b>	<b>12.434.795</b>	<b>7.973.914</b>

**e) Information Related to Loans:**

**1. Information on all types of loans and advances given to shareholders and employees of the Group:**

	<b>Current Period 31 March 2024</b>		<b>Prior Period 31 December 2023</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
<b>Direct Loans Granted to Shareholders</b>	<b>-</b>	<b>278.958</b>	<b>-</b>	<b>409.317</b>
Corporate Shareholders	-	278.958	-	409.317
Real Person Shareholders	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	<b>-</b>	<b>637.178</b>	<b>-</b>	<b>589.746</b>
<b>Loans Granted to Employees</b>	<b>47.976</b>	<b>-</b>	<b>46.732</b>	<b>-</b>
<b>Total</b>	<b>47.976</b>	<b>916.136</b>	<b>46.732</b>	<b>999.063</b>

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**2. Information on the standard loans and loans under close monitoring including loans that have been restructured or rescheduled:**

Cash Loans	Loans under Close Monitoring			Refinancing
	Standard Loans	Loans not Subject to Restructuring	Restructured Loans Loans with Revised Contract Terms	
<b>Non-specialized Loans<sup>(*)</sup></b>	<b>52.354.160</b>	<b>2.020.666</b>	<b>2.179.721</b>	-
Discount Notes	26.730.093	48	2.173.488	-
Export Loans	18.159.147	718.524	-	-
Import Loans	1.761.628	1.049.929	-	-
Loans Given to Financial Sector	2.654.074	-	-	-
Retail Loans	556.213	6.892	309	-
Credit Cards	2.350.872	245.273	5.924	-
Other	142.133	-	-	-
<b>Specialized Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>52.354.160</b>	<b>2.020.666</b>	<b>2.179.721</b>	-

(\*) Includes the factoring receivables amounting to TL 664.646.

	Current Period 31 March 2024		Prior Period 31 December 2023	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	594.703	-	546.590	-
Significant Increase in Credit Risk	-	1.279.981	-	1.067.284
<b>Total</b>	<b>594.703</b>	<b>1.279.981</b>	<b>546.590</b>	<b>1.067.284</b>

**3. Breakdown of loans according to their maturities:**

Not disclosed in the interim period.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**4. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards:**

	Short -term	Medium and Long-term	Total
<b>Consumer Loans-TL</b>	<b>165.031</b>	<b>305.273</b>	<b>470.304</b>
Mortgage Loans	-	43.347	43.347
Vehicle Loans	174	14.921	15.095
Consumer Loans	164.857	246.848	411.705
Other	-	157	157
<b>Consumer Loans- Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>2.510.421</b>	<b>4.744</b>	<b>2.515.165</b>
Instalment	818.427	4.744	823.171
Non Instalment	1.691.994	-	1.691.994
<b>Individual Credit Cards-FC</b>	<b>30.765</b>	-	<b>30.765</b>
Instalment	2.041	-	2.041
Non Instalment	28.724	-	28.724
<b>Personnel Loans-TL</b>	<b>10.030</b>	<b>13.059</b>	<b>23.089</b>
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	10.030	13.059	23.089
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>24.546</b>	-	<b>24.546</b>
Instalment	11.271	-	11.271
Non Instalment	13.275	-	13.275
<b>Personnel Credit Cards-FC</b>	<b>341</b>	-	<b>341</b>
Instalment	-	-	-
Non Instalment	341	-	341
<b>Overdraft Account-TL (Individual)</b>	<b>70.021</b>	-	<b>70.021</b>
<b>Overdraft Account-FC (Individual)</b>	-	-	-
<b>Total Consumer Loans</b>	<b>2.811.155</b>	<b>323.076</b>	<b>3.134.231</b>



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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**5. Information on commercial instalment loans and corporate credit cards:**

	Short-term	Medium and Long-term	Total
<b>Commercial Instalment Loans-TL</b>	-	2.857	2.857
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	2.857	2.857
Other	-	-	-
<b>Commercial Instalment Loans- FC Indexed</b>	-	41.231	41.231
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	41.231	41.231
Other	-	-	-
<b>Commercial Instalment Loans-FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	23.748	-	23.748
Instalment	2.461	-	2.461
Non Instalment	21.287	-	21.287
<b>Corporate Credit Cards-FC</b>	7.504	-	7.504
Instalment	-	-	-
Non Instalment	7.504	-	7.504
<b>Overdraft Account-TL (Commercial)</b>	-	-	-
<b>Overdraft Account-FC (Commercial)</b>	-	-	-
<b>Total</b>	<b>31.252</b>	<b>44.088</b>	<b>75.340</b>

**6. Loans according to types of borrowers:**

Not disclosed in the interim period.

**7. Distribution of domestic and foreign loans:**

	Current Period 31 March 2024	Prior Period 31 December 2023
Domestic Loans	56.521.911	47.402.927
Foreign Loans	32.636	33.542
<b>Total (*)</b>	<b>56.554.547</b>	<b>47.436.469</b>

(\*) As of 31 March 2024, it includes factoring receivables amounting to TL 664.646 (31 December 2023: TL 272.395).

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**8. Loans granted to investments in associates and subsidiaries:**

As of 31 March 2024 and 31 December 2023, the Group has no loans granted to investments in associates and subsidiaries.

**9. Specific provisions provided against loans:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
Loans with Limited Collectability	27.831	5.383
Loans with Doubtful Collectability	9.302	7.987
Uncollectible Loans	69.323	75.744
<b>Total</b>	<b>106.456</b>	<b>89.114</b>

**10 Information on non-performing loans (Net):**

**10 (i). Information on non-performing loans and other receivables restructured loans:**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with Limited Collectability</b>	<b>Loans with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>Current Period: 31 March 2024</b>			
Gross Amounts Before Provisions	-	-	33.629
Rescheduled Loans	-	-	33.629
<b>Prior Period: 31 December 2023</b>			
Gross Amounts Before Provisions	-	-	31.812
Rescheduled Loans	-	-	31.812

**10 (ii). Information on the movement of total non-performing loans:**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with Limited Collectability</b>	<b>Loans with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>Balance at the end of Prior Period: 31 December 2023</b>	<b>8.844</b>	<b>9.621</b>	<b>112.489</b>
Additions (+)	31.024	13	-
Transfers from Other Categories of Non-Performing Loans (+)	-	5.928	3.465
Transfers to Other Categories of Non-Performing Loans (-)	5.928	3.465	-
Collections (-)	2.878	801	3.411
Write-offs (-) <sup>(*)</sup>	-	-	8.692
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balance at the End of the Period: 31 March 2024</b>	<b>31.062</b>	<b>11.296</b>	<b>103.851</b>
Provisions (-)	27.831	9.302	69.323
<b>Net Balance in Balance Sheet</b>	<b>3.231</b>	<b>1.994</b>	<b>34.528</b>

<sup>(\*)</sup> As of 31 March 2024, the Parent Bank's non-performing loan ratio decreased from 0,27% to 0,26% after the loans written off in the current period in accordance with the amendment in the related Provisions Regulation

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**10 (iii). Information on non-performing loans granted as foreign currency loans:**

As of 31 March 2024, there are no non-performing loans granted as foreign currency loans (31 December 2023: None).

**10 (iv). Breakdown of gross and net values of the non-performing loans according to their beneficiary group:**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with Limited Collectability</b>	<b>Loans with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>Current Period (Net): 31 March 2024</b>	<b>3.231</b>	<b>1.994</b>	<b>34.528</b>
Loans granted to corporate entities and real persons (Gross)	31.062	11.296	103.851
Provisions Amount (-)	27.831	9.302	69.323
Loans granted to corporate entities and real persons (Net)	3.231	1.994	34.528
Banks (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Other Loans (Net)	-	-	-
<b>Prior Period (Net): 31 December 2023</b>	<b>3.461</b>	<b>1.634</b>	<b>36.745</b>
Loans granted to corporate entities and real persons (Gross)	8.844	9.621	112.489
Provisions Amount (-)	5.383	7.987	75.744
Loans granted to corporate entities and real persons (Net)	3.461	1.634	36.745
Banks (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Other Loans (Net)	-	-	-
	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with Limited Collectability</b>	<b>Loans with Doubtful Collectability</b>	<b>Uncollectible Loans</b>
<b>Current Period (Net)</b>	<b>166</b>	<b>254</b>	<b>1.416</b>
Interest Accruals and Rediscount with Valuation Differences	956	916	5.823
Provision amount (-)	790	662	4.407
<b>Prior Period (Net)</b>	<b>226</b>	<b>120</b>	<b>1.436</b>
Interest Accruals and Rediscount with Valuation Differences	622	589	6.406
Provision amount (-)	396	469	4.970

**11. Information on the write-off policy of the Bank:**

Within the scope of the “Regulation Amending the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Set aside”, which was published in the Official Gazette dated 27 November 2019 and numbered 30961, the Parent Bank may exclude the portion of its loans classified as “Fifth Group-Loans with Loss” from the balance sheet, for which there is no reasonable expectation of recovery. The Parent Bank makes an objective evaluation while determining whether there is a reasonable expectation.

All of the loans that meet the following conditions are considered by the Parent Bank as having lost their ability completely to collect and all risks of these loans are written off:

For the retail portfolio:

- When unsecured retail products reach a delay of more than 3 years (1080 days),
- When there is no guarantee left for the guaranteed retail products and the delay period exceeds 3 years (1080 days),
- In case a customer has more than one unsecured and secured loans, all accounts belonging to the customer are deducted from the record after all of their loans meet the above 2 criteria.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**11. Information on the write-off policy of the Bank (Continued):**

For the corporate-commercial portfolio:

- Accounts monitored under BRSA 5th Group (customers with 360+ days of delay or situations where the collection expectation is very low due to significant financial difficulties for the customer/there are no reasonable collection expectations) and accounts with 1080 or more days of delay are removed from the balance sheet and written off.
- For all loans within this scope, the expected credit loss must be 100% and no collections must have occurred in the last 36 months. The possibility that the income to be obtained from the enforcement/bankruptcy process will be very low is taken into account.
- The possibility that the income to be obtained from the enforcement/bankruptcy process will be very low is taken into account.
- If the legal remedies regarding the unsecured portfolio cannot be repaid in its entirety, the portion of the receivable that is deemed unpaid is deducted from the record. Here it is sought to reach a delay of 1080 days.

The deduction of these loans, which cannot be collected, is an accounting practice and does not result in the waiver of the right to receivable.

In addition to these, operational write-off is applied to accounts that have a negligible collection potential and whose recovery process has been exhausted, and such accounts are made a loss without any collection activity. The list of customers to be included is determined annually by considering objective and subjective criteria, and action is taken with the decision of the board of directors.

**f) Explanations on Financial Assets Measured at Amortized Cost:**

**1. Information on financial assets given as collateral/blocked and subject to repurchase agreements and those:**

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Collateral/Blocked	3.170.503	-	2.285.231	-
Subject to Repo Transactions	-	-	-	-
<b>Total</b>	<b>3.170.503</b>	<b>-</b>	<b>2.285.231</b>	<b>-</b>

**2. Information on Government debt securities:**

	Current Period 31 March 2024	Prior Period 31 December 2023
Government Bond	3.495.740	3.432.430
Treasury Bill	-	-
Other Public Debt Securities	-	-
<b>Total</b>	<b>3.495.740</b>	<b>3.432.430</b>

**3. Information on financial assets measured at amortized cost:**

	Current Period 31 March 2024	Prior Period 31 December 2023
Debt Securities	3.495.740	3.432.430
Traded in the Stock Exchange	3.495.740	3.432.430
Not Traded in the Stock Exchange	-	-
Other Public Debt Securities	-	-
<b>Total</b>	<b>3.495.740</b>	<b>3.432.430</b>

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**4. The movement of financial assets measured at amortized cost:**

	Current Period 31 March 2024	Prior Period 31 December 2023
Value at the Beginning of the Period	3.432.430	2.431.825
Currency Differences in Monetary Assets	-	-
Purchases During the Year	-	1.014.268
Disposal through Sale and Redemption	-	-
Valuation Effect	63.310	(13.663)
<b>Total</b>	<b>3.495.740</b>	<b>3.432.430</b>

**g) Information on associates (Net):**

The Group has no associates as of 31 March 2024 and 31 December 2023.

**h) Information on subsidiaries (Net):**

**1. Information on capital adequacy of major subsidiaries:**

As of 31 March 2024, the Bank has no subsidiaries that are not included in the scope of consolidation. (31 December 2023: None).

**2. Information on subsidiaries included in the scope of consolidation:**

HSBC Yatırım was established as Demir Yatırım on 23 December 1996. The merger of the Demir Yatırım and HSBC Yatırım was realized and the merger agreement was signed, with the Board of Directors decision, No. 222 and dated 6 December 2001 based on the authority given to the Board of Directors in accordance with General Assembly decision dated 30 October 2001. Also dissolution of HSBC Yatırım and change of the new merged company to HSBC Yatırım Menkul Değerler A.Ş. was agreed and the merger of these two companies was accomplished as of 11 January 2002.

**a) Consolidated Subsidiaries:**

Title	Address (City/Country)	The Parent Bank's Share Percentage- If Different Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
HSBC Yatırım ve Menkul Değerler A.Ş.	Esentepe Mahallesi Büyükdere Caddesi No:128 Şişli 34394, İSTANBUL	100,00	-

**b) Main financial figures of the subsidiaries, in the order of the above table <sup>(\*)</sup>:**

Total Assets	Shareholder s' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss <sup>(**)</sup>	Fair Value
607.714	377.601	17.440	50.161	-	67.663	24.578	-

<sup>(\*)</sup> This refers to the consolidated financial statements of subsidiaries as of 31 March 2024, which have not applied IAS 29, in accordance with the BRSA's decision No. 10744 dated 31 December 2023.

<sup>(\*\*)</sup> It has been prepared based on the consolidated financial statements as of 31 March 2023, which have not been independently audited.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**3. Movement schedule of the consolidated subsidiaries:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
<b>Balance at the Beginning of the Period</b>	<b>34.753</b>	<b>34.753</b>
<b>Movements During the Period</b>		
Purchases	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends From Current Year Profit	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>34.753</b>	<b>34.753</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the End of the Period (%)</b>	<b>100,00</b>	<b>100,00</b>

**4. Sectoral information on financial subsidiaries and the related carrying amounts:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	34.753	34.753

**5. Subsidiaries quoted on a stock exchange:**

The Group has no subsidiaries quoted on a stock exchange as of 31 March 2024 and 31 December 2023.

**i) Information on jointly controlled entities:**

- The Group has no jointly controlled entities as of 31 March 2024 and 31 December 2023.
- As of 31 March 2024 and 31 December 2023, the accounting method is not determined since the Group has no jointly controlled entities.

**j) Information on financial lease receivables (Net):**

As of 31 March 2024 and 31 December 2023, the Group has no finance leases.

**k) Information on hedging derivative financial assets:**

The Group has no hedging derivative financial assets as of 31 March 2024 and 31 December 2023.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)**

**l) Explanations on property and equipment:**

Not disclosed in the interim period.

**m) Information on intangible assets:**

Not disclosed in the interim period.

**n) Information on the investment properties:**

As of 31 March 2024 and 31 December 2023, the Group has no investment properties.

**o) Explanations on deferred tax asset:**

As of 31 March 2024, the Group's deferred tax asset amounts to TL 595.229. (31 December 2023: TL 489.382). The temporary differences subject to deferred tax calculations primarily arise from deductible loan provisions, other provisions allocated under TAS 37, differences between the carrying amount and tax base of fixed assets and financial assets and liabilities, and provisions for employee benefits.

Timing differences between the applied accounting policies and valuation principles and tax regulations are accounted for by netting off assets and liabilities. Information regarding the deferred tax asset as of 31 March 2024, is disclosed in Footnote XX of the Third Section.

**p) Information on assets held for sale and related to discontinued operations:**

As of 31 March 2024, the Group has no assets held for sale (31 December 2023: None).

**r) Information on other assets:**

1. There are no further explanations of the Group related to prepaid expenses, tax and other operations.

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
Miscellaneous Receivables <sup>(*) (**)</sup>	1.034.647	893.422
Prepaid Expenses	262.092	156.291
Other Rediscount Income	91.035	84.497
Debited Suspense Accounts	81.607	61.739
Other Assets	26.715	59.143
<b>Total</b>	<b>1.496.096</b>	<b>1.255.092</b>

(\*) Includes BIST guarantees.

(\*\*) As of 31 March 2024 amount of TL 16.499 provision provided for Miscellaneous Receivables within the scope of TFRS 9 (31 December 2023: TL 14.410).

**s) Information on receivables from forward sale of the assets classified in the miscellaneous receivables:**

As of 31 March 2024 and 31 December 2023, the Group has no receivables from forward sale of the assets classified in the miscellaneous receivables.

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

**a) Information on deposits**

**1. Information on maturity structure of the deposits:**

The Group has no deposits with 7 days maturity and no cumulative deposits.

**1(i). Current Period – 31 March 2024:**

	Demand	With 7 Days Maturity	Up to 1 Month	1-3 Months	3-6 Months	6 Months - 1 Year	1 Year Over	And Cumulative Deposit	Total
Saving Deposits	744.385	-	624.481	4.869.662	13.764.059	10.643.548	313.972	-	30.960.107
Foreign Currency Deposits	36.340.547	-	10.023.511	4.376.138	272.839	115.542	145.737	-	51.274.314
Residents in Turkey	32.114.594	-	9.634.143	3.524.096	168.754	27.613	35.082	-	45.504.282
Residents Abroad	4.225.953	-	389.368	852.042	104.085	87.929	110.655	-	5.770.032
Public Sector Deposits	6.900	-	-	-	-	-	-	-	6.900
Commercial Deposits	3.236.836	-	8.528.135	401.913	3.042.569	573.001	-	-	15.782.454
Other Institutions Deposits	63.218	-	26	-	-	-	-	-	63.244
Precious Metal Deposit	9.742.628	-	7.748	304.625	5.480	12.039	-	-	10.072.520
Bank Deposit	285.144	-	1.425.391	-	-	-	-	-	1.710.535
The CBRT	167.675	-	-	-	-	-	-	-	167.675
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	117.469	-	1.425.391	-	-	-	-	-	1.542.860
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>50.419.658</b>	<b>-</b>	<b>20.609.292</b>	<b>9.952.338</b>	<b>17.084.947</b>	<b>11.344.130</b>	<b>459.709</b>	<b>-</b>	<b>109.870.074</b>

**1(ii). Prior Period - 31 December 2023:**

	Demand	With 7 Days Maturity	Up to 1 Month	1-3 Months	3-6 Months	6 Months - 1 Year	1 Year Over	And Cumulative Deposit	Total
Saving Deposits	661.063	-	690.953	4.658.203	25.418.621	8.598.658	541.312	-	40.568.810
Foreign Currency Deposits	32.063.789	-	5.411.121	4.004.832	261.882	109.984	147.949	-	41.999.557
Residents in Turkey	28.469.599	-	5.084.890	3.158.204	161.623	32.829	41.049	-	36.948.194
Residents Abroad	3.594.190	-	326.231	846.628	100.259	77.155	106.900	-	5.051.363
Public Sector Deposits	5.586	-	-	-	-	-	-	-	5.586
Commercial Deposits	2.624.741	-	10.258.004	403.760	2.878.205	1.053.606	-	-	17.218.316
Other Institutions Deposits	71.126	-	694	-	-	-	-	-	71.820
Precious Metal Deposit	6.781.138	-	10.368	286.646	3.907	10.264	-	-	7.092.323
Bank Deposit	283.980	-	1.183.746	-	-	-	-	-	1.467.726
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	401.449	-	-	-	-	-	401.449
Foreign Banks	283.980	-	782.297	-	-	-	-	-	1.066.277
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>42.491.423</b>	<b>-</b>	<b>17.554.886</b>	<b>9.353.441</b>	<b>28.562.615</b>	<b>9.772.512</b>	<b>689.261</b>	<b>-</b>	<b>108.424.138</b>

Foreign exchange-protected deposit product, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against foreign currency exchange rates, is offered to bank customers. As of 31 March 2024, the foreign exchange-protected deposit amount in this context is TL 25.367.907 (31 December 2023: TL 32.862.206).



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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES(Continued)**

**2. Information on saving deposits insurance:**

**2(i). Information on saving deposits under the guarantee of the Saving Deposits Insurance Fund and amounts exceeding the limit of the deposit insurance fund:**

	Covered by Deposit Insurance Fund	Exceeding Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding Deposit Insurance Limit
	Current Period 31 March 2024	Current Period 31 March 2024	Prior Period 31 December 2023	Prior Period 31 December 2023
<b>Saving Deposits</b>				
Saving Deposits	7.846.327	23.113.780	7.466.764	33.102.046
Foreign Currency Saving Deposits	11.665.286	25.644.639	7.915.019	22.518.848
Other Deposits in the Form of Saving	2.332.586	7.578.426	1.328.033	5.675.970
Foreign Branches' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-
Off-Shore Banking Regions' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-
<b>Total (*)</b>	<b>21.844.199</b>	<b>56.336.845</b>	<b>16.709.816</b>	<b>61.296.864</b>

(\*) In accordance with the “Regulation Amending the Regulation on Insurance Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund” published in the Official Gazette dated 27 August 2022 and numbered 31936, official institutions, all deposit and participation funds, except those belonging to official institutions, credit institutions and financial institutions within the scope of credit institutions, have started to be insured. In this context, commercial deposits covered by insurance amount to TL 420.314 and the relevant amount is not included in the footnote.

**2(ii). Since the head office of the Parent Bank is not located abroad, saving deposit in Turkey are not covered by the saving deposits insurance in another country.**

**2(iii). Saving deposits of individuals, which are not covered by the saving deposit insurance fund:**

	Current Period 31 March 2024	Prior Period 31 December 2023
Foreign Branches' Deposits and other accounts	-	-
Saving Deposits and Other Accounts of Major Shareholders and Deposits of their Mother, Father, Spouse, Children under their wardship	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse, Children under their wardship	80.975	50.613
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law No:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Bank Which Established in Turkey in Order to Engage in Off-shore Banking Activities	-	-

**b) Information on Trading Derivative Financial Liabilities:**

**Table of negative differences for trading derivative financial liabilities:**

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Forward Transactions	-	206.317	-	249.125
Swap Transactions	732.636	390.775	597.591	803.230
Future Transactions	-	-	-	-
Options	-	5.184.425	-	4.505.607
Other	-	-	-	-
<b>Total</b>	<b>732.636</b>	<b>5.781.517</b>	<b>597.591</b>	<b>5.557.962</b>

**c) Information on Funds Provided Under Repurchase Agreements**

As of 31 March 2024, the Bank has funds amounting to 5.238.637 TL obtained from repo transactions. (31 December 2023: None).

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**d) Information on Funds Borrowed:**

**1. Information on banks and other financial institutions:**

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
Domestic Bank and Institutions	-	-	-	-
Foreign Banks and Institutions and Funds	-	5.569.622	-	4.949.714
<b>Total</b>	<b>-</b>	<b>5.569.622</b>	<b>-</b>	<b>4.949.714</b>

**2. Information on the maturity structure of funds borrowed:**

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Short-Term	-	5.569.622	-	4.949.714
Medium and Long-Term	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5.569.622</b>	<b>-</b>	<b>4.949.714</b>

**3. Further information on the concentration areas of liabilities:**

Group diversifies its funding sources by customer deposits, loans from foreign countries and marketable securities issued.

**e) Information on marketable securities issued:**

As of 31 March 2024, the Group has no funds obtained from repo transactions. (31 December 2023: None).

**f) Information on other foreign liabilities:**

Other foreign liabilities of the Group under “Other Liabilities” do not exceed 10% of the total liabilities.

**g) Information on financial leasing agreements:**

**1. Explanations on finance lease payables:**

With the “IFRS 16 Leases” standard valid from 1 January 2019, the difference between operating leases and finance leases has been eliminated and the lease transactions have been expressed under the “Lease Payables” as liability by lessees.

	Current Period 31 March 2024	Prior Period 31 December 2023
Less than 1 year	40.784	25.865
Between 1- 4 years	48.624	69.730
More than 4 years	10.251	23.937
<b>Total</b>	<b>99.659</b>	<b>119.532</b>

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

(Continued)

**h) Information on derivative financial liabilities for hedging purposes:**

As of 31 March 2024, the Group has no derivative financial liabilities for hedging purposes (31 December 2023: None).

**i) Information on provisions:**

**1. Provisions for expected losses on non-compensated and non-cash loans**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 March 2024</b>	<b>31 December 2023</b>
Provisions for off-balance sheet commitments (*)	20.530	175.670

In accordance with TFRS 9, the expected loss provisions for the Stage 1, Stage 2 and Stage 3 non-cash loans are in the “Other Provisions” column in the liabilities. With TFRS 9 transaction expected loss for cash loans and other financial assets are classified under assets.

**2. Information on employee benefit provisions:**

As of 31 March 2024, the Group has employee termination benefit provision amounting to TL 162.315 (31 December 2023: TL 160.340), and unused vacation provision amounting to TL 68.986 (31 December 2023: TL 49.739).

According to the Turkish Labor Law, the Parent Bank and its subsidiaries operating in Turkey are obliged to pay severance pay for their personnel who have completed one year and whose relationship has been terminated or retired due to compelling reasons, called for military service or passed away.

The compensation to be paid is one month’s salary for each year of service. Severance pay liability is not legally subject to any funding and there is no funding requirement.

The reserve for employment termination benefits represents the present value of the estimated total liability for the future probable obligation of the Parent Bank determined by using certain actuarial assumptions. TAS 19 requires actuarial valuation methods to be used in order to calculate the Group’s liabilities.

The assumption is that the severance pay ceiling applicable for each year of service will increase each year at the rate of inflation. Thus, the discount rate applied will show the expected real rate after adjusting for the expected effects of inflation.

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31 March 2024</b>	<b>31 December 2023</b>
As of 1 January	160.340	245.854
Service Cost	4.895	7.877
Interest Cost	7.222	41.833
Actuarial Loss / (Gain)	7.797	72.907
Paid in Current Period	(17.939)	(208.131)
<b>Total</b>	<b>162.315</b>	<b>160.340</b>

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**3. Information on provisions related to foreign currency difference on the principals of foreign indexed loans and finance lease receivables:**

As of 31 March 2024, there is no foreign exchange difference provision for foreign currency indexed loans (31 December 2023: None).

**4. Information on specific provisions for non-cash loans that is non-funded and non-transformed into cash:**

As of 31 March 2024, provision for non-cash loans that are non-funded and non-transformed into cash is amounting to TL 3.439 (31 December 2023: TL 3.739).

**5. Information on restructuring provisions:**

As of 31 March 2024, the Parent Bank has TL 15.384 restructuring provisions. (31 December 2023: TL 23.084).

**6. Information on other provisions:**

**6 (i). Information on free provisions for possible risks:**

As of 31 March 2024, the Group has no free provisions for possible risks (31 December 2023: None).

**6 (ii). The names and amounts of sub-accounts of other provision under the condition of other provisions exceed 10% of total provisions:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
Provision for Lawsuits	66.312	67.583
Provision for Accumulated Credit Card Bonus	8.891	8.979
Return Provision of Case File Expenses	98	159
Specific Provision for Non-Cash Loans that are Non-Funded and Non-Transformed into Cash	3.439	3.739
Other Provisions (*)	205.032	727.436
<b>Total</b>	<b>283.772</b>	<b>807.896</b>

(\*) As of 31 March 2024 other provisions include Stage 1 and Stage 2 non-cash loans provision for expected losses within TFRS 9 amounting to TL 20.530 (31 December 2023: TL 175.670) and other provisions within TAS 37.

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES(Continued)**

**j) Explanations on tax liability:**

**1. Explanations on current tax liability**

The corporate tax provisions calculation of the Group is explained in Note XX of Section Three.

**1(i). Information on taxes payable:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
Corporate Tax Payable	79.700	36.018
Taxation on Marketable Securities	69.712	88.428
Banking Insurance Transaction Tax (BITT)	65.422	75.349
Value Added Tax Payable	7.244	4.581
Capital Gains Tax on Property	616	1.084
Foreign Exchange Transaction Tax	24.283	5.985
Other <sup>(*)</sup>	170.855	45.924
<b>Total</b>	<b>417.832</b>	<b>257.369</b>

<sup>(\*)</sup> As of 31 March 2024, there is income tax deducted from wages amounting to TL 150.853 (31 December 2023: TL 39.867), stamp duty of TL 4.155 (31 December 2023: TL 1.054), other taxes amounting to TL 15.612 (31 December 2023: TL 4.502) and self-employment income tax amounting to TL 235 (31 December 2023: TL 501).

**1(ii). Information on premium payables:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
Social Security Premiums – Employer	54.694	36.270
Social Security Premiums – Employee	44.523	31.335
Bank Social Aid Pension Fund Premium – Employer	-	-
Bank Social Aid Pension Fund Premium – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Pension Fund Membership Fees and Provisions – Employee	-	-
Unemployment Insurance – Employer	4.683	3.115
Unemployment Insurance – Employee	2.686	1.902
Other	-	-
<b>Total</b>	<b>106.586</b>	<b>72.622</b>

**2. Information on deferred tax liability:**

As of 31 March 2024, information on the Group’s deferred tax liability is explained in Note XX of Section Three.

**k) Information on Liabilities Regarding Assets Held for Sale and Discontinued Operations:**

As of 31 March 2024 and 31 December 2023, the Group has no liabilities regarding assets held for sale and discontinued operations.

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**l) Explanations on the number of subordinated loans the bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:**

Not disclosed in the interim period.

**m) Information on shareholder’s equity**

**1. Information on shareholder’s equity:**

	Current Period 31 March 2024	Prior Period 31 December 2023
Common Stock Provision	652.290	652.290
Preferred Stock Provision	-	-

The paid-in capital of the Parent Bank is shown above in nominal terms. As of 31 March 2024, there is a capital reserve of TL 272.693 arising from the adjustment of the paid-in capital for inflation (31 December 2023: TL 272.693) and TL 50.880 (31 December 2023: TL 1.192.132) other capital reserves.

**2. Amount of paid-in-capital, explanations as to whether the registered share capital system is applied, if so, and the amount of registered share capital ceiling**

Registered share capital system is not applied.

**3. Information on the share capital increases during the period, their sources and other information:**

The Group has not increased its share capital during the current period.

**4. Information on share capital increases from capital reserves during the current period:**

The Group has no share capital increases from capital reserves during the current period.

**5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent period:**

The Group has no capital commitments.

**6. The effects of anticipations based on the financial figures for prior periods regarding the Group’s income, profitability and liquidity, and the anticipations regarding the uncertainty of these indicators on the shareholders’ equity:**

The Group tends to strengthen its shareholders’ equity according to the assessment of financial figures for prior periods regarding the Group’s income, profitability and liquidity, and the anticipations regarding changes in the accounting standards.

**7. Information on privileges given to shares representing the capital:**

The Group has no privileges given to shares representing the capital.

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**

**8. Information on valuation differences of marketable securities:**

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
<b>From Investments in Associates, Subsidiaries, and Joint Ventures</b>				
Valuation Difference	-	-	-	-
Foreign Currency Difference	-	-	-	-
<b>Financial Assets at Fair Value through Other Comprehensive Income</b>	<b>77.676</b>	-	<b>131.783</b>	-
Valuation Difference	77.676	-	131.783	-
Foreign Currency Difference	-	-	-	-
<b>Total</b>	<b>77.676</b>	-	<b>131.783</b>	-

**9. Information on revaluation value increase fund:**

As of 31 March 2024 and 31 December 2023, the Group has no revaluation value increase fund.

**10. Information on shareholders having more than 10% share in capital and/or voting right:**

Based on the approval of the Banking Regulation and Supervision Agency dated 21 June 2017, 10,01% share of HSBC Bank Plc.'s 100% ownership of the Parent Bank's capital was transferred to HSBC Bank Middle East Limited and remaining 89,99% share of HSBC Bank Plc. was transferred to HSBC Middle East Holdings B.V. through share transfer agreement dated 29 June 2017.

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**III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS**

**a) Explanations on off-balance sheet commitments:**

**1. Type and amount of irrevocable commitments:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
Asset Purchase and Sale Commitments	20.472.612	35.671.760
Commitments for Credit Card Limits	5.407.059	5.396.993
Commitments for Cheques	16.717	14.419
Loan Granting Commitments	36.040	32.194
Short Sale Commitments	-	-
Commitments for Credit Cards and Banking Services Promotions	46.196	43.996
Tax and Fund Liabilities from Export Commitments	-	-
Other Irrevocable Commitments	565.526	570.150
<b>Total</b>	<b>26.544.150</b>	<b>41.729.512</b>

**2. Type and amount of probable losses and obligations arising from off-balance sheet items:**

The Parent Bank has no probable losses arising from off-balance sheet items. Obligations arising from the off-balance sheet are disclosed in “Off-balance sheet commitments”.

**2 (i). Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letters of credit:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
Letters of Guarantee	15.753.368	15.221.353
Letters of Credit	8.996.789	8.975.399
Bank Acceptances	42.620	-
Other Guarantees	787.180	719.823
<b>Total</b>	<b>25.579.957</b>	<b>24.916.575</b>

**2 (ii). Certain guarantees, temporary guarantees, surety ships and similar transactions:**

None other than those described in clause 2(i) above.

**3. Information on the non-cash loans:**

**3 (i). Total amount of non-cash loans:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 December 2023</b>
<b>Non- Cash Loans Given for Cash Loan Risks Non-Cash Loans</b>	<b>-</b>	<b>-</b>
With Original Maturity of One Year or Less	-	-
With Original Maturity of More Than One Year	-	-
<b>Other Non-Cash Loans</b>	<b>25.579.957</b>	<b>24.916.575</b>
<b>Total</b>	<b>25.579.957</b>	<b>24.916.575</b>



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**III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET  
ACCOUNTS (Continued)**

**3 (ii). Information on sectoral risk concentration within the non-cash loans:**

Not disclosed in the interim period.

**3 (iii). Information on the non-cash loans classified under Group I and Group II:**

Not disclosed in the interim period.

**b) Explanations on derivative transactions:**

Not disclosed in the interim period.

**c) Explanations on Credit Derivatives and Risk Exposures on Credit Derivatives:**

None.

**d) Explanations on Contingent Liabilities and Assets:**

Contingent assets are recognised if the probability of occurrence is almost virtually certain, whereas they are disclosed in the notes, if the probability of occurrence is probable. As of 31 March 2024, there are no contingent assets to be disclosed.

Contingent liabilities are recognized if the probability of occurrence is probable and the liability can be measured reliably, whereas they are disclosed in the notes, if they cannot be measured reliably or the possibility of the occurrence is remote or does not exist.

The Group has certain contingent liabilities relating to various lawsuits due to the transactions it performed in the scope of banking operations. As of 31 March 2024, a total provision of TL 98 (31 December 2023: TL 159) has been made for those lawsuits as the probability of being concluded against the Group is higher than the probability of being concluded in its favor, with TL 66.410 (31 December 2023: TL 67.742) being for provisions for refunds related to case document charges.

**e) Explanations on Fiduciary Services Rendered on Behalf of Third Parties:**

The Group acts as an investment agent for the trading of marketable securities and provides custodian services on behalf of its customers.

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT**

**a) Information on interest income:**

**1. Information on interest income received from loans:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 March 2024</b>		<b>31 March 2023</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Interest Income on Loans</b> (*)				
Short-Term Loans	2.035.237	402.998	606.155	205.418
Medium and Long-Term Loans	195.741	321.190	217.018	249.753
Interest on Loans Under Follow-Up	1.657	325	2.972	321
Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>2.232.635</b>	<b>724.513</b>	<b>826.145</b>	<b>455.492</b>

(\*) Fee and commission income from cash loans are included.

**2. Information on interest income received from banks:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 March 2024</b>		<b>31 March 2023</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
The CBRT	1.031.020	-	-	23.750
Domestic Banks	677.303	-	165.096	-
Foreign Banks	11	22.283	316	11.494
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>1.708.334</b>	<b>22.283</b>	<b>165.412</b>	<b>35.244</b>

**3. Information on interest income on marketable securities:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>31 March 2024</b>		<b>31 March 2023</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Financial Assets at Fair Value Through Profit or Loss	55.481	10.010	9.997	4.201
Financial Assets at Fair Value Through Other Comprehensive Income				
Financial Assets Measured at Amortized Cost	1.049.580	-	138.841	-
Financial Assets at Fair Value Through	103.934	-	97.614	-
<b>Total</b>	<b>1.208.995</b>	<b>10.010</b>	<b>246.452</b>	<b>4.201</b>

**4. Information on interest income received from investments in associates and subsidiaries:**

As of 31 March 2024, the Parent Bank has no interest income received from investments in associates and subsidiaries (31 December 2023: None).

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT(Continued)**

**b) Information on interest expense:**

**1. Information on interest expense on funds borrowed:**

	Current Period 31 March 2024		Prior Period 31 March 2023	
	TL	FC	TL	FC
<b>Banks</b>	1.039	232.862	-	-
The CBRT	-	-	1.013	-
Domestic Banks	1.039	-	-	62.768
Foreign Banks	-	232.862	-	-
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>1.039</b>	<b>232.862</b>	<b>1.013</b>	<b>62.768</b>

**2. Information on interest expense paid to associates and subsidiaries:**

None.

**3. Information on interest expense paid on securities issued:**

None.

**4. Maturity structure of the interest expense on deposits:**

Current Period: 31 March 2024	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More than 1 year		
<b>Turkish Lira</b>								
Interbank deposits	-	115.677	-	-	-	-	-	115.677
Saving deposits	-	39.645	892.247	1.618.012	649.107	19.446	-	3.218.457
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	732.854	27.180	240.392	65.418	-	-	1.065.844
Other deposits	-	1.506	-	-	-	-	-	1.506
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>889.682</b>	<b>919.427</b>	<b>1.858.404</b>	<b>714.525</b>	<b>19.446</b>	<b>-</b>	<b>4.401.484</b>
<b>Foreign Currency</b>								
Foreign currency deposits	-	73.375	5.783	82	28	38	-	79.306
Interbank deposits	-	211	-	-	-	-	-	211
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	38	1	2	-	-	41
<b>Total</b>	<b>-</b>	<b>73.586</b>	<b>5.821</b>	<b>83</b>	<b>30</b>	<b>38</b>	<b>-</b>	<b>79.558</b>
<b>Grand Total</b>	<b>-</b>	<b>963.268</b>	<b>925.248</b>	<b>1.858.487</b>	<b>714.555</b>	<b>19.484</b>	<b>-</b>	<b>4.481.042</b>

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT (Continued)**

Prior Period: 31 March 2023	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More Than 1 year		
<b>Turkish Lira</b>								
Interbank deposits	-	10.732	-	-	-	-	-	10.732
Saving deposits	-	51.328	540.570	476.189	32.111	23.756	-	1.123.954
Public sector deposits	-	-	-	-	-	-	-	-
			8.587	106.096	15.336	15.990	-	303.510
Commercial deposits	-	157.501	-	-	-	-	-	-
Other deposits	-	67	-	-	-	-	-	67
Deposits with 7 maturity	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>219.628</b>	<b>549.157</b>	<b>582.285</b>	<b>47.447</b>	<b>39.746</b>	-	<b>1.438.263</b>
<b>Foreign Currency</b>								
Foreign currency deposits	-	6.280	2.158	19.133	761	137	-	28.469
Interbank deposits	-	232	-	-	-	-	-	232
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	62	3.053	63	-	-	3.178
<b>Total</b>	-	<b>6.512</b>	<b>2.220</b>	<b>22.186</b>	<b>824</b>	<b>137</b>	-	<b>31.879</b>
<b>Grand Total</b>	-	<b>226.140</b>	<b>551.377</b>	<b>604.471</b>	<b>48.271</b>	<b>39.883</b>	-	<b>1.470.142</b>

**5. Information on interest given on repurchase agreements:**

As of 31 March 2024, the Group has interest given on repurchase agreements amounting to TL 71.407 (31 March 2023: TL 3.183).

**6. Information on finance lease expenses:**

Financial leasing expense of the Group for the period ending on 31 March 2024 is TL 6.133 (31 March 2023: TL 5.032).

**7. Information on interest given on factoring payables:**

The Group has no interest given on factoring payables during the period ended on 31 March 2024 and 31 March 2023.

**c) Explanations on dividend income:**

For the period ended 31 March 2024, there is no amount corresponding to the Group's share of dividend income from subsidiaries' profit distribution (31 March 2023: None).

**d) Explanations on Trade Gain/Loss (Net):**

**1. Trade Gain/Loss (Net):**

	Current Period 31 March 2024	Prior Period 31 March 2023
<b>Profit</b>	<b>220.082.650</b>	<b>85.486.222</b>
Capital Market Transactions Income	239.283	209.007
Gain on Derivative Financial Transactions	3.790.866	3.697.081
Foreign Exchange Gains	216.052.501	81.580.134
<b>Loss (-)</b>	<b>219.814.116</b>	<b>84.773.883</b>
Capital Market Transactions Loss	156.914	163.047
Loss on Derivative Financial Transactions	2.953.666	3.023.212
Foreign Exchange Loss	216.703.536	81.587.624
<b>Total (Net)</b>	<b>268.534</b>	<b>712.339</b>

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(Continued)**

**e) Information on other operating income:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 March 2023</b>
Reversal of Previous Years Expenses (*)	28.885	70.362
Gain on Sale of Assets	42.008	1.742
Provision for Telecommunication Expense	12.263	1.806
Other Income	57.610	65.218
<b>Total</b>	<b>140.766</b>	<b>139.128</b>

(\*) Consist of collections or cancellations made from amounts transferred to expense accounts through special provision in previous years.

**f) Impairment Provisions Related to Loans and Other Receivables of the Bank**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 March 2023</b>
Expected Credit Loss	158.142	61.629
12 Months Expected Credit Loss (Stage 1)	78.484	41.359
Significant Increase in Credit Risk (Stage 2)	53.850	19.659
Non-performing Loans (Stage 3)	25.808	611
Marketable Securities Impairment Expense	10.003	17.501
Financial Assets at Fair Value Through Profit or Loss	10.003	17.500
Financial Assets at Fair Value Through Other Comprehensive Income	-	1
Provisions for Impairment of Associates, Subsidiaries and Joint Ventures	-	-
Investments in Associates Subsidiaries	-	-
Jointly Controlled Entities (Joint Ventures)	-	-
Other	-	-
<b>Total</b>	<b>168.145</b>	<b>79.130</b>

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**g) Information related to other operating expenses:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 March 2023</b>
Reserve for Employee Termination Benefits <sup>(*)</sup>	-	-
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Property and Equipment	-	-
Depreciation Expenses of Property and Equipment	35.414	23.399
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	52.634	35.788
Impairment Expenses of Equity participants for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses on Assets Held for Sale	-	-
Impairment Expenses on Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	218.563	150.582
Leasing Expenses on TFRS 16 Exceptions	9.929	5.463
Maintenance Licensing Expenses	85.773	45.130
Maintenance Expenses	20.559	15.469
Communication Expenses	8.080	4.938
Advertisement Expenses	18.463	6.630
Other Expenses	75.759	72.952
Loss on Sales of Assets	6	269
Tax, Duties, Charges and Funds Expenses	92.899	48.811
Saving Deposit Insurance Fund Expenses	38.189	32.134
Other <sup>(*)</sup>	142.580	104.115
<b>Total</b>	<b>580.285</b>	<b>395.098</b>

<sup>(\*)</sup> Of the amount of TL 142.580 (31 March 2023: TL 104.115) shown in the other line, TL 4.705 is audit and consultancy fees (31 March 2023: TL 809), TL 36 is from the arbitral tribunal expenses (31 March 2023: TL 38) and the remaining TL 137.839 consists of other expenses (31 March 2023: TL 103.268).

**h) Fees for Services Received from Independent Auditor / Independent Audit Firm:**

Not disclosed in the interim period.

**i) Explanation on profit/loss for the period for continued and discontinued operations before tax:**

Not disclosed in the interim period.

**j) Information on tax provision for continuing and discontinued operations:**

As of 31 March 2024, the current tax provision expense of the Group is TL 534.737 (31 March 2023: TL 165.701 expense) and deferred tax income is TL 110.005 (31 March 2023: TL 227.164 income).

**k) Explanation on net profit/loss for the period for continued and discontinued operations:**

There are no matters to be disclosed regarding operating profit/loss after tax.

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(Continued)**

**l) Explanation on net profit and loss for the period:**

**1. Any further explanation on operating results needed for a proper understanding of the Bank’s performance:**

In the period ended on 31 March 2024, net interest income takes an important place among income items with TL 2.273.883 (31 March 2023: TL 534.261), net fee and commission incomes with TL 245.402 (31 March 2023: TL 150.520). Fees and commission income from cash loans are shown in net interest income. Considering the distribution within the interest income, the most important sources of the Bank’s interest income are the interests received from loans, securities and the interbank money market. The largest part of the interest expenses consists of the interests paid to the deposits and the interests given to the loans used. The most important part of commission income is the commissions received from credit card transactions and other banking activities.

**2. The effect on the current period profit/loss of the changes in estimations related to financial statements made by the Group, explanation if any effect of these changes in the subsequent periods:**

No changes have been made in the accounting estimates, which may have a material effect in current period and materially affect subsequent periods.

**m) Explanation on other items stated in the income statement**

**Explanations on “Other fees and commissions received” in the income statement:**

	<b>Current Period 31 March 2024</b>	<b>Prior Period 31 March 2023</b>
Credit Card Transactions	169.615	60.147
Insurance Commissions	33.104	19.905
Banking Transactions	12.612	8.239
TEFAS Fund Platforms	133.315	107.057
Other Fee and Commissions	111.263	22.397
<b>Total</b>	<b>459.909</b>	<b>217.745</b>

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**V. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY**

**a) Information on the current year adjustments made in accordance with the requirements of the accounting standard on financial instruments:**

**1. Decreases/increases after the revaluation of financial assets at fair value through other comprehensive income:**

Not disclosed in the interim period.

**2. Information on increases in cash flow hedges:**

Not disclosed in the interim period.

**b) Information on adjustments made for the application of standard on accounting for financial instruments in the current year:**

**1. Information on financial investments at fair value through other comprehensive income:**

Not disclosed in the interim period.

**2. Information on cash flow hedges:**

Not disclosed in the interim period.

**c) Information on dividend distribution:**

None.

**d) Information on issuance of common stock:**

Not disclosed in the interim period.

**e) Effects of the adjustments to prior periods on the opening balance sheets:**

Not disclosed in the interim period.

**f) Offsetting prior period's losses:**

Not disclosed in the interim period.



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**VI. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED STATEMENT OF CASH FLOWS**

**a) Explanations about other cash flow items and the effect of changes in foreign exchange rates on cash and cash equivalents:**

Not disclosed in the interim period.

**b) Information on cash flow arising from acquisition of associates, subsidiaries and other investments:**

Not disclosed in the interim period.

**c) Information on disposals of associates, subsidiaries or other investments:**

Not disclosed in the interim period.

**d) Information on cash and cash equivalents:**

Not disclosed in the interim period.

**e) Additional information:**

None.

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**VII. EXPLANATIONS AND NOTES RELATED TO GROUP’S RISK GROUP**

**1. Volume of transactions with the Group’s risk group, loans and deposits outstanding at the period end and income and expenses in the current period:**

**Current Period – 31 March 2024:**

Group’s Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	-	-	-	999.063	685	-
Closing Balance	-	-	-	916.136	203	-
Interest and Commission Income	-	-	-	26.162	31	-

**Prior Period- 31 December 2023:**

Group’s Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	-	-	-	632.336	477	-
Closing Balance	-	-	-	999.063	685	-
Interest and Commission Income <sup>(*)</sup>	-	-	-	11.384	21	-

<sup>(\*)</sup> Prior period balances represent 31 March 2023 amounts.

**2. Deposits held by the Group’s risk group:**

Group’s Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Current Period 31 March 2024		Current Period 31 March 2024		Current Period 31 March 2024	
Deposit						
Opening Balance	-	-	-	283.924	-	46.447
Closing Balance	-	-	-	117.399	-	88.133
Interest expense on deposits	-	-	-	90.764	-	3.340

Group’s Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Prior Period 31 December 2023		Prior Period 31 December 2023		Prior Period 31 December 2023	
Deposit						
Opening Balance	-	-	-	353.053	-	82.750
Closing Balance	-	-	-	283.924	-	46.447
Interest expense on deposits <sup>(*)</sup>	-	-	-	8.343	-	2.732

<sup>(\*)</sup> Prior period balances represent 31 March 2023 amounts.

**3. Information on forward transactions, option agreements and similar transactions between the Group’s risk group:**

Group’s Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Current Period 31 March 2024		Current Period 31 March 2024		Current Period 31 March 2024	
<b>The Fair Value Differences Through</b>						
<b>Profit and Loss</b>						
Opening Balance	-	-	-	106.119.719	-	-
Closing Balance	-	-	-	101.315.394	-	-
Total Profit/Loss	-	-	-	546.912	-	-
<b>Transactions for Hedging Purposes</b>						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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**VII. EXPLANATIONS AND NOTES RELATED TO GROUP’S RISK GROUP (Continued)**

Group’s Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	Direct or Indirect Shareholders of the Parent Bank	Other Individuals and Legal Entities in the Risk Group
	Prior Period 31 December 2023	Prior Period 31 December 2023	Prior Period 31 December 2023
<b>The Fair Value Differences Through Profit and Loss</b>			
Opening Balance	-	41.316.378	10.127
Closing Balance	-	106.119.719	-
Total Profit/Loss <sup>(*)</sup>	-	188.890	-
<b>Transactions for Hedging Purposes</b>			
Opening Balance	-	-	-
Closing Balance	-	-	-
Total Profit/Loss <sup>(*)</sup>	-	-	-

<sup>(\*)</sup> Prior period balances represent 31 March 2023 amounts.

**4. Explanations on total remuneration and other benefits, which are paid by the Group to top executives of the Group:**

As of 31 March 2024, payment amounting to TL 117.413 is made to the Board of Directors and top executives of the Group (31 March 2023: TL 57.673).

**VIII. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE GROUP**

**Information on the Group’s domestic and foreign branches and foreign representatives of the Parent Bank:**

Not disclosed in the interim period.

**IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

None.

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**SECTION SIX**

**EXPLANATIONS ON INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT**

**I. EXPLANATIONS ON INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT**

The consolidated financial statements for the interim period ended 31 March 2024 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent audit report dated 24 May 2024 is presented preceding the consolidated financial statements.

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

None.

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**SECTION SEVEN**

**INTERIM ACTIVITY REPORT**

**I. INTERIM ACTIVITY REPORT WHICH WILL INCLUDE EVALUATIONS FROM CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER RELATED TO ACTIVITIES IN THE INTERIM PERIOD**

**GENERAL INFORMATION**

**1. Summary information about HSBC Bank A.Ş**

HSBC Bank was established as Midland Bank Anonim Şirketi in Istanbul in 1990 and changed its title to HSBC Bank Anonim Şirketi in 1999.

HSBC Bank, which has been operating in the corporate banking field and capital markets since establishment, started providing personal banking services after 1997.

HSBC Bank expanded its products and services range with a branch network after HSBC Bank Plc. acquired Demirbank T.A.Ş. and its selected affiliates in September 2001 and merged with HSBC Bank A.Ş. in December 2001.

HSBC Bank provides services within fields such as Corporate Banking and Investment Banking, Retail Banking and Savings Management and Private Banking with its branches, telephone banking, ATM banking, and digital banking channels.

Based on the approval of the Banking Regulation and Supervision Agency dated 21 June 2017, 10,01% share of HSBC Bank Plc.'s 100% ownership of the Bank's capital was transferred to HSBC Bank Middle East Limited and remaining 89,99% share of HSBC Bank Plc. was transferred to HSBC Middle East Holdings B.V. through share transfer agreement dated 29 June 2017.

**2. Capital and shareholding structure:**

The Parent Bank has made no changes in their capital and shareholding structure as well as its shareholders who directly or indirectly; individually or as a group has an influence over the Bank's audit and management, as of the accounting period ended on 30 September 2023. HSBC Middle East Holdings B.V. has a shareholding rate of 89,99% and HSBC Bank Middle East Limited has 10,01% shareholding rate of the Bank's shares. HSBC Bank A.Ş.'s Chairman of the Board of Directors, its members, and general manager and his/her assistants' shares of ownership are insignificant. As of 31 March 2024, HSBC Bank A.Ş.'s paid-in capital is TL 652.290 thousand and its capital structure is as follows.

<b>Shareholder's Name and Surname/Title</b>	<b>Number of shares</b>	<b>Share amount (TL)</b>
Publicly offered	-	-
Non-publicly offered	65.229.000.000	652.290.000
HSBC Middle East Holdings B.V.	58.699.577.100	586.995.771
HSBC Bank Middle East Limited	6.529.422.600	65.294.226
HSBC Group Nominees UK Limited	100	1
HSBC Latin America Holdings (UK) Limited	100	1
HSBC Overseas Holdings (UK) Limited	100	1
<b>Total</b>	<b>65.229.000.000</b>	<b>652.290.000</b>

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**3. Information on Branches and Personnel**

As of 31 March 2024, the Parent Bank has 44 domestic branches (31 December 2023: 44 domestic branches). As of 31 March 2024, the number of personnel of the Bank is 1.533 (31 December 2023: 1.578).

**4. Amendments made to the articles of association during the period:**

HSBC Bank A.Ş.’s Articles of Association had no changes in 1 January – 31 March 2024 period.

**5. Chairman and Members of the Board of Directors**

As of 31 March 2024, the members of the Board of Directors are as follows.

<b>Name and Surname</b>	<b>Title</b>
Paul Joseph Lawrence	Chairman of the Board
Didem Çerçi	Deputy Chairman of the Board of Directors
Süleyman Selim Kervancı	Member, CEO
Robert Adrian Underwood	Member
Ayşe Ebru Dorman	Member
Robert Cyril Oates	Member

**6. Audit Committee**

HSBC Bank A.Ş. Audit Committee was selected from members of the Board of Directors and consists of one chairman and two member who do not have operational duties.

<b>Name and Surname</b>	<b>Title</b>
Didem Çerçi	Head of the Audit Committee
Robert Adrian Underwood	Member of the Audit Committee
Robert Cyril Oates	Member of the Audit Committee

Audit Committee, on behalf of HSBC Bank A.Ş. Board of Directors, is in charge and responsible for supervising efficiency and competency of the Bank’s internal systems, operation of such systems and accounting and reporting systems within the framework of Banking Law and relevant regulations, and also supervising the consistency of the information provided, making the necessary pre-assessments related to the selection of evaluations and support service institutions by the Board of Directors and regularly following the activities of such institutions, which were selected and made in agreement with the Board of Directors, and maintaining and coordinating the consolidation of internal audit activities of partnerships subject to consolidation as per the regulations with regard to the Banking Law.

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CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER  
RELATED TO ACTIVITIES IN THE INTERIM PERIOD (Continued)**

**7. Executive Management**

HSBC Bank A.Ş. Executive Management as of 31 March 2024 is as follows.

<b>Name and Surname</b>	<b>Title</b>	<b>Area of Responsibility</b>
Süleyman Selim Kervancı	CEO	HSBC Bank A.Ş.
Anthony Wright	Executive Vice President	Credit and Risk
Cem Muratoğlu	Executive Vice President	Retail Banking
Burçin Ozan	Executive Vice President and Deputy CEO	Finance
Seyyare Özbaşlı Tınaz	Executive Vice President	Technology and Services
Dilek Güleç Salzburg	Executive Vice President	Global Banking
Caner Işlak	Executive Vice President	Corporate Banking
Funda Temoçin	Executive Vice President	Human Resources
İbrahim Namık Aksel	Executive Vice President	Treasury and Capital Markets
Tolga Tüzüner	Head Legal Advisor	Legal

**8. HSBC Bank’s Financial Power Rating**

According to the evaluations of Moody’s Credit Rating Agency, the ratings of HSBC Bank A.Ş. as of 30 March 2024 are as follows.

<b>Definitions</b>	<b>Rating</b>
Baseline Credit Assessment	caa1
Outlook	Positive
Long-term foreign currency deposit rating	B2
Long-term TL deposit rating	B1
Short-term foreign currency deposit rating	NP
Short-term TL deposit rating	NP
Long-term national scale TL deposit	Aa2.tr

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**I. INTERIM ACTIVITY REPORT WHICH WILL INCLUDE EVALUATIONS FROM  
CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER  
RELATED TO ACTIVITIES IN THE INTERIM PERIOD (Continued)**

**9. Summary of consolidated financial information for the Period**

HSBC Bank A.Ş introduces customers to international market opportunities, continues to create value for them and support them in expanding our customers' business using our global network, knowledge and expertise. The synergy Bank have created with our customers and grow together with our customers and to Turkey's economy has continued to add value to the banking sector.

According to the consolidated financial statements, in the period ending on 31 March 2024, the total assets of HSBC Bank A.Ş. increased by 7% compared to the end of 2023 and reached TL 149,8 billion. At the end of the period, loans constituting approximately 38% of assets are around TL 57 billion. Deposits, which are the biggest funding source of the balance sheet, amounted to TL 110 billion and constituted 73% of liabilities. The period-end balances of the consolidated balance sheet item groups are shown below.

<b>ASSETS (Thousand TL)</b>	<b>31.03.2024</b>	<b>31.12.2023</b>
Financial Assets (Net)	88.719.465	88.071.583
Other Financial Assets Measured at Amortized Cost	58.208.272	49.289.531
Non-Current Assets or Disposal Groups "Held for Sale" and Held from Discontinued Operations (Net)	-	-
Equity Investments	-	-
Property and Equipment (Net)	459.737	413.988
Intangible Assets (Net)	409.478	424.681
Investment Property (Net)	-	-
Current Tax Asset	-	340.297
Deferred Tax Asset	595.229	489.382
Other Assets	1.496.096	1.255.092
<b>Total Assets</b>	<b>149.888.277</b>	<b>140.284.554</b>
<b>LIABILITIES (Thousand TL)</b>	<b>31.03.2024</b>	<b>31.12.2023</b>
Deposits	109.870.074	108.424.138
Funds Borrowed	5.569.622	4.949.714
Money Markets	5.238.637	-
Securities Issued (Net)	-	-
Funds	-	-
Financial Liabilities at Fair Value Through Profit or Loss	-	-
Derivative Financial Liabilities	6.514.153	6.155.553
Factoring Liabilities	-	-
Lease Liabilities	99.659	119.532
Provisions	530.457	1.041.059
Current Tax Liability	524.418	329.991
Deferred Tax Liability	-	-
Liabilities Related to Non-Current Assets "Held for Sale" and "Held from Discontinued Operations" (Net)	-	-
Subordinated Debt	4.625.261	4.337.395
Other Liabilities	4.143.315	3.064.938
Shareholders' Equity	12.772.681	11.862.234
<b>Total Liabilities</b>	<b>149.888.277</b>	<b>140.284.554</b>



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**I. INTERIM ACTIVITY REPORT WHICH WILL INCLUDE EVALUATIONS FROM  
CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER  
RELATED TO ACTIVITIES IN THE INTERIM PERIOD (Continued)**

The consolidated profit and loss statement information of HSBC Bank as of 31 March 2024 and 31 March 2023 is shown below.

<b>STATEMENT OF INCOME (Thousand TL)</b>	<b>31.03.2024</b>	<b>31.03.2023</b>
Net Interest Income	2.273.883	534.261
Other Non-Interest Income	654.702	1.001.987
<b>Total Operating Income/Expense</b>	<b>2.928.585</b>	<b>1.536.248</b>
Other Operating Expenses (-)	1.359.206	825.939
Provision for Loan Losses (-)	174.629	88.739
<b>Net Operating Income/(Loss)</b>	<b>1.394.750</b>	<b>621.570</b>
Tax Provision (-)	424.732	(61.463)
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>970.018</b>	<b>683.033</b>

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**I. INTERIM ACTIVITY REPORT WHICH WILL INCLUDE EVALUATIONS FROM  
CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER  
RELATED TO ACTIVITIES IN THE INTERIM PERIOD (Continued)**

**Message from Paul Joseph Lawrence, Chairman of the Board**

In the first Quarter of 2024, consumer inflation rose to 68.5% in March, up from 64.8% in December, on increased costs related to wage hikes, strong household demand, and continued unfavourable price-setting behaviour. Messages for the unchanged economic policies following the local elections have been perceived well by the financial markets and the real sector.

Increasing TL funding cost and efforts to switch the deposit base from FX to TL slowed down the profit growth trend of the Turkish banking sector. Although net profit increased by 47% yoy in the first three months of the year, it remained below the same period of the previous year. Return on equity materialized at 29%.

Our bank continued to support our economy with all its resources in the first quarter of 2024. While maintaining our solid balance sheet structure, we led the market with our diversified financing models to be used in investments made in our country and financing solutions in line with our sustainability strategy. In the same period, the asset size of our bank reached 149 billion TL, our customer deposits, which are our main funding source, reached 109,9 billion TL. Despite the ongoing pressure of inflation on costs, we continued our sustainable financial performance in 2024 thanks to the gradual improvement of margins. By maintaining our prudential credit risk management perspective, we have managed to keep our risk costs below the industry average. As a result, we achieved a return on equity of 32% - above the industry average.

Along with our focus on wealth management, international connectivity and ESG competency, we continued to add synergy to the HSBC Group and increase the value of our brand during the first quarter of 2024, owing to the dedication of our employees, our resilient and flexible business model, and prudent risk management strategy. I would like to thank our Board of Directors, Senior Management, employees and customers for their trust and loyalty to HSBC.

Kind Regards,

Paul Joseph LAWRENCE

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**I. INTERIM ACTIVITY REPORT WHICH WILL INCLUDE EVALUATIONS FROM  
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RELATED TO ACTIVITIES IN THE INTERIM PERIOD (Continued)**

**Message from Süleyman Selim Kervancı, General Manager**

The rebalancing in the economic activity from domestic to foreign demand was limited in the first quarter. After growing 13% in 2023, household demand remained strong in Q1. Retail sales volume reached a new record level in February, rising 6.3% over December. The current account deficit continued to fall in the first two months of the year thanks to a decline in net energy bill and net gold imports. 12-month cumulative current account deficit eased further to USD 32bn (2.8% of GDP) in February from USD 46bn (4.1% of GDP) in December.

On the monetary policy front, the economic administration continued its decisive steps. Türkiye's Central Bank continued to tighten the rates in January and March to support the Lira, aiming to ease upward cost pressures on consumer prices. Record retail sales volume in Q1 shows that the economic policy makers may introduce additional measures to curb household demand to achieve a sustainable decline in inflation in the remainder of the year.

Turkish banking sector's net profits totalled to TRY 153bn in the first 3 months of the year recording 47% y/y increase and corresponding to 29% ROE. Total assets amounted to TRY 25.8trn, up 10% compared to Dec'23. In the meantime, loans increased 11% while deposits increased 4%. Increased cost of deposits, as a result of pricing to reduce FX deposits in the banks' balance sheets and to make TL investments more attractive, put pressure on margins and led to a decline in profitability.

At HSBC Turkey, compliance with the volatile market conditions and the measures taken by the economic management remains our top priority. The negative effects on margins and profitability of the increase in funding costs in the sector, especially in customer deposits, started to gradually diminish with the continued increase in policy rates and the interest payments started to be applied to required reserves. Meanwhile, the continued rise in inflation continued to put upward pressure on costs. Within the framework of all these developments, we managed to keep our Bank's return on equity above the sector average by focusing on the efficient use of our capital and thanks to our disciplined cost management. Thanks to our stable deposit base, we managed our liquidity and funding position well above legal limits and our risk appetite.

In the first quarter, we continued to create value for our customers in Retail Banking and Savings Management, while managing the regulatory targets in the most effective manner, especially in Savings Management, which is our strongest area.

As HSBC, we continue to take decisive steps forward in accelerating the transition to a low carbon emission economy with Sustainable Finance, developing Structured and Corporate Finance and International Business Corridors, which are among the most important goals of HSBC, and we are signing important transactions in line with our goals. Our goal is to reach Net zero in our own operations and supply chain by 2030. We also believe that the biggest impact, we can have on climate is by supporting our customers on their transition to lower emissions. In this respect, we finance –our customers' greenhouse gas emissions – to net zero by 2050 or sooner.

Our bank, continued to achieve consistently successful results in the first quarter of the year by supporting our economy and our customers in the rest of the year, we will continue to contribute to the economy, our customers and our shareholders, while managing our balance sheet and operations in line with the regulations, with the strength of our group's strategy and corporate network.

Kind Regards,

Selim KERVANCI

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RELATED TO ACTIVITIES IN THE INTERIM PERIOD (Continued)**

**9. Additional Information Regarding the Period 01.01.2024 – 31.03.2024**

None.

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