

HSBC BANK A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 30 SEPTEMBER 2022
TOGETHER WITH AUDITOR'S REVIEW REPORT**

**(Convenience translation of publicly announced consolidated financial statements
and independent auditor's limited review report at 30 September 2022,
See Note I. of Section Three)**



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the General Assembly of HSBC Bank A.Ş.

Introduction

We have reviewed the consolidated balance sheet of HSBC Bank A.Ş. (“the Bank”) and its subsidiaries (collectively referred to as the “Group”) at 30 September 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month-period. The Group Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation” which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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



Conclusion

According to our review, the consolidated interim financial information, the financial position of HSBC Bank A.Ş and its subsidiaries as of 30 September 2022 and the financial performance and cash flows for the nine month 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.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2021 and as at and for the nine-month period ended 30 September 2021 were audited and reviewed by another independent audit firm that expressed an unqualified opinion results in the audit report dated 10 March 2022 and unqualified conclusion in the auditor's review report dated 22 November 2021.

Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation

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 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

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

Zeynep Uras, SMMM
Partner

Istanbul, 18 November 2022

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

**CONSOLIDATED FINANCIAL REPORT OF HSBC BANK A.Ş. AND ITS FINANCIAL
AFFILIATES AS OF AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022**

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
Contact E-mail Address : hsbchaberlesmemerkezi@hsbc.com.tr

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

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

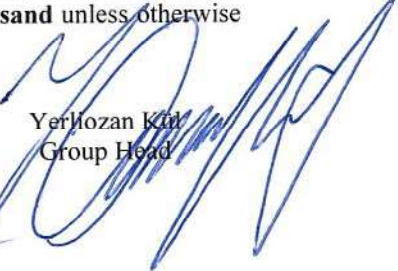
	Participations	Subsidiaries	Investments
1.	HSBC Yatırım ve Menkul Değerler A.Ş.	-	-


The consolidated financial statements for the 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


Yerihozan Kirişçi
Group Head


Robert Adrian Underwood
Member of
Audit Committee


Christopher James Hatton
Member of
Audit Committee

Information about the responsible personnel whom questions may be asked:

Name-Surname/Title : Elburuz İnceman/Senior Manager
Tel : (0212) 336 2708
Fax : (0212) 376 4912

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

The establishment of HSBC Bank A.Ş. ("The Parent 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 Parent Bank is a foreign-capitalized bank which has been registered in accordance with the Law on Encouraging Foreign Investments numbered 6224. On 20 September 2001, the 'Share Sales Agreement' regarding the sale of all shares of Demirbank T.A.Ş., which was under in Saving Deposit Insurance Fund, was signed by the Parent Bank's main shareholder HSBC Bank Plc. According to this agreement, the required procedures shall be completed by 31 October 2001 and all shares of the Demirbank T.A.Ş., together with a part of the assets and liabilities shall be transferred to HSBC Bank Plc on 31 October 2001. In 14 December 2001, Demirbank T.A.Ş. and the Parent Bank merged under the name of HSBC Bank Anonim Şirketi and continued its activities. Based on the approval of the Banking Regulation and Supervision Agency dated 21 June 2017, 10,01% share of HSBC Bank Plc.'s 100% ownership of the Bank's capital was transferred to HSBC Bank Middle East Limited and remaining 89,99% share of HSBC Bank Plc. was transferred to HSBC Middle East Holdings B.V. through share transfer agreement dated 29 June 2017.

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

As of 30 September 2022, the Parent Bank's nominal capital is TL 652.290 and consists of 65.229.000.000 registered and fully paid shares, each amounting to TL 0.01. Based on the approval of the Banking Regulation and Supervision Agency dated 21 June 2017, 10,01% share of HSBC Bank Plc.'s 100% ownership of the Parent Bank's capital was transferred to HSBC Bank Middle East Limited and remaining 89,99% share of HSBC Bank Plc. was transferred to HSBC Middle East Holdings B.V. through share transfer agreement dated 29 June 2017. As of 30 September 2022 there has been no changes regarding the Parent Bank's capital structure and shareholders of the Parent Bank who are in charge of the management or auditing of the Parent Bank directly or indirectly.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022

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

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

<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
	Christopher James HATTON	Member	Graduate
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 President:	Anthony WRIGHT	Credit and Risk	Graduate
	Ayşe YENEL	Retail Banking	Undergraduate
	Burçin OZAN	Finance	Undergraduate
	Funda TEMOÇİN AYDOĞAN	Human Resources	Undergraduate
	İbrahim Namık AKSEL	Treasury and Capital Markets	Graduate
	Tolga TÜZÜNER	Head of Legal Advisor	Graduate
	Dilek GÜLEÇ SALZBURG	Global Banking	Undergraduate
	Caner IŞLAK	Corporate Banking	Graduate
	Tuğçe BORA KILIÇ(*)	Technology and Services	Graduate
Audit Committee:	Didem ÇERÇİ	Head of the Audit Committee	Undergraduate
	Robert Adrian UNDERWOOD	Member of the Audit Committee	Graduate
	Christopher James HATTON	Member of the Audit Committee	Graduate

(*) Tuğçe Bora Kılıç resigned from her position as Assistant General Manager responsible for Technology and Services as of 14 November 2022.

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

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022

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

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

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

(*) The amounts are expressed in full TL.

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

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

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

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

As of 30 September 2022, the Parent Bank has 70 branches throughout the country (31 December 2021: 70 branches).

As of 30 September 2022, the number of employees of the Group is 1.935 (31 December 2021: 1.925).

VI. OTHER MATTERS

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

VII. INFORMATION OF INSTITUTIONS IN CONSOLIDATION SCOPE

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

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

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

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022

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

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

Due to the differences between the “Communiqué on the Preparation of Consolidated Financial Statements of Banks” and the consolidation transactions made in accordance with Turkish Accounting Standards, HSBC Ödeme Sistemleri ve Bilgisayar Teknolojileri Basın Yayın ve Müşteri Hizmetleri A.Ş. is not accounted within the full consolidation method in the consolidated financial statements during the consolidation process in accordance with Turkish Accounting Standards. HSBC Ödeme Sistemleri ve Bilgisayar Teknolojileri Basın Yayın ve Müşteri Hizmetleri A.Ş. was liquidated on 28 March 2022. The subsidiary of the Parent Bank, HSBC Yatırım ve Menkul Değerler A.Ş. is included in the scope of full consolidation with its consolidated financial statements.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

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

**HSBC BANK A.Ş.
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2022 AND 31 DECEMBER 2021
(STATEMENT OF FINANCIAL POSITION)**

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

**SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS**

I. BALANCE SHEET	Note (Section Five I)	Reviewed Current Period (30.09.2022)			Audited Prior Period (31.12.2021)		
		TL	FC	Total	TL	FC	Total
		ASSETS					
I. FINANCIAL ASSETS (Net)		13.145.078	37.484.160	50.629.238	7.723.749	38.335.187	46.058.936
1.1 Cash and Cash Equivalents		8.432.839	32.782.504	41.215.343	3.674.598	34.622.985	38.297.583
1.1.1 Cash and Balances with Central Bank	(I-a)	310.065	10.842.355	11.152.420	1.070.253	10.120.969	11.191.222
1.1.2 Banks	(I-c)	52.192	286.232	338.427	26.254	997.400	1.023.654
1.1.3 Money Market Placements		8.075.908	21.653.914	29.729.822	2.583.996	23.504.616	26.088.612
1.1.4 Expected Loss Provision (-)		5.326	-	5.326	5.905	-	5.905
1.2 Financial Assets at Fair Value Through Profit or Loss	(I-b)	785.156	73.514	858.670	95.684	132.668	228.352
1.2.1 Government Debt Securities		779.414	73.514	852.928	90.117	132.668	222.785
1.2.2 Equity Instruments		5.742	-	5.742	5.567	-	5.567
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-d)	3.399.724	-	3.399.724	3.657.056	-	3.657.056
1.3.1 Government Debt Securities		3.399.724	-	3.399.724	3.657.056	-	3.657.056
1.3.2 Equity Instruments		-	-	-	-	-	-
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	(I-b)	527.359	4.628.142	5.155.501	296.411	3.579.534	3.875.945
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		527.359	4.628.142	5.155.501	296.411	3.579.534	3.875.945
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-k)	-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		18.461.040	20.441.522	38.902.562	10.536.264	17.785.207	28.321.471
2.1 Loans	(I-e)	18.455.847	20.441.522	38.897.369	12.052.130	17.785.207	29.837.337
2.2 Lease Receivables	(I-j)	-	-	-	-	-	-
2.3 Factoring Receivables		153.182	-	153.182	286.586	-	286.586
2.4 Other Financial Assets Measured at Amortized Cost	(I-f)	1.698.977	-	1.698.977	-	-	-
2.4.1 Government Debt Securities		1.698.977	-	1.698.977	-	-	-
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		1.846.966	-	1.846.966	1.802.452	-	1.802.452
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	(I-p)	-	-	-	-	-	-
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		-	-	-	220	-	220
4.1 Investments in Associates (Net)	(I-g)	-	-	-	-	-	-
4.1.1 Accounted Under Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	(I-h)	-	-	-	220	-	220
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	220	-	220
4.3 Entities under Common Control (Joint Venture) (Net)	(I-i)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(I-l)	190.803	-	190.803	186.546	-	186.546
VI. INTANGIBLE ASSETS (Net)	(I-m)	287.450	-	287.450	242.695	-	242.695
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		287.450	-	287.450	242.695	-	242.695
VII. INVESTMENT PROPERTY (Net)	(I-n)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(I-o)	384.121	-	384.121	668.896	-	668.896
X. OTHER ASSETS	(I-r)	626.722	198.810	825.532	205.390	51.350	256.740
TOTAL ASSETS		33.095.214	58.124.492	91.219.706	19.563.760	56.171.744	75.735.504

The explanations and notes on pages 14 to 84 form an integral part of these consolidated financial statements.

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

**HSBC BANK A.Ş.
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2022 AND 31 DECEMBER 2021
(STATEMENT OF FINANCIAL POSITION)**

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

I. BALANCE SHEET	Note (Section Five II)	Reviewed Current Period (30.09.2022)			Audited Prior Period (31.12.2021)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	(II-a)	27.394.469	44.968.585	72.363.054	12.829.431	45.096.310	57.925.741
II. FUNDS BORROWED	(II-d)		11.164	11.164		957.868	957.868
III. MONEY MARKET BALANCES	(II-c)	1.811.654		1.811.654	2.309.195		2.309.195
IV. MARKETABLE SECURITIES ISSUED (Net)	(II-e)	178.294		178.294	529.156		529.156
4.1 Bills		178.294		178.294	529.156		529.156
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)	481.547	3.972.622	4.454.169	131.184	4.844.088	4.975.272
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		481.547	3.972.622	4.454.169	131.184	4.844.088	4.975.272
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income							
VIII. FACTORING LIABILITIES							
IX. LEASE LIABILITIES	(II-g)	79.978	2.912	82.890	100.065	2.202	102.267
X. PROVISIONS	(II-i)	289.224	1.523	290.747	208.448	2.581	211.029
10.1 Restructuring Provisions							
10.2 Reverse for Employee Benefits							
10.3 Insurance Technical Provisions (Net)		146.073		146.073	76.197		76.197
10.4 Other Provisions		143.151	1.523	144.674	132.251	2.581	134.832
XI. CURRENT TAX LIABILITY	(II-j)	243.165		243.165	647.271		647.271
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)		2.380.723	2.380.723		1.984.831	1.984.831
14.1 Loans			2.380.723	2.380.723		1.984.831	1.984.831
14.2 Other Debt Instruments							
XV. OTHER LIABILITIES	(II-f)	1.101.902	1.351.463	2.453.365	810.156	863.264	1.673.420
XVI. SHAREHOLDERS' EQUITY	(II-m)	6.950.481		6.950.481	4.419.454		4.419.454
16.1 Paid-in capital		652.290		652.290	652.290		652.290
16.2 Capital Reserves		323.573		323.573	310.888		310.888
16.2.1 Share Premium							
16.2.2 Share Cancellation Profits							
16.2.3 Other Capital Reserves		323.573		323.573	310.888		310.888
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		(49.860)		(49.860)	(13.911)		(13.911)
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		31.018		31.018	(110.708)		(110.708)
16.5 Profit Reserves		3.568.210		3.568.210	2.630.000		2.630.000
16.5.1 Legal Reserves		202.671		202.671	199.731		199.731
16.5.2 Status Reserves							
16.5.3 Extraordinary Reserves		3.365.539		3.365.539	2.430.269		2.430.269
16.5.4 Other Profit Reserves							
16.6 Profit Or Loss		2.425.250		2.425.250	950.895		950.895
16.6.1 Prior Years' Profit/Loss							
16.6.2 Current Year Profit/Loss		2.425.250		2.425.250	950.895		950.895
16.7 Minority Interest							
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		38.530.714	52.688.992	91.219.706	21.984.360	53.751.144	75.735.504

The explanations and notes on pages 14 to 84 form an integral part of these consolidated financial statements.

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

**HSBC BANK A.Ş.
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS
AS OF 30 SEPTEMBER 2022 AND 31 DECEMBER 2021**

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

II. OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Reviewed Current Period (30.09.2022)			Audited Prior Period (31.12.2021)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)		51.486.716	143.236.620	194.723.336	34.773.960	123.095.751	157.869.711
I. GUARANTEES AND COLLATERALS	(III-a-2,3)	1.534.546	14.396.239	15.930.785	1.298.821	12.409.289	13.708.110
1.1 Letters of Guarantee		1.501.046	7.798.293	9.299.339	1.268.821	6.090.027	7.358.848
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		1.501.046	7.798.293	9.299.339	1.268.821	6.090.027	7.358.848
1.2 Bank Acceptances		-	-	-	-	-	-
1.2.1 Import Letter of Acceptance		-	-	-	-	-	-
1.2.2 Other Bank Acceptance		-	-	-	-	-	-
1.3 Letters of Credit		33.500	6.138.329	6.171.829	30.000	5.964.093	5.994.093
1.3.1 Documentary Letters of Credit		33.500	4.366.320	4.399.820	30.000	3.369.695	3.399.695
1.3.2 Other Letters of Credit		-	1.772.009	1.772.009	-	2.594.398	2.594.398
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		-	459.617	459.617	-	355.169	355.169
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(III-a-1)	6.220.941	14.376.218	20.597.159	5.353.790	7.049.698	12.403.488
2.1 Irrevocable Commitments		6.220.941	14.376.218	20.597.159	5.353.790	7.049.698	12.403.488
2.1.1 Forward Asset Purchase and Sale Commitments		1.638.777	14.374.540	16.013.317	1.114.259	7.048.494	8.162.753
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		115.080	-	115.080	237.911	-	237.911
2.1.5 Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Payment Commitment for Checks		13.284	-	13.284	14.709	-	14.709
2.1.8 Tax And Fund Liabilities from Export Commitments		2.286	-	2.286	2.286	-	2.286
2.1.9 Commitments for Credit Card Expenditure Limits		3.925.270	-	3.925.270	3.428.483	-	3.428.483
2.1.10 Commitments for Promotions Related with Credit Cards and Banking Activities		27.130	-	27.130	22.104	-	22.104
2.1.11 Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		499.114	1.678	500.792	534.038	1.204	535.242
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(III-b)	43.731.229	114.464.163	158.195.392	28.121.349	103.636.764	131.758.113
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		43.731.229	114.464.163	158.195.392	28.121.349	103.636.764	131.758.113
3.2.1 Forward Foreign Currency Buy/Sell Transactions		10.024.005	16.670.667	26.694.672	8.801.835	18.681.585	27.483.420
3.2.1.1 Forward Foreign Currency Transactions-Buy		8.646.276	5.024.464	13.670.740	6.454.670	6.693.632	13.148.302
3.2.1.2 Forward Foreign Currency Transactions-Sell		1.377.729	11.646.203	13.023.932	2.347.165	11.987.953	14.335.118
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rate		27.756.764	78.662.174	106.418.938	13.398.624	67.445.218	80.843.842
3.2.2.1 Foreign Currency Swap-Buy		4.416.215	26.463.594	30.879.809	2.319.379	20.207.079	22.526.458
3.2.2.2 Foreign Currency Swap-Sell		7.058.033	28.123.888	35.181.921	4.681.245	22.219.171	26.900.416
3.2.2.3 Interest Rate Swap-Buy		8.141.258	12.037.346	20.178.604	3.199.000	12.509.484	15.708.484
3.2.2.4 Interest Rate Swap-Sell		8.141.258	12.037.346	20.178.604	3.199.000	12.509.484	15.708.484
3.2.3 Foreign Currency, Interest Rate, And Securities Options		5.950.460	13.464.154	19.414.614	5.920.890	11.889.690	17.810.580
3.2.3.1 Foreign Currency Options-Buy		2.975.230	6.732.077	9.707.307	2.960.445	5.944.845	8.905.290
3.2.3.2 Foreign Currency Options-Sell		2.975.230	6.732.077	9.707.307	2.960.445	5.944.845	8.905.290
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		-	5.667.168	5.667.168	-	5.620.271	5.620.271
B. CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		967.471.873	121.663.209	1.089.135.082	950.756.306	102.629.066	1.053.385.372
IV. ITEMS HELD IN CUSTODY		898.195.324	58.895.537	957.090.861	882.866.689	43.276.979	926.143.668
4.1 Customers' Securities Held		54.239.322	10.325.542	64.564.864	91.489.898	6.115.648	97.605.546
4.2 Investment Securities Held in Custody		842.084.108	22.706.433	864.790.541	789.429.478	22.690.989	812.120.467
4.3 Checks Received for Collection		31.595	56.237	87.832	32.450	273.433	305.883
4.4 Commercial Notes Received for Collection		179.201	55.078	234.279	190.451	33.894	224.345
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		1.661.098	25.752.247	27.413.345	1.724.412	14.163.015	15.887.427
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES ITEMS		65.529.088	24.718.478	90.247.566	65.128.128	30.428.077	95.556.205
5.1 Marketable Securities		275.700	2.987.359	3.263.059	67.297	2.016.807	2.084.104
5.2 Guarantee Notes		167.505	979.517	1.147.022	39.505	731.903	771.408
5.3 Commodity		475.535	316.823	792.358	622.017	301.088	923.105
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estate		3.020.152	15.548.304	18.568.456	2.812.412	12.576.244	15.388.656
5.6 Other Pledged Items		61.590.196	4.886.475	66.476.671	61.586.897	14.802.035	76.388.932
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL OF EXCHANGE AND COLLATERALS		3.747.461	38.049.194	41.796.655	2.761.489	28.924.010	31.685.499
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		1.018.958.589	264.899.829	1.283.858.418	985.530.266	225.724.817	1.211.255.083

The explanations and notes on pages 14 to 84 form an integral part of these consolidated financial statements.

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

**HSBC BANK A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED
30 SEPTEMBER 2022 AND 30 SEPTEMBER 2021**

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

III. STATEMENT OF PROFIT OR LOSS		Reviewed				
		Note (Section Five IV)	Current Period (01.01.2022 – 30.09.2022)	Current Period (01.07.2022 – 30.09.2022)	Prior Period (01.01.2021 – 30.09.2021)	Prior Period (01.07.2021 – 30.09.2021)
	INCOME AND EXPENSE ITEMS					
I.	INTEREST INCOME	(IV-a)	4.892.466	2.076.293	2.626.633	876.695
1.1	Interest Income on Loans	(IV-a-1)	3.588.211	1.480.850	1.646.052	544.608
1.2	Interest Received from Reserve Requirements		25.335	266	60.772	26.287
1.3	Interest Received from Banks	(IV-a-2)	161.631	89.260	157.532	71.098
1.4	Interest Received from Money Market Transactions		449.167	275.621	185.819	35.867
1.5	Interest Received from Marketable Securities Portfolio	(IV-a-3)	646.507	222.256	560.385	189.455
1.5.1	Financial Assets at Fair Value through Profit or (Loss)		71.519	24.566	85.399	39.491
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		545.736	168.438	474.986	149.964
1.5.3	Financial Assets at Measured at Amortized Cost		29.252	29.252	-	-
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income		21.615	8.040	16.073	9.380
II.	INTEREST EXPENSE (-)	(IV-b)	2.591.953	1.047.777	1.506.601	546.115
2.1	Interest Expense on Deposits	(IV-b-4)	2.239.950	936.846	1.218.811	469.297
2.2	Interest Expense on Funds Borrowed	(IV-b-1)	121.244	43.263	90.417	29.309
2.3	Interest Expense on Money Market Transactions		62.430	18.332	31.286	6
2.4	Interest on Securities Issued	(IV-b-3)	70.580	25.276	150.425	44.078
2.5	Interest Expense on Lease		12.931	4.854	13.745	2.708
2.6	Other Interest Expenses		84.818	19.206	1.917	717
III.	NET INTEREST INCOME/EXPENSE (I - II)		2.300.513	1.028.516	1.120.032	330.580
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		632.745	240.118	374.195	140.991
4.1	Fees and Commissions Received		715.358	271.085	420.577	157.382
4.1.1	Non-Cash Loans		217.361	81.463	89.610	34.328
4.1.2	Other	(IV-l)	497.997	189.622	330.967	123.054
4.2	Fees and Commissions Paid (-)		82.613	30.967	46.382	16.391
4.2.1	Non-Cash Loans		601	199	582	194
4.2.2	Other		82.012	30.768	45.800	16.197
V	DIVIDEND INCOME	(IV-c)	4.459	-	219	-
VI.	TRADING INCOME/(LOSS) (Net)	(IV-d)	1.918.162	796.231	293.787	100.938
7.1	Trading Gains/(Losses) on Securities		216.976	143.532	23.878	18.431
7.2	Derivative Financial Transactions Gains/(Losses)		418.502	58.616	336.640	(19.502)
7.3	Foreign Exchange Gains/(Losses)		1.282.684	594.083	(66.731)	102.009
VII.	OTHER OPERATING INCOME	(IV-e)	199.797	68.982	155.248	29.256
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		5.055.676	2.133.847	1.943.481	601.765
IX.	PROVISION FOR LOAN LOSSES (-)	(IV-f)	211.295	63.411	61.988	11.487
X.	OTHER PROVISION EXPENSES (-)		23.653	6.601	23.365	14.475
XI.	PERSONNEL EXPENSES (-)		818.963	306.346	466.777	153.635
XII.	OTHER OPERATING EXPENSES (-)	(IV-g)	878.779	243.909	690.016	222.797
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		3.122.986	1.513.580	701.335	199.371
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVI.	INCOME/ (LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII.	INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)		3.122.986	1.513.580	701.335	199.371
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(IV-i)	(697.736)	(381.324)	(169.145)	(57.766)
18.1	Current Tax Provision		(400.921)	(139.350)	(191.595)	(44.422)
18.2	Deferred Tax Income Effect (+)		(296.815)	(241.974)	-	(13.344)
18.3	Deferred Tax Expense Effect (-)		-	-	22.450	-
XIX.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XVII±XVIII)	(IV-j)	2.425.250	1.132.256	532.190	141.605
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
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		-	-	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
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		-	-	-	-
XXII.	PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX- XXI)		-	-	-	-
XXIII.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Deferred Tax Income Effect (+)		-	-	-	-
23.3	Deferred Tax Expense Effect (-)		-	-	-	-
XXIV.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV.	NET PROFIT/LOSSES (XIX+XXIV)	(IV-k)	2.425.250	1.132.256	532.190	141.605
	Earnings/Loss per Share		0,037181	0,017358	0,008159	0,002170

The explanations and notes on pages 14 to 84 form an integral part of these consolidated financial statements.

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

HSBC BANK A.Ş.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED AS OF 30 SEPTEMBER 2022 AND 30 SEPTEMBER 2021**

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
	Reviewed Current Period (30.09.2022)	Reviewed Prior Period (30.09.2021)
I. CURRENT PERIOD INCOME/LOSS	2,425,250	532,190
II. OTHER COMPREHENSIVE INCOME	105,777	(77,911)
2.1 Not Reclassified Through Profit or Loss	(35,949)	10,328
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	(49,065)	13,010
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	13,116	(2,682)
2.2 Reclassified Through Profit or Loss	141,726	(88,239)
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	179,469	(106,901)
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	(37,743)	18,662
III. TOTAL COMPREHENSIVE INCOME (I+II)	2,531,027	454,279

The explanations and notes on pages 14 to 84 form an integral part of these consolidated financial statements.

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

HSBC BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(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 2021	Note Section Five (V)	Paid-in Capital	Share Premi- ums	Share Cancell- ation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/ (Loss)	Net Profit/ (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Equity
I. Balances at the Beginning of the Period – 31 December 2020		652.290	-	-	272.693	-	(20.974)	-	-	9.735	-	2.215.463	-	452.732	3.581.939	-	3.581.939
II. Corrections According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		652.290	-	-	272.693	-	(20.974)	-	-	9.735	-	2.215.463	-	452.732	3.581.939	-	3.581.939
IV. Total Comprehensive Income	(V-a)	-	-	-	-	-	10.328	-	-	(88.239)	-	-	-	532.190	454.279	-	454.279
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	38.195	-	-	-	-	-	-	(38.195)	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	452.732	-	(454.732)	-	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	452.732	-	(452.732)	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		652.290	-	-	310.888	-	(10.646)	-	-	(78.504)	-	2.630.000	-	532.190	4.036.218	-	4.036.218

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. Foreign Currency Translation Differences,
5. Accumulated Revaluation and/or Classification Gains / (Losses) of Financial Assets at Fair Value Through Other Comprehensive Income,
6. Other (Cash Flow Hedge Gains/Losses, Other Comprehensive Income of Associates and Joint Ventures Accounted with Equity Method That Will Be Reclassified at Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items That Will Be Reclassified at Profit or Loss).

The explanations and notes on pages 14 to 84 form an integral part of these consolidated financial statements.

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HSBC BANK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
Reviewed Current Period 30 September 2022	Note Section Five (V)	Paid-in Capital	Share Premiu ms	Share Cancell ation 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	Minority Interest	Total Equity
						1	2	3	4	5	6						
I. Balances at the Beginning of the Period – 31 December 2021		652.290	-	-	310.888	-	(13.911)	-	-	(110.708)	-	2.630.000	-	950.895	4.419.454	-	4.419.454
II. Corrections According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		652.290	-	-	310.888	-	(13.911)	-	-	(110.708)	-	2.630.000	-	950.895	4.419.454	-	4.419.454
IV. Total Comprehensive Income	(V-a)	-	-	-	-	-	(35.949)	-	-	141.726	-	-	-	2.425.250	2.531.027	-	2.531.027
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	12.685	-	-	-	-	-	-	(12.685)	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	950.895	-	(950.895)	-	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	950.895	-	(950.895)	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		652.290	-	-	323.573	-	(49.860)	-	-	31.018	-	3.568.210	-	2.425.250	6.950.481	-	6.950.481

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. Foreign Currency Translation Differences,
5. Accumulated Revaluation and/or Classification Gains/(Losses) of Financial Assets at Fair Value Through Other Comprehensive Income,
6. Other (Cash Flow Hedge Gains/Losses, Other Comprehensive Income of Associates and Joint Ventures Accounted with Equity Method That Will Be Reclassified at Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items That Will Be Reclassified at Profit or Loss).

The explanations and notes on pages 14 to 84 form an integral part of these consolidated financial statements.

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**HSBC BANK A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIODS
ENDED 30 SEPTEMBER 2022 AND 30 SEPTEMBER 2021**

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

VI. STATEMENT OF CASH FLOWS			
	Note (Section Five VI)	Reviewed Current Period (30.09.2022)	Reviewed Prior Period (30.09.2021)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	(VI-a)	1.425.846	875.691
1.1.1 Interest Received	(VI-a)	4.550.362	2.701.143
1.1.2 Interest Paid	(VI-a)	(2.160.825)	(1.362.442)
1.1.3 Dividend Received		4.459	219
1.1.4 Fees and Commissions Received		680.412	406.777
1.1.5 Other Income		152.281	114.031
1.1.6 Collections From Previously Written-Off Loans and Other Receivables		76.569	51.179
1.1.7 Cash Payments to Personnel and Service Suppliers	(VI-a)	(790.309)	(496.424)
1.1.8 Taxes Paid		(248.489)	(148.818)
1.1.9 Other		(838.614)	(389.974)
1.2 Changes in Operating Assets and Liabilities Subject to Banking Operations		2.708.626	11.770.800
1.2.1 Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss		(627.698)	(514.662)
1.2.2 Net (Increase)/Decrease in Due From Banks		(459.001)	(1.805.927)
1.2.3 Net (Increase)/Decrease in Loans		(8.687.481)	3.172.382
1.2.4 Net (Increase)/Decrease in Other Assets		(774.556)	85.604
1.2.5 Net (Increase)/Decrease in Bank Deposits		31.306	(218.155)
1.2.6 Net Increase/(Decrease) in Other Deposits		13.988.966	12.027.119
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		(935.956)	283.679
1.2.9 Net Increase/(Decrease) in Matured Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		173.046	(1.259.240)
I. Net Cash Provided From Banking Operations		4.134.472	12.646.491
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided From Investing Activities		(1.282.033)	1.363.612
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		(35.374)	(14.694)
2.4 Cash Obtained from the Sale of Tangible and Intangible Asset		3.004	29.834
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1.774.349)	(553.741)
2.6 Cash Obtained from the Sale of Financial Assets at Fair Value Through Other Comprehensive Income		2.300.727	1.968.814
2.7 Cash Paid for Purchase of Financial Assets at Amortized Cost		(1.669.725)	-
2.8 Cash Obtained From Sale of Financial Assets at Amortized Cost		-	-
2.9 Other		(106.316)	(66.601)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided From Financing Activities		(409.212)	(1.635.620)
3.1 Cash Obtained From Funds Borrowed and Securities Issued		992.570	3.847.463
3.2 Cash Outflow From Funds Borrowed and Securities Issued		(1.361.870)	(5.465.027)
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Lease Liabilities		(39.912)	(18.056)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(VI-a)	15.657	(1.252)
V. Net (Decrease)/Increase in Cash and Cash Equivalents (I+II+III+IV)		2.458.884	12.373.231
VI. Cash and Cash Equivalents at Beginning of the Period	(VI-d)	29.924.173	6.913.155
VII. Cash and Cash Equivalents at End of the Period	(VI-d)	32.383.057	19.286.386

The explanations and notes on pages 14 to 84 form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**HSBC BANK A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AT 30 SEPTEMBER 2022**

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

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

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

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

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

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

The accounting policies followed and the valuation principles used in the preparation of the financial statements have been determined and applied in accordance with the principles within the scope of the “BRSA Accounting and Financial Reporting Legislation” and are consistent with the accounting policies applied in the annual financial statements prepared for the period ending on 31 December 2021.

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

The Parent Bank has made certain estimates in the calculation of expected credit losses in the consolidated financial statements prepared as of 30 September 2022 and disclosed them in footnote VIII, “Explanations on Expected Loss Provisions”. The Parent Bank reviews its assumptions quarterly and makes updates if deemed necessary.

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

I. EXPLANATIONS ON BASIS OF PRESENTATION (Continued)

On 20 January 2022, the Public Oversight Accounting and Auditing Standards Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that companies applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of the preparation date of the financial statements, no new announcement has been made by the Public Oversight Accounting and Auditing Standards Authority in this context, and no inflation adjustment has been made within the scope of TAS 29 in the financial statements dated 30 September 2022.

The tension between Russia and Ukraine since the beginning of 2022 has turned into a crisis and a hot conflict and continues as of the date of the report. The Group does not carry out any activities in the two countries subject to the crisis, and the said crisis is not expected to have a direct impact on the Group's operations. However, since the course of the crisis is uncertain as of the report date, developments that may occur on a global scale are monitored, and the possible reflections of these developments on the global and regional economy, the effects on the Group's operations are closely monitored and taken into account with the best estimation approach in the preparation of the financial statements.

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

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

Changes in accounting policies and disclosures

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

Within the scope of the Major Benchmark Interest Rates Reform, in 2021, alternative interest rates to be accepted have started to be used instead of the current benchmark interest rates, especially Libor. In the financial statements of the Group, there are liabilities such as borrowings and derivative transactions and off-balance sheet instruments, in addition to variable interest assets such as securities and loans indexed to benchmark interest rates. As of 30 September 2022, the changes brought by the reform did not have a significant impact on the Group's financial statements.

Explanation for convenience translation into English:

The differences between accounting principles and standards set out by regulations inconformity with BRSA Accounting and Reporting Legislation, account principles, generally accepted in countries in which the complying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

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

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

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

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

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

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

The Group has no investments in associates as of 30 September 2022. The accompanying consolidated financial statements are prepared in accordance with TFRS 10 “Consolidated Financial Statements” and “Communiqué on Preparation of Consolidated Financial Statements of Banks” published by BRSA on the Official Gazette numbered 26340 and dated 8 November 2006. Non-financial subsidiary of the Parent Bank is HSBC Ödeme Sistemleri ve Bilgisayar Teknolojileri Basın Yayın ve Müşteri Hizmetleri A.Ş.. HSBC Ödeme Sistemleri ve Bilgisayar Teknolojileri Basın Yayın ve Müşteri Hizmetleri A.Ş. was liquidated on 28 March 2022.

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

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

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

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

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V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES (Continued)

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

Classification and measurement of financial instruments

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

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VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Parent Bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows. While making the assessment, the Parent Bank considers the followings:

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

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

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

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

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VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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

In addition to the holding of the financial asset under a business model that aims to collect the contractual cash flows and sell the financial asset, the financial asset is measured at fair value if the contractual terms of the financial asset result in cash flows that only consist of principal and interest payments on the principal balance at specified dates classified as fair value through other comprehensive income.

"Unrealized gains and losses", which means the difference between amortized costs and fair value, arising from the changes in the fair value of the assets whose fair value difference is reflected in other comprehensive income, is one of the cases where the value corresponding to the related financial asset is collected, the asset is sold, disposed of or deteriorated. It is not reflected in the income statement of the period until it is realized and is followed in the "Other comprehensive income or expense to be reclassified to profit or loss" account in 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 related interest income and dividend income account.

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

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

c) Financial Assets Measured in Amortized Cost:

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

d) Loans:

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

Group's loans are recorded under the "Measured at Amortized Cost" account.

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VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES

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

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

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

Calculation of Expected Credit Losses

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

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 negative 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.

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VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued)

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 Parent Bank.

Internal rating systems and 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. While the Parent Bank has been using a simplified approach, for corporate and commercial loans, which included macroeconomic expectations input and loan maturities along with the transition to TFRS 9; the weighted average LGD from the previous model has started to be used as a prudent approach as of the third quarter, since the Bank began to develop a model that includes country-specific economic expectations and historical data. This approach will continue to be applied until the country-specific model development is completed.

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.

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VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued)

Consideration of the Macroeconomic Factors

Probability of default parameters are determined by considering macroeconomic factors. The macroeconomic variables used in the calculation of the expected loss are as follows:

- Annual percentage change of GDP
- Annual change in export amount
- Annual percentage change in USD/TRY
- Unemployment rate
- Inflation rate
- Change in Industrial Production Index
- Housing price index
- Short term external debt

As of 30 September 2022, the Parent Bank calculates the expected credit loss by taking into account the statistical models designed to comply with the relevant legislation and accounting standards and the methods used for prudence, as well as the macroeconomic forecasts for the future. In addition, the COVID-19 epidemic, the possible effects of the tension between Russia and Ukraine, and the global stagnation expectations are reflected in the estimates and judgments used in the calculation of expected credit losses, with the best estimation method, using the maximum effort principle. Within the light of these data, the Parent Bank has developed an alternative pessimistic scenario in addition to the base, optimistic and pessimistic macro-economic expectations used in the calculation of expected credit loss and revised the scenario weights in this context. Calculations made by taking into account the PD and LGD parameters, which vary according to these scenarios and their weights, are reflected in the financial statements as of 30 September 2022. The PD values 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. Due to the occurrence of unexpected events that are not taken into account by the models due to their nature and/or the collaterals are not taken into account within the scope of LGD, the Parent Bank has established provisions by adding increasing and decreasing management additions in addition to the provisions established in the corporate/commercial portfolio. The newly developed model for calculating the potential effects of forward-looking macroeconomic expectations is planned to be officially commissioned in the last quarter of 2022. This approach, which has been implemented since the 3rd quarter of 2020, will continue in 2022, and in the following reporting periods, the effect of the pandemic and global stagnation will be reviewed at regular intervals, taking into account the current portfolio status and macro-economic realizations and future expectations.

Calculating the Expected Loss Period

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

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VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued)

Significant Increase in Credit Risk

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

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

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

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

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

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

IX. DERECOGNITION OF FINANCIAL INSTRUMENTS

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

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

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

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

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IX. DERECOGNITION OF FINANCIAL INSTRUMENTS (Continued)

c. Derecognition of Financial Liabilities

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

d) Reclassification of financial instruments

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

e) Restructuring and refinancing of financial instruments

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

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

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

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

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

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

X. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES

None.

XI. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

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

As of 30 September 2022 and 31 December 2021, the Group has no discontinued operations.

XIV. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

As of 30 September 2022, there is no net book value of goodwill (31 December 2021: 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 is 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.

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XVI. EXPLANATIONS ON LEASING TRANSACTIONS

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

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

Explanations on TFRS 16 Leasing Transactions:

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

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

Right of use assets

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

The right use includes the presence of:

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

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

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XVI. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

Lease Liabilities

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Due to the Group’s implementation of TFRS 16, rights of use assets classified under tangible assets as of 30 September 2022 amounted to TL 83.973 (31 December 2021: TL 87.012), lease liability amounted to TL 82.890 (31 December 2021: TL 102.267), depreciation expense amounted to TL 29.442 (30 September 2021: TL 30.197) and interest expense amounted to TL 12.931 (30 September 2021: TL 13.745).

XVII. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

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XVIII. EXPLANATIONS ON CONTINGENT ASSETS

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

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 Parent 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 Group allocates provision for retirement and termination liabilities by estimating the net present value of future payments arising from the retirement of employees and reflects this provision amount in the financial statements. For employee termination benefit provision calculation, future liability amounts are calculated and yearly discount rate is 6,54% (31 December 2021: 6,54%).

As of 30 September 2022, actuarial loss amounted to TL 49.860 (31 December 2021: TL 13.911 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 April 15, 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. It has been stipulated that the aforementioned regulation will be applied, starting from the declarations that must be submitted as of 1 July 2022 and to be valid for the corporate earnings for the taxation period starting from 1 January 2022. According to this; The tax rate is applied as 25% in the third period temporary tax return to be submitted for the September 2022 accounting period earnings. The corporate tax rate is applied to the tax base to be calculated by 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.

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XX. EXPLANATIONS ON TAXATION (Continued)

As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law (“TPL”). However, with the regulation made with the Law No. 7352 dated 20 January 2022, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this; the TPL financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, will not be subject to inflation adjustment, and for the 2023 accounting period; will not be subject to inflation adjustment as of the temporary tax periods, and the TPL financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions are met. Profit / loss difference arising from inflation adjustment in TPL financial statements will be shown in the profit / loss accounts of previous years and will not affect the corporate tax base.

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

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

b) Deferred Tax Assets / Liabilities:

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

In accordance with the Law No. 7316 published on 22 April 2021, it is stipulated that the corporate tax rate will be 25% for the taxation period of 2021, 23% for the taxation period of 2022, and 20% for the taxation period after 2022. Accordingly, the Group's assets and liabilities as of 31 December 2021 are evaluated according to their maturities, and deferred tax calculations are made according to the rate of 23% or 20% corresponding to the relevant maturities. 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%. As of 30 September 2022, the Group has calculated 25% deferred tax for 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 2022, the Group has recognized deferred tax receivable amounting to TL 384.121 as an asset (31 December 2021: The Group has recognized a deferred tax receivable amounting to TL 668.896 as an asset).

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

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XX. EXPLANATIONS ON TAXATION (Continued)

a) Transfer Pricing:

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

XXI. EXPLANATIONS ON BORROWINGS

The funds borrowed are recorded at their costs and discounted by using the effective interest rate method. In the consolidated financial statements enclosed, foreign currency borrowings are translated according to the Parent Bank’s period end exchange rate. Interest expenses of the current period regarding the borrowing amounts are recognized in the financial statements. Also the Group provides resources through the bond issue. As of 30 September 2022 and 31 December 2021, the Group has no convertible bonds.

XXII. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

As of 30 September 2022 and 31 December 2021, the Group has no issued share certificates

XXIII. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Availed 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 2022 and 31 December 2021, the Group has no government incentives.

XXV. EXPLANATIONS ON OPERATING SEGMENTS

Segment reporting is presented in Note XII of Section Four.

XXVI. PROFIT RESERVES AND PROFIT DISTRIBUTION

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

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

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XXVII. EARNINGS/LOSS PER SHARE

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

	Current Period 30 September 2022	Prior Period 30 September 2021
Net Earnings/(Loss) for the Period	2.425.250	532.190
Number of Shares	65.229.000.000	65.229.000.000
Earnings/(Loss) per Share (*)	0,037181	0,008159

(*) Amounts are expressed in full TL.

XXVIII. CASH AND CASH EQUIVALENTS

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

XXIX. RELATED PARTIES

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

XXX. RECLASSIFICATIONS

None.

XXXI. OTHER MATTERS

None.

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SECTION FOUR

EXPLANATIONS RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. EXPLANATIONS RELATED TO COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY

Equity and Capital Adequacy Standard Ratio is calculated in accordance with “Communiqué on Measurement and Assessment of Capital Adequacy of Banks” and “Communiqué on Equities of Banks”. As of 30 September 2022, equity of the Group and the Parent Bank is amounting to TL 9.610.562 and TL 9.487.739 respectively, and capital adequacy ratio of the Group and the Parent Bank is 19,03% and 18,89% respectively. As of 31 December 2021 equity of the Group and the Parent Bank is amounting to TL 6.759.429 and TL 6.656.504 respectively and the capital adequacy ratio was 18,88% and 18,71% respectively. Capital adequacy ratio of the Group is higher than the minimum rate required by the related regulations.

a) Information about consolidated shareholders’ equity items:

	Current Period 30 September 2022	Prior Period 31 December 2021
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	652.290	652.290
Share Premium	-	-
Reserves	3.891.783	2.940.888
Other Comprehensive Income according to TAS	31.018	-
Profit	2.425.250	950.895
Current Period Profit	2.425.250	950.895
Prior Period Profit	-	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	-
Minorities’ Share	-	-
Common Equity Tier I Capital Before Deductions	7.000.341	4.544.073
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods’ Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	49.860	23.699
Leasehold Improvements on Operational Leases	19.305	28.443
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	287.450	242.695
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses from changes in bank’s liabilities’ fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank owns more than 10% of the issued share capital (amount above 10% threshold)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier I 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	-	-
Total Deductions from Common Equity Tier I Capital	356.615	294.837
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	101.142	202.286
Total Common Equity Tier I Capital	6.744.868	4.451.522

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**I. EXPLANATIONS RELATED TO COMPONENTS OF CONSOLIDATED
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	Current Period 30 September 2022	Prior Period 31 December 2021
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Third parties’ share in the Additional Tier I capital	-	-
Third parties’ share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
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 (-)	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	6.744.868	4.451.522
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	2.350.162	1.962.017
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Third parties’ share in the Additional Tier II capital	-	-
Third parties’ share in the Additional Tier II capital (Covered by Temporary Article 3)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	530.014	368.515
Total Deductions from Tier II Capital	2.880.176	2.330.532
Deductions from Tier II Capital		
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 (-)	177	559
Total Deductions from Tier II Capital	177	559
Total Tier II Capital	2.879.999	2.329.973
Total Equity (Total Tier I and Tier II Capital)	9.624.867	6.781.495
Amounts Deducted from Equity		
Loans Granted against the Articles 50 and 51 of the Banking Law	40	-
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	14.265	22.066
Other items to be Defined by the BRSA	-	-
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-

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**I. EXPLANATIONS RELATED TO COMPONENTS OF CONSOLIDATED
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	Current Period 30 September 2022	Prior Period 31 December 2021
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	9.610.562	6.759.429
Total Risk Weighted Assets	50.504.216	35.798.763
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	13,36	12,43
Consolidated Tier I Capital Ratio (%)	13,36	12,43
Consolidated Capital Adequacy Ratio (%)	19,03	18,88
BUFFERS		
Total Additional Core Capital Requirement Ratio (a+b+c)	2,60	2,52
a) Capital Conservation Buffer Ratio (%)	2,50	2,50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,10	0,02
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 (%)	4,76	3,90
Amounts Lower Than Excesses as per the Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
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	-	-
Limits for Provisions Used in Tier II Capital Calculation		
General provisions for standard based receivables (before ten thousand twenty five limitation)	1.752.906	1.621.784
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	530.014	368.515
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	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018 - 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

Within the scope of the regulations of the Banking Regulation and Supervision Agency dated 28 April 2022 and 21 December 2021, the amount subject to credit risk is allowed to be calculated with the Central Bank's foreign exchange buying rates as of 31 December 2021. 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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b) Items included in consolidated capital calculation:

Information about instruments that will be included in total capital calculation: Details on Subordinated Liabilities:	
Issuer	HSBC HOLDINGS PLC
Identifier(s) (CUSIP, ISIN vb.)	Subordinated Loans
Governing law (s) of the instrument	BRSA
Regulatory treatment	
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)	2.350
Nominal value of instrument	2.350
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
Coupon/dividend payment	
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	-
Convertible or non-convertible into equity shares	
If convertible, conversion trigger (s)	In case of the possibility of cancelling the Parent Bank's operational permit or transferring to the Fund; The principal amount and interest payment liabilities of the loan may be terminated in whole or in part in accordance with the decision of the Board in this direction or it may be converted into capital by complying with the required legislation.
If convertible, fully or partially	Fully convertible
If convertible, conversion rate	The conversion rate / value shall be calculated based on the market data in the case of the exercise of the right
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
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
In compliance with article number 7 and 8 of “Regulation on Equity of Banks”	In compliance with the requirements of Article 7 and 8 of “Regulation on Equity of Banks”
Details of incompliances with article number 7 and 8 of “Regulation on Equity of Banks”	In compliance with the requirements of Article 7 and 8 of “Regulation on Equity of Banks”

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Information on Article 5 of the Regulation on Equities of Banks

EQUITY ITEMS	T	T-1
Common Equity	6.744.868	6.744.868
Transition process not implemented Common Equity	6.643.726	6.643.726
Tier 1 Capital	6.744.868	6.744.868
Transition process not implemented Tier 1 Capital	6.643.726	6.643.726
Total Capital	9.610.562	9.610.562
Transition process not implemented Equity	9.509.420	9.509.420
TOTAL RISK WEIGHTED AMOUNTS		
Total Risk Weighted Amounts	50.504.216	50.504.216
CAPITAL ADEQUACY RATIO		
Common Equity	13,36	13,36
Transition process not implemented Common Equity Ratio (%)	13,15	13,15
Tier 1 Capital	13,36	13,36
Transition process not implemented Tier 1 Capital Adequacy Ratio (%)	13,15	13,15
Capital	19,03	19,03
Transition process not implemented Capital Adequacy Ratio (%)	18,83	18,83
LEVERAGE		
Leverage Ratio Total Risk Amount	109.629.699	109.629.699
Leverage (%)	5,65	5,65
Transition process not implemented Leverage Ratio (%)	6,06	6,06

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

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

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

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

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

As of 1 January 2019, the Group started to apply TFRS 9 “Financial Instruments Standard” and started to include the expected credit losses for financial assets in the financial statements as of this date. According to Article 5 of the “Regulation on Equities of Banks”, the positive difference between the total expected loan loss reserve amount calculated as of the date when the expected credit loss provision under TFRS 9 began to be separated and the total amount of provisions calculated before the implementation of TFRS 9, after the tax amount arising from the difference was deducted. Part has been subjected to a five-year transition period. The effects of this calculation are shown under the heading “Explanations on the temporary article 5 of the Regulation on Banks’ Equity”.

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II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK

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

III. EXPLANATIONS ON CONSOLIDATED COUNTER CYCLICAL CAPITAL BUFFER RATIO CALCULATION

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

IV. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK

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

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

b) Hedge against foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if material

The Group, as a general principle does not carry any foreign currency position, by hedging its foreign currency positions with derivative products except long positions held for foreign currency expected credit losses in accordance with TFRS 9. Foreign exchange bid rate of important foreign currencies are indicated in the table below.

c) Management policy for foreign currency risk:

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

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

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

Current Period – 30 September 2022	USD (\$)	Euro (€)
Balance Sheet Date		
Bank Evaluation Rate	18,5057	18,0782
Prior Balance Sheet Date		
29 September 2022	18,5327	18,0527
28 September 2022	18,5186	17,8093
27 September 2022	18,4821	17,7539
26 September 2022	18,4474	17,8294
23 September 2022	18,4121	17,9408
Prior Period – 31 December 2021	USD (\$)	Euro (€)
Balance Sheet Date		
Bank Evaluation Rate	13,2798	15,0924
Prior Balance Sheet Date		
30 December 2021	13,2234	14,9728
29 December 2021	12,5957	14,3037
28 December 2021	11,6821	13,2218
27 December 2021	11,6821	13,2218
24 December 2021	11,6821	13,2218

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IV. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued)

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

As of September 2022, the Group’s simple arithmetic average foreign exchange rate for USD is TL 18,3113 (December 2021: TL 13,7072) and exchange rate for Euro is TL 18,1461 (December 2021: TL 15,4922).

f) Information related to Group’s currency risk:

Current Period - 30 September 2022	Euro	USD	Other FC	Total
Assets				
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	2.975.380	5.482.281	2.384.694	10.842.355
Banks	-	260.141	26.094	286.235
Financial Assets at Fair Value through Profit or Loss (Net) (***)	860.841	3.796.640	44.175	4.701.656
Interbank Money Market Placements	-	21.653.914	-	21.653.914
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	-
Loans (*)	12.354.967	8.090.567	14	20.445.548
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	2.477	122.667	73.666	198.810
Total Assets	16.193.665	39.406.210	2.528.643	58.128.518
Liabilities				
Bank Deposits	33.161	18.847	9.791	61.799
Foreign Currency Deposits	9.722.605	23.408.436	11.775.745	44.906.786
Funds from Interbank Money Market	-	-	-	-
Fund Borrowed	2.391.887	-	-	2.391.887
Issued Marketable Securities (Net)	-	-	-	-
Miscellaneous Payables	1.091	1.177.366	14.981	1.193.438
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities (**)	369.946	3.732.891	32.245	4.135.082
Total Liabilities	12.518.690	28.337.540	11.832.762	52.688.992
Net On Balance Sheet Position****)	3.674.975	11.068.670	(9.304.119)	5.439.526
Net Off-Balance Sheet Position****)	(2.678.482)	(10.226.270)	9.311.427	(3.593.325)
Financial Derivative Assets	12.122.902	23.479.869	14.013.213	49.615.984
Financial Derivative Liabilities	14.801.384	33.706.139	4.701.786	53.209.309
Non-cash Loans	3.930.689	9.190.691	1.274.859	14.396.239
Prior Period – 31 December 2021				
Total Assets	15.064.861	39.034.960	2.077.392	56.177.213
Total Liabilities	14.288.021	29.230.648	10.232.475	53.751.144
Net on-Balance Sheet Position	776.840	9.804.312	(8.155.083)	2.426.069
Net off-Balance Sheet Position	(622.967)	(10.193.502)	8.146.892	(2.669.577)
Financial Derivative Assets	14.353.241	17.094.870	9.995.355	41.443.466
Financial Derivative Liabilities	14.976.208	27.288.372	1.848.463	44.113.043
Non-cash Loans	2.701.472	8.658.839	1.048.978	12.409.289

(*) As of 30 September 2022, there are foreign currency indexed loans amounting to TL 4.026 (31 December 2021: TL 5.469).

(**) Derivative Financial Liabilities amounting to TL 3.972.622 (31 December 2021: TL 4.844.088) are included in Other Liabilities.

(***) Derivative Financial Assets amounting to TL 4.628.142 (31 December 2021: TL 3.579.534) are included in Financial Assets at Fair Value Through Profit or Loss.

(****) Includes long positions held in the balance sheet for Stage 1 and Stage 2 foreign currency expected loss provisions in accordance with TFRS 9.

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V. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK

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

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

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

Current Period – 30 September 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years And Over	Non – Interest Bearing	Total
Assets							
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey (*)	8.809.863	-	-	-	-	2.339.540	11.149.403
Banks (*)	51.296	-	-	-	-	287.110	338.406
Financial Assets at Fair Value Through Profit or Loss (Net) (**)	495.133	764.169	1.756.366	2.949.450	43.311	5.742	6.014.171
Interbank Money Market Placements (*)	29.344.052	383.482	-	-	-	-	29.727.534
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	868.778	1.810.595	720.351	-	3.399.724
Loans	8.437.553	8.283.531	12.531.390	7.515.068	375.149	64.809	37.207.500
Financial Assets Measured at Amortized Cost (***)	-	-	-	843.150	851.912	-	1.695.062
Other Assets	1.708	-	23	21.029	-	1.665.146	1.687.906
Total Assets	47.139.605	9.431.182	15.156.557	13.139.292	1.990.723	4.362.347	91.219.706
Liabilities							
Bank Deposits	167.794	-	-	-	-	178.907	346.701
Other Deposits	25.022.908	12.725.117	2.620.029	35.530	-	31.612.769	72.016.353
Funds from Interbank Money Market	1.811.654	-	-	-	-	-	1.811.654
Miscellaneous Payables	-	-	-	-	-	1.937.800	1.937.800
Issued Marketable Securities (Net)	178.294	-	-	-	-	-	178.294
Funds Borrowed	2.380.643	-	-	-	-	11.244	2.391.887
Other Liabilities (***)	493.026	603.192	1.036.897	3.328.821	13.064	7.062.017	12.537.017
Total Liabilities	30.054.319	13.328.309	3.656.926	3.364.351	13.064	40.802.737	91.219.706
Balance Sheet Long Position	17.085.286	-	11.499.631	9.774.941	1.977.659	-	40.337.514
Balance Sheet Short Position	-	(3.897.127)	-	-	-	(36.440.390)	(40.337.514)
Off-Balance Sheet Long Position	23.205	193.215	695.821	-	-	-	912.241
Off-Balance Sheet Short Position	-	-	-	(3.332)	-	-	(3.332)
Total Position	17.108.491	(3.703.912)	12.195.452	9.771.609	1.977.659	(36.440.390)	908.909

(*) 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 5.326.

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

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

(****) Financial Assets Valued at Amortized Cost Includes expected loss provisions balance amounting to TL 3.915.

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V. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period – 31 December 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years And Over	Non – Interest Bearing	Total
Assets							
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ^(*)	8.383.584	-	-	-	-	2.805.249	11.188.833
Banks	931.888	-	-	-	-	91.603	1.023.491
Financial Assets at Fair Value Through Profit or Loss (Net) ^(**)	344.891	729.094	989.656	1.958.161	76.928	5.567	4.104.297
Interbank Money Market Placements ^(*)	26.085.259	-	-	-	-	-	26.085.259
Financial Assets at Fair Value Through Other Comprehensive Income	1.011.757	-	124.149	2.381.830	139.320	-	3.657.056
Loans ^(*)	7.677.841	3.106.622	9.706.823	6.520.805	1.206.252	103.128	28.321.471
Financial Assets Measured at Amortized Cost	-	-	-	-	-	-	-
Other Assets	1.135	-	52	8.111	-	1.345.799	1.355.097
Total Assets	44.436.355	3.835.716	10.820.680	10.868.907	1.422.500	4.351.346	75.735.504
Liabilities							
Bank Deposits	229.420	-	-	-	-	86.004	315.424
Other Deposits	25.333.573	4.221.938	979.358	4.674	-	27.070.774	57.610.317
Funds from Interbank Money Market	2.309.195	-	-	-	-	-	2.309.195
Miscellaneous Payables	-	-	-	-	-	1.273.407	1.273.407
Issued Marketable Securities (Net)	-	406.772	122.384	-	-	-	529.156
Funds Borrowed	1.984.777	-	957.036	-	-	886	2.942.699
Other Liabilities ^{(**)(***)}	662.897	770.179	2.469.336	2.313.054	45.653	4.494.187	10.755.306
Total Liabilities	30.519.862	5.398.889	4.528.114	2.317.728	45.653	32.925.258	75.735.504
Balance Sheet Long Position	13.916.493	-	6.292.566	8.551.179	1.376.847	-	30.137.085
Balance Sheet Short Position	-	(1.563.173)	-	-	-	(28.573.912)	(30.137.085)
Off-Balance Sheet Long Position	-	-	-	1.311	-	-	1.311
Off-Balance Sheet Short Position	(688.948)	(133.669)	(574.718)	-	-	-	(1.397.335)
Total Position	13.227.545	(1.696.842)	5.717.848	8.552.490	1.376.847	(28.573.912)	(1.396.024)

(*) 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 5.905.

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

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

b) Effective average interest rates for monetary financial instruments:

Current Period– 30 September 2022	Euro	USD	Yen	TL
Assets				
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	3,00	-	19,84
Financial Assets at Fair Value Through Profit or Loss (Net)	7,08	9,40	-	14,36
Interbank Money Market Placements	-	2,98	-	13,02
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	19,64
Loans	5,46	8,11	-	25,55
Financial Assets Measured at Amortized Cost	-	-	-	15,14
Liabilities				
Bank Deposits	-	-	-	9,41
Other Deposits	0,75	1,55	-	15,21
Funds From Interbank Money Market	-	-	-	12,00
Miscellaneous Payables	-	-	-	-
Securities Issued (Net)	-	-	-	26,15
Funds Provided from Other Financial Institutions	7,20	-	-	-

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V. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period - 31 December 2021	Euro	USD	Yen	TL
Assets				
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	8,50
Banks	-	0,03	-	16,35
Financial Assets at Fair Value Through Profit or Loss (Net)	5,25	6,69	-	17,76
Interbank Money Market Placements	-	0,03	-	14,48
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	17,09
Loans	3,55	4,13	-	19,15
Financial Assets Measured at Amortized Cost	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	12,27
Other Deposits	0,06	0,30	-	15,26
Funds From Interbank Money Market	-	-	-	14,00
Miscellaneous Payables	-	-	-	-
Securities Issued (Net)	-	-	-	17,56
Funds Provided from Other Financial Institutions	6,44	1,84	-	-

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

Position risk of equity securities in banking book:

As of 30 September 2022, the Parent Bank has no financial assets that would cause a significant effect on its equity securities position (31 December 2021: None).

VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

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

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

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

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

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

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

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

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

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

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

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

Information on liquidity risk mitigation techniques:

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

Explanation of the usage of stress test:

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

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**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND
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General information on liquidity emergency and contingency plans

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

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

a) Liquidity Coverage Rate:

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

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

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

Explanation regarding the components of high quality liquid assets:

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

Components density of fund resources in all funds:

The Parent Bank’s founding sources are consisted of real person and retail deposit, corporate bank deposits, repurchase agreements and borrowings. Deposits that are used for founding consists 79% 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 CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND
LIQUIDITY COVERAGE RATIO (Continued)**

Current Period – 30.09.2022	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
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			38.984.974	29.437.183
Cash Outflows				
Retail and customer deposits	47.199.650	32.972.794	4.573.967	3.297.279
Stable deposits	2.919.968	-	145.998	-
Less stable deposits	44.279.682	32.972.794	4.427.969	3.297.279
Unsecured funding other than retail and small business customers deposits	26.279.277	13.209.768	11.932.395	5.538.313
Operational deposits	-	-	-	-
Non-Operational deposits	24.926.023	13.095.144	10.579.141	5.423.689
Other unsecured funding	1.353.254	114.624	1.353.254	114.624
Secured funding	-	-	-	-
Other cash outflows	2.943.722	7.019.126	2.943.722	7.019.126
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.943.722	7.019.126	2.943.722	7.019.126
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	20.785.957	14.768.723	2.719.945	2.266.977
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			22.170.029	18.121.695
Cash Inflows				
Secured lending transactions	-	-	-	-
Unsecured lending transactions	10.749.990	5.618.878	7.765.143	4.197.325
Other cash inflows	192.190	3.127.055	192.190	3.127.055
TOTAL CASH INFLOWS	10.942.180	8.745.933	7.957.333	7.324.380
			Values to which the upper limit is applied	
TOTAL HQLA STOCK	-	-	38.984.974	29.437.183
TOTAL NET CASH OUTFLOWS	-	-	14.212.696	10.797.315
LIQUIDITY COVERAGE RATIO (%)	-	-	274,30	272,63

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

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

	Current Period – 30.09.2022	
	TL+FC	FC
Highest (%)	334,45	575,20
Date	15.09.2022	17.08.2022
Lowest (%)	219,84	220,13
Date	30.09.2022	03.08.2022
Average (%)	274,30	272,63

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**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND
LIQUIDITY COVERAGE RATIO (Continued)**

Prior Period – 31.12.2021	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
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			28.754.225	24.293.354
Cash Outflows				
Retail and customer deposits	33.196.203	26.513.400	3.214.410	2.651.340
Stable deposits	2.104.205	-	105.210	-
Less stable deposits	31.091.998	26.513.400	3.109.200	2.651.340
Unsecured funding other than retail and small business customers deposits	19.234.262	12.085.765	8.762.461	5.019.534
Operational deposits	-	-	-	-
Non-Operational deposits	18.289.944	12.010.631	7.818.143	4.944.400
Other unsecured funding	944.318	75.134	944.318	75.134
Secured funding	-	-	-	-
Other cash outflows	1.410.059	5.051.811	1.410.059	5.051.811
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.410.059	5.051.811	1.410.059	5.051.811
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	16.196.305	10.507.557	1.975.033	1.544.624
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			15.361.963	14.267.309
Cash Inflows				
Secured lending transactions	-	-	-	-
Unsecured lending transactions	7.166.056	4.313.574	5.330.868	3.496.687
Other cash inflows	578.325	4.112.540	578.325	4.112.540
TOTAL CASH INFLOWS	7.744.381	8.426.114	5.909.193	7.609.227
			Values to which the upper limit is applied	
TOTAL HQLA STOCK			28.754.225	24.293.354
TOTAL NET CASH OUTFLOWS			9.452.770	6.658.082
LIQUIDITY COVERAGE RATIO (%)			304,19	364,87

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

Table below represents lowest, highest and average liquidity coverage rates for year 2021.

	Prior Period - 31.12.2021	
	TL+FC	FC
Highest (%)	383,04	581,29
Date	04.11.2021	01.12.2021
Lowest (%)	246,98	233,79
Date	18.11.2021	08.10.2021
Average (%)	304,19	364,87

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**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND
LIQUIDITY COVERAGE RATIO (Continued)**

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

Current Period – 30 September 2022	Demand	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Unallocated	Total
Assets								
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the CBRT ^(****)	2.339.540	8.809.863	-	-	-	-	-	11.149.403
Banks ^(****)	287.110	51.296	-	-	-	-	-	338.406
Financial Assets at Fair Value through Profit or Loss (Net) ^(***)	-	393.841	353.994	1.404.175	3.755.814	100.605	5.742	6.014.171
Interbank Money Market Placements ^(****)	-	29.344.052	383.482	-	-	-	-	29.727.534
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	809.935	1.716.634	873.155	-	3.399.724
Loans	-	6.531.999	6.845.569	15.632.249	7.746.444	386.430	64.809	37.207.500
Financial Assets at Fair Value Through Amortized Cost	-	-	-	-	838.029	857.033	-	1.695.062
Other Assets ^(*)	-	1.708	-	23	21.029	-	1.665.146	1.687.906
Total Assets	2.626.650	45.132.759	7.583.045	17.846.382	14.077.950	2.217.223	1.735.697	91.219.706
Liabilities								
Bank Deposits	178.907	167.794	-	-	-	-	-	346.701
Other Deposits	31.612.769	25.022.908	12.725.117	2.620.029	35.530	-	-	72.016.353
Money Market Borrowings	-	1.811.654	-	-	-	-	-	1.811.654
Miscellaneous Payables	-	-	10.660	-	-	-	1.927.140	1.937.800
Marketable Securities Issued (Net)	-	178.294	-	-	-	-	-	178.294
Funds Provided from Other Financial Institutions	11.244	-	-	-	-	2.380.643	-	2.391.887
Other Liabilities ^(**) ^(***)	-	358.980	278.024	898.546	3.893.755	55.201	7.052.511	12.537.017
Total Liabilities	31.802.920	27.539.630	13.013.801	3.518.575	3.929.285	2.435.844	8.979.651	91.219.706
Net Liquidity Excess / (Gap)	(29.176.270)	17.593.129	(5.430.756)	14.327.807	10.148.665	(218.621)	(7.243.954)	-
Net Off Balance Sheet Position	-	23.206	46.811	695.411	143.481	-	-	908.909
Derivative Financial Assets	-	33.840.249	16.240.303	14.791.838	20.960.899	1.125.400	-	86.958.689
Derivative Financial Liabilities	-	33.817.043	16.193.492	14.096.427	20.817.418	1.125.400	-	86.049.780
Non-cash Loans	14.159.071	311.472	670.115	779.100	11.027	-	-	15.930.785
Prior Period – 31 December 2021								
Total Assets	2.896.852	43.029.057	4.225.094	10.893.387	11.767.544	1.469.076	1.454.494	75.735.504
Total Liabilities	27.157.664	28.521.441	5.259.619	4.537.129	2.482.636	2.030.430	5.746.585	75.735.504
Net Liquidity Excess / (Gap)	(24.260.812)	14.507.616	(1.034.525)	6.356.258	9.284.908	(561.354)	(4.292.091)	-
Net Off-Balance Sheet Position	-	(376.689)	(218.931)	(550.039)	86.572	-	-	(1.059.087)
Derivative Financial Assets	-	25.419.365	9.056.242	16.332.507	16.806.416	1.576.793	-	69.191.323
Derivative Financial Liabilities	-	25.796.054	9.275.173	16.882.546	16.719.844	1.576.793	-	70.250.410
Non-cash Loans	10.522.670	491.879	304.978	2.351.744	35.755	1.084	-	13.708.110

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

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

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

(****) Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the CBRT, Banks and interbank money market balances consist of expected credit losses amounting to TL 5.326.

(*****) Financial Assets Valued at Amortized Cost includes expected loss provisions balance amounting to TL 3.915.

c) Information on securitization positions

None

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VIII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO

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

	Current Period 30.09.2022 ^(*)	Prior Period 31.12.2021 ^(*)
Assets On the Balance Sheet		
Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)		
1 and loan derivatives, including collaterals)	63.534.450	48.956.470
2 (Assets deducted from core capital)	(307.529)	(255.492)
3 Total risk amount for assets on the balance sheet (sum of lines 1 and 2)	63.226.921	48.700.978
Derivative Financial Instruments and Loan Derivatives		
4 Renewal cost of derivative financial instruments and loan derivatives	780.747	(338.428)
5 Potential credit risk amount of derivative financial instruments and loan derivatives	539.863	1.931.415
6 Total risk amount of derivative financial instruments and loan derivatives (sum of lines 4 and 5)	1.320.610	1.592.987
Financing Transactions with Securities or Goods Warranties		
7 Risk amount of financial transactions with securities or goods warranties (excluding those in the balance sheet)		
Risk amount arising from intermediated transactions	850.812	213.345
8 Total risk amount of financing transactions with securities or goods warranties	-	-
9 (Sum of lines 7 and 8)	850.812	213.345
Off-Balance Sheet Commitments		
10 Gross nominal amount of the off-the-balance sheet transactions	44.231.355	25.439.768
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)	44.231.355	25.439.768
Capital and Total Risk		
13 Core capital	6.190.060	4.119.187
14 Total risk amount (sum of lines 3,6,9 and 12)	109.629.698	75.947.078
Transition process unapplied leverage ratio		
15 Transition process unapplied leverage ratio (%)	5,65	5,42

(*) Table represents three month average amounts.

IX. EXPLANATIONS ON RISK MANAGEMENT

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Group, the following required tables have not been presented on 30 September 2022:

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

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

a) Explanations on risk management and risk weighted amount:

	Risk Weighted Amounts		Minnum Capital Requirements
	Current Period 30 September 2022	Prior Period 31 December 2021	Current Period 30 September 2022
Credit risk (excluding counterparty credit risk)	40.413.165	28.378.634	3.233.053
Standardised approach	40.413.165	28.378.634	3.233.053
Internal rating-based approach	-	-	-
Counterparty credit risk	1.987.925	1.102.603	159.034
Standardised approach for counterparty credit risk	1.987.925	1.102.603	159.034
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	3.404.950	2.724.325	272.396
Standardised approach	3.404.950	2.724.325	272.396
Internal model approaches	-	-	-
Operational risk	4.698.176	3.593.201	375.854
Basic indicator approach	4.698.176	3.593.201	375.854
Standardised approach	-	-	-
Advanced measurement approach	-	-	-
Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	50.504.216	35.798.763	4.040.337

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

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

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

Not prepared 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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XII. EXPLANATIONS ON OPERATING SEGMENTS

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

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

	Retail Banking	Corporate Banking	Global Banking^(***)	Treasury and Capital Markets	Other	Group's Total Activities
Current Period – 30 September 2022						
Operating Income	1.187.413	1.326.499	897.797	1.642.027	1.940	5.055.676
Other	-	-	-	-	-	-
Operating Income	1.187.413	1.326.499	897.797	1.642.027	1.940	5.055.676
Segment Net Profit	-	-	-	-	-	-
Undistributed Cost	-	-	-	-	-	-
Operating Profit/(Loss)	287.434	833.996	737.294	1.322.948	(58.686)	3.122.986
Profit before Tax	287.434	833.996	737.294	1.322.948	(58.686)	3.122.986
Corporate Tax Provision ^(*)	-	-	-	-	(697.736)	(697.736)
Profit after Tax	287.434	833.996	737.294	1.322.948	(756.422)	2.425.250
Non-Controlling Interest	-	-	-	-	-	-
Net Profit for the Period	287.434	833.996	737.294	1.322.948	(756.422)	2.425.250
Segment Assets	3.989.169	22.781.209	10.034.768	54.414.560	-	91.219.706
Associates and Subsidiaries	-	-	-	-	-	-
Undistributed Assets	-	-	-	-	-	-
Total Assets	3.989.169	22.781.209	10.034.768	54.414.560	-	91.219.706
Segment Liabilities	48.238.943	9.177.768	14.224.792	10.599.371	2.028.351	84.269.225
Undistributed Liabilities	-	-	-	-	6.950.481	6.950.481
Total Liabilities	48.238.943	9.177.768	14.224.792	10.599.371	8.978.832	91.219.706
Other Segment Items	1.904.231	-	-	(23.681)	8.547	1.889.097
Capital Investment	-	-	-	-	141.690	141.690
Amortization	-	-	-	-	(133.143)	(133.143)
Impairment	-	-	-	(23.681)	-	(23.681)
Non-Cash Other Income-Expense	-	-	-	-	-	-
^(**)	1.904.231	-	-	-	-	1.904.231

(*) Corporate tax provision is not distributed.

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

(***) Corporate Banking and Investment Banking, which previously operated under a single business line, was decided to be structured under two separate business lines as “Corporate Banking” and “Global Banking” within the scope of the organizational change approved by the Board of Directors.

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XII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

	Retail Banking	Corporate Banking	Global Banking^(***)	Treasury and Capital Markets	Other	Group's Total Activities
Prior Period –						
31 December 2021^(****)						
Operating Income	551.005	956.560	-	421.482	14.434	1.943.481
Other	-	-	-	-	-	-
Operating Income	551.005	956.560	-	421.482	14.434	1.943.481
Segment Net Profit	-	-	-	-	-	-
Undistributed Cost	-	-	-	-	-	-
Operating Profit/(Loss)	(88.293)	609.153	-	213.854	(33.379)	701.335
Profit before Tax	(88.293)	609.153	-	213.854	(33.379)	701.335
Corporate Tax Provision ^(*)	-	-	-	-	(169.145)	(169.145)
Profit after Tax	(88.293)	609.153	-	213.854	(202.524)	532.190
Non-Controlling Interest	-	-	-	-	-	-
Net Profit for the Period	(88.293)	609.153	-	213.854	(202.524)	532.190
Segment Assets	3.489.104	17.968.334	6.939.037	47.338.809	-	75.735.284
Associates and Subsidiaries	-	-	-	-	220	220
Undistributed Assets	-	-	-	-	-	-
Total Assets	3.489.104	17.968.334	6.939.037	47.338.809	220	75.735.504
Segment Liabilities	37.429.661	8.258.676	11.930.937	11.805.087	1.891.689	71.316.050
Undistributed Liabilities	-	-	-	-	4.419.454	4.419.454
Total Liabilities	37.429.661	8.258.676	11.930.937	11.805.087	6.311.143	75.735.504
Other Segment Items	(110.755)	-	-	(4.029)	(19.658)	(134.442)
Capital Investment	-	-	-	-	81.295	81.295
Amortization	(429)	-	-	-	(100.953)	(101.382)
Impairment	-	-	-	(4.029)	-	(4.029)
Non-Cash Other Income- Expense ^(**)	(110.326)	-	-	-	-	(110.326)

(*) Corporate tax provision is not distributed.

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

(***) Corporate Banking and Investment Banking, which previously operated under a single business line, was decided to be structured under two separate business lines as “Corporate Banking” and “Global Banking” within the scope of the organizational change approved by the Board of Directors.

(****) Income-Expense items represent the amounts of 30 September 2021.

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SECTION FIVE

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

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

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

	Current Period 30 September 2022		Prior Period 31 December 2021	
	TL	FC	TL	FC
Cash/Foreign Currency The CBRT	83.187	2.011.439	64.316	1.746.458
Total	310.065	10.842.355	1.070.253	10.120.969

2. Information related to balances with the CBRT:

	Current Period 30 September 2022		Prior Period 31 December 2021	
	TL	FC	TL	FC
Unrestricted Demand Deposit	226.878	18.292	980.551	14.186
Unrestricted Time Deposit	-	-	25.386	-
Restricted Time Deposit	-	-	-	-
Reserve Requirements	-	8.812.624	-	8.360.325
Total	226.878	8.830.916	1.005.937	8.374.511

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 2022, Turkish lira required reserve ratios for Turkish lira deposits and other liabilities range from 3% to 8% (31 December 2021: 3% to 8%) and for foreign exchange deposits and other liabilities range from 5% to 26% (31 December 2021: 5% to 26%).

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 2022	Prior Period 31 December 2021
	Collateral/Blocked Repurchase Agreement	568.972
Unrestricted	-	-
Total	283.956	219.041
Total	852.928	222.785

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

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

	Current Period 30 September 2022		Prior Period 31 December 2021	
	TL	FC	TL	FC
Forward Transactions	1.572	879.430	-	454.562
Swap Transactions	525.787	1.003.017	296.411	656.254
Futures Transactions	-	-	-	-
Options	-	2.745.695	-	2.468.718
Total	527.359	4.628.142	296.411	3.579.534

c) Information on Banks:

1. Information on banks and other financial institutions:

	Current Period 30 September 2022		Prior Period 31 December 2021	
	TL	FC	TL	FC
Banks				
Domestic	52.192	-	24.253	-
Foreign	-	286.235	2.001	997.400
Foreign Head Office and Branches	-	-	-	-
Total	52.192	286.235	26.254	997.400

2. Information on foreign bank accounts:

Not disclosed in the interim period.

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 2022		Prior Period 31 December 2021	
	TL	FC	TL	FC
Collateral/Blocked		1.379.529		799.472
Repurchase Agreement		1.752.852		2.280.902
Unrestricted		267.343		576.682
Total		3.399.724		3.657.056

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

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

	Current Period 30 September 2022	Prior Period 31 December 2021
Debt Securities	3.399.884	3.765.202
Quoted to Stock Exchange	3.399.884	3.765.202
Not Quoted	-	-
Share Certificate	-	-
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Impairment Provision (-)	160	108.146
Total	3.399.724	3.657.056

e) Information Related to Loans:

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

	Current Period 30 September 2022		Prior Period 31 December 2021	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	144.562	-	94.346
Corporate Shareholders	-	144.562	-	94.346
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	484.359	-	444.756
Loans Granted to Employees	29.287	-	19.746	-
Total	29.287	628.921	19.746	539.102

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	Restructured Loans	
			Loans with Revised Contract Terms	Refinancing
Non-specialized Loans^(*)	25.773.615	9.527.007	3.514.537	-
Discount Notes	9.134.357	7.511.511	3.277.998	-
Export Loans	9.953.568	1.177.704	223.918	-
Import Loans	1.899.888	-	-	-
Loans Given to Financial Sector	956.794	572.903	-	-
Retail Loans	1.552.339	83.238	743	-
Credit Cards	2.224.688	181.651	11.878	-
Other	51.981	-	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	25.773.615	9.527.007	3.514.537	-

(*) Includes the factoring receivables amounting to TL 153.182

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	Current Period 30 September 2022		Prior Period 31 December 2021	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	102.635	-	157.744	-
Significant Increase in Credit Risk	-	1.569.833	-	1.399.090
Total	102.635	1.569.833	157.744	1.399.090

3. Breakdown of loans according to their maturities:

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

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

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	403.661	1.120.896	1.524.557
Mortgage Loans	-	103.210	103.210
Vehicle Loans	2.117	74.715	76.832
Consumer Loans	401.544	942.627	1.344.171
Other	-	344	344
Consumer Loans- Indexed to FC	-	159	159
Mortgage Loans	-	159	159
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	2.364.213	9.925	2.374.138
Instalment	889.191	9.925	899.116
Non Instalment	1.475.022	-	1.475.022
Individual Credit Cards-FC	15.012	-	15.012
Instalment	925	-	925
Non Instalment	14.087	-	14.087
Personnel Loans-TL	4.422	11.881	16.303
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	4.422	11.881	16.303
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	12.795	-	12.795
Instalment	6.214	-	6.214
Non Instalment	6.581	-	6.581
Personnel Credit Cards-FC	189	-	189
Instalment	-	-	-
Non Instalment	189	-	189
Overdraft Account-TL (Individual)	95.301	-	95.301
Overdraft Account-FC (Individual)	-	-	-
Total Consumer Loans	2.895.593	1.142.861	4.038.454

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

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

	Short-term	Medium and Long-term	Total
Commercial Instalment Loans-TL	-	4.210	4.210
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	4.210	4.210
Other	-	-	-
Commercial Instalment Loans- FC Indexed	-	32.505	32.505
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	32.505	32.505
Other	-	-	-
Commercial Instalment Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	12.531	-	12.531
Instalment	1.302	-	1.302
Non Instalment	11.229	-	11.229
Corporate Credit Cards-FC	3.552	-	3.552
Instalment	-	-	-
Non Instalment	3.552	-	3.552
Overdraft Account-TL (Commercial)	-	-	-
Overdraft Account-FC (Commercial)	-	-	-
Total	16.083	36.715	52.798

6. Loans according to types of borrowers:

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

7. Distribution of domestic and foreign loans:

	Current Period 30 September 2022	Prior Period 31 December 2021
Domestic Loans	38.590.495	29.329.776
Foreign Loans	224.664	445.401
Total (*)	38.815.159	29.775.177

(*) As of 30 September 2022, it includes the factoring receivables amounting to TL 153.182 (31 December 2021: TL 286.586).

8. Loans granted to investments in associates and subsidiaries

As of 30 September 2022 and 31 December 2021, the Group has no loans granted to investments in associates and subsidiaries.

9. Specific provisions provided against loans:

	Current Period 30 September 2022	Prior Period 31 December 2021
Loans with Limited Collectability	5.305	9.451
Loans with Doubtful Collectability	13.784	16.368
Uncollectible Loans	151.494	219.799
Total	170.583	245.618

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10 Information on non-performing loans (Net):

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period: 30 September 2022			
Gross Amounts Before Provisions	-	-	58.837
Rescheduled Loans	-	-	58.837
Prior Period: 31 December 2021			
Gross Amounts Before Provisions	-	-	76.290
Rescheduled Loans	-	-	76.290

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

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Balance at the end of Prior Period: 31 December 2021	16.212	20.767	311.767
Additions (+)	31.916	1.452	4.025
Transfers from Other Categories of Non-Performing Loans (+)	-	30.009	25.736
Transfers to Other Categories of Non-Performing Loans (-)	30.009	25.736	-
Collections (-)	9.479	9.359	43.980
Write-offs (-) ^(*)	-	-	74.108
Sold Portfolio (-)	-	-	13.821
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period: 30 September 2022	8.640	17.133	209.619
Provisions (-)	5.305	13.784	151.494
Net Balance in Balance Sheet	3.335	3.349	58.125

(*) As of 30 September 2022, the Parent Bank's non-performing loan ratio decreased from 0.79% to 0.60% after the loans written off in the current period in accordance with the amendment in the related Provisions Regulation.

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

As of 30 September 2022, there are no non-performing loans granted as foreign currency loans (31 December 2021: None).

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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 imited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net): 30 September 2022	3.335	3.349	58.125
Loans granted to corporate entities and real persons (Gross)	8.640	17.133	209.619
Provisions Amount (-)	5.305	13.784	151.494
Loans granted to corporate entities and real persons (Net)	3.335	3.349	58.125
Banks (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Other Loans (Net)	-	-	-
Prior Period (Net): 31 December 2021	6.761	4.399	91.968
Loans granted to corporate entities and real persons (Gross)	16.212	20.767	311.767
Provisions Amount (-)	9.451	16.368	219.799
Loans granted to corporate entities and real persons (Net)	6.761	4.399	91.968
Banks (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Other Loans (Net)	-	-	-
	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	140	289	4.769
Interest Accruals and Rediscount with Valuation Differences	503	1.721	10.978
Provision amount (-)	363	1.432	6.209
Prior Period (Net)	355	587	6.272
Interest Accruals and Rediscount with Valuation Differences	1.157	2.716	15.586
Provision amount (-)	802	2.129	9.314

11. Information on the collection policy of non-performing loans and other receivables:

For uncollectible loans, primarily, a reach for an agreement with the company and third parties (consumer and/or corporate) having guarantees subject to the risk is being sought and actions either aimed at liquidation of collateral in the loan risk warranty or aimed at proceedings without judgement are taken. In case of obtaining no result in consequence of these actions, liquidation subject to requirements within the framework of legal regulations designated by the Parent Bank's top management occurs.

12. Information on the write-off policy of the Bank:

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

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

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

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 2022		Prior Period 31 December 2021	
	TL	FC	TL	FC
Collateral/Blocked	1.691.461	-	-	-
Subject to Repo Transactions	-	-	-	-
Total	1.691.461	-	-	-

2. Information on Government debt securities held-to-maturity

	Current Period 30 September 2022	Prior Period 31 December 2021
Government Bond	1.698.977	-
Treasury Bill	-	-
Other Public Debt Securities	-	-
Total	1.698.977	-

3. Information on financial assets measured at amortized cost:

	Current Period 30 September 2022	Prior Period 31 December 2021
Debt Securities	1.698.977	-
Traded in the Stock Exchange	1.698.977	-
Not Traded in the Stock Exchange	-	-
Other Public Debt Securities	-	-
Total	1.698.977	-

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

4. The movement of financial assets measured at amortized cost

	Current Period 30 September 2022	Prior Period 31 December 2021
Value at the Beginning of the Period	-	-
Exchange Differences in Monetary Assets	-	-
Purchases During the Year	1.669.725	-
Disposal through Sale and Redemption	-	-
Valuation Effect	29.252	-
Total	1.698.977	-

g) Information on associates (Net):

The Group has no associates as of 30 September 2022 and 31 December 2021.

h) Information on subsidiaries (Net):

1. Information on subsidiaries which are not included in the scope of consolidation:

a) Unconsolidated subsidiaries:

As of 30 September 2022, the Group has no subsidiaries that are not included in the scope of consolidation. As of 31 December 2021, the liquidation process of HSBC Ödeme Sistemleri and Bilgisayar Teknolojileri Basın Yayın ve Müşteri Hizmetleri A.Ş., which is not included in the scope of consolidation of the Parent Bank, started on 17 October 2019 and was liquidated on 28 March 2022.

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 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. HSBC Yatırım Menkul Değerler A.Ş. participated in 100% shares of HSBC Portföy Yönetim A.Ş. as a founder as of 13 August 2003.

a) Consolidated Subsidiaries:

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

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b) Main financial figures of the subsidiaries, in the order of the above table ^(*):

	Shareholders’	Total	Interest	Income	Current	Prior	Fair
Total	Equity	Fixed	Income	Securities	Period	Period	Value
Assets		Assets		Portfolio	Profit/Loss	Profit/Loss	
204.638	139.788	3.677	6.605	915	24.139	19.087	-

(*) Prepared on the basis of reviewed 30 June 2022 consolidated financial statements.

(**) Prepared on the basis of the reviewed 30 June 2021 consolidated financial statements.

3. Movement schedule of the consolidated subsidiaries:

	Current Period	Prior Period
	30 September 2022	31 December 2021
Balance at the Beginning of the Period	34.753	34.753
Movements During the Period	-	-
Purchases	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends From Current Year Profit	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision (-)	-	-
Balance at the End of the Period	34.753	34.753
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	100,00	100,00

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

	Current Period	Prior Period
	30 September 2022	31 December 2021
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	34.753	34.753

5 Subsidiaries quoted on a stock exchange:

The Group has no subsidiaries quoted on a stock exchange as of 30 September 2022 and 31 December 2021.

i) Information on jointly controlled entities:

a. The Group has no jointly controlled entities as of 30 September 2022 and 31 December 2021.

b. As of 30 September 2022 and 31 December 2021, the accounting method is not determined since the Group has no jointly controlled entities.

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j) Information on financial lease receivables (Net):

As of 30 September 2022 and 31 December 2021, the Group has no finance leases.

k) Information on hedging derivative financial assets:

The Group has no hedging of derivative financial assets as of 30 September 2022 and 31 December 2021.

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 2022 and 31 December 2021, the Group has no investment properties.

o) Explanations on deferred tax asset:

As of 30 September 2022, deferred tax asset of the Group is TL 384.121 (31 December 2021: TL 668.896). Temporary differences subject to deferred tax calculation result from mainly the loan provisions to be deducted from tax, other provisions allocated within the scope of TAS 37, tax values and debts of fixed assets and financial assets, and provision for employee rights.

Deferred tax assets and liabilities, which are accounted for the temporary differences arising between applicable accounting policies and valuation principles and tax legislation in the Group, are netted-off and accounted. As of 30 September 2022, The Parent Bank’s information regarding deferred tax have been explained in Note XX of Section Three.

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

As of 30 September 2022 and 31 December 2021, the Group has no assets held for sale.

r. Information on other assets:

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

	Current Period 30 September 2022	Prior Period 31 December 2021
Miscellaneous Receivables ^{(*)(**)}	482.535	77.521
Debited Suspense Accounts	136.750	79.803
Other Rediscount Income	124.409	38.772
Prepaid Expenses	68.827	45.685
Other Assets	13.011	14.959
Total	825.532	256.740

(*) Includes BIST guarantees.

(**) As of 30 September 2022 amount of TL 6.377 povision provided for Miscellaneous Receivables within the scope of TFRS 9 (31 December 2021: TL 1.123)

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

As of 30 September 2022 and 31 December 2021, the Group has no receivables from forward sale of the assets classified in the miscellaneous receivables.

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II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a) Information on deposits

1. Information on maturity structure of the deposits:

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

1(i). Current Period – 30 September 2022:

	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	517.589	-	963.799	952.702	10.428.069	1.030.201	619.331	-	14.511.691
Foreign Currency Deposits	22.449.873	-	5.311.346	8.768.669	1.391.938	149.661	182.323	-	38.253.810
Residents in Turkey	20.001.109	-	5.064.916	7.718.643	1.264.033	69.799	52.550	-	34.171.050
Residents Abroad	2.448.764	-	246.430	1.050.026	127.905	79.862	129.773	-	4.082.760
Public Sector Deposits	3.924	-	-	-	-	-	-	-	3.924
Commercial Deposits	2.456.131	-	5.451.606	343.370	3.400.449	454.979	474.003	-	12.580.538
Other Institutions Deposits	13.156	-	258	-	-	-	-	-	13.414
Precious Metal Deposit	6.172.097	-	15.745	438.917	16.670	8.755	792	-	6.652.976
Bank Deposit	178.907	-	167.794	-	-	-	-	-	346.701
The CBRT	61.569	-	-	-	-	-	-	-	61.569
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	117.338	-	167.794	-	-	-	-	-	285.132
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	31.791.677	-	11.910.548	10.503.658	15.237.126	1.643.596	1.276.449	-	72.363.054

1(ii). Prior Period - 31 December 2021:

	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	529.002	-	1.755.589	2.932.962	1.001.446	148.416	240.528	-	6.607.943
Foreign Currency Deposits	19.916.435	-	8.492.159	9.756.201	261.869	122.546	218.436	-	38.767.646
Residents in Turkey	18.152.943	-	8.314.183	8.821.546	162.588	58.864	98.488	-	35.608.612
Residents Abroad	1.763.492	-	177.976	934.655	99.281	63.682	119.948	-	3.159.034
Public Sector Deposits	2.636	-	280.276	-	-	-	-	-	282.912
Commercial Deposits	835.813	-	4.352.454	347.679	64.469	5.126	11.077	-	5.616.618
Other Institutions Deposits	6.312	-	408	-	-	-	-	-	6.720
Precious Metal Deposit	5.780.577	-	35.652	488.386	15.475	7.769	619	-	6.328.478
Bank Deposit	86.004	-	229.420	-	-	-	-	-	315.424
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	86.004	-	229.420	-	-	-	-	-	315.424
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	27.156.779	-	15.145.958	13.525.228	1.343.259	283.857	470.660	-	57.925.741

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 2022, the foreign exchange-protected deposit amount in this context is TL 15.515.376.

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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 2022	Current Period 30 September 2022	Prior Period 31 December 2021	Prior Period 31 December 2021
Saving Deposits				
Saving Deposits	4.329.506	10.182.185	2.341.609	4.266.334
Foreign Currency Saving Deposits	5.290.159	22.020.536	4.349.547	20.447.195
Other Deposits in the Form of Saving Deposits	791.729	5.749.053	608.626	5.383.215
Foreign Branches' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-
Off-Shore Banking Regions' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-
Total	10.411.394	37.951.774	7.299.782	30.096.744

(*) 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 155.356 and the relevant amount is not included in the footnote.

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

2(iii). Saving deposits of individuals, which are not covered by the Saving Deposit Insurance Fund

	Current Period 30 September 2022	Prior Period 31 December 2021
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	37.822	31.494
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law No:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Bank Which Established in Turkey in Order to Engage in Off-shore Banking Activities	-	-

b) Information on Trading Derivative Financial Liabilities:

Table of negative differences for trading derivative financial liabilities:

	Current Period 30 September 2022		Prior Period 31 December 2021	
	TL	FC	TL	FC
Forward Transactions	-	520.683	-	1.908.647
Swap Transactions	481.547	707.212	131.184	469.365
Future Transactions	-	-	-	-
Options	-	2.744.727	-	2.466.076
Other	-	-	-	-
Total	481.547	3.972.622	131.184	4.844.088

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c) Information on Funds Provided Under Repurchase Agreements

As of 30 September 2022, the Group's funds obtained from repo transactions amount to TL 1.811.654 (31 December 2021: TL 2.309.195).

d) Information on Funds Borrowed:

1. Information on banks and other financial institutions:

	Current Period 30 September 2022		Prior Period 31 December 2021	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
Domestic Bank and Institutions	-	-	-	-
Foreign Banks and Institutions and Funds	-	11.164	-	957.868
Total	-	11.164	-	957.868

2. Information on the maturity structure of funds borrowed:

	Current Period 30 September 2022		Prior Period 31 December 2021	
	TL	FC	TL	FC
Short-Term	-	11.164	-	887
Medium and Long-Term	-	-	-	956.981
Total	-	11.164	-	957.868

3. Additional information on the areas where the Group's liabilities are concentrated:

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

e) Information on Marketable Securities Issued:

	Current Period 30 September 2022		Prior Period 31 December 2021	
	TL	FC	TL	FC
Bank Bills	178.294	-	529.156	-
Bonds	-	-	-	-
Total	178.294	-	529.156	-

f) Information on Foreign Other Liabilities:

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

g) Information on Financial Leasing Agreements

1. Explanations on finance lease payables:

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

	Current Period 30 September 2022	Prior Period 31 December 2021
Less than 1 year	10.564	7.633
Between 1- 4 years	44.732	38.163
More than 4 years	27.594	56.471
Total	82.890	102.267

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h. Information on Derivative Financial Liabilities for Hedging Purposes:

As of 30 September 2022, the Group has no derivative financial liabilities for hedging purposes (31 December 2021: None).

i) Information on provisions:

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

	Current Period 30 September 2022	Prior Period 31 December 2021
Provisions for off-balance sheet commitments (*)	75.111	59.045

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

2. Information on employee benefit provisions:

As of 30 September 2022, the Group has employee termination benefit provision amounting to TL 117.397 (31 December 2021: TL 61.264), and unused vacation provision amounting to TL 28.676 (31 December 2021: TL 14.933).

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

The compensation to be paid is one month's salary for each year of service and this amount is limited to TL 15.371,40 (full TL amount) (31 December 2021: TL 8.284,51 (full TL amount)). Severance pay liability is not legally subject to any funding and there is no funding requirement.

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

The assumption is that the severance pay ceiling applicable for each year of service will increase each year at the rate of inflation. Thus, the discount rate applied will show the expected real rate after adjusting for the expected effects of inflation. The severance pay liability of the Group is calculated over TL 15.371,40 (full TL amount) (31 December 2021: TL 8.284,51 (full TL amount)) effective from 1 July 2022, since the severance pay ceiling is determined every six months.

	Current Period 30 September 2022	Prior Period 31 December 2021
As of 1 January	61.264	62.161
Service Cost	3.311	3.760
Interest Cost	9.274	8.158
Actuarial Loss / (Gain)	49.065	(8.974)
Paid in Current Period	(5.517)	(3.841)
Total	117.397	61.264

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

As of 30 September 2022, there is no foreign exchange provision for foreign currency indexed loans (31 December 2021: None).

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

As of 30 September 2022, provision for non-cash loans that are non-funded and non-transformed into cash is amounting to TL 1.615 (31 December 2021: TL 1.603).

5. Information on restructuring provisions:

As of 30 September 2022, the Parent Bank has no provision for restructuring (31 December 2021: TL None).

6. Information on other provisions:

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

As of 30 September 2022, the Group has no free provisions for possible risks (31 December 2021: 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 2022	Prior Period 31 December 2021
Provision for Lawsuits	52.014	51.505
Provision for Accumulated Credit Card Bonus	6.288	4.720
Return Provision of Case File Expenses	215	351
Specific Provision for Non-Cash Loans that are Non-Funded and Non-Transformed into Cash	1.615	1.603
Other Provisions ^(*)	84.542	76.653
Total	144.674	134.832

(*) As of 30 September 2022, other provisions amounting TL 75.111 (31 December 2021: TL 59.045) with TFRS 9 Stage 1 and Stage 2 non-cash loans provision for expected losses and includes other provisions within TAS 37.

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j) Explanations on tax liability:

1) Explanations on current tax liability

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

1(i). Information on taxes payable:

	Current Period 30 September 2022	Prior Period 31 December 2021
Taxation on Marketable Securities	19.744	20.555
Banking Insurance Transaction Tax (BITT)	33.222	21.386
Value Added Tax Payable	1.711	2.683
Capital Gains Tax on Property	483	325
Foreign Exchange Transaction Tax	6.238	13.349
Corporate Taxes Payable	143.401	565.371
Diğer (*)	16.934	10.492
Total	221.733	634.161

(*) As of 30 September 2022, other taxes payable amount consists of payroll tax amounting to TL 14.896 (31 December 2021: TL 8.485), stamp tax amounting to TL 405 (31 December 2021: TL 251), other taxes amounting to TL 1.400 (31 December 2021: TL 1.501) and self-employed income tax amounting to TL 233 (31 December 2021: TL 255).

1(ii). Information on premium payables:

	Current Period 30 September 2022	Prior Period 31 December 2021
Social Security Premiums – Employer	7.973	4.527
Social Security Premiums – Employee	11.549	7.407
Bank Social Aid Pension Fund Premium – Employer	-	-
Social Aid Pension Fund Premium – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Pension Fund Membership Fees and Provisions – Employee	-	-
Unemployment Insurance – Employer	1.094	654
Unemployment Insurance – Employee	816	522
Other	-	-
Total	21.432	13.110

2. Information on deferred tax liability:

As of 30 September 2022, information on the Group’s deferred tax liability is explained in Note XX of Section Three.

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

As of 30 September 2022 and 31 December 2021, the Group has no liabilities regarding assets held for sale and discontinued operations.

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

It is not subject to interim financial statement disclosures.

m) Information on shareholder’s equity

1. Presentation of paid-in capital:

	Current Period 30 September 2022	Prior Period 31 December 2021
Common Stock Provision	652.290	652.290
Preferred Stock Provision	-	-

The paid-in capital of the Parent Bank is shown above in nominal terms. As of 30 September 2022, there is a capital reserve of TL 272.693 (31 December 2021: TL 272.693) and TL 50.880 (31 December 2021: TL 38.195) other capital reserves arising from the adjustment of the paid-in capital for inflation.

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

Registered share capital system is not applied.

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

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

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

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

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

The Group has no capital commitments.

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

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

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

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

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

	Current Period		Prior Period	
	30 September 2022	31 December 2021	31 December 2021	30 September 2022
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	-	-	-	-
Foreign Currency Difference	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	31.018	-	(110.708)	-
Valuation Difference	31.018	-	(110.708)	-
Foreign Currency Difference	-	-	-	-
Total	31.018	-	(110.708)	-

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

As of 30 September 2022 and 31 December 2021, the Group has no revaluation value increase fund.

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

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

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

a) Explanations on off-balance sheet commitments:

1. Loans type and amount of irrevocable commitments:

	Current Period 30 September 2022	Prior Period 31 December 2021
Asset Purchase and Sale Commitments	16.013.317	8.162.753
Commitments for Credit Card Limits	3.925.270	3.428.483
Commitments for Cheques	13.284	14.709
Loan Granting Commitments	115.080	237.911
Short Sale Commitments	-	-
Commitments for Credit Cards and Banking Services Promotions	27.130	22.104
Tax and Fund Liabilities from Export Commitments	2.286	2.286
Other Irrevocable Commitments	500.792	535.242
Total	20.597.159	12.403.488

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

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

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

	Current Period 30 September 2022	Prior Period 31 December 2021
Letters of Guarantee	9.299.339	7.358.848
Letters of Credit	6.171.829	5.994.093
Bank Acceptances	-	-
Other Guarantees	459.617	355.169
Total	15.930.785	13.708.110

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

The Parent 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:

	Current Period 30 September 2022	Prior Period 31 December 2021
Non- Cash Loans Given for Cash Loan Risks Non-Cash Loans	-	-
With Original Maturity of One Year or Less	-	-
With Original Maturity of More Than One Year	-	-
Other Non-Cash Loans	15.930.785	13.708.110
Total	15.930.785	13.708.110

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

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

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

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

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

b) Explanations on Derivative Transactions:

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

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 2022, 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 Group has certain contingent liabilities relating to various lawsuits due to the transactions it performed in the scope of banking operations. As of 30 September 2022, the total amount of these lawsuits filed against the Group is TL 52.014 (31 December 2021: TL 51.505). A total provision of TL 52.229 (31 December 2021: TL 51.856) has been made for those lawsuits as the probability of being concluded against the Group is higher than the probability of their concluding in its favor, with TL 215 (31 December 2021: TL 351) being for provisions for refunds related to case document charges.

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

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

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IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

a) Information on interest income:

1. Information on interest income received from loans:

	Current Period		Prior Period	
	30 September 2022		30 September 2021	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-Term Loans	2.374.560	359.387	978.852	150.513
Medium and Long-Term Loans	357.098	476.463	185.808	315.411
Interest on Loans Under Follow-Up	19.764	939	13.945	1.523
Resource Utilization Support Fund	-	-	-	-
Total	2.751.422	836.789	1.178.605	467.447

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

2. Information on interest income received from banks:

	Current Period		Prior Period	
	30 September 2022		30 September 2021	
	TL	FC	TL	FC
The CBRT	2.490	-	97	-
Domestic Banks	152.182	-	156.624	2
Foreign Banks	818	6.141	412	397
Headquarters and Branches Abroad	-	-	-	-
Total	155.490	6.141	157.133	399

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	30 September 2022		30 September 2021	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	63.311	8.208	80.591	4.808
Financial Assets at Fair Value Through Other Comprehensive Income				
Financial Assets Measured at Amortized Cost	545.736	-	474.986	-
	29.252	-	-	-
Total	638.299	8.208	555.577	4.808

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

As of 30 September 2022 and 31 September 2021, the Parent Bank has no interest income received from investments in associates and subsidiaries.

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b) Information on interest expense:

1. Information on interest expense on funds borrowed:

	Current Period		Prior Period	
	30 September 2022		30 September 2021	
	TL	FC	TL	FC
Banks	-	121.244	-	90.417
The CBRT	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	121.244	-	90.417
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	-	121.244	-	90.417

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

None.

3. Information on interest expense paid on securities issued:

	Current Period		Prior Period	
	30 September 2022		30 September 2021	
	TL	FC	TL	FC
Interest expense to marketable securities issued	70.580	-	150.425	-
Total	70.580	-	150.425	-

4. Maturity structure of the interest expense on deposits

Current Period: 30 September 2022	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		
Turkish Lira								
Interbank deposits	-	42.381	-	-	-	-	-	42.381
Saving deposits	-	196.965	259.948	784.963	64.641	59.626	-	1.366.143
Public sector deposits	-	7.900	-	-	-	-	-	7.900
Commercial deposits	-	458.609	42.426	127.501	93.357	33.918	-	755.811
Other deposits	-	20	-	-	-	-	-	20
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Total	-	705.875	302.374	912.464	157.998	93.544	-	2.172.255
Foreign Currency								
Foreign currency deposits	-	21.468	35.763	9.230	205	342	-	67.008
Interbank deposits	-	323	-	-	-	-	-	323
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	342	13	9	-	-	364
Total	-	21.791	36.105	9.243	214	342	-	67.695
Grand Total	-	727.666	338.479	921.707	158.212	93.886	-	2.239.950

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

Prior Period: 30 September 2021	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		
Turkish Lira								
Interbank deposits	-	38.270	-	-	-	-	-	38.270
Saving deposits	-	148.871	563.113	78.264	38.897	16.808	-	845.953
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	248.829	32.800	7.560	2.276	-	-	291.465
Other deposits	-	23	-	-	-	-	-	23
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Total	-	435.993	595.913	85.824	41.173	16.808	-	1.175.711
Foreign Currency								
Foreign currency deposits	-	11.621	28.150	705	2.045	234	-	42.755
Interbank deposits	-	2	-	-	-	-	-	2
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Precious metal deposits	-	7	328	5	3	-	-	343
Total	-	11.630	28.478	710	2.048	234	-	43.100
Grand Total	-	447.623	624.391	86.534	43.221	17.042	-	1.218.811

4. Information on interest given on repurchase agreements:

As of 30 September 2022, the Group has interest given on repurchase agreements amounting to TL 62.430 (31 September 2021: TL 31.286).

5. Information on finance lease expenses:

As of 30 September 2022, the Group has lease expenses amounting to TL 12.931 (30 September 2021: TL 13.745).

6. Information on interest given on factoring payables

The Group has no interest given on factoring payables during the period ended on 30 September 2022 and 30 September 2021.

c) Explanations on dividend income:

The Group's dividend income for the interim accounting period ending on 30 September 2022 is TL 4.459 (30 September 2021: TL 219).

d) Explanations on Trade Profit/Loss (Net):

1. Trade Profit/Loss (Net):

IV.	Current Period 30 September 2022	Prior Period 30 September 2021
Profit	366.675.539	185.197.543
Capital Market Transactions Income	585.536	217.778
Gain on Derivative Financial Transactions	11.979.504	5.293.589
Foreign Exchange Gains	354.110.499	179.686.176
Loss (-)	364.757.377	184.903.756
Capital Market Transactions Loss	368.560	193.900
Loss on Derivative Financial Transactions	11.561.002	4.956.949
Foreign Exchange Loss	352.827.815	179.752.907
Total (Net)	1.918.162	293.787

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

e) Information on other operating income:

	Current Period 30 September 2022	Prior Period 30 September 2021
Reverse of Previous Years Expenses ^(*)	81.403	75.515
Gain on Sale of Assets ^(**)	3.004	29.834
Provision for Telecommunication Expense	3.932	2.740
Other Income	111.458	47.159
Total	199.797	155.248

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

(**) Income from the sale of real estate held by the Parent Bank is shown in the line of Gain on Sale of Assets

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

	Current Period 30 September 2022	Prior Period 30 September 2021
Expected Credit Loss	187.614	57.959
12 Months Expected Credit Loss (Stage 1)	-	-
Significant Increase in Credit Risk (Stage 2)	187.614	57.959
Non-performing Loans (Stage 3)	-	-
Marketable Securities Impairment Expense	23.681	4.029
Financial Assets at Fair Value Through Profit or Loss	22.917	2.724
Financial Assets at Fair Value Through Other Comprehensive Income	764	1.305
Investments in Associates, Subsidiaries Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Jointly Controlled Entities (Joint Ventures)	-	-
Other	-	-
Total	211.295	61.988

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

g) Information related to other operating expenses:

	Current Period	Prior Period
	30 September 2022	30 September 2021
Reserve for Employee Termination Benefits ^(*)	-	-
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Property and Equipment	-	-
Depreciation Expenses of Property and Equipment	55.189	57.593
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	77.954	43.787
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	-	2
Impairment Expenses on Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	278.178	185.341
Leasing Expenses on TFRS 16 Exceptions	8.084	7.042
Maintenance Licensing Expenses	94.984	53.784
Maintenance Expenses	27.288	19.078
Communication Expenses	12.487	10.899
Advertisement Expenses	16.362	25.499
Other Expenses	118.973	69.039
Loss on Sales of Assets	922	1.976
Tax, Duties, Charges and Funds Expenses	110.196	79.948
Saving Deposit Insurance Fund Expenses	62.214	40.866
Other ^(*)	294.126	280.503
Total	878.779	690.016

(*) Other line amount TL 294.126 (30 September 2021: TL 280.053) consists of balances from these items respectively; TL 1.550 of audit and consultancy fees (30 September 2021: TL 929), TL 151 of the arbitration committee expenses (30 September 2021: TL 343) and the remaining TL 292.425 consists of other expenses (30 September 2021: TL 279.231).

h) Explanation on income/loss before tax for the period for continued and discontinued operations

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

i) Information on tax provision for continuing and discontinued operations:

As of 30 September 2022, the current tax provision expense of the Group is TL 400.921 (30 September 2021: TL 191.595 expense) and deferred tax expense is TL 296.815 (30 September 2021: TL 22.450 income).

j) 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 CONSOLIDATED INCOME STATEMENT
(Continued)**

k) 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:

Net interest income, amounting to TL 2.300.513 (30 September 2021: TL 1.120.032), net wage and commission income amounting to TL 632.745 (30 September 2021: TL 374.195) have an important role among the income items in the accounting period ending on 30 September 2022. The wage and commission income received from cash loans are presented in the net interest income. Considering the distribution in interest income, the most important sources of the Group’s interest income are the interests received from loans and interbank money market. The main portion of the interest expenses consists of the interests paid for deposits and loans received. The most important portion of the commission income consists of the commissions received from credit card transactions, TEFAS fund platform and other banking transactions.

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

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

1) Explanation on other items stated in the income statement

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

	Current Period	Prior Period
	30 September 2022	30 September 2021
Credit Card Transactions	198.890	141.050
Other Fee and Commissions (*)	148.354	95.626
TEFAS Fund Platform	89.605	53.924
Insurance Commissions	44.159	32.371
Banking Transactions	16.989	7.996
Total	497.997	330.967

(*) Includes brokerage commission income and other fund management commissions.

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

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

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

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

2. Information on increases in cash flow hedges:

Not prepared 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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V. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

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 prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

2. Information on cash flow hedges

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

c) Information on dividend distribution:

None.

d) Information on issuance of common stock:

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

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

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

f) Offsetting prior period’s losses:

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

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

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

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

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

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

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

d) Information on cash and cash equivalents:

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

e) Additional information:

None.

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

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

Current Period – 30 September 2022:

Group’s Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Opening Balance	-	-	-	539.102	172	-
Closing Balance	-	-	-	628.921	122	-
Interest and Commission Income	-	-	-	18.037	20	-

Prior Period - 31 December 2021:

Group’s Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Opening Balance	-	-	49.609	535.289	408	-
Closing Balance	-	-	-	539.102	172	-
Interest and Commission Income (*)	-	-	863	6.574	-	-

(*) The prior period balances present amounts of 30 September 2021.

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

Group’s Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Current Period 30 September 2022		Current Period 30 September 2022		Current Period 30 September 2022	
Deposit						
Opening Balance		5.032		180.832		69.784
Closing Balance		-		199.843		36.670
Interest expense on deposits (*)		-		54		754

Group’s Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Prior Period 31 December 2021		Prior Period 31 December 2021		Prior Period 31 December 2021	
Deposit						
Opening Balance		2.640		186.266		42.579
Closing Balance		5.032		180.832		69.784
Interest expense on deposits (*)		-		-		927

(*) The prior period balances present amounts of 30 September 2021.

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

Group’s Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Current Period 30 September 2022		Current Period 30 September 2022		Current Period 30 September 2022	
The Fair Value Differences Through Profit and Loss						
Opening Balance		-		37.211.717		-
Closing Balance		-		48.113.186		-
Total Profit/Loss		-		33.643		-
Transactions for Hedging Purposes						
Opening Balance		-		-		-
Closing Balance		-		-		-
Total Profit/Loss		-		-		-

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

Group’s Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	Direct or Indirect Shareholders of the Parent Bank	Other Individuals and Legal Entities in the Risk Group
	Prior Period	Prior Period	Prior Period
	31 December 2021	31 December 2021	31 December 2021
The Fair Value Differences Through Profit and Loss			
Opening Balance	-	42.775.309	2.623
Closing Balance	-	37.211.717	-
Total Profit/Loss	-	89.114	-
Transactions for Hedging Purposes			
Opening Balance	-	-	-
Closing Balance	-	-	-
Total Profit/Loss	-	-	-

(*) The prior period balances present amounts of 30 September 2021.

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

As of 30 September 2022, payment is made to the Board of Directors and top executives of the Group amounting to TL 70.966 (30 September 2021: TL 43.391).

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

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

Not disclosed in the interim period.

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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SECTION SIX

EXPLANATIONS ON INDEPENDENT AUDITOR'S REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REVIEW REPORT

The consolidated financial statements for the interim period ended 30 September 2022 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent audit report dated 18 November 2022 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES 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 OF
THE PARENT BANK RELATED TO ACTIVITIES IN THE INTERIM PERIOD**

GENERAL INFORMATION

1. Summary information about HSBC Bank A.Ş

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

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

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

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

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

2. Capital and shareholding structure

The Parent Bank has made no changes in their capital and shareholding structure as well as its shareholders who directly or indirectly; individually or as a group has an influence over the Bank's audit and management, as of the accounting period ended on 30 September 2022. 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 2022, 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	Number of Shares	Share Amount (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
Total	65.229.000.000	652.290.000

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3. Information on Branches and Personnel

As of 30 September 2022, the Parent Bank has 70 domestic branches (31 December 2021: 70 domestic branches). As of 30 September 2022, the number of personnel of the Group is 1.935 (31 December 2021: 1.925).

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 2022 period.

5. Chairman and Members of the Board of Directors

As of 30 September 2022, the members of the Board of Directors are as follows.

Name and Surname	Title
Paul Joseph Lawrence	Chairman of the Board
Didem Çerçi	Deputy Chairman of the Board of Directors
Süleyman Selim Kervancı	Member, CEO
Robert Adrian Underwood	Member
Ayşe Ebru Dorman	Member
Robert Cyril Oates	Member
Christopher James Hatton	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.

Name and Surname	Title
Didem Çerçi	Head of the Audit Committee
Robert Adrian Underwood	Member of the Audit Committee
Christopher James Hatton	Member of the Audit Committee

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

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7. Executive Management

HSBC Bank A.Ş. Executive Management as of 30 September 2022 is as follows.

Name and Surname	Title	Area of Responsibility
Süleyman Selim Kervancı	CEO	HSBC Bank A.Ş.
Ercan Oğul	Chairman of the Inspection Board	HSBC Bank A.Ş.
Anthony Wright	Executive Vice President	Credit and Risk
Ayşe Yenel	Executive Vice President	Retail Banking
	Executive Vice President and Deputy	
Burçin Ozan	CEO	Finance
Funda Temoçin Aydoğan	Executive Vice President	Human Resources Treasury and Capital
İbrahim Namık Aksel	Executive Vice President	Markets
Tolga Tüzüner	Head Legal Advisor	Legal
Dilek Güleç Salzburg	Executive Vice President	Global Banking
Caner Işlak	Executive Vice President	Corporate Banking
Tuğçe Bora Kılıç ^(*)	Executive Vice President	Technology and Services

(*) Tuğçe Bora Kılıç resigned from her position as Assistant General Manager responsible for Technology and Services as of 14 November 2022.

8. HSBC Bank's Financial Power Rating

According to the evaluations of Moody's Credit Rating Agency, the ratings of HSBC Bank A.Ş. as of 30 September 2022 are as follows.

Class	Rating
Baseline Credit Assessment	Caa1
Outlook	Stabil
LT Bank Deposits (Foreign)	B3
LT Bank Deposits (Domestic)	B1
ST Bank Deposits (Foreign)	NP
ST Bank Deposits (Domestic)	NP
NSR LT Bank Deposits (Domestic)	Aa2.tr

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9. Summary of consolidated financial information for the Period

HSBC Bank A.Ş. continues to create value for our customers by introducing them to opportunities in international markets and to support our customers in growing their business by using our global network, knowledge and expertise. It continued to grow with our customers and to add value to the Turkish economy and banking sector with the synergy we created with our customers.

According to the consolidated financial statements, in the period ending on 30 September 2022, the total assets of HSBC Bank A.Ş. increased by 20% compared to the end of 2021 and reached TL 91 billion. At the end of the period, loans constituting approximately 41% of assets are around TL 39 billion. Deposits, which are the biggest funding source of the balance sheet, amounted to TL 72 billion and constituted 79% of liabilities. The period-end balances of the consolidated balance sheet item groups are shown below.

ASSETS (Thousand TL)	30.09.2022	31.12.2021
Financial Assets (Net)	50.629.238	46.058.936
Other Financial Assets Measured at Amortized Cost	38.902.562	28.321.471
Non-Current Assets or Disposal Groups "Held for Sale" and Held from Discontinued Operations (Net)	-	-
Equity Investments	-	220
Property and Equipment (Net)	190.803	186.546
Intangible Assets (Net)	287.450	242.695
Investment Property (Net)	-	-
Current Tax Asset	-	-
Deferred Tax Asset	384.121	668.896
Other Assets	825.532	256.740
Total Assets	91.219.706	75.735.504
LIABILITIES (Thousand TL)	30.09.2022	31.12.2021
Deposits	72.363.054	57.925.741
Funds Borrowed	11.164	957.868
Money Markets	1.811.654	2.309.195
Securities Issued (Net)	178.294	529.156
Funds	-	-
Financial Liabilities at Fair Value Through Profit or Loss	-	-
Derivative Financial Liabilities	4.454.169	4.975.272
Factoring Liabilities	-	-
Lease Liabilities	82.890	102.267
Provisions	290.747	211.029
Current Tax Liability	243.165	647.271
Deferred Tax Liability	-	-
Liabilities Related to Non-Current Assets "Held For Sale" and "Held from Discontinued Operations"(Net)	-	-
Subordinated Debt	2.380.723	1.984.831
Other Liabilities	2.453.365	1.673.420
Shareholders' Equity	6.950.481	4.419.454
Total Liabilities	91.219.706	75.735.504

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**I. INTERIM ACTIVITY REPORT WHICH WILL INCLUDE EVALUATIONS FROM
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The consolidated profit and loss statement information of HSBC Bank as of 30 September 2022 and 30 September 2021 is shown below.

INCOME STATEMENT (Thousand TL)	30.09.2022	30.09.2021
Net Interest Income	2.300.513	1.120.032
Other Non-Interest Income	2.755.163	823.449
Total Operating Income/Expense	5.055.676	1.943.481
Other Operating Expenses (-)	1.697.742	1.156.793
Provision for Loan Losses (-)	234.948	85.353
Net Operating Income/(Loss)	3.122.986	701.335
Tax Provision (-)	697.736	169.145
NET PROFIT/LOSS FOR THE PERIOD	2.425.250	532.190

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Message from Paul Joseph Lawrence, Chairman of the Board

The global economy is shaped by increasing inflation in the first three quarters of the year, economic slowdown and problems caused by the negative reflections of the Russia-Ukraine conflict. While the policy reactions of the central banks are the subject of discussion, the fear of recession in the economies of developed countries has come to the fore. Alignment of fiscal and monetary policies is critical for managing these challenging times and ensuring economic stability. The economy is the most important item on the global agenda. However, the social effects of the geopolitical developments are equally important. The dissemination and strengthening of social assistance initiatives will contribute to increasing the resilience of the groups most affected by the energy and food crisis.

As a result of the supportive monetary policy, the Turkish economy displayed a good growth performance in the same period. Despite this positive performance, high inflation and increasing current account deficit remained the most important issues to be followed. The fluctuation in the exchange rate remains under control for now, thanks to the currency-protected deposits.

Despite all the difficulties experienced in the third quarter, our bank continued its steady growth thanks to its effective balance sheet management and correct strategic decisions. We continued to support our economy with all our resources. Compliance with the new regulations introduced by the legal authorities since the beginning of the year within the scope of the liraization strategy continues to be among our top priorities. We continue our activities - without compromising our service quality - in full compliance with the aforementioned macroprudential decisions. As HSBC, we lead 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, while maintaining our solid balance sheet structure.

Despite all the difficulties, we continue to create a World full of opportunities for our stakeholders and to serve our customers in a safe and sustainable way. The dedication of our employees, our resilient and flexible business model and our prudent risk management strategy; it strengthens our belief and determination to support our shareholders, customers, employees and the society we are in, while also providing us with energy in this direction. 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
Chairman of the Board

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Message from General Manager Süleyman Selim Kervancı

The global economy is going through a tough time – driven by geopolitical risks, rising inflation and the economic slowdown. Major central banks continue to implement tightening monetary policies to contain inflationary pressures.

After a strong first half performance, we see a slowdown in production activity in the third quarter as a reflection of the economic slowdown in the Euro Area. However, retail volume indices maintained their strong course thanks to demand driven by inflation and negative real interest rates. On the monetary policy side, the Central Bank of the Republic of Turkey continued to cut the policy rate against the slowdown in the manufacturing sector and external risks to domestic economic activity.

In the third quarter of 2022, despite global developments, volatile market conditions and geopolitical risks, our bank continued to grow steadily thanks to its effective balance sheet management and correct strategic decisions and continued to support our economy with all its resources. We maintained our strong performance in the previous periods. We outperformed both our financial results and our budget targets in previous years. In parallel with the sector, we increased our loans by 30%. By prioritizing the Currency Protected Deposit product, we increased our TL deposits by 113% compared to last year. In this way, we also achieved the conversion rate determined by the Central Bank. After the optimization of our risk-weighted assets in line with the regulations that came into force recently, our equity, supported by increased profitability, has become even stronger. On the other hand, we managed to keep our liquidity and funding position well above the legal limits and our risk appetite, with the support of our stable deposit base and Subordinated Loan provided by HSBC Group. In the coming period, we will continue to contribute to the economy, our customers and our shareholders, while managing our balance sheet in compliance with the regulations, with the support of HSBC Group's strategy and our corporate network.

Our secure and sustainable growth performance is based on 4 basic strategies: i) we focus on our strong areas. ii) we expand digitalization in every possible field iii) we work to accelerate the transition to a net Zero carbon economy iv) we empower growth opportunities for a leaner, more agile and effective organizational structure.

The third quarter was a period in which we achieved results in the light of these targets.

Our Treasury business unit quickly adapted to new regulations and changes in the market, maintaining its competitive structure, strong pricing and revenue performance.

Another focus area is priority trade corridors within the scope of International Subsidiary Banking. In the field of International Banking, we also displayed a successful performance in new customer acquisition and growth. Despite all the difficulties, we continued to support our customers and review our portfolio with outstanding transactions in the market.

Digitalization and Net Zero are among the strategic priorities for HSBC Turkey. We implemented 31 projects in 2022 to further expand digitalization. The Digital Customer Acquisition project and customized solutions for the needs of our customers were also reflected as strong new customer acquisition on the Asset Management and Private Banking side.

Environmental Sustainability Equity Fund, the sustainable energy supply agreement we signed, 85% recyclable debit cards, Sustainable Growth Program, Finance for the Future, Increasing Cuisine will help accelerate the transition to a low carbon economy, the sustainability-themed financing transactions we mediate are reflections of our Net Zero strategy and our commitment to creating more value for society.

Despite a challenging operating environment, we are proud to create high value for our stakeholders in line with our strategy. Despite all these challenges, we continued to improve our asset quality. This growth performance, which we have achieved without compromising on risk management, is reflected in the real sector as more financing, an enriched product, service and application portfolio, and more resources that can be allocated to social projects.

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The most important power behind our successful performance is our employees. As always, we continue to empower our employees by offering modern and innovative working methods with our strong corporate culture that prioritizes the well-being and development of our employees, and to invest in the future business life and skills of the future. We strongly believe that we will build an even stronger HSBC with the contribution and determination of all our employees.

As HSBC Turkey, the strength we have with our expertise and prudent risk management strategy; we continue to use it to create the highest value for our customers, employees, shareholders and the society we are in. On behalf of the leadership at our bank, I would like to thank our employees at HSBC Turkey for their performance and their continued dedication. I would also like to express my gratitude to all our stakeholders who see us as their main bank with the confidence they have.

Kind regards,

Selim Kervancı

General Manager

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10. Additional Information Regarding the Period Between 01.01.2022–30.09.2022

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