

# **HSBC BANK A.Ş.**

## **PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT 30 SEPTEMBER 2024 TOGETHER WITH AUDITOR'S REVIEW REPORT**

**(Convenience translation of publicly announced unconsolidated financial statements, related disclosures and auditor's review report at 30 September 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 unconsolidated balance sheet of HSBC Bank A.Ş. (“the Bank”) at 30 September 2024 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-months-period. The Bank 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 this interim financial information 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 unconsolidated interim financial information, the unconsolidated financial position of HSBC Bank A.Ş as of 30 September 2024 and the unconsolidated financial performance and unconsolidated cash flows for the nine-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 unconsolidated 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 30 September 2024. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated 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, 1 November 2024

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED  
FINANCIAL STATEMENTS AND REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**UNCONSOLIDATED FINANCIAL REPORT OF HSBC BANK A.Ş.  
AS OF AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**

Address of Bank's Headquarters : Büyükdere Caddesi No 128 Esentepe, Şişli 34394, İstanbul  
Telephone/Fax : (0212) 376 40 00 / (0212) 336 29 39  
Web-site : [www.hsbc.com.tr](http://www.hsbc.com.tr)  
Contact E-mail Address : [hsbchaberlesmemerkezi@hsbc.com.tr](mailto:hsbchaberlesmemerkezi@hsbc.com.tr)

The unconsolidated financial report for the nine-month 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 BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

The unconsolidated financial statements for the nine-month 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 limited independent review 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

Yerliozan Kül  
Group Head

Robert Adrian Underwood  
Member of  
Audit Committee

Information about the responsible personnel whom questions may be asked:

Name-Surname/Title : Burak Özlü/Senior Manager  
Tel No : (0212) 376 4209  
Fax No : (0212) 376 4912

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**HSBC BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2024**

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

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**SECTION ONE**

**GENERAL INFORMATION ABOUT THE BANK**

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

The establishment of HSBC Bank A.Ş. ("The 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 BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THAT THE BANK BELONGS TO**

As of 30 September 2024, the 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 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 30 September 2024, there have been no changes regarding the Bank's capital structure and shareholders of the Bank who are in charge of the management or auditing of the Bank directly or indirectly.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE IN NOTE 3.1

HSBC BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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 BANK THEY POSSESS AND THEIR AREAS OF RESPONSIBILITY

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board:	Paul Joseph LAWRENCE	Chairman	Undergraduate
Vice President of the Executive Board:	Didem ÇERÇİ	Deputy Chairman	Undergraduate
Board of Directors:	Süleyman Selim KERVANCI	Member, CEO	Graduate
	Robert Adrian UNDERWOOD	Member	Undergraduate
	Ayşe Ebru DORMAN	Member	Graduate
	Robert Cyril OATES	Member	Undergraduate
CEO:	Süleyman Selim KERVANCI	CEO	Graduate
Head of Internal Audit:	Ercan OĞUL	Head of Internal Audit	Graduate
Deputy CEO:	Burçin OZAN	Finance	Undergraduate
Executive Vice Presidents <sup>(*)</sup> :	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
	Peter KALLO <sup>(*)</sup>	Credit and Risk	Graduate
	Caner IŞLAK <sup>(**)</sup>	Corporate and Global Banking	Graduate
	Seyyare ÖZBAŞLI TINAZ	Technology and Services	Graduate
Audit Committee:	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	Graduate

<sup>(\*)</sup> Peter Kallo has been appointed as Executive Vice President responsible for Credit and Risk, as of 2 September 2024.

<sup>(\*\*)</sup> Dilek Güleç Salzburg left her position as of 4 September 2024. As of 5 September 2024, Caner Işlak continues his duty as the Executive Vice President responsible for Corporate and Global Banking.

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED  
IN TURKISH, SEE IN NOTE 3.1

**HSBC BANK A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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 BANK**

Name/Commercial Title	Share Amounts (Nominal) <sup>(*)</sup>	Share Percentages	Paid-in Capital (Nominal) <sup>(*)</sup>	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	-

<sup>(\*)</sup> The amounts are expressed in full TL.

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

The Bank's activities in accordance with related regulations and the articles of association of the 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 Bank also provides insurance intermediary services as an agency of Axa Sigorta, Zurich Sigorta, Allianz Hayat ve Emeklilik, Allianz Sigorta, GIG 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 30 September 2024, the Bank has 44 domestic branches (31 December 2023: 44 domestic branches).

As of 30 September 2024, the number of employees of the Bank is 1.444 (31 December 2023: 1.523).

**VI. OTHER MATTERS**

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

**VII. 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**

The subsidiary of the Bank, HSBC Yatırım ve Menkul Değerler A.Ş. is included in the scope of full consolidation with its consolidated financial statements.

**VIII. 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**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

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

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

HSBC BANK A.Ş.

UNCONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2024 AND 31 DECEMBER 2023

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

SECTION TWO  
UNCONSOLIDATED FINANCIAL STATEMENTS

I. BALANCE SHEET	ASSETS	Note (Section Five I)	Reviewed Current Period (30.09.2024)			Audited Prior Period (31.12.2023)		
			TL	FC	Total	TL	FC	Total
			<b>I. FINANCIAL ASSETS (NET)</b>					
<b>1.1 Cash and Cash Equivalents</b>								
1.1.1 Cash and Balances with Central Bank	(I-a)	37.202.211	17.476.134	54.678.345	9.758.366	13.546.107	23.304.473	
1.1.2 Banks	(I-c)	18	1.918.685	1.918.703	10.709.044	651.227	11.360.271	
1.1.3 Money Market Placements		5.808.158	22.319.619	28.127.777	22.543.155	14.801.734	37.344.889	
1.1.4 Expected Loss Provision (-)		3.631	6.622	10.253	3.571	6.411	9.982	
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>(I-b)</b>	<b>2.498.544</b>	<b>1.201.885</b>	<b>3.700.429</b>	<b>521.997</b>	<b>178.043</b>	<b>700.040</b>	
1.2.1 Government Debt Securities		2.494.319	1.201.885	3.696.204	517.772	178.043	695.815	
1.2.2 Equity Instruments		4.225	-	4.225	4.225	-	4.225	
1.2.3 Other Financial Assets		-	-	-	-	-	-	
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(I-d)</b>	<b>15.353.917</b>	<b>-</b>	<b>15.353.917</b>	<b>7.973.914</b>	<b>-</b>	<b>7.973.914</b>	
1.3.1 Government Debt Securities		15.353.917	-	15.353.917	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>529.321</b>	<b>2.280.917</b>	<b>2.810.238</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		529.321	2.280.917	2.810.238	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>20.489.765</b>	<b>42.450.778</b>	<b>62.940.543</b>	<b>22.594.934</b>	<b>26.520.977</b>	<b>49.115.911</b>	
<b>2.1 Loans</b>	<b>(I-e)</b>	<b>17.124.823</b>	<b>44.041.169</b>	<b>61.165.992</b>	<b>19.371.947</b>	<b>27.749.386</b>	<b>47.121.333</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>271.501</b>	<b>68.105</b>	<b>339.606</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>3.491.438</b>	<b>-</b>	<b>3.491.438</b>	<b>3.432.430</b>	<b>-</b>	<b>3.432.430</b>	
2.4.1 Government Debt Securities		3.491.438	-	3.491.438	3.432.430	-	3.432.430	
2.4.2 Other Financial Assets		-	-	-	-	-	-	
<b>2.5 Expected Credit Losses (-)</b>		<b>397.997</b>	<b>1.658.496</b>	<b>2.056.493</b>	<b>387.014</b>	<b>1.323.233</b>	<b>1.710.247</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>34.753</b>	<b>-</b>	<b>34.753</b>	<b>34.753</b>	<b>-</b>	<b>34.753</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>34.753</b>	<b>-</b>	<b>34.753</b>	<b>34.753</b>	<b>-</b>	<b>34.753</b>	
4.2.1 Unconsolidated Financial Subsidiaries		34.753	-	34.753	34.753	-	34.753	
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>489.506</b>	<b>-</b>	<b>489.506</b>	<b>403.756</b>	<b>-</b>	<b>403.756</b>	
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(I-m)</b>	<b>525.633</b>	<b>-</b>	<b>525.633</b>	<b>424.308</b>	<b>-</b>	<b>424.308</b>	
6.1 Goodwill		-	-	-	-	-	-	
6.2 Other		525.633	-	525.633	424.308	-	424.308	
<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>164.688</b>	<b>-</b>	<b>164.688</b>	<b>340.297</b>	<b>-</b>	<b>340.297</b>	
<b>IX. DEFERRED TAX ASSET</b>	<b>(I-o)</b>	<b>336.511</b>	<b>-</b>	<b>336.511</b>	<b>477.637</b>	<b>-</b>	<b>477.637</b>	
<b>X. OTHER ASSETS</b>	<b>(I-r)</b>	<b>2.016.904</b>	<b>302.283</b>	<b>2.319.187</b>	<b>1.086.287</b>	<b>76.027</b>	<b>1.162.314</b>	
<b>TOTAL ASSETS</b>		<b>85.446.298</b>	<b>87.943.679</b>	<b>173.389.977</b>	<b>77.926.230</b>	<b>61.980.212</b>	<b>139.906.442</b>	

The explanations and notes on pages 13 to 86 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

UNCONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2024 AND 31 DECEMBER 2023

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

I. BALANCE SHEET		Note (Section Five II)	Reviewed Current Period (30.09.2024)			Audited Prior Period (31.12.2023)		
			TL	FC	Total	TL	FC	Total
<b>LIABILITIES</b>								
I.	DEPOSITS	(II-a)	56.606.478	61.187.124	117.793.602	59.379.051	49.091.960	108.471.011
II.	FUNDS BORROWED	(II-d)	-	17.180.908	17.180.908	-	4.949.714	4.949.714
III.	MONEY MARKET BALANCES	(II-c)	-	11.247.784	11.247.784	-	-	-
IV.	MARKETABLE SECURITIES ISSUED (Net)	(II-e)	-	-	-	-	-	-
4.1	Bills		-	-	-	-	-	-
4.2	Assets Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	BORROWER FUNDS		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(II-b)	305.666	1.280.638	1.586.304	597.591	5.557.962	6.155.553
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		305.666	1.280.638	1.586.304	597.591	5.557.962	6.155.553
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES	(II-g)	187.638	4.490	192.128	113.958	4.767	118.725
X.	PROVISIONS	(II-i)	1.044.810	20.760	1.065.570	820.263	175.448	995.711
10.1	Restructuring Provisions		-	2.809	2.809	-	23.084	23.084
10.2	Reverse for Employee Benefits		-	240.730	240.730	-	201.598	201.598
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		801.271	20.760	822.031	595.581	175.448	771.029
XI.	CURRENT TAX LIABILITY	(II-j)	387.940	-	387.940	285.246	-	285.246
XII.	DEFERRED TAX LIABILITY	(II-j)	-	-	-	-	-	-
XIII.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(II-k)	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(II-l)	-	5.047.719	5.047.719	-	4.337.395	4.337.395
14.1	Loans		-	5.047.719	5.047.719	-	4.337.395	4.337.395
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	OTHER LIABILITIES	(II-f)	2.054.113	1.391.068	3.445.181	1.201.186	1.854.930	3.056.116
XVI.	SHAREHOLDERS' EQUITY	(II-m)	15.442.841	-	15.442.841	11.536.971	-	11.536.971
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		(190.662)	-	(190.662)	(178.162)	-	(178.162)
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(103.829)	-	(103.829)	131.783	-	131.783
16.5	Profit Reserves		10.607.487	-	10.607.487	5.339.395	-	5.339.395
16.5.1	Legal Reserves		184.141	-	184.141	184.141	-	184.141
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		10.423.346	-	10.423.346	5.155.254	-	5.155.254
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit Or Loss		4.153.982	-	4.153.982	4.126.840	-	4.126.840
16.6.1	Prior Years' Profit/Loss		-	-	-	-	-	-
16.6.2	Current Year Profit/Loss		4.153.982	-	4.153.982	4.126.840	-	4.126.840
16.7	Minority Interest		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>76.029.486</b>	<b>97.360.491</b>	<b>173.389.977</b>	<b>73.934.266</b>	<b>65.972.176</b>	<b>139.906.442</b>

The explanations and notes on pages 13 to 86 form an integral part of these financial statements.

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

**HSBC BANK A.Ş.  
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS  
AS OF 30 SEPTEMBER AND 31 DECEMBER 2023**

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

II. OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Reviewed Current Period (30.09.2024)			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>107.563.076</b>	<b>296.360.755</b>	<b>403.923.831</b>	<b>79.804.353</b>	<b>307.369.765</b>	<b>387.174.118</b>
<b>I. GUARANTEES AND COLLATERALS</b>	<b>(III-a-2.3)</b>	<b>2.670.510</b>	<b>23.205.232</b>	<b>25.875.742</b>	<b>1.878.638</b>	<b>23.038.514</b>	<b>24.917.152</b>
1.1 Letters of Guarantee		2.602.010	13.699.515	16.301.525	1.810.138	13.411.792	15.221.930
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		2.602.010	13.699.515	16.301.525	1.810.138	13.411.792	15.221.930
1.2 Bank Acceptances		-	-	-	-	-	-
1.2.1 Import Letter of Acceptance		-	-	-	-	-	-
1.2.2 Other Bank Acceptance		-	-	-	-	-	-
1.3 Letters of Credit		68.500	8.672.957	8.741.457	68.500	8.906.899	8.975.399
1.3.1 Documentary Letters of Credit		68.500	5.262.012	5.330.512	68.500	7.807.762	7.876.262
1.3.2 Other Letters of Credit		-	3.410.945	3.410.945	-	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		-	832.760	832.760	-	719.823	719.823
1.9 Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	<b>(III-a-1)</b>	<b>12.398.512</b>	<b>25.535.696</b>	<b>37.934.208</b>	<b>7.435.594</b>	<b>34.293.918</b>	<b>41.729.512</b>
2.1 Irrevocable Commitments		12.398.512	25.535.696	37.934.208	7.435.594	34.293.918	41.729.512
2.1.1 Forward Asset Purchase and Sale Commitments		5.791.127	25.532.597	31.323.724	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		332.000	-	332.000	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		14.052	-	14.052	14.419	-	14.419
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Expenditure Limits		5.724.417	-	5.724.417	5.396.993	-	5.396.993
2.1.10 Commitments for Promotions Related with Credit Cards and Banking Activities		53.971	-	53.971	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		482.945	3.099	486.044	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>92.494.054</b>	<b>247.619.827</b>	<b>340.113.881</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		92.494.054	247.619.827	340.113.881	70.490.121	250.037.333	320.527.454
3.2.1 Forward Foreign Currency Buy/Sell Transactions		18.014.545	74.733.900	92.748.445	16.759.002	51.897.377	68.656.379
3.2.1.1 Forward Foreign Currency Transactions-Buy		10.199.881	36.727.830	46.927.711	11.312.430	23.728.297	35.040.727
3.2.1.2 Forward Foreign Currency Transactions-Sell		7.814.664	38.006.070	45.820.734	5.446.572	28.169.080	33.615.652
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rate		64.296.217	129.303.629	193.599.846	46.113.261	170.049.071	216.162.332
3.2.2.1 Foreign Currency Swap-Buy		2.575.573	50.034.677	52.610.250	907.661	75.991.781	76.899.442
3.2.2.2 Foreign Currency Swap-Sell		12.132.810	52.249.858	64.382.668	16.401.528	66.300.908	82.702.436
3.2.2.3 Interest Rate Swap-Buy		24.793.917	13.509.547	38.303.464	14.402.036	13.878.191	28.280.227
3.2.2.4 Interest Rate Swap-Sell		24.793.917	13.509.547	38.303.464	14.402.036	13.878.191	28.280.227
3.2.3 Foreign Currency, Interest Rate and Securities Options		10.183.292	28.527.896	38.711.188	7.617.858	22.344.724	29.962.582
3.2.3.1 Foreign Currency Options-Buy		5.091.646	14.263.948	19.355.594	3.808.929	11.172.362	14.981.291
3.2.3.2 Foreign Currency Options-Sell		5.091.646	14.263.948	19.355.594	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		-	15.054.402	15.054.402	-	5.746.161	5.746.161
<b>B. CUSTODY AND PLEDGES SECURITIES (IV+V+VI)</b>		<b>171.011.122</b>	<b>232.051.990</b>	<b>403.063.112</b>	<b>126.863.703</b>	<b>180.043.395</b>	<b>306.907.098</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>101.001.071</b>	<b>117.743.595</b>	<b>218.744.666</b>	<b>55.440.067</b>	<b>81.868.379</b>	<b>137.308.446</b>
4.1 Customers' Securities Held		79.174.485	44.063.595	123.238.080	44.831.162	23.204.130	68.035.292
4.2 Investment Securities Held in Custody		21.522.839	26.637.738	48.160.577	10.141.828	16.198.880	26.340.708
4.3 Checks Received for Collection		35.764	18.166	53.930	184.988	72.589	257.577
4.4 Commercial Notes Received for Collection		180.415	157.027	337.442	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	46.867.069	46.954.637	87.568	42.228.241	42.315.809
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>66.695.626</b>	<b>48.193.170</b>	<b>114.888.796</b>	<b>67.889.411</b>	<b>40.975.434</b>	<b>108.864.845</b>
5.1 Marketable Securities		190.650	5.081.588	5.272.238	282.388	4.750.018	5.032.406
5.2 Guarantee Notes		1.780	1.709.375	1.711.155	228.780	1.478.000	1.706.780
5.3 Commodity		351.722	4.539.977	4.891.699	399.283	3.901.165	4.300.448
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estate		3.881.566	30.352.602	34.234.168	4.240.474	24.759.073	28.999.547
5.6 Other Pledged Items		62.269.908	6.509.628	68.779.536	62.738.486	6.087.178	68.825.664
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL OF EXCHANGE AND COLLATERALS</b>		<b>3.314.425</b>	<b>66.115.225</b>	<b>69.429.650</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>278.574.198</b>	<b>528.412.745</b>	<b>806.986.943</b>	<b>206.668.056</b>	<b>487.413.160</b>	<b>694.081.216</b>

The explanations and notes on pages 13 to 86 form an integral part of these financial statements.

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

HSBC BANK A.Ş.  
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE PERIODS ENDED 30 SEPTEMBER 2024 AND 30 SEPTEMBER 2023  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

III. STATEMENT OF PROFIT OR LOSS		Note (Section Five IV)	Reviewed			
			Current Period (01.01.2024 – 30.09.2024)	Current Period (01.07.2024 – 30.09.2024)	Prior Period (01.01.2023– 30.09.2023)	Prior Period (01.07.2023– 30.09.2023)
<b>INCOME AND EXPENSE ITEMS</b>						
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(IV-a)</b>	<b>25.227.969</b>	<b>9.026.176</b>	<b>9.941.979</b>	<b>4.768.729</b>
1.1	Interest Income on Loans	(IV-a-1)	9.143.247	3.069.522	4.961.100	2.080.691
1.2	Interest Received from Reserve Requirements		1.209.647	542.685	16.216	104
1.3	Interest Received from Banks	(IV-a-2)	4.992.679	2.029.904	1.733.050	1.055.328
1.4	Interest Received from Money Market Transactions		4.665.065	1.295.930	2.202.722	1.150.194
1.5	Interest Received from Marketable Securities Portfolio	(IV-a-3)	4.806.976	1.900.242	987.624	466.223
1.5.1	Financial Assets at Fair Value through Profit or (Loss)		350.540	170.332	78.794	52.505
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		4.144.539	1.625.045	602.425	309.207
1.5.3	Financial Assets at Measured at Amortized Cost		311.897	104.865	306.405	104.511
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income		410.355	187.893	41.267	16.189
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(IV-b)</b>	<b>15.997.870</b>	<b>5.801.920</b>	<b>9.213.198</b>	<b>4.222.312</b>
2.1	Interest Expense on Deposits	(IV-b-4)	14.678.948	5.261.177	8.748.603	4.003.444
2.2	Interest Expense on Funds Borrowed	(IV-b-1)	876.278	412.669	404.555	196.246
2.3	Interest Expense on Money Market Transactions		365.416	110.431	3.188	-
2.4	Interest on Securities Issued	(IV-b-3)	-	-	-	-
2.5	Interest Expense on Lease		29.441	10.844	20.015	7.115
2.6	Other Interest Expenses		47.787	6.799	36.837	15.507
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>9.230.099</b>	<b>3.224.256</b>	<b>728.781</b>	<b>546.417</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>1.081.575</b>	<b>519.824</b>	<b>678.823</b>	<b>358.691</b>
4.1	Fees and Commissions Received		1.647.145	580.830	971.761	410.004
4.1.1	Non-Cash Loans		521.236	169.617	408.257	167.543
4.1.2	Other	(IV-l)	1.125.909	411.213	563.504	242.461
4.2	Fees and Commissions Paid (-)		565.570	61.006	292.938	51.313
4.2.1	Non-Cash Loans		716	154	931	296
4.2.2	Other		564.854	60.852	292.007	51.017
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(IV-c)</b>	<b>50.052</b>	<b>52</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING GAIN/(LOSS) (Net)</b>	<b>(IV-d)</b>	<b>268.725</b>	<b>431.859</b>	<b>5.453.016</b>	<b>960.495</b>
7.1	Trading Gains/(Losses) on Securities		226.411	81.411	123.199	58.336
7.2	Derivative Financial Transactions Gains/(Losses)		3.563.290	2.083.105	1.846.543	546.585
7.3	Foreign Exchange Gains/(Losses)		(3.520.976)	(1.732.657)	3.483.274	355.574
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(IV-e)</b>	<b>393.216</b>	<b>120.455</b>	<b>259.483</b>	<b>58.695</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>11.023.667</b>	<b>4.296.446</b>	<b>7.120.103</b>	<b>1.924.298</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES (-)</b>	<b>(IV-f)</b>	<b>336.998</b>	<b>100.962</b>	<b>323.008</b>	<b>16.681</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>		<b>28.808</b>	<b>13.129</b>	<b>42.838</b>	<b>17.648</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>2.782.652</b>	<b>978.242</b>	<b>1.387.413</b>	<b>519.715</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(IV-g)</b>	<b>1.944.295</b>	<b>739.871</b>	<b>1.269.150</b>	<b>495.932</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>5.930.914</b>	<b>2.464.242</b>	<b>4.097.694</b>	<b>874.322</b>
<b>XIV.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>BASED ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>INCOME/ (LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>		<b>5.930.914</b>	<b>2.464.242</b>	<b>4.097.694</b>	<b>874.322</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>(IV-i)</b>	<b>(1.776.932)</b>	<b>(732.959)</b>	<b>(673.477)</b>	<b>(143.584)</b>
18.1	Current Tax Provision		(1.633.389)	(26.368)	(1.091.903)	(499.264)
18.2	Deferred Tax Income Effect (+)		(143.543)	(706.591)	-	-
18.3	Deferred Tax Expense Effect (-)		-	-	418.426	355.680
<b>XIX.</b>	<b>NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	<b>(IV-j)</b>	<b>4.153.982</b>	<b>1.731.283</b>	<b>3.424.217</b>	<b>730.738</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</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>	<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>-</b>	<b>-</b>
<b>XXIII.</b>	<b>PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</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>NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT/LOSSES (XIX+XXIV)</b>	<b>(IV-k)</b>	<b>4.153.982</b>	<b>1.731.283</b>	<b>3.424.217</b>	<b>730.738</b>
	Earnings/Loss per Share		0,063683	0,026542	0,052495	0,011203

The explanations and notes on pages 13 to 86 form an integral part of these financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED  
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HSBC BANK A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIODS ENDED 30 SEPTEMBER 2024 AND 30 SEPTEMBER 2023

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

<b>IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
	<b>Reviewed Current Period (30.09.2024)</b>	<b>Reviewed Prior Period (30.09.2023)</b>
<b>I. INCOME/LOSS FOR THE PERIOD</b>	<b>4.153.982</b>	<b>3.424.217</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(248.112)</b>	<b>83.710</b>
<b>2.1 Not Reclassified Through Profit or Loss</b>	<b>(12.500)</b>	<b>(17.561)</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	(17.857)	(38.202)
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	5.357	20.641
<b>2.2 Reclassified Through Profit or Loss</b>	<b>(235.612)</b>	<b>101.271</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	(336.581)	154.281
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	100.969	(53.010)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>3.905.870</b>	<b>3.507.927</b>

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HSBC BANK A.Ş.  
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIODS ENDED 30 SEPTEMBER 2024 AND 30 SEPTEMBER 2023

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																
						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 30 September 2023	Note Section Five	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	Total Equity
<b>I. Balances at the Beginning of the Period - 31 December 2022</b>		652.290	-	-	323.573	-	(137.715)	-	-	100.572	-	3.465.569	-	3.015.078	7.419.367	7.419.367
<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	-	(137.715)	-	-	100.572	-	3.465.569	-	3.015.078	7.419.367	7.419.367
<b>IV. Total Comprehensive Income</b>	(V-a)	-	-	-	-	-	(17.561)	-	-	101.271	-	-	-	3.424.217	3.507.927	3.507.927
<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>		-	-	-	-	-	-	-	-	-	-	3.015.078	-	(3.015.078)	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	3.015.078	-	(3.015.078)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance (III+IV+.....+X+XI)</b>		652.290	-	-	1.471.423	-	(155.276)	-	-	201.843	-	5.332.797	-	3.424.217	10.927.294	10.927.294

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 13 to 86 form an integral part of these financial statements.

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HSBC BANK A.Ş.  
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIODS ENDED 30 SEPTEMBER 2024 AND 30 SEPTEMBER 2023

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																
Reviewed Current Period 30 September 2024	Note Section Five	Paid-in Capital	Share Premium	Share Cancel Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Profit/ (Loss)	Net Profit/ (Loss)	Total Equity Except from Minority Interest	Total Equity
						1	2	3	4	5	6					
<b>I. Balances at the Beginning of the Period - 31 December 2023</b>		652.290	-	-	1.464.825	-	(178.162)	-	-	131.783	-	5.339.395	-	4.126.840	11.536.971	11.536.971
<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	-	(178.162)	-	-	131.783	-	5.339.395	-	4.126.840	11.536.971	11.536.971
<b>IV. Total Comprehensive Income</b>	(V-a)	-	-	-	-	-	(12.500)	-	-	(235.612)	-	-	-	4.153.982	3.905.870	3.905.870
<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>		-	-	-	-	-	-	-	-	-	-	4.126.840	-	(4.126.840)	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	4.126.840	-	(4.126.840)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance (III+IV+.....+X+XI)</b>		652.290	-	-	323.573	-	(190.662)	-	-	(103.829)	-	10.607.487	-	4.153.982	15.442.841	15.442.841

- Increase/decrease of accumulated revaluation reserve on tangible,
- Accumulated gains/losses on remeasurement of defined benefit plans,
- 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,
- Exchange differences on translation reserve,
- Accumulated revaluation and/or classification gains/losses of financial assets at fair value through other comprehensive income,
- 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 13 to 86 form an integral part of these financial statements.



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

**UNCONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE PERIODS ENDED 30 SEPTEMBER 2024 AND 30 SEPTEMBER 2023**

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

<b>VI. STATEMENT OF CASH FLOWS</b>			
	<b>Note (Section Five VI)</b>	<b>Reviewed Current Period (30.09.2024)</b>	<b>Reviewed Prior Period (30.09.2023)</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>2.943.627</b>	<b>4.714.623</b>
1.1.1 Interest Received	(VI-a)	24.023.513	9.255.901
1.1.2 Interest Paid	(VI-a)	(16.290.276)	(7.642.959)
1.1.3 Dividend Received		52	-
1.1.4 Fees and Commissions Received		1.631.657	948.398
1.1.5 Other Income		281.901	150.817
1.1.6 Collections From Previously Written-Off Loans and Other Receivables		27.078	33.495
1.1.7 Cash Payments to Personnel and Service Suppliers	(VI-a)	(2.495.856)	(1.510.345)
1.1.8 Taxes Paid		(1.810.912)	(372.452)
1.1.9 Other		(2.423.530)	3.851.768
<b>1.2 Changes in Operating Assets and Liabilities Subject to Banking Operations</b>		<b>(1.116.214)</b>	<b>34.010.174</b>
1.2.1 Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss		(2.948.692)	(285.828)
1.2.2 Net (Increase)/Decrease in Due from Banks		(7.575.204)	(845.290)
1.2.3 Net (Increase)/Decrease in Loans		(13.710.906)	(7.844.969)
1.2.4 Net (Increase)/Decrease in Other Assets		(1.272.998)	353.465
1.2.5 Net Increase/(Decrease) in Bank Deposits		2.607.049	1.398.185
1.2.6 Net Increase/(Decrease) in Other Deposits		6.849.862	40.199.795
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		2.407.058	535.665
1.2.9 Net Increase/(Decrease) in Matured Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		12.527.617	499.151
<b>I. Net Cash Provided from Banking Operations</b>		<b>1.827.413</b>	<b>38.724.797</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>(7.020.484)</b>	<b>(3.286.473)</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		(76.124)	(60.616)
2.4 Cash Obtained from the Sale of Tangible and Intangible Asset		43.914	4.200
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(8.532.901)	(2.917.601)
2.6 Cash Obtained from the Sale of Financial Assets at Fair Value Through Other Comprehensive Income		1.816.005	858.058
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		(271.378)	(156.246)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>10.327.553</b>	<b>5.587.237</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		15.675.794	5.630.814
3.2 Cash Outflow from Funds Borrowed and Securities Issued		(5.261.351)	-
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Lease Liabilities		(86.890)	(43.577)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>(VI-a)</b>	<b>5.234</b>	<b>22.848</b>
<b>V. Net (Decrease)/Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>5.139.716</b>	<b>41.048.409</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	<b>(VI-d)</b>	<b>59.199.953</b>	<b>29.050.805</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>	<b>(VI-d)</b>	<b>64.339.669</b>	<b>70.099.214</b>

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**HSBC BANK A.Ş.  
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AT 30 SEPTEMBER 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 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 Bank prepared the accompanying unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements in conformity with TFRS requires the 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 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 Bank made certain estimations in the calculation of expected credit losses in the financial statements prepared as of 30 September 2024 and disclosed them in footnote VIII, “Explanations on Expected Loss Provisions”. The Bank reviews its assumptions every quarter and makes updates if deemed necessary.

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AT 30 SEPTEMBER 2024**

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

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

**Changes in accounting policies and disclosures**

New and revised TAS/IFRS effective for annual periods beginning on or after 1 January 2024 have no material effect on the financial statements, financial performance and on the Bank’s accounting policies. New and revised Turkish Accounting Standards 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 Bank’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 30 September 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 30 September 2024. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated 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 Bank’s main resources are customer deposits and foreign loans. The Bank creates its liquidity structure that will ensure the fulfilment of its due liabilities by diversifying its funding sources and by keeping sufficient cash and assets that can be converted into cash.

The Bank applies sophisticated methods of the Group 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 analysed by “Present Value Basis Points” method (“PVBP”) and relevant limits are being determined.

Various stress scenarios, liquidity, gap and volatility analyses are performed regarding the monitoring and management of market risk as well as control. By means of these analyses, 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 Bank’s exchange rate and the resulting exchange differences are reflected in the income statement as foreign exchange profit or loss.

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

The Bank has no investments in associates as of 30 September 2024. Investments in subsidiaries are accounted in accordance with the “Turkish Accounting Standard for Separate Financial Statements” (“TAS 27”) in the unconsolidated financial statements. Investments in subsidiaries that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost less provision for impairment.

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

In order to reduce the foreign exchange position risk, the 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 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.

When applying the effective interest method, The 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.

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**VII. EXPLANATIONS ON FINANCIAL ASSETS**

The Bank 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 Bank 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 Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the 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.

**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 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 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

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

**a. Financial Assets at Fair Value Through Profit/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.

**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” mean 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 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.

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

**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”.

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

**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES**

The Bank 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 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.

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

**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. As of the third quarter of 2024, the weight of the optimistic scenario has been revised upwards due to improvements in economic indicators and expectations.

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.

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 (DCF) 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 Bank.



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

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.

**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.

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

As of 30 September 2024, the 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 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 30 September 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 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. 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 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 Bank. Behavioural 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 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 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 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 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.

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

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

The 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.

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 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 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 Bank 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 Bank 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 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 (“IFRS 5”).

As of 30 September 2024 and 31 December 2023, the Bank has no discontinued operations.

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

The Bank’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 30 September 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 Bank 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 Bank 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 bank has started to apply the "TFRS 16 Leases" Standard with using the modified retrospective approach from 1 January 2019.

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

**Right of use assets**

The Bank 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 Bank

At the end of the lease term of the underlying asset's service, the transfer of the Bank is reasonably finalized and the Bank 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 Bank 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 Bank under the residual value commitments.
- The use price of this option and, if the Bank is reasonably confident that it will use the purchase option.
- Fines for termination of the lease if the lease term indicates that the Bank will use an option to terminate the lease.

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

**Explanations on TFRS 16 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 Bank determines the revised discount rate for the remaining part of the lease term as the implicit interest rate in the lease, if this rate can be easily determined; if this rate cannot be easily determined, it determines the Bank's alternative borrowing interest rate on the date of re-evaluation.

After the effective date of the lease, the Bank 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 Bank 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 Bank’s implementation of TFRS 16, rights of use assets classified under tangible assets as of 30 September 2024 amounted to TL 175.032 (31 December 2023: TL 98.533), lease liability amounted to TL 192.128 (31 December 2023: TL 118.725), depreciation expense amounted to TL 59.202 (30 September 2023: TL 39.908) and interest expense amounted to TL 29.441. (30 September 2023: TL 20.015).

**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 Bank 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 Bank, 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 Bank. 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 Bank 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 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 Bank 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 Bank allocates provision for retirement and termination liabilities by estimating the net present value of future payments of the Bank 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 3,90% (31 December 2023: 2,44%).

As of 30 September 2024, actuarial loss amounted to TL 190.662 (31 December 2023: TL 178.162 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 starting from the 2024 accounting period, 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):**

Additionally, according to Law No. 7491 published in the Official Gazette dated 28 December 2023 and numbered 32413, it is stipulated that the profit/loss differences resulting from inflation adjustments to be made by banks during the 2024 and 2025 fiscal periods, including interim tax periods, will not be taken into account in determining taxable income. On the other hand, under this regulation, depreciable economic assets on the Bank's balance sheet will be subject to depreciation based on their adjusted amounts during the 2024 and 2025 fiscal periods, including interim tax periods, starting from the 2nd provisional tax period of 2024 and the depreciation calculated on these adjusted amounts will be considered in determining the relevant period's taxable income.

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 Bank 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%. With the Law No. 7456, which entered into force by being published in the Official Gazette dated 15 July 2023 and numbered 32249, the relevant rate for the same companies was determined as 30%. Therefore, the Bank 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 30 September 2024, the Bank has recognized deferred tax receivable amounting to TL 336.511 as an asset (31 December 2023: The Bank has recognized a deferred tax receivable amounting to TL 477.637 as an asset).

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

**b. Deferred Tax Assets / Liabilities (Continued):**

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. 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 effect income tax and deferred tax assets of the period they are recognized.

**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 on 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. Bank 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 unconsolidated financial statements enclosed, foreign currency borrowings are translated according to the Bank’s period end exchange rate. Interest expenses of the current period regarding the borrowing amounts are recognized in the financial statements. Also, the Bank provides resources through the bond issue. As of 30 September 2024 and 31 December 2023, the Bank has no convertible bonds.

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

As of 30 September 2024 and 31 December 2023, the Bank 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 30 September 2024 and 31 December 2023, the Bank has no government incentives.

**XXV. EXPLANATIONS ON OPERATING SEGMENTS**

Segment reporting is presented in Note XII of Section Four.

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**XXVI. PROFIT RESERVES AND PROFIT DISTRIBUTION**

Retained earnings as per the statutory 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.

**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</b>	<b>Prior Period</b>
	<b>30 September 2024</b>	<b>30 September 2023</b>
Net Earnings/(Loss)for the Period	4.153.982	3.424.217
Number of Shares	65.229.000.000	65.229.000.000
<b>Earnings/(Loss) per Share (*)</b>	<b>0,063683</b>	<b>0,052495</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, Bank’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 SHAREHOLDERS’ EQUITY**

Equity and Capital Adequacy Standard Ratio of the Bank is calculated in accordance with “Communiqué on Measurement and Assessment of Capital Adequacy of Banks” and “Communiqué on Equities of Banks”. As of 30 September 2024, equity of the Bank is amounting to TL 20.664.216 and the Bank’s capital adequacy ratio is 23,79%. As of 31 December 2023, equity of the Bank is amounting to TL 15.924.613 and the Banks’s capital adequacy ratio is 24,41%. Capital adequacy ratio of the Bank is higher than the minimum rate required by the related regulation.

**a. Information about shareholders’ equity items:**

	<b>Current Period 30 September 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	10.931.060	6.804.220
Other Comprehensive Income according to TAS	-	131.783
Profit	4.153.982	4.126.840
Current Period Profit	4.153.982	4.126.840
Prior Period Profit	-	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	-
<b>Common Equity Tier I Capital Before Deductions</b>	<b>15.737.332</b>	<b>11.715.133</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	294.491	178.162
Leasehold Improvements on Operational Leases	34.405	40.010
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	525.633	424.308
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 credit worthiness	-	-
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>854.529</b>	<b>642.480</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>14.882.803</b>	<b>11.072.653</b>

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

	Current Period 30 September 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)	-	-
<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>14.882.803</b>	<b>11.072.653</b>
<b>TIER II CAPITAL</b>		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	4.953.700	4.255.901
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	829.563	600.600
<b>Total Deductions from Tier II Capital</b>	<b>5.783.263</b>	<b>4.856.501</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 (-)	460	1.071
<b>Total Deductions from Tier II Capital</b>	<b>460</b>	<b>1.071</b>
<b>Total Tier II Capital</b>	<b>5.782.803</b>	<b>4.855.430</b>
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>20.665.606</b>	<b>15.928.083</b>
<b>Amounts Deducted from Equity</b>		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
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	1.390	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 SHAREHOLDERS’ EQUITY (Continued)**

	Current Period 30 September 2024	Prior Period 31 December 2023
<b>CAPITAL</b>		
Total Capital (Total of Tier I Capital and Tier II Capital)	20.664.216	15.924.613
Total Risk Weighted Assets	86.852.752	65.248.315
<b>CAPITAL ADEQUACY RATIOS</b>		
CET1 Capital Ratio (%)	17,14	16,97
Tier I Capital Ratio (%)	17,14	16,97
Capital Adequacy Ratio (%)	23,79	24,41
<b>BUFFERS</b>		
Total Additional Core Capital Requirement Ratio (a+b+c)	2,53	2,56
a) Capital Conservation Buffer Ratio (%)	2,50	2,50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,03	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 (%)	8,60	8,42
<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)	2.006.700	1.821.271
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	829.563	600.600
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 26 June 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 SHAREHOLDERS’ EQUITY (Continued)

b. Items included in capital calculation:

Information about instruments that will be included in total capital calculation	
Issuer	HSBC HOLDINGS PLC
Identifier(s) (CUSIP, ISIN etc.)	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)	4.954
Nominal value of instrument	4.954
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 Year
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>	
	In case of the possibility of cancelling the 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, conversion trigger (s)	
If convertible, fully or partially	Fully convertible
	The conversion rate / value shall be calculated based on the market data in the case of the exercise of the right.
If convertible, conversion rate	
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 Banks’ Equity”
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 Banks’ Equity”

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

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

The HSBC Bank A.Ş.’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 on 27 February 2017. The ultimate aim of this internal capital requirements process is to maintain the continuity of capital adequacy under the 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 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 unconsolidated 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 TAS, 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 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 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 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:**

In foreign currency risk management, the Bank makes tiny distinctions and generally attentive to not taking long position when organizing the currency risk. In organizing foreign currency positions, the Bank 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 Bank for the last five business days prior to the financial statement date:**

The 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 – 30 September 2024</b>	<b>USD (\$)</b>	<b>Euro (€)</b>
<b>Balance Sheet Date</b>		
Bank Evaluation Rate	34,1875	38,1054
<b>Prior Balance Sheet Date</b>		
27 September 2024	34,1609	38,1953
26 September 2024	34,1456	38,0450
25 September 2024	34,1244	38,1545
24 September 2024	34,1256	38,0842
23 September 2024	34,0850	37,9571
<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

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IV. EXPLANATIONS ON CURRENCY RISK (Continued)

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

As of September 2024, the Bank’s simple arithmetic average foreign exchange rate for USD is TL 34,0435 (December 2023: TL 29,1189) and exchange rate for Euro is TL 37,8116 (December 2023: TL 31,8032).

e. Information related to Bank’s currency risk:

Current Period – 30 September 2024	Euro	USD	Other FC	Total
<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	3.400.759	8.923.026	5.148.031	17.471.816
Banks	119.174	1.788.383	11.122	1.918.679
Financial Assets at Fair Value through Profit or Loss (Net) (***)	709.467	2.683.591	89.744	3.482.802
Interbank Money Market Placements	-	22.317.321	-	22.317.321
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Loans (*)	27.375.087	15.078.012	-	42.453.099
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	41.441	244.265	16.577	302.283
<b>Total Assets</b>	<b>31.645.928</b>	<b>51.034.598</b>	<b>5.265.474</b>	<b>87.946.000</b>
<b>Liabilities</b>				
Bank Deposits	63.724	92	-	63.816
Foreign Currency Deposits	11.261.198	27.538.711	22.323.399	61.123.308
Funds from Interbank Money Market	1.817.753	9.430.031	-	11.247.784
Fund Borrowed	10.053.988	12.146.389	28.250	22.228.627
Marketable Securities Issued (Net)	-	-	-	-
Miscellaneous Payables	652.071	231.852	15.825	899.748
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities (**)	375.869	1.211.316	210.023	1.797.208
<b>Total Liabilities</b>	<b>24.224.603</b>	<b>50.558.391</b>	<b>22.577.497</b>	<b>97.360.491</b>
<b>Net On Balance Sheet Position</b>	<b>7.421.325</b>	<b>476.207</b>	<b>(17.312.023)</b>	<b>(9.414.491)</b>
<b>Net Off Balance Sheet Position</b>	<b>(6.894.620)</b>	<b>(1.453.700)</b>	<b>17.237.567</b>	<b>8.889.247</b>
Financial Derivative Assets	41.481.378	59.522.104	25.040.090	126.043.572
Financial Derivative Liabilities	48.375.998	60.975.804	7.802.523	117.154.325
<b>Non-cash Loans</b>	<b>8.419.153</b>	<b>11.240.328</b>	<b>3.545.751</b>	<b>23.205.232</b>
<b>Prior Period - 31 December 2023</b>				
Total Assets	23.573.266	30.004.980	2.470.142	56.048.388
Total Liabilities	16.591.982	31.323.582	12.767.154	60.682.718
<b>Net on-Balance Sheet Position</b>	<b>6.981.284</b>	<b>(1.318.602)</b>	<b>(10.297.012)</b>	<b>(4.634.330)</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	7.919.530	11.762.705	3.356.279	23.038.514

(\*) As of 30 September 2024, there is a foreign currency indexed loan amounting to TL 2.321.

(\*\*) There are Derivative Financial Liabilities amounting to TL 1.280.638 within Other Liabilities.

(\*\*\*) There are Derivative Financial Assets amounting to TL 2.280.917 within the Financial Assets at Fair Value Reflected in Profit/Loss.

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V. EXPLANATIONS ON INTEREST RATE RISK

There is a short-term interest sensitivity gap at the balance sheet of the 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 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):

Current Period – 30 September 2024	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Non-Interest Bearing	Total
<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>	45.400.565	-	-	-	-	9.270.429	54.670.994
Banks <sup>(*)</sup>	1.883.513	-	-	-	-	35.184	1.918.697
Financial Assets at Fair Value Through Profit or Loss (Net) <sup>(**)</sup>	1.166.605	713.601	1.210.492	2.080.455	1.335.289	4.225	6.510.667
Interbank Money Market Placements <sup>(*)</sup>	28.124.881	-	-	-	-	-	28.124.881
Financial Assets at Fair Value Through Other Comprehensive Income	2.891.679	7.668.176	1.195.729	2.393.039	1.205.294	-	15.353.917
Loans	22.191.683	9.049.140	27.516.311	38.255	629.999	34.620	59.460.008
Financial Assets Measured at Amortized Cost <sup>(****)</sup>	-	-	-	1.083.026	2.397.509	-	3.480.535
Other Assets	3.319	-	8	31.143	-	3.835.808	3.870.278
<b>Total Assets</b>	<b>101.662.245</b>	<b>17.430.917</b>	<b>29.922.540</b>	<b>5.625.918</b>	<b>5.568.091</b>	<b>13.180.266</b>	<b>173.389.977</b>
<b>Liabilities</b>							
Bank Deposits	3.541.964	-	-	-	-	533.421	4.075.385
Other Deposits	39.992.174	17.040.151	778.718	89	-	55.907.085	113.718.217
Funds from Interbank Money Market	11.247.784	-	-	-	-	-	11.247.784
Miscellaneous Payables	-	-	-	-	-	3.353.055	3.353.055
Marketable Securities Issued (Net)	-	-	-	-	-	-	-
Funds Borrowed	10.450.290	11.384.003	-	-	-	394.334	22.228.627
Other Liabilities <sup>(***)</sup> <sup>(**)</sup>	580.998	471.555	1.772.713	258.072	-	15.683.571	18.766.909
<b>Total Liabilities</b>	<b>65.813.210</b>	<b>28.895.709</b>	<b>2.551.431</b>	<b>258.161</b>	<b>-</b>	<b>75.871.466</b>	<b>173.389.977</b>
Balance Sheet Long Position	35.849.035	-	27.371.109	5.367.757	5.568.091	-	74.155.992
Balance Sheet Short Position	-	(11.464.792)	-	-	-	(62.691.200)	(74.155.992)
Off-Balance Sheet Long Position	535.270	-	978.989	-	-	-	1.514.259
Off-Balance Sheet Short Position	-	(505.151)	-	(17.455)	-	-	(522.606)
<b>Total Position</b>	<b>36.384.305</b>	<b>(11.969.943)</b>	<b>28.350.098</b>	<b>5.350.302</b>	<b>5.568.091</b>	<b>(62.691.200)</b>	<b>991.653</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 10.253.

<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 10.903.

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V. EXPLANATIONS ON INTEREST RATE RISK (Continued)

Prior Period – 31 December 2023	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non- Interest Bearing	Total
<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>	20.335.841	-	-	-	-	2.962.922	23.298.763
Banks <sup>(*)</sup>	11.329.278	-	-	-	-	30.479	11.359.757
Financial Assets at Fair Value Through Profit or Loss (Net) <sup>(**)</sup>	667.979	1.579.113	664.708	4.946.197	111.679	4.225	7.973.901
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	9.990.519	11.412.667	22.956.637	668.734	620.418	41.840	45.690.815
Financial Assets Measured at Amortized Cost <sup>(****)</sup>	-	-	-	1.092.757	2.332.339	-	3.425.096
Other Assets	1.966	-	131	42.354	-	2.798.614	2.843.065
<b>Total Assets</b>	<b>82.565.340</b>	<b>16.535.591</b>	<b>23.621.476</b>	<b>7.173.180</b>	<b>4.172.775</b>	<b>5.838.080</b>	<b>139.906.442</b>
<b>Liabilities</b>							
Bank Deposits	1.183.746	-	-	-	-	283.980	1.467.726
Other Deposits	35.789.888	22.536.412	6.438.211	31.331	-	42.207.443	107.003.285
Funds from Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	3.056.115	3.056.115
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	11.738.569	19.092.207
<b>Total Liabilities</b>	<b>43.160.086</b>	<b>25.682.445</b>	<b>9.186.260</b>	<b>4.540.817</b>	<b>819</b>	<b>57.336.015</b>	<b>139.906.442</b>
Balance Sheet Long Position	39.405.254	-	14.435.216	2.632.363	4.171.956	-	60.644.789
Balance Sheet Short Position	-	(9.146.854)	-	-	-	(51.497.935)	(60.644.789)
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>39.362.443</b>	<b>(9.103.171)</b>	<b>15.330.331</b>	<b>2.704.728</b>	<b>4.171.956</b>	<b>(51.497.935)</b>	<b>968.352</b>

<sup>(\*)</sup> 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.

<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 measured at amortized cost include an expected loss provision balance of TL 7.334.

b. Effective average interest rates for monetary financial instruments:

Current Period – 30 September 2024	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	3,75	3,75	-	30,00
Banks	3,63	5,21	-	-
Financial Assets at Fair Value Through Profit or Loss (Net)	5,12	5,64	-	41,64
Interbank Money Market Placements	-	4,76	-	51,34
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	41,35
Loans	7,61	8,05	-	50,86
Financial Assets Measured at Amortized Cost	-	-	-	12,78
<b>Liabilities</b>				
Bank Deposits	-	-	-	39,02
Other Deposits	0,72	2,50	-	41,49
Funds From Interbank Money Market	2,50	3,50	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-
Funds Provided from Other Financial Institutions	8,31	7,01	-	-

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

<b>Prior Period – 31 December 2023</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	-	-	-	42,18
Banks	-	5,20	-	43,80
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	-	33,45
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-
Funds Provided from Other Financial Institutions	10,31	8,15	-	-

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

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

As of 30 September 2024, the Bank has no financial assets that would cause a significant effect on its equity securities position (31 December 2023: None).

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

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

The Bank has adopted principle of funding the liquidity and funding management of the 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 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.

In addition, current and planned liquidity positions of 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 Bank and its subsidiaries:**

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

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

The 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 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.

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

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

Almost all of the 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 Banks’ 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 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 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.

**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 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 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.

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

**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 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 consist 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 Bank’s founding sources are consisted of real person and retail deposit, corporate bank deposits, repurchase agreements and borrowings. Deposits that are used for funding consists 68% of total liabilities.

**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.



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

Current Period – 30.09.2024	Total value to which the consideration ratio is not applied (*)		Total value to which the consideration ratio is applied (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			90.484.802	48.082.325
<b>Cash Outflows</b>				
Retail and customer deposits	77.622.144	43.342.603	7.648.568	4.334.260
Stable deposits	2.272.930	-	113.647	-
Less stable deposits	75.349.214	43.342.603	7.534.921	4.334.260
Unsecured funding other than retail and small business customers deposits	47.739.867	23.264.181	23.461.341	10.121.252
Operational deposits	-	-	-	-
Non-Operational deposits	44.917.944	23.102.531	20.639.418	9.959.602
Other unsecured funding	2.821.923	161.650	2.821.923	161.650
Secured funding	-	-	-	-
Other cash outflows	1.909.892	10.063.758	1.909.892	10.063.758
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.909.892	10.063.758	1.909.892	10.063.758
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	33.454.007	24.074.034	3.936.915	3.215.990
Other irrevocable or conditionally revocable commitments	-	-	-	-
<b>TOTAL CASH OUTFLOWS</b>			<b>36.956.716</b>	<b>27.735.260</b>
<b>Cash Inflows</b>				
Secured lending transactions	-	-	-	-
Unsecured lending transactions	9.726.746	7.272.594	6.277.183	4.734.970
Other cash inflows	527.862	7.803.202	527.863	7.803.202
<b>TOTAL CASH INFLOWS</b>	<b>10.254.608</b>	<b>15.075.796</b>	<b>6.805.046</b>	<b>12.538.172</b>
			<b>Values to which the upper limit is applied</b>	
<b>TOTAL HQLA STOCK</b>			<b>90.484.802</b>	<b>48.082.325</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>30.151.670</b>	<b>15.197.088</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>300,10%</b>	<b>316,39%</b>

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

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

	Current Period – 30.09.2024	
	TL+FC	FC
Highest (%)	371,42	763,66
Date	19.08.2024	2.09.2024
Lowest (%)	235,97	207,23
Date	11.09.2024	3.07.2024
<b>Average (%)</b>	<b>300,10</b>	<b>316,39</b>

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

	Total value to which the consideration ratio is not applied (*)		Total value to which the consideration ratio is applied (*)	
	TL+FC	FC	TL+FC	FC
<b>Prior Period– 31.12.2023</b>				
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			70.528.158	27.640.926
<b>Cash Outflows</b>				
Retail and customer deposits	79.919.349	33.185.305	7.828.843	3.318.530
Stable deposits	3.261.838	-	163.092	-
Less stable deposits	76.657.511	33.185.305	7.665.751	3.318.530
Unsecured funding other than retail and small business customers deposits	37.958.293	13.766.403	19.981.117	6.402.401
Operational deposits	-	-	-	-
Non-Operational deposits	32.731.906	13.585.824	14.754.730	6.221.822
Other unsecured funding	5.226.387	180.579	5.226.387	180.579
Secured funding	-	-	-	-
Other cash outflows	2.246.098	4.826.635	2.246.098	4.826.635
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.246.098	4.826.635	2.246.098	4.826.635
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	30.647.133	22.399.383	3.617.545	3.019.244
Other irrevocable or conditionally revocable commitments	-	-	-	-
<b>TOTAL CASH OUTFLOWS</b>			<b>33.673.603</b>	<b>17.566.810</b>
<b>Cash Inflows</b>				
Secured lending transactions	-	-	-	-
Unsecured lending transactions	16.731.758	3.892.871	14.866.665	2.739.604
Other cash inflows	218.835	7.661.578	218.835	7.661.578
<b>TOTAL CASH INFLOWS</b>	<b>16.950.593</b>	<b>11.554.449</b>	<b>15.085.500</b>	<b>10.401.182</b>
			<b>Values to which the upper limit is applied</b>	
<b>TOTAL H.Q.L.A STOCK</b>			<b>70.528.158</b>	<b>27.640.926</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>18.588.103</b>	<b>7.165.628</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>379,43%</b>	<b>385,74%</b>

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

The table below shows the minimum, maximum and average liquidity coverage ratios calculated by taking the simple average for the last three months of 2023:

	Prior Period – 31.12.2023	
	TL+FC	FC
Highest (%)	854,85	644,79
Date	3.11.2023	27.12.2023
Lowest (%)	247,02	228,97
Date	10.11.2023	10.10.2023
<b>Average (%)</b>	<b>379,43</b>	<b>385,74</b>

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

**b. Breakdown of assets and liabilities according to their outstanding maturities:**

Current Period – 30 September 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 (****)	9.270.429	45.400.565	-	-	-	-	-	54.670.994
Banks (****)	35.184	1.883.513	-	-	-	-	-	1.918.697
Financial Assets at Fair Value through Profit or Loss (Net) (***)	-	901.775	518.039	1.201.443	2.497.600	1.387.585	4.225	6.510.667
Interbank Money Market Placements (****)	-	28.124.881	-	-	-	-	-	28.124.881
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	-	13.738.742	1.615.175	-	15.353.917
Loans	-	7.570.520	6.549.525	32.160.374	7.729.457	5.415.512	34.620	59.460.008
Financial Assets at Fair Value Through Amortized Cost (*****)	-	-	-	-	1.083.026	2.397.509	-	3.480.535
Other Assets (*)	-	3.319	-	8	31.143	-	3.835.808	3.870.278
<b>Total Assets</b>	<b>9.305.613</b>	<b>83.884.573</b>	<b>7.067.564</b>	<b>33.361.825</b>	<b>25.079.968</b>	<b>10.815.781</b>	<b>3.874.653</b>	<b>173.389.977</b>
<b>Liabilities</b>								
Bank Deposits	533.421	3.541.964	-	-	-	-	-	4.075.385
Other Deposits	55.907.085	39.992.174	17.040.151	778.718	89	-	-	113.718.217
Money Market Borrowings	-	11.247.784	-	-	-	-	-	11.247.784
Miscellaneous Payables	-	-	-	-	-	-	3.353.055	3.353.055
Marketable Securities Issued (Net)	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	394.334	-	-	11.384.003	5.402.571	5.047.719	-	22.228.627
Other Liabilities (**)(***)	-	394.865	352.729	1.708.770	594.970	32.004	15.683.571	18.766.909
<b>Total Liabilities</b>	<b>56.834.840</b>	<b>55.176.787</b>	<b>17.392.880</b>	<b>13.871.491</b>	<b>5.997.630</b>	<b>5.079.723</b>	<b>19.036.626</b>	<b>173.389.977</b>
<b>Net Liquidity Excess / (Gap)</b>	<b>(47.529.227)</b>	<b>28.707.786</b>	<b>(10.325.316)</b>	<b>19.490.334</b>	<b>19.082.338</b>	<b>5.736.058</b>	<b>(15.161.973)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>459.050</b>	<b>(574.440)</b>	<b>1.124.498</b>	<b>(17.455)</b>	<b>-</b>	<b>-</b>	<b>991.653</b>
Derivative Financial Assets	-	70.319.440	37.272.074	51.178.233	23.704.432	1.271.072	-	183.745.251
Derivative Financial Liabilities	-	69.860.390	37.846.514	50.053.735	23.721.887	1.271.072	-	182.753.598
Non-cash Loans	21.173.895	265.878	1.395.739	3.040.230	-	-	-	25.875.742
<b>Prior Period - 31 December 2023</b>								
Total Assets	2.993.401	79.051.701	6.712.376	20.563.977	20.797.963	6.942.345	2.844.679	139.906.442
Total Liabilities	42.541.331	37.365.465	22.729.605	12.919.157	5.182.931	4.373.269	14.794.684	139.906.442
<b>Net Liquidity Excess / (Gap)</b>	<b>(39.547.930)</b>	<b>41.686.236</b>	<b>(16.017.229)</b>	<b>7.644.820</b>	<b>15.615.032</b>	<b>2.569.076</b>	<b>(11.950.005)</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	21.434.923	1.112.802	715.673	1.651.389	2.365	-	-	24.917.152

(\*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, investments, subsidiaries, stationery, 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 10.253.

(\*\*\*\*\*) Financial Assets Valued at Amortized Cost Includes expected loss provisions balance amounting to TL 10.903.

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c. Net Stable Funding Ratio Template:

Current Period – 30 September 2024		a	b	c	d	e
		Total Value To Which The Consideration Ratio Is Not Applied				Total value to which the consideration ratio is applied
		On Demand	Term Less than 6 Months	6 Months to More than 6 Months, Less than 1 Year Term	1 Year and More than 1 Year Term	
<b>Current Stable Fund</b>						
1	Shareholder’s Equity Elements	15.093.464	-	-	4.953.700	20.047.164
2	Core Capital and Supplementary Capital	15.093.464	-	-	4.953.700	20.047.164
3	Other Shareholder’s Equity Elements	-	-	-	-	-
4	Real Person and Retail Customer Deposits/Participation Funds	37.129.002	41.356.183	157.687	89	70.892.844
5	Stable Deposit/Participation Fund	435.230	1.840.914	7.430	8	2.169.402
6	Low Stable Deposit/Participation Fund	36.693.772	39.515.269	150.257	81	68.723.442
7	Debts to other people	19.656.827	17.906.601	11.314.398	5.324.019	23.896.613
8	Operational deposit/participation fund	-	-	-	-	-
9	Other Debts	19.656.827	17.906.601	11.314.398	5.324.019	23.896.613
10	Liabilities Equivalent To Interconnected Assets	-	-	-	-	-
11	Other Liabilities	-	-	-	-	-
12	Derivative Liabilities	-	-	1.586.304	-	-
13	Other equity elements and liabilities not listed above	7.663.917	11.247.784	-	-	-
<b>14</b>	<b>Current Stable Fund</b>					<b>114.836.622</b>
<b>Required Stable Fund</b>						
15	High quality liquid assets	-	-	-	-	3.716.333
16	Operational Deposit/Participation Fund Deposited in Credit Institutions or Financial Institutions	-	-	-	-	-
17	Biological Receivables	-	33.568.920	14.557.312	13.006.057	35.502.139
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	-	3.552.158	2.328.399	-	882.083
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	-	30.016.762	12.228.913	11.569.290	33.901.673
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	-	-	-	1.436.767	718.383
25	Assets Equivalent to Interconnected Liabilities	-	-	-	-	-
26	Other Assets	-	-	-	-	10.605.129
27	Commodities With Physical Delivery, Including Gold	-	-	-	-	-
28	Initial Collateral of Derivative Contracts or Guarantee Fund Given to The Central Counterparty	-	-	-	24.238	20.602
29	Derivative Assets	-	-	-	1.223.934	1.223.934
30	Amount Of Derivative Liabilities Before Deducting Variation Margin	-	-	-	158.630	158.630
31	Other Assets Not Listed Above	-	-	-	9.201.963	9.201.963
32	Off-Balance Sheet Liabilities	-	32.454.763	-	-	1.622.738
<b>33</b>	<b>Required Stable Fund</b>					<b>51.446.339</b>
<b>34</b>	<b>Net Stable Funding Rate (%)</b>					<b>223,22%</b>

As of 30 September 2024, NSFR is calculated as 223,22% (31 December 2023: 227,93%). Considering the amounts to which the consideration rate is applied, the Equity Elements to which the highest consideration rate is applied within the scope of the legislation constitute 17,5% of the Current Stable Fund amount (31 December 2023: 16,1%) and Real Person and Retail Customer Deposits corresponds to 61,8% of Current Stable Fund amount (31 December 2023: 69,9%). Performing Receivables, which have the largest share in the Required Stable Fund, constitute 69% of the Required Stable Fund amount (31 December 2023: 74,2%). Factors such as the change 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 LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO (Continued)**

NSFR development in the third 3 months of 2024 is shown in the tables below.

Period	Rate
31 July 2024	221,76%
31 August 2024	214,22%
30 September 2024	223,22%
<b>3 Month Average</b>	<b>219,73%</b>

Prior Period – 31 December 2023		a	b	c	d	e
		Total Value to Which the Consideration Ratio Is Not Applied				Total value to which the consideration ratio is applied
		On Demand	Term Less than 6 Months	6 Months to More than 6 Months, Less than 1 Year Term	1 Year and More than 1 Year Term	
<b>Current Stable Fund</b>						
1	Shareholder’s Equity Elements	-	-	-	15.924.604	15.924.604
2	Core Capital and Supplementary Capital	-	-	-	15.924.604	15.924.604
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	13.625.494	21.481.700	-	-	13.751.829
8	Operational deposit/participation fund	-	-	-	-	-
9	Other Debts	13.625.494	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>98.682.597</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	-	36.369.082	7.665.507	15.821.262	32.110.716
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	-	14.679.624	150.000	1.225.635	3.502.579
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	7.515.507	11.566.319	27.093.483
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	-	-	-	3.029.308	1.514.654
25	Assets Equivalent to Interconnected Liabilities	-	-	-	-	-
26	Other Assets	-	-	-	-	5.500.779
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	-	-	-	3.741.968	3.741.968
32	Off-Balance Sheet Liabilities	-	31.003.419	-	-	1.550.171
33	<b>Required Stable Fund</b>	-	-	-	-	<b>43.295.712</b>
34	<b>Net Stable Funding Rate (%)</b>	-	-	-	-	<b>227,93%</b>

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

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

Period	Rate
31 October 2023	244,57%
30 November 2023	221,86%
31 December 2023	227,93%
<b>3 Month Average</b>	<b>231,45%</b>

**d. Information on securitisation position:**

None.

**VIII. EXPLANATIONS ON LEVERAGE RATIO**

Below is the table on leverage ratio according to the Guideline of the Measuring and Evaluating Banks' Leverage Rate, published in the Official Gazette no.28812 and date 5 November 2013.

	Current Period 30.09.2024 (*)	Prior Period 31.12.2023 (*)
<b>Assets On the Balance Sheet</b>		
Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	141.195.324	111.818.668
1 (Assets deducted from core capital)	(534.527)	(426.218)
2 Total risk amount for assets on the balance sheet (sum of lines 1 and 2)	140.660.797	111.392.450
<b>Derivative Financial Instruments and Loan Derivatives</b>		
4 Renewal cost of derivative financial instruments and loan derivatives	1.566.122	1.131.060
5 Potential credit risk amount of derivative financial instruments and loan derivatives	1.156.226	1.068.353
6 Total risk amount of derivative financial instruments and loan derivatives (sum of lines 4 and 5)	2.722.348	2.199.413
<b>Financing Transactions with Securities or Goods Warranties</b>		
7 Risk amount of financial transactions with securities or goods warranties (excluding those in the balance sheet)	3.242.210	852.709
8 Risk amount arising from intermediated transactions	-	-
9 Total risk amount of financing transactions with securities or goods warranties (sum of lines 7 and 8)	3.242.210	852.709
<b>Off-the-Balance Sheet Transactions</b>		
10 Gross nominal amount of the off-the-balance sheet transactions	57.835.165	54.523.070
11 Adjustment amount arising from multiplying by the credit conversion rate	-	-
12 Total risk amount for off-the-balance sheet transactions (sum of lines 10 and 11)	57.835.165	54.523.070
<b>Capital and Total Risk</b>		
13 Core capital	14.352.642	11.082.098
14 Total risk amount (sum of lines 3,6,9 and 12)	204.460.520	168.967.642
<b>Transition Process Unapplied Leverage Ratio</b>		
15 Transition process unapplied leverage ratio (%)	7,02	6,56

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

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**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 must be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following required tables have not been presented on 30 September 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

**General explanations regarding risk management and risk-weighted amounts:**

**a. Overview of risk-weighted amounts:**

	Risk Weighted Amounts		Minimum Capital Requirements
	Current Period 30 September 2024	Prior Period 31 December 2023	Current Period 30 September 2024
Credit risk (excluding counterparty credit risk)	59.996.536	45.503.753	4.799.723
Standardised approach	59.996.536	45.503.753	4.799.723
Internal rating-based approach	-	-	-
Counterparty credit risk	6.368.482	2.544.230	509.479
Standardised approach for counterparty credit risk	6.368.482	2.544.230	509.479
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	8.514.038	9.644.238	681.123
Standardised approach	8.514.038	9.644.238	681.123
Internal model approaches	-	-	-
Operational risk	11.973.696	7.556.094	957.896
Basic indicator approach	11.973.696	7.556.094	957.896
Standardised approach	-	-	-
Advanced measurement approach	-	-	-
Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
Floor adjustment	-	-	-
<b>Total</b>	<b>86.852.752</b>	<b>65.248.315</b>	<b>6.948.221</b>

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**X. EXPLANATIONS ON PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUES**

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.

**XII. EXPLANATIONS ON OPERATING SEGMENTS**

Bank; provides services in the fields of retail, corporate and investment banking, treasury and capital markets.

In the retail banking segment, the 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 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 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>Bank's Total Activities</b>
<b>Current Period – 30 September 2024</b>						
Operating Income	2.561.330	2.740.754	2.511.568	3.225.710	(15.695)	11.023.667
Other	-	-	-	-	-	-
<b>Operating Income</b>	<b>2.561.330</b>	<b>2.740.754</b>	<b>2.511.568</b>	<b>3.225.710</b>	<b>(15.695)</b>	<b>11.023.667</b>
Segment Net Profit	-	-	-	-	-	-
Undistributed Cost	-	-	-	-	-	-
Operating Profit/(Loss)	(17.293)	1.757.847	2.060.880	2.214.402	(84.922)	5.930.914
<b>Profit before Tax</b>	<b>(17.293)</b>	<b>1.757.847</b>	<b>2.060.880</b>	<b>2.214.402</b>	<b>(84.922)</b>	<b>5.930.914</b>
Corporate Tax Provision <sup>(*)</sup>	-	-	-	-	(1.776.932)	(1.776.932)
<b>Profit after Tax</b>	<b>(17.293)</b>	<b>1.757.847</b>	<b>2.060.880</b>	<b>2.214.402</b>	<b>(1.861.854)</b>	<b>4.153.982</b>
Non-Controlling Interest	-	-	-	-	-	-
<b>Net Profit for the Period</b>	<b>(17.293)</b>	<b>1.757.847</b>	<b>2.060.880</b>	<b>2.214.402</b>	<b>(1.861.854)</b>	<b>4.153.982</b>
Section Assets	1.920.652	46.086.174	12.720.852	112.627.546	-	173.355.224
Affiliates and Subsidiaries	-	-	-	34.753	-	34.753
Undistributed Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>1.920.652</b>	<b>46.086.174</b>	<b>12.720.852</b>	<b>112.662.299</b>	<b>-</b>	<b>173.389.977</b>
Segment Liabilities	79.135.363	11.382.748	21.630.786	41.349.090	4.449.149	157.947.136
Undistributed Liabilities	-	-	-	-	15.442.841	15.442.841
<b>Total Liabilities</b>	<b>79.135.363</b>	<b>11.382.748</b>	<b>21.630.786</b>	<b>41.349.090</b>	<b>19.891.990</b>	<b>173.389.977</b>
<b>Other Segment Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52.711)</b>	<b>2.219.456</b>	<b>2.166.745</b>
Capital Investment	-	-	-	-	347.502	347.502
Amortization	-	-	-	-	(300.645)	(300.645)
Impairment	-	-	-	(52.711)	-	(52.711)
Non-Cash Other Income Expense <sup>(**)</sup>	-	-	-	-	2.172.599	2.172.599

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

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



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

	Retail Banking	Corporate Banking	Global Banking	Treasury and Capital Markets	Other	Bank's Total Activities
<b>Prior Period – 31 December 2023 <sup>(***)</sup></b>						
Operating Income	698.787	1.791.449	981.981	3.655.189	(7.303)	7.120.103
Other	-	-	-	-	-	-
<b>Operating Income</b>	<b>698.787</b>	<b>1.791.449</b>	<b>981.981</b>	<b>3.655.189</b>	<b>(7.303)</b>	<b>7.120.103</b>
Segment Net Profit	-	-	-	-	-	-
Undistributed Cost	-	-	-	-	-	-
Operating Profit/(Loss)	(853.417)	1.081.708	732.756	3.185.740	(49.093)	4.097.694
<b>Profit before Tax</b>	<b>(853.417)</b>	<b>1.081.708</b>	<b>732.756</b>	<b>3.185.740</b>	<b>(49.093)</b>	<b>4.097.694</b>
Corporate Tax Provision <sup>(*)</sup>	-	-	-	-	(673.477)	(673.477)
<b>Profit after Tax</b>	<b>(853.417)</b>	<b>1.081.708</b>	<b>732.756</b>	<b>3.185.740</b>	<b>(722.570)</b>	<b>3.424.217</b>
Non-Controlling Interest	-	-	-	-	-	-
<b>Net Profit for the Period</b>	<b>(853.417)</b>	<b>1.081.708</b>	<b>732.756</b>	<b>3.185.740</b>	<b>(722.570)</b>	<b>3.424.217</b>
Segment Assets	3.292.117	31.845.724	11.500.380	93.233.468	-	139.871.689
Associates and Subsidiaries	-	-	-	34.753	-	34.753
Undistributed Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>3.292.117</b>	<b>31.845.724</b>	<b>11.500.380</b>	<b>93.268.221</b>	<b>-</b>	<b>139.906.442</b>
Segment Liabilities	76.771.831	9.930.068	18.759.180	18.786.292	4.122.100	128.369.471
Undistributed Liabilities	-	-	-	-	11.536.971	11.536.971
<b>Total Liabilities</b>	<b>76.771.831</b>	<b>9.930.068</b>	<b>18.759.180</b>	<b>18.786.292</b>	<b>15.659.071</b>	<b>139.906.442</b>
<b>Other Segment Items</b>	-	-	-	<b>(52.085)</b>	<b>(660.616)</b>	<b>(712.701)</b>
Capital Investment	-	-	-	-	216.862	216.862
Amortization	-	-	-	-	(194.078)	(194.078)
Impairment	-	-	-	(52.085)	-	(52.085)
Non-Cash Other Income- Expense <sup>(**)</sup>	-	-	-	-	(683.400)	(683.400)

<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 represent the amounts of 30 September 2023.

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED  
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I. EXPLANATIONS AND NOTES RELATED TO 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:

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Cash/Foreign Currency	78.744	1.196.840	69.876	2.363.548
The CBRT	37.123.467	16.279.294	9.688.490	11.182.559
<b>Total</b>	<b>37.202.211</b>	<b>17.476.134</b>	<b>9.758.366</b>	<b>13.546.107</b>

2. Information related to balances with the CBRT:

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Unrestricted Demand Deposit	7.924.673	72.293	218.241	311.489
Unrestricted Time Deposit	25.651.004	-	7.874.102	-
Restricted Time Deposit	-	-	-	-
Reserve Requirements	3.547.790	16.207.001	1.596.147	10.871.070
<b>Total</b>	<b>37.123.467</b>	<b>16.279.294</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 30 September 2024, Turkish lira required reserve ratios for Turkish lira deposits and other liabilities range from 3% to 33% (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 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 30 September 2024	Prior Period 31 December 2023
Collateral/Blocked	-	-
Repurchase Agreement	-	-
Unrestricted	3.696.204	695.815
<b>Total</b>	<b>3.696.204</b>	<b>695.815</b>

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

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Forward Transactions	-	962.797	-	656.471
Swap Transactions	529.321	1.068.338	1.061.353	1.048.425
Futures Transactions	-	-	-	-
Options	-	249.782	-	4.507.612
Other	-	-	-	-
<b>Total</b>	<b>529.321</b>	<b>2.280.917</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 30 September 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	18	-	10.709.044	-
Foreign	-	1.918.685	-	651.227
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>18</b>	<b>1.918.685</b>	<b>10.709.044</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 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:

	Current Period 30 September 2024	Prior Period 31 December 2023
Collateral/Blocked	2.840.446	4.075.006
Repurchase Agreement	7.883.101	-
Unrestricted	4.630.370	3.898.908
<b>Total</b>	<b>15.353.917</b>	<b>7.973.914</b>

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

	Current Period 30 September 2024	Prior Period 31 December 2023
<b>Debt Securities</b>	<b>15.366.555</b>	<b>7.986.656</b>
Quoted to Stock Exchange	15.366.555	7.986.656
Not Quoted	-	-
<b>Share Certificate</b>	<b>-</b>	<b>-</b>
Quoted to Stock Exchange	-	-
Not Quoted	-	-
<b>Impairment Provision (-)</b>	<b>12.638</b>	<b>12.742</b>
<b>Total</b>	<b>15.353.917</b>	<b>7.973.914</b>

e. Information on loans:

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

	Current Period 30 September 2024		Prior Period 31 December 2023	
	Cash	Non-cash	Cash	Non-cash
<b>Direct Loans Granted to Shareholders</b>	-	<b>227.000</b>	-	<b>409.317</b>
Corporate Shareholders	-	227.000	-	409.317
Real Person Shareholders	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	-	<b>677.274</b>	-	<b>589.746</b>
<b>Loans Granted to Employees</b>	<b>48.892</b>	-	<b>46.732</b>	-
<b>Total</b>	<b>48.892</b>	<b>904.274</b>	<b>46.732</b>	<b>999.063</b>

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I. EXPLANATIONS AND NOTES RELATED TO 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			
	Standard Loans	Loans not Subject to Restructuring	Loans with Revised Contract Terms	Restructured Loans Refinancing
<b>Non-specialized Loans</b> <sup>(*)</sup>	<b>57.772.069</b>	<b>1.639.707</b>	<b>1.955.845</b>	-
Working Capital Loans	29.858.503	789.238	1.947.174	-
Export Loans	15.398.814	782.258	-	-
Import Loans	6.772.939	-	-	-
Loans Given to Financial Sector	3.148.704	-	-	-
Retail Loans	324.253	43.783	198	-
Credit Cards	2.268.856	24.428	8.473	-
Other	-	-	-	-
<b>Specialized Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>57.772.069</b>	<b>1.639.707</b>	<b>1.955.845</b>	-

(\*) Includes the factoring receivables amounting to TL 339.606.

	Current Period 30 September 2024		Prior Period 31 December 2023	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	470.422	-	546.590	-
Significant Increase in Credit Risk	-	1.471.811	-	1.067.284
<b>Total</b>	<b>470.422</b>	<b>1.471.811</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 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>118.966</b>	<b>169.133</b>	<b>288.099</b>
Mortgage Loans	-	28.294	28.294
Automotive Loans	-	6.341	6.341
Consumer Loans	118.966	134.398	253.364
Other	-	100	100
<b>Consumer Loans- Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>2.204.969</b>	<b>5.182</b>	<b>2.210.151</b>
Instalment	661.561	5.182	666.743
Non-Instalment	1.543.408	-	1.543.408
<b>Individual Credit Cards-FC</b>	<b>35.324</b>	-	<b>35.324</b>
Instalment	2.262	-	2.262
Non-Instalment	33.062	-	33.062
<b>Personnel Loans-TL</b>	<b>11.037</b>	<b>11.348</b>	<b>22.385</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	11.037	11.348	22.385
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>26.087</b>	-	<b>26.087</b>
Instalment	10.438	-	10.438
Non-Instalment	15.649	-	15.649
<b>Personnel Credit Cards-FC</b>	<b>420</b>	-	<b>420</b>
Instalment	-	-	-
Non-Instalment	420	-	420
<b>Overdraft Account-TL (Individual)</b>	<b>57.750</b>	-	<b>57.750</b>
<b>Overdraft Account-FC (Individual)</b>	-	-	-
<b>Total Consumer Loans</b>	<b>2.454.553</b>	<b>185.663</b>	<b>2.640.216</b>

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I. EXPLANATIONS AND NOTES RELATED TO 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>	-	2.322	2.322
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	2.322	2.322
Other	-	-	-
<b>Commercial Instalment Loans- FC Indexed</b>	-	36.785	36.785
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	36.785	36.785
Other	-	-	-
<b>Commercial Instalment Loans-FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	22.458	-	22.458
Instalment	2.088	-	2.088
Non-Instalment	20.370	-	20.370
<b>Corporate Credit Cards-FC</b>	7.317	-	7.317
Instalment	-	-	-
Non-Instalment	7.317	-	7.317
<b>Overdraft Account-TL (Commercial)</b>	-	-	-
<b>Overdraft Account-FC (Commercial)</b>	-	-	-
<b>Total</b>	<b>29.775</b>	<b>39.107</b>	<b>68.882</b>

6. Loans according to types of borrowers:

Not disclosed in the interim period.

7. Distribution of domestic and foreign loans:

	Current Period 30 September 2024	Prior Period 31 December 2023
Domestic Loans	61.334.444	47.229.307
Foreign Loans	33.177	33.542
<b>Total (*)</b>	<b>61.367.621</b>	<b>47.262.849</b>

(\*) As of 30 September 2024, it includes factoring receivables amounting to TL 339.606 (31 December 2023: TL 272.395).

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8. Loans granted to investments in associates and subsidiaries:

None.

9. Specific provisions provided against loans:

	Current Period 30 September 2024	Prior Period 31 December 2023
Loans with Limited Collectability	7.756	5.383
Loans with Doubtful Collectability	33.060	7.987
Uncollectible Loans	62.541	75.669
<b>Total</b>	<b>103.357</b>	<b>89.039</b>

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

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
<b>Current Period: 30 September 2024</b>			
Gross Amounts Before Provisions	-	-	29.129
Rescheduled Loans	-	-	29.129
<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:

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
<b>Balance at the end of Prior Period: 31 December 2023</b>	<b>8.844</b>	<b>9.621</b>	<b>112.414</b>
Additions (+)	53.148	167	33
Transfers from Other Categories of Non-Performing Loans (+)	-	41.872	12.880
Transfers to Other Categories of Non-Performing Loans (-)	41.872	12.880	-
Collections (-)	7.087	3.235	16.756
Write-offs (-) <sup>(*)</sup>	-	-	19.172
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balance at the End of the Period: 30 September 2024</b>	<b>13.033</b>	<b>35.545</b>	<b>89.399</b>
Provisions (-)	7.756	33.060	62.541
<b>Net Balance in Balance Sheet</b>	<b>5.277</b>	<b>2.485</b>	<b>26.858</b>

<sup>(\*)</sup> As of 30 September 2024, the Bank's non-performing loan ratio decreased from 0,26% to 0,22% 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 ASSETS (Continued)

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

As of 30 September 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:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period (Net): 30 September 2024</b>	<b>5.277</b>	<b>2.485</b>	<b>26.858</b>
Loans granted to corporate entities and real persons (Gross)	13.033	35.545	89.399
Provisions Amount (-)	7.756	33.060	62.541
Loans granted to corporate entities and real persons (Net)	5.277	2.485	26.858
Banks (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Other Loans and Advances (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	112.414
Provisions Amount (-)	5.383	7.987	75.669
Loans granted to corporate entities and real persons (Net)	3.461	1.634	36.745
Banks (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Other Loans (Net)	-	-	-
	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
<b>Current Period (Net)</b>	<b>675</b>	<b>322</b>	<b>1.341</b>
Interest Accruals and Rediscount with Valuation Differences	1.740	1.730	4.838
Provision amount (-)	1.065	1.408	3.497
<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 Bank's loans classified as "Fifth Group-Loans with Losses" may exclude the portion of which there is no reasonable expectation from the balance sheet. The 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 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 loan, 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 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.

- 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 30 September 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Collateral/Blocked	1.878.513	-	2.285.231	-
Subject to Repo Transactions	1.471.507	-	-	-
<b>Total</b>	<b>3.350.020</b>	<b>-</b>	<b>2.285.231</b>	<b>-</b>

2. Information on government debt securities:

	Current Period 30 September 2024	Prior Period 31 December 2023
Government Bond	3.491.438	3.432.430
Treasury Bill	-	-
Other Public Debt Securities	-	-
<b>Total</b>	<b>3.491.438</b>	<b>3.432.430</b>

3. Information on financial assets measured at amortized cost:

	Current Period 30 September 2024	Prior Period 31 December 2023
Debt Securities	3.491.438	3.432.430
Traded in the Stock Exchange	3.491.438	3.432.430
Not Traded in the Stock Exchange	-	-
Other Public Debt Securities	-	-
<b>Total</b>	<b>3.491.438</b>	<b>3.432.430</b>

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

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

	Current Period 30 September 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	59.008	(13.663)
<b>Total</b>	<b>3.491.438</b>	<b>3.432.430</b>

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

As of 30 September 2024 and 31 December 2023, the Bank has no associates.

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

**1. Information on the unconsolidated subsidiaries:**

As of 30 September 2024 and 31 December 2023, the Bank has no subsidiaries that are not included in the scope of consolidation.

**2. Information on the consolidated subsidiaries:**

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 title 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)	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	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss <sup>(**)</sup>	Fair Value
873.988	617.033	15.473	168.785	-	307.261	111.341	-

<sup>(\*)</sup> It refers to the consolidated financial statements as of 30 September 2024 of subsidiaries that have not applied TAS 29, in accordance with the BRSA's decision numbered 10744 dated 12 December 2023.

<sup>(\*\*)</sup> It has been prepared based on the consolidated financial statements as of 30 September 2023, which have not been independently audited.

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

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

	Current Period 30 September 2024	Prior Period 31 December 2023
<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:**

	Current Period 30 September 2024	Prior Period 31 December 2023
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	34.753	34.753

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

As of 30 September 2024 and 31 December 2023, the Bank does not have any partnerships listed on the stock exchange.

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

- a. As of 30 September 2024 and 31 December 2023, the Bank does not have any jointly controlled entities.
- b. Since the Bank does not have any joint ventures as of 30 September 2024 and 31 December 2023, the accounting method for jointly controlled entities has not been determined.

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

As of 30 September 2024 and 31 December 2023, the Bank does not have any financial lease receivables.

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

As of 30 September 2024 and 31 December 2023, the Bank has no derivative financial assets for hedging purposes.

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**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 30 September 2024 and 31 December 2023, the Bank has no investment properties.

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

As of 30 September 2024, the Bank's deferred tax asset amounts to TL 336.511 (31 December 2023: TL 477.637). 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 30 September 2024, is disclosed in Footnote XX of the Third Section.

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

As of 30 September 2024, the Bank has no assets held for sale. (31 December 2023: None)

**r. Information on other assets:**

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

	<b>Current Period 30 September 2024</b>	<b>Prior Period 31 December 2023</b>
Miscellaneous Receivables (*) (**)	1.730.808	860.895
Prepaid Expenses	130.927	154.583
Other Rediscount Income	168.384	84.497
Debited Suspense Accounts	288.792	61.739
Other Assets	276	600
<b>Total</b>	<b>2.319.187</b>	<b>1.162.314</b>

(\*) Includes Takasbank guarantees.

(\*\*) As of 30 September 2024, amount of TL 25.716 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 30 September 2024 and 31 December 2023 the Bank has no receivables from forward sale of the assets classified in the miscellaneous receivables.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits

1. Information on maturity structure of the deposits:

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

1(i). Current Period – 30 September 2024:

	Demand	With 7 Days Maturity	Up to 1 Month	1-3 Months	3-6 Months	6 Months - 1 Year	1 Year and over	Cumulative Deposit	Total
Saving Deposits	882.526	-	5.099.593	8.798.125	11.981.460	7.950.767	199.449	-	34.911.920
Foreign Currency Deposits	34.767.295	-	5.379.661	3.688.945	169.081	149.028	113.399	-	44.267.409
Residents in Turkey	30.779.837	-	5.072.226	3.080.107	90.350	86.890	25.587	-	39.134.997
Residents Abroad	3.987.458	-	307.435	608.838	78.731	62.138	87.812	-	5.132.412
Public Sector Deposits	7.094	-	-	-	-	-	-	-	7.094
Commercial Deposits	3.769.502	-	12.911.335	26.544	947.215	-	-	-	17.654.596
Other Institutions Deposits	21.272	-	27	-	-	-	-	-	21.299
Precious Metal Deposit	16.459.396	-	14.072	364.154	4.001	14.276	-	-	16.855.899
Bank Deposits	533.421	-	3.541.964	-	-	-	-	-	4.075.385
The CBRT	25.620	-	-	-	-	-	-	-	25.620
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	507.801	-	3.541.964	-	-	-	-	-	4.049.765
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>56.440.506</b>	<b>-</b>	<b>26.946.652</b>	<b>12.877.768</b>	<b>13.101.757</b>	<b>8.114.071</b>	<b>312.848</b>	<b>-</b>	<b>-117.793.602</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 and over	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	-	10.304.877	403.760	2.878.205	1.053.606	-	-	17.265.189
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 Deposits	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>17.601.759</b>	<b>9.353.441</b>	<b>28.562.615</b>	<b>9.772.512</b>	<b>689.261</b>	<b>-</b>	<b>-108.471.011</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 30 September 2024, the foreign exchange-protected deposit amount in this context is TL 16.824.680 (31 December 2023: TL 32.862.206).

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II. EXPLANATIONS AND NOTES RELATED TO 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 30 September 2024	Current Period 30 September 2024	Prior Period 31 December 2023	Prior Period 31 December 2023
<b>Saving Deposits</b>				
Saving Deposits	8.256.630	26.655.290	7.466.764	33.102.046
Foreign Currency Saving Deposits	9.402.805	19.518.159	7.915.019	22.518.848
Other Deposits in the Form of Saving	2.998.440	13.774.501	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 <sup>(*)</sup></b>	<b>20.657.875</b>	<b>59.947.950</b>	<b>16.709.816</b>	<b>61.296.864</b>

<sup>(\*)</sup> 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 406.446 and the relevant amount is not included in the footnote.

2(ii). Since the head on of the 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 30 September 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	55.207	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	-	-

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

**b. Information on trading derivative financial liabilities:**

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

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Forward Transactions	-	340.563	-	249.125
Swap Transactions	305.666	722.466	597.591	803.230
Future Transactions	-	-	-	-
Options	-	217.609	-	4.505.607
Other	-	-	-	-
<b>Total</b>	<b>305.666</b>	<b>1.280.638</b>	<b>597.591</b>	<b>5.557.962</b>

**c. Information on funds provided under repurchase agreements:**

As of 30 September 2024, the Bank has TL 11.247.784 funds obtained from repo transactions (31 December 2023: None).

**d. Information on funds borrowed:**

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

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
Domestic Bank and Institutions	-	-	-	-
Foreign Banks and Institutions and Funds	-	17.180.908	-	4.949.714
<b>Total</b>	<b>-</b>	<b>17.180.908</b>	<b>-</b>	<b>4.949.714</b>

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

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Short-Term	-	11.778.337	-	4.949.714
Medium and Long-Term	-	5.402.571	-	-
<b>Total</b>	<b>-</b>	<b>17.180.908</b>	<b>-</b>	<b>4.949.714</b>



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

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

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

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

As of 30 September 2024, the Bank does not have any issued securities (31 December 2023: None).

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

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

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

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.

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2024</b>	<b>31 December 2023</b>
Less than 1 year	38.623	25.865
Between 1- 4 years	152.093	68.923
More than 4 years	1.412	23.937
<b>Total</b>	<b>192.128</b>	<b>118.725</b>

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

As of 30 September 2024, the Bank has no derivative financial liabilities on 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>30 September 2024</b>	<b>31 December 2023</b>
Provisions for off-balance sheet commitments <sup>(*)</sup>	17.595	175.670

<sup>(\*)</sup> In accordance with IFRS 9, the expected loss provisions on Stage 1, Stage 2 and Stage 3 non-cash loans are in the “Other Provisions” in the liabilities. With IFRS 9 transaction expected loss for cash loans and other financial assets are classified under assets.

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

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

As of 30 September 2024, the Bank has employee termination benefit provision amounting to TL 164.361 (31 December 2023: TL 155.410) and unused vacation provision amounting to TL 76.369 (31 December 2023: TL 46.188).

According to the Turkish Labor Law, the 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 pays 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 on future probable obligation of the Bank determined by using certain actuarial assumptions. TAS 19 requires actuarial valuation methods to be used in order to calculate Bank’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 be the expected real rate after adjusting on expected effects of inflation.

	<b>Current Period 30 September 2024</b>	<b>Prior Period 31 December 2023</b>
As of 1 January,	155.410	236.694
Service Cost	10.866	7.699
Interest Cost	23.188	40.618
Actuarial Loss / (Gain)	17.857	70.897
Paid in Current Period	(42.960)	(200.498)
<b>Total</b>	<b>164.361</b>	<b>155.410</b>

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

As of 30 September 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 30 September 2024, provision for non-cash loans that are non-funded and non-transformed into cash is amounting to TL 3.000 (31 December 2023: TL 3.739).

**5. Information on restructuring provisions:**

As of 30 September 2024, the Bank has TL 2.809 restructuring provisions (31 December 2023: TL 23.084).

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

6. Information on other provisions:

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

As of 30 September 2024, the Bank 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:

	Current Period 30 September 2024	Prior Period 31 December 2023
Provision for Lawsuits	49.021	67.290
Provision for Accumulated Credit Card Bonus	9.419	8.979
Return Provision of Case File Expenses	34	159
Specific Provision for Non-Cash Loans that are Non-Funded and Non-Transformed into Cash	3.000	3.739
Other Provisions (*)	760.557	690.862
<b>Total</b>	<b>822.031</b>	<b>771.029</b>

(\*) As of 30 September 2024, other provisions include Stage 1 and Stage 2 non-cash loans provision for expected losses within TFRS 9 amounting to TL 17.595 (31 December 2023: TL 175.670) and other provisions within TAS 37.

j. Explanations on tax liability:

1. Explanations on current tax liability:

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

1(i). Information on taxes payable:

	Current Period 30 September 2024	Prior Period 31 December 2023
Corporate Tax Payable	-	-
Taxation on Marketable Securities	152.972	88.428
Banking Insurance Transaction Tax (BITT)	94.001	71.701
Value Added Tax Payable	4.162	3.961
Capital Gains Tax on Property	797	1.084
Foreign Exchange Transaction Tax	16.702	5.985
Other (*)	61.878	42.743
<b>Total</b>	<b>330.512</b>	<b>213.902</b>

(\*) As of 30 September 2024, there is income tax deducted from wages amounting to TL 54.974 (31 December 2023: TL 39.867), stamp duty of TL 1.451 (31 December 2023: TL 1.054), other taxes amounting to TL 5.136 (31 December 2023: TL 1.321) and self-employment income tax amounting to TL 317 (31 December 2023: TL 501).

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

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

	<b>Current Period 30 September 2024</b>	<b>Prior Period 31 December 2023</b>
Social Security Premiums – Employer	28.643	35.552
Social Security Premiums – Employee	24.924	30.853
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	2.321	3.063
Unemployment Insurance – Employee	1.540	1.876
Other	-	-
<b>Total</b>	<b>57.428</b>	<b>71.344</b>

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

Information on the Bank’s deferred tax liability as of 30 September 2024 is explained in Note XX of Section Three.

**k. Information on liabilities regarding assets held for sale and discontinued operations:**

As of 30 September 2024 and 31 December 2023, the Bank does not have any liabilities related on non-current assets held for sale.

**l. I. 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.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

m. Information on shareholder’s equity:

1. Presentation of paid-in capital:

	Current Period 30 September 2024	Prior Period 31 December 2023
Common Stock Provision	652.290	652.290
Preferred Stock Provision	-	-

The paid-in capital of the Bank is shown above in nominal terms. As of 30 September 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 Bank has not increased its share capital during the current period.

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

The Bank 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 Bank has no capital commitments.

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

The Bank tends to strengthen its shareholders’ equity according to the assessment of financial figures for prior periods regarding the Bank’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 Bank has no privileges given to shares representing the capital.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

8. Information on valuation differences of marketable securities:

	Current Period		Prior Period	
	30 September 2024		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>(103.829)</b>	-	<b>131.783</b>	-
Valuation Difference	(103.829)	-	131.783	-
Foreign Currency Difference	-	-	-	-
<b>Total</b>	<b>(103.829)</b>	-	<b>131.783</b>	-

9. Information on revaluation value increase fund:

As of 30 September 2024 and 31 December 2023, the Bank 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 September 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 September 2017.

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

**a. Explanation on liabilities in off-balance sheet accounts:**

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2024</b>	<b>31 December 2023</b>
Asset Purchase and Sale Commitments	31.323.724	35.671.760
Commitments for Credit Card Limits	5.724.417	5.396.993
Commitments for Cheques	14.052	14.419
Loan Granting Commitments	332.000	32.194
Short Sale Commitments	-	-
Commitments for Credit Cards and Banking Services Promotions	53.971	43.996
Tax and Fund Liabilities from Export Commitments	-	-
Other Irrevocable Commitments	486.044	570.150
<b>Total</b>	<b>37.934.208</b>	<b>41.729.512</b>

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

The 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</b>	<b>Prior Period</b>
	<b>30 September 2024</b>	<b>31 December 2023</b>
Letters of Guarantee	16.301.525	15.221.930
Letters of Credit	8.741.457	8.975.399
Bank Acceptances	-	-
Other Guarantees	832.760	719.823
<b>Total</b>	<b>25.875.742</b>	<b>24.917.152</b>

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

The Bank has no certain guarantees, temporary guarantees, surety ships and similar transactions except explained above in the Section 2 (i).

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2024</b>	<b>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>25.875.742</b>	<b>24.917.152</b>
<b>Total</b>	<b>25.875.742</b>	<b>24.917.152</b>

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**III. EXPLANATIONS AND NOTES RELATED TO 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 30 September 2024, there is 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 Bank has certain contingent liabilities relating to various lawsuits due to the transactions it performed in the scope of banking operations. As of 30 September 2024, a total provision of TL 34 (31 December 2023: TL 159) has been made for those lawsuits as the probability of being concluded against the Bank is higher than the probability of being concluded in its favor, with TL 49.055 (31 December 2023: TL 67.449) being for provisions for refunds related to case document charges.

**e. Explanations on fiduciary services rendered on behalf of third parties:**

The Bank 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 INCOME STATEMENT

a. Information on interest income:

1. Information on interest income received from loans:

	Current Period		Prior Period	
	30 September 2024		30 September 2023	
	TL	FC	TL	FC
<b>Interest Income on Loans</b> (*)				
Short-Term Loans	6.159.537	1.368.507	2.303.899	946.583
Medium and Long-Term Loans	501.320	1.108.470	787.944	912.672
Interest on Loans Under Follow-Up	4.569	844	9.028	974
Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>6.665.426</b>	<b>2.477.821</b>	<b>3.100.871</b>	<b>1.860.229</b>

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

2. Information on interest income received from banks:

	Current Period		Prior Period	
	30 September 2024		30 September 2023	
	TL	FC	TL	FC
The CBRT	3.426.050	-	361.183	23.910
Domestic Banks	1.494.198	1.543	1.302.337	-
Foreign Banks	1.163	69.725	2.730	42.890
Headquarters and Branches of Foreign Banks	-	-	-	-
<b>Total</b>	<b>4.921.411</b>	<b>71.268</b>	<b>1.666.250</b>	<b>66.800</b>

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	30 September 2024		30 September 2023	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	323.983	26.557	65.219	13.575
Financial Assets at Fair Value Through Other Comprehensive Income	4.144.539	-	602.425	-
Financial Assets Measured at Amortized Cost	311.897	-	306.405	-
<b>Total</b>	<b>4.780.419</b>	<b>26.557</b>	<b>974.049</b>	<b>13.575</b>

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

As of 30 September 2024, the Bank's interest income from its subsidiaries and affiliates is TL 1.559 (30 September 2023: TL 1.825).

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

b. Information on interest expense:

1. Information on interest expense on funds borrowed:

	Current Period 30 September 2024		Prior Period 30 September 2023	
	TL	FC	TL	FC
Banks	-	876.278	-	404.555
The CBRT	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	876.278	-	404.555
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>876.278</b>	<b>-</b>	<b>404.555</b>

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

	Current Period 30 September 2024	Prior Period 30 September 2023
Interest Expenses Given to Subsidiaries and Associates	21.279	2.018

3. Information on interest expense to marketable securities issued:

None.

4. Maturity structure of the interest expense on deposits:

Current Period: 30 September 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	-	573.575	-	-	-	-	-	573.575
Saving deposits	-	748.790	2.603.783	3.959.235	2.802.854	51.173	-	10.165.835
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	2.716.693	173.642	633.264	128.089	-	-	3.651.688
Other deposits	-	2.202	-	-	-	-	-	2.202
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>4.041.260</b>	<b>2.777.425</b>	<b>4.592.499</b>	<b>2.930.943</b>	<b>51.173</b>	<b>-</b>	<b>14.393.300</b>
<b>Foreign Currency</b>								
Foreign currency deposits	-	255.721	25.577	499	1.362	89	-	283.248
Interbank deposits	-	2.258	-	-	-	-	-	2.258
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	135	2	5	-	-	142
<b>Total</b>	<b>-</b>	<b>257.979</b>	<b>25.712</b>	<b>501</b>	<b>1.367</b>	<b>89</b>	<b>-</b>	<b>285.648</b>
<b>Grand Total</b>	<b>-</b>	<b>4.299.239</b>	<b>2.803.137</b>	<b>4.593.000</b>	<b>2.932.310</b>	<b>51.262</b>	<b>-</b>	<b>14.678.948</b>

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

Prior Period: 30 September 2023	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	-	50.232	-	-	-	-	-	50.232
Saving deposits	-	141.539	2.889.200	3.781.533	102.473	66.272	-	6.981.017
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	840.151	222.199	496.021	72.602	20.845	-	1.651.818
Other deposits	-	136	1.820	-	-	-	-	1.956
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>1.032.058</b>	<b>3.113.219</b>	<b>4.277.554</b>	<b>175.075</b>	<b>87.117</b>	-	<b>8.685.023</b>
<b>Foreign Currency</b>								
Foreign currency deposits	-	30.804	5.043	21.588	1.541	493	-	59.469
Interbank deposits	-	753	-	-	-	-	-	753
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	134	3.130	94	-	-	3.358
<b>Total</b>	-	<b>31.557</b>	<b>5.177</b>	<b>24.718</b>	<b>1.635</b>	<b>493</b>	-	<b>63.580</b>
<b>Grand Total</b>	-	<b>1.063.615</b>	<b>3.118.396</b>	<b>4.302.272</b>	<b>176.710</b>	<b>87.610</b>	-	<b>8.748.603</b>

5. Information on interest given on repurchase agreements:

In the account period ending on 30 September 2024, the interest paid on repo transactions is TL 365.416 (30 September 2023: TL 3.188).

6. Information on finance lease expenses:

Financial leasing expense of the Bank for the period ending on 30 September 2024 is TL 29.441 (30 September 2023: TL 20.015).

7. Information on interest given on factoring payables:

The Bank has no factoring expenses for the accounting periods ending on 30 September 2024 and 30 September 2023.

c. Explanations on dividend income:

Dividend income amounting to TL 50.052 (30 September 2023: None) for the accounting period ending on 30 September 2024 is the amount corresponding to the Bank's share from the profit distribution of its subsidiaries.

d. Information on trading gain/loss (Net):

1. Trading gain/loss (Net):

	Current Period 30 September 2024	Prior Period 30 September 2023
<b>Profit</b>	<b>670.740.870</b>	<b>662.230.974</b>
Capital Market Transactions Income	688.631	656.751
Gain on Derivative Financial Transactions	13.874.956	13.026.444
Foreign Exchange Gains	656.177.283	648.547.779
<b>Loss (-)</b>	<b>670.472.145</b>	<b>656.777.958</b>
Capital Market Transactions Loss	462.220	533.552
Loss on Derivative Financial Transactions	10.311.666	11.179.901
Foreign Exchange Loss	659.698.259	645.064.505
<b>Total (Net)</b>	<b>268.725</b>	<b>5.453.016</b>

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

e. Information on other operating income:

	Current Period 30 September 2024	Prior Period 30 September 2023
Reversal of Previous Years Expenses <sup>(*)</sup>	130.407	108.720
Gain on Sale of Assets	43.914	4.200
Provision for Telecommunication Expense	33.258	6.072
Other Income	185.637	140.491
<b>Total</b>	<b>393.216</b>	<b>259.483</b>

<sup>(\*)</sup> Consists of collections or cancellations made from provisions previously charged to expense accounts in prior years.

f. Impairment provisions related to loans and other receivables of the Bank:

	Current Period 30 September 2024	Prior Period 30 September 2023
Expected Credit Loss	284.287	270.923
12 Months Expected Credit Loss (Stage 1)	-	177.060
Significant Increase in Credit Risk (Stage 2)	249.558	-
Non-performing Loans (Stage 3)	34.729	93.863
Marketable Securities Impairment Expense	52.711	52.085
Financial Assets at Fair Value Through Profit or Loss	52.421	52.085
Financial Assets at Fair Value Through Other Comprehensive Income	290	-
Investments in Associates, Subsidiaries and Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Jointly Controlled Entities	-	-
Other	-	-
<b>Total</b>	<b>336.998</b>	<b>323.008</b>

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

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

	Current Period 30 September 2024	Prior Period 30 September 2023
Reserve for Employee Termination Benefits	-	-
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Property and Equipment	-	-
Depreciation Expenses of Property and Equipment	124.723	76.779
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	175.922	117.299
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	706.068	453.098
Leasing Expenses on TFRS 16 Exceptions	30.970	11.286
Maintenance Licensing Expenses	286.025	159.699
Maintenance Expenses	58.699	49.217
Communication Expenses	27.591	18.474
Advertisement Expenses	35.759	16.438
Other Expenses	266.854	197.984
Loss on Sales of Assets	170	797
Tax, Duties, Charges and Funds Expenses	390.975	180.343
Saving Deposit Insurance Fund Expenses	120.793	91.005
Other (*)	425.814	349.829
<b>Total</b>	<b>1.944.295</b>	<b>1.269.150</b>

(\*) Of the amount of TL 425.814 (30 September 2023: TL 349.829) shown in the Other line, TL 7.539 is audit and consultancy fees (30 September 2023: TL 3.653), TL 310 is from the arbitral tribunal expenses (30 September 2023: TL 113) and the remaining TL 417.965 consists of other expenses (30 September 2023: TL 346.063).

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

Not disclosed in the interim period.

**i. Information on profit/(loss) from continued and discontinued operations before tax:**

Not disclosed in the interim period.

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

As of 30 September 2024, the current tax provision expense of the Bank is TL 1.633.389 (30 September 2023: TL 1.091.903) and deferred tax expense is TL 143.543 (30 September 2023: TL 418.426 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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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Continued)

1. 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 30 September 2024, net interest income takes an important place among income items with TL 9.230.099 (30 September 2023: TL 728.781), net fee and commission incomes with TL 1.081.575 (30 September 2023: TL 678.823). 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 Bank, 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:

	Current Period 30 September 2024	Prior Period 30 September 2023
Credit Card Transactions	510.348	243.942
Insurance Commissions	99.385	67.318
Commissions Received from Banking Transactions	38.361	48.929
TEFAS Fund Platform	207.780	72.568
Other Fee and Commissions	270.035	130.747
<b>Total</b>	<b>1.125.909</b>	<b>563.504</b>

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**V. EXPLANATIONS AND NOTES RELATED TO 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 STATEMENT OF CASH FLOW**

**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.

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

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

**Current Period – 30 September 2024:**

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	-	577	-	999.063	685	-
Closing Balance	-	631	-	904.274	42	-
Interest and Commission Income	1.559	10	-	61.809	49	-

**Prior Period - 31 December 2023:**

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	20.000	489	-	632.336	477	-
Closing Balance	-	577	-	999.063	685	-
Interest and Commission Income <sup>(*)</sup>	1.825	9	575	36.498	140	-

<sup>(\*)</sup> Prior period balances represent 30 September 2023 amounts.



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

2. Deposits held by the Bank’s risk group:

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	Direct or Indirect Shareholders of the Bank	Other Individuals and Legal Entities in the Risk Group
	Current Period 30 September 2024	Current Period 30 September 2024	Current Period 30 September 2024
<b>Deposit</b>			
Opening Balance	46.873	283.924	46.447
Closing Balance	26.734	462.258	59.631
Interest Expense on Deposits	21.279	476.429	17.190

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	Direct or Indirect Shareholders of the 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>Deposit</b>			
Opening Balance	25.717	353.053	82.750
Closing Balance	46.873	283.924	46.447
Interest Expense on Deposits <sup>(*)</sup>	2.018	40.411	6.662

<sup>(\*)</sup> Prior period balances represent 30 September 2023 amounts.

3. Information on forward transactions, option agreements and similar transactions between the Bank’s risk groups:

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	Direct or Indirect Shareholders of the Bank	Other Individuals and Legal Entities in the Risk Group
	Current Period 30 September 2024	Current Period 30 September 2024	Current Period 30 September 2024
<b>The Fair Value Differences Through Profit and Loss</b>			
Opening Balance	-	106.119.719	-
Closing Balance	-	88.223.051	-
Total Profit/Loss	-	759.780	-
<b>Transactions for Hedging Purposes</b>			
Opening Balance	-	-	-
Closing Balance	-	-	-
Total Profit/Loss	-	-	-

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	Direct or Indirect Shareholders of the 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>	-	301.863	-
<b>Transactions for Hedging Purposes</b>			
Opening Balance	-	-	-
Closing Balance	-	-	-
Total Profit/Loss <sup>(*)</sup>	-	-	-

<sup>(\*)</sup> Prior period balances represent 30 September 2023 amounts.

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

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

As of 30 September 2024, payment amounting to TL 185.150 is made to the Board of Directors and top executives of the Bank (30 September 2023: TL 95.925).

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

**Information on the Bank’s domestic and foreign branches and foreign representatives of the 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 unconsolidated financial statements for the period ended 30 September 2024 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor’s limited review report dated 1 November 2024 is presented preceding the 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. General Information About the 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 Shareholder Structure

The 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 2024. 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 30 September 2024, HSBC Bank A.Ş.'s paid-in capital is TL 652.290 Thousand and its capital structure is as follows.

Shareholder's Name and Surname / Title	Share Amounts	Share Amounts (TL)
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 Brunch and Personnel**

As of 30 September 2024, the Bank has 44 domestic branches (31 December 2023: 44 domestic branches).  
As of 30 September 2024, the number of the Bank’s personnel is 1.444 (31 December 2023: 1.523).

**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-30 September 2024 period.

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

As of 30 September 2024, the members of the Board of Directors are as follows.

<b>Name and Surname</b>	<b>Responsibility</b>
Paul Joseph Lawrence	Chairman of the Board
Didem Çerçi	Deputy Chairman of the Board of Directors
Süleyman Selim Kervancı	Member of the Board of Directors General Manager
Robert Adrian Underwood	Board Member
Ayşe Ebru Dorman	Board Member
Robert Cyril Oates	Board 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>Responsibility</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 Laws.

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7. Executive Management

HSBC Bank A.Ş. Executive Management as of 30 September 2024 is as follows.

Name and Surname	Title	Area of Responsibility
Süleyman Selim Kervancı	CEO	HSBC Bank A.Ş.
Cem Muratoğlu	Executive Vice President	Retail Banking
Burçin Ozan	Executive Vice President and Deputy CEO	Finance
Seyyare Özbaşı Tınaz	Executive Vice President	Technology and Services
Peter Kallo	Executive Vice President	Credit and Risk
Caner Işlak	Executive Vice President	Corporate and Global 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 A.Ş.’s Financial Power Rating

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

Definitions	Note
Baseline Credit Assessment	B2
Outlook	Positive
Long-term foreign currency deposit rating	Ba3
Long-term TL deposit rating	Ba2
Short-term foreign currency deposit rating	NP
Short-term TL deposit rating	NP
Long-term national scale TL deposit	Aaa.tr

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9. Summary of unconsolidated 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 unconsolidated financial statements, the total assets of HSBC Bank A.Ş. increased by 24% compared to the end of 2023 and reached TL 173 billion in the period ending on 30 September 2024. At the end of the period, loans, which constitute approximately 35% of assets, are around TL 61 billion. Deposits, the largest funding source of the balance sheet, amounted to TL 118 billion and constituted 68% of liabilities. Unconsolidated balance sheet item groups are shown below with their end-of-period balances on the relevant dates.

<b>ASSESTS (Thousand TL)</b>	<b>30.09.2024</b>	<b>31.12.2023</b>
Financial Assets (Net)	106.579.156	87.947.466
Other Financial Assets Measured at Amortized Cost	62.940.543	49.115.911
Non-Current Assets or Disposal Groups “Held for Sale” and Held from Discontinued Operations (Net)	-	-
Equity Investments	34.753	34.753
Property and Equipment (Net)	489.506	403.756
Intangible Assets (Net)	525.633	424.308
Investment Property (Net)	-	-
Current Tax Asset	164.688	340.297
Deferred Tax Asset	336.511	477.637
Other Assets	2.319.187	1.162.314
<b>Total Assets</b>	<b>173.389.977</b>	<b>139.906.442</b>
<b>LIABILITIES (Thousand TL)</b>	<b>30.09.2024</b>	<b>31.12.2023</b>
Deposits	117.793.602	108.471.011
Funds Borrowed	17.180.908	4.949.714
Money Markets	11.247.784	-
Securities Issued (Net)	-	-
Funds	-	-
Financial Liabilities at Fair Value Through Profit or Loss	-	-
Derivative Financial Liabilities	1.586.304	6.155.553
Factoring Liabilities	-	-
Lease Liabilities	192.128	118.725
Provisions	1.065.570	995.711
Current Tax Liability	387.940	285.246
Deferred Tax Liability	-	-
Liabilities Related to Non-Current Assets “Held for Sale” and “Held from Discontinued Operations” (Net)	-	-
Subordinated Debt	5.047.719	4.337.395
Other Liabilities	3.445.181	3.056.116
Shareholders’ Equity	15.442.841	11.536.971
<b>Total Liabilities</b>	<b>173.389.977</b>	<b>139.906.442</b>

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The unconsolidated profit and loss statement information of HSBC Bank as of 30 September 2024 and 30 September 2023 is shown below.

<b>Income and Expense (Thousand TL)</b>	<b>30.09.2024</b>	<b>30.09.2023</b>
Total Interest Income	9.230.099	728.781
Non-Interest Income	1.793.568	6.391.322
<b>Total Operating Income/Expense</b>	<b>11.023.667</b>	<b>7.120.103</b>
Other Operating Expenses (-)	4.726.947	2.656.563
Provision for Loan Losses (-)	365.806	365.846
<b>Total Profit/Loss</b>	<b>5.930.914</b>	<b>4.097.694</b>
Tax Provision (-)	(1.776.932)	(673.477)
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>4.153.982</b>	<b>3.424.217</b>



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

Rebalancing of the economy continued with modest economic growth in Q2 but a decline from Q1. The fall in the İstanbul Chamber of Industry PMI also points to significant slowdown in the manufacturing industry in Q3. In addition, with a difficult outlook for inflation the business landscape looks challenging.

High deposit rates, rising funding costs, monthly growth restrictions on loan products and expenses that continued to increase as a result of high inflation caused profit contraction in the sector in the first three quarters of 2024. Having said that we expect profitability to increase in the coming period with the upward pricing of assets and partial decline in inflation. Thanks to strong core capital and low NPL ratios, we believe that banks will find more growth opportunities as inflation and interest rates fall in the coming period.

Our bank continued its stable growth in the areas it focused on within the scope of our strategy in the third 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 rest of the year, we will continue to support the Turkish economy and add value to our customers, employees and shareholders.

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

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

Standing out with its role as an investment ambassador in Turkey thanks to its strong international network, our bank continued to add value to our economy in the third quarter of the year by supporting our customers with its expertise in wealth management, pioneering practices in sustainability and rich product solutions.

The tight monetary policy implemented by the CBRT is yielding positive results, including an improvement in CBRT reserves, a decline in the current account deficit and a slowdown in the rate of price increase. In this context, the CBRT increased its net reserves net of swaps by USD 22.4 billion to USD 25 billion in the second quarter. The sustained accumulation of reserves and the decline in the current account deficit ensured that the rating increases continued in the third quarter. While the decline in the underlying trend of inflation is in line with the projections, the decline in inflation expectations has been slower than anticipated. In this context, the Central Bank continues to adopt an outlook in which the tight monetary policy stance will be maintained and the coordination between economic policies will be preserved until a significant and lasting improvement is achieved in the inflation outlook.

The banking sector's priority continued to be compliance with the regulations and the targets announced within the scope of these regulations. In the sector, especially the continued increase in deposit and funding costs, the decline in CPI-linked returns and rising costs continue to put pressure on profitability.

At HSBC Türkiye, we continued to take decisive steps forward by closely following market conditions and regulations within the scope of our strategy to achieve sustainable growth by making smart investments and correct expenditures in areas where we can add value to our customers and where we are strong. Despite increasing funding costs and the continuing pressure of inflation on costs, we continued our sustainable financial performance by using our resources effectively in line with our strategy. In the same period, asset size reached TL 174 billion customer deposits, which are our main funding source, reached TL 118 billion. Thanks to our stable deposit base, we continued to manage our liquidity and funding position well above legal limits.

At HSBC, we continue to take decisive steps forward in Structured and Corporate Finance to accelerate the transition to a low carbon emission economy through Sustainable Finance and we are signing important transactions in line with our goals. At the same time, we believe that the biggest impact we can have on the climate is to support our customers in their transition to lower emissions and we prioritize these transactions.

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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**10. Additional Information for the Period 01.01.2024 – 30.09.2024**

None.

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