

HSBC BANK A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 DECEMBER 2024
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

(Convenience translation of publicly announced unconsolidated financial statements,
related disclosures and auditor's audit report at 31 December 2024, See Note I. of Section Three)



INDEPENDENT AUDITOR’S REPORT

To the General Assembly of HSBC Bank A.Ş.

A. Audit of the Unconsolidated Financial Statements

1. Opinion

We have audited the accompanying unconsolidated financial statements of HSBC Bank A.Ş. (the “Bank”), which comprise the statement of unconsolidated balance sheet as at 31 December 2024, unconsolidated statements of profit and loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2024, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended 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 Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards (“TFRS”) for those matters not regulated by the aforementioned regulations.

2. Basis for Opinion

Our audit was conducted in accordance with the “Regulation on Independent Audit of Banks” published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Unconsolidated Financial Statements” section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the unconsolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key Audit Matters</i>	<i>How the key audit matter was addressed in the audit</i>
<p>Expected credit losses for loans</p> <p>The Bank has total expected credit losses for loans amounting to TL 2.238.879 thousand in respect to total loans amounting to TL 56.539.921 thousand which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as of 31 December 2024. Explanations and notes related to provision for impairment of loans are presented in Section Three VII-d and VIII, Section Four II, Section Five I-e in the accompanying unconsolidated financial statements issued as of 31 December 2024.</p> <p>The Bank recognizes provision for impairment in accordance with "TFRS 9 Financial Instruments" ("TFRS 9") requirements in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 with number 29750. TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in development of the financial models built to measure expected credit losses on loans recorded at amortized cost.</p>	<p>Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Bank with respect to classification of loans and estimation of impairment in-line with the TFRS 9 framework. We have tested the design and operating effectiveness of controls implemented by the Bank in line with its governance, policies and procedures.</p> <p>Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Bank's policies for the significant portfolio of loans. We have tested the calculations contained within the models through re-performance, in collaboration with our modelling specialists, on a sample basis. Additionally, we have assessed, together with our relevant specialists, the methodologies employed in the models concerning segmentation, lifetime expected default probabilities, loss given default calculations, and the scenarios developed to reflect macroeconomic expectations.</p>

<i>Key Audit Matters</i>	<i>How the key audit matter was addressed in the audit</i>
<p>The operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on Management's best estimate at the balance sheet date and historical losses incurred.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as developing macro-economic scenarios and their weightings, current conditions, historical loss experiences; the significance of the loan balances; the appropriateness of classification of loans as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated impairment allowances. Timely and correctly identification of loss event and the level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p>We have carried loan review on a selected sample of loans with the objective to identify whether the classification of loans is performed appropriately in accordance with the applicable regulation, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework.</p> <p>In accordance with the Bank's practice, we have verified the reasonableness of the provisions established for individually assessed loans. This verification was conducted on a sample basis, supported by verifiable data, and evaluated within the framework of discussions held with the Bank's management.</p> <p>We have reviewed the appropriateness and sufficiency of disclosures made in the financial statements of the Bank with respect to loan and related impairment provision.</p>

4. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

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

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

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

5. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2024 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

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 31 December 2024. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Gökçe Yaşar Temel, SMMM
Independent Auditor

Istanbul, 21 February 2025

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND AUDIT REPORT
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE
UNCONSOLIDATED FINANCIAL REPORT OF HSBC BANK A.Ş.
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

The unconsolidated year-end financial report prepared in accordance with Communiqué on the Financial Statements and the Related Disclosures and Footnotes to be Publicly Announced as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR'S REPORT

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

Didem Çerçi Vice President of the Executive Board/Head of Audit Committee	Süleyman Selim Kervancı General Manager	Burçin Ozan Financial Reporting Assistant General Manager	Yerlioza Küll Group Head
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Robert Adrian Underwood
Member of
Audit Committee

Robert Cyril Oates
Member of
Audit Committee

Information about the responsible personnel whom questions may be asked:

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

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

HSBC BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

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HSBC BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

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

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

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

^(*) Süleyman Selim Kervancı resigned from his position as Chief Executive Officer as of 31 December 2024.

^(**) As of 11 December 2024, Ana Patricia Fernandes Vidal Gomes has been appointed as a Member of the Board of Directors of HSBC Bank A.Ş.

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

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

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

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

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

Name/Commercial Title	Share Amounts (Nominal) (*)	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 BANK'S SERVICE TYPES AND FIELDS OF OPERATION

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

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

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

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

As of 31 December 2024, the number of employees of the Bank is 1.409 (31 December 2023: 1.523)

VI. OTHER MATTERS

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

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

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

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

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

HSBC BANK A.Ş.

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

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

**SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. BALANCE SHEET	Note (Section Five I)	Audited Current Period (31.12.2024)			Audited Prior Period (31.12.2023)		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. FINANCIAL ASSETS (NET)		85.631.755	42.537.000	128.168.755	52.564.258	35.383.208	87.947.466
1.1 Cash and Cash Equivalents		66.604.839	38.860.669	105.465.508	43.006.994	28.992.657	71.999.651
1.1.1 Cash and Balances with Central Bank	(I-a)	15.461.563	17.427.927	32.889.490	9.758.366	13.546.107	23.304.473
1.1.2 Banks	(I-c)	503.048	296.556	799.604	10.709.044	651.227	11.360.271
1.1.3 Money Market Placements		50.647.129	21.142.115	71.789.244	22.543.155	14.801.734	37.344.889
1.1.4 Expected Loss Provision (-)		6.901	5.929	12.830	3.571	6.411	9.982
1.2 Financial Assets at Fair Value Through Profit or Loss	(I-b)	1.951.512	699.814	2.651.326	521.997	178.043	700.040
1.2.1 Government Debt Securities		1.947.287	699.814	2.647.101	517.772	178.043	695.815
1.2.2 Equity Instruments		4.225	-	4.225	4.225	-	4.225
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-d)	16.685.155	-	16.685.155	7.973.914	-	7.973.914
1.3.1 Government Debt Securities		16.685.155	-	16.685.155	7.973.914	-	7.973.914
1.3.2 Equity Instruments		-	-	-	-	-	-
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	(I-b)	390.249	2.976.517	3.366.766	1.061.353	6.212.508	7.273.861
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		390.249	2.976.517	3.366.766	1.061.353	6.212.508	7.273.861
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(I-k)	-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		17.158.353	41.006.776	58.165.129	22.594.934	26.520.977	49.115.911
2.1 Loans	(I-e)	13.856.667	42.683.254	56.539.921	19.371.947	27.749.386	47.121.333
2.2 Lease Receivables	(I-j)	-	-	-	-	-	-
2.3 Factoring Receivables		290.610	159.742	450.352	177.571	94.824	272.395
2.4 Other Financial Assets Measured at Amortized Cost	(I-f)	3.423.765	-	3.423.765	3.432.430	-	3.432.430
2.4.1 Government Debt Securities		3.423.765	-	3.423.765	3.432.430	-	3.432.430
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Losses (-)		412.689	1.836.220	2.248.909	387.014	1.323.233	1.710.247
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		34.753	-	34.753	34.753	-	34.753
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)	34.753	-	34.753	34.753	-	34.753
4.2.1 Unconsolidated Financial Subsidiaries		34.753	-	34.753	34.753	-	34.753
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
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)	873.870	-	873.870	403.756	-	403.756
VI. INTANGIBLE ASSETS (Net)	(I-m)	647.952	-	647.952	424.308	-	424.308
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		647.952	-	647.952	424.308	-	424.308
VII. INVESTMENT PROPERTY (Net)	(I-n)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	340.297	-	340.297
IX. DEFERRED TAX ASSET	(I-o)	731.444	-	731.444	477.637	-	477.637
X. OTHER ASSETS	(I-r)	1.548.520	424.048	1.972.568	1.086.287	76.027	1.162.314
TOTAL ASSETS		106.626.647	83.967.824	190.594.471	77.926.230	61.980.212	139.906.442

The explanations and notes on pages 14 to 132 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

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

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

I. BALANCE SHEET		Note (Section Five II)	Audited Current Period (31.12.2024)			Audited Prior Period (31.12.2023)		
			TL	FC	Total	TL	FC	Total
LIABILITIES								
I. DEPOSITS	(II-a)	69.407.413	60.458.688	129.866.101	59.379.051	49.091.960	108.471.011	
II. FUNDS BORROWED	(II-d)	-	16.993.535	16.993.535	-	4.949.714	4.949.714	
III. MONEY MARKET BALANCES	(II-c)	-	11.555.609	11.555.609	-	-	-	
IV. MARKETABLE SECURITIES ISSUED (Net)	(II-e)	-	-	-	-	-	-	
4.1 Bills		-	-	-	-	-	-	
4.2 Assets Backed Securities		-	-	-	-	-	-	
4.3 Bonds		-	-	-	-	-	-	
V. BORROWER FUNDS		-	-	-	-	-	-	
5.1 Borrower Funds		-	-	-	-	-	-	
5.2 Other		-	-	-	-	-	-	
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-	
VII. DERIVATIVE FINANCIAL LIABILITIES	(II-b)	246.305	2.852.700	3.099.005	597.591	5.557.962	6.155.553	
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		246.305	2.852.700	3.099.005	597.591	5.557.962	6.155.553	
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-	
VIII. FACTORING LIABILITIES		-	-	-	-	-	-	
IX. LEASE LIABILITIES	(II-g)	203.207	5.497	208.704	113.958	4.767	118.725	
X. PROVISIONS	(II-i)	1.145.214	23.680	1.168.894	820.263	175.448	995.711	
10.1 Restructuring Provisions		-	-	-	23.084	-	23.084	
10.2 Reverse for Employee Benefits		247.845	-	247.845	201.598	-	201.598	
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-	
10.4 Other Provisions		897.369	23.680	921.049	595.581	175.448	771.029	
XI. CURRENT TAX LIABILITY	(II-j)	1.459.218	-	1.459.218	285.246	-	285.246	
XII. DEFERRED TAX LIABILITY	(II-j)	-	-	-	-	-	-	
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(II-k)	-	-	-	-	-	-	
13.1 Held for Sale Purpose		-	-	-	-	-	-	
13.2 Related to Discontinued Operations		-	-	-	-	-	-	
XIV. SUBORDINATED DEBT INSTRUMENTS	(II-l)	-	4.894.547	4.894.547	-	4.337.395	4.337.395	
14.1 Loans		-	4.894.547	4.894.547	-	4.337.395	4.337.395	
14.2 Other Debt Instruments		-	-	-	-	-	-	
XV. OTHER LIABILITIES	(II-f)	3.022.773	1.351.843	4.374.616	1.201.186	1.854.930	3.056.116	
XVI. SHAREHOLDERS' EQUITY	(II-m)	16.974.242	-	16.974.242	11.536.971	-	11.536.971	
16.1 Paid-in capital		652.290	-	652.290	652.290	-	652.290	
16.2 Capital Reserves		323.573	-	323.573	1.464.825	-	1.464.825	
16.2.1 Share Premium		-	-	-	-	-	-	
16.2.2 Share Cancellation Profits		-	-	-	-	-	-	
16.2.3 Other Capital Reserves		323.573	-	323.573	1.464.825	-	1.464.825	
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		(205.692)	-	(205.692)	(178.162)	-	(178.162)	
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		(43.177)	-	(43.177)	131.783	-	131.783	
16.5 Profit Reserves		10.607.487	-	10.607.487	5.339.395	-	5.339.395	
16.5.1 Legal Reserves		184.141	-	184.141	184.141	-	184.141	
16.5.2 Status Reserves		-	-	-	-	-	-	
16.5.3 Extraordinary Reserves		10.423.346	-	10.423.346	5.155.254	-	5.155.254	
16.5.4 Other Profit Reserves		-	-	-	-	-	-	
16.6 Profit Or Loss		5.639.761	-	5.639.761	4.126.840	-	4.126.840	
16.6.1 Prior Years' Profit/Loss		-	-	-	-	-	-	
16.6.2 Current Year Profit/Loss		5.639.761	-	5.639.761	4.126.840	-	4.126.840	
16.7 Minority Interest		-	-	-	-	-	-	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			92.458.372	98.136.099	190.594.471	73.934.266	65.972.176	139.906.442

The explanations and notes on pages 14 to 132 form an integral part of these financial statements.

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

**HSBC BANK A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS
AS OF 31 DECEMBER 2024 AND 31 DECEMBER 2023**

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

II. OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Audited Current Period (31.12.2024)			Audited Prior Period (31.12.2023)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		96.969.020	375.278.851	472.247.871	79.804.353	307.369.765	387.174.118
I. GUARANTEES AND COLLATERALS	(III-a-2.3)	3.175.817	23.552.901	26.728.718	1.878.638	23.038.514	24.917.152
1.1 Letters of Guarantee		3.157.317	12.658.574	15.815.891	1.810.138	13.411.792	15.221.930
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		3.157.317	12.658.574	15.815.891	1.810.138	13.411.792	15.221.930
1.2 Bank Acceptances		-	-	-	-	-	-
1.2.1 Import Letter of Acceptance		-	-	-	-	-	-
1.2.2 Other Bank Acceptance		-	-	-	-	-	-
1.3 Letters of Credit		18.500	10.033.437	10.051.937	68.500	8.906.899	8.975.399
1.3.1 Documentary Letters of Credit		18.500	6.924.717	6.943.217	68.500	7.807.762	7.876.262
1.3.2 Other Letters of Credit		-	3.108.720	3.108.720	-	1.099.137	1.099.137
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	860.890	860.890	-	719.823	719.823
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(III-a-1)	8.146.951	8.164.419	16.311.370	7.435.594	34.293.918	41.729.512
2.1 Irrevocable Commitments		8.146.951	8.164.419	16.311.370	7.435.594	34.293.918	41.729.512
2.1.1 Forward Asset Purchase and Sale Commitments		2.325.375	8.161.213	10.486.588	1.380.522	34.291.238	35.671.760
2.1.2 Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		359.871	-	359.871	32.194	-	32.194
2.1.5 Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Payment Commitment for Checks		15.191	-	15.191	14.419	-	14.419
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Expenditure Limits		4.968.785	-	4.968.785	5.396.993	-	5.396.993
2.1.10 Commitments for Promotions Related with Credit Cards and Banking Activities		54.325	-	54.325	43.996	-	43.996
2.1.11 Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		423.404	3.206	426.610	567.470	2.680	570.150
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(III-b)	85.646.252	343.561.531	429.207.783	70.490.121	250.037.333	320.527.454
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		85.646.252	343.561.531	429.207.783	70.490.121	250.037.333	320.527.454
3.2.1 Forward Foreign Currency Buy/Sell Transactions		21.511.620	130.887.350	152.398.970	16.759.002	51.897.377	68.656.379
3.2.1.1 Forward Foreign Currency Transactions-Buy		7.029.238	69.205.305	76.234.543	11.312.430	23.728.297	35.040.727
3.2.1.2 Forward Foreign Currency Transactions-Sell		14.482.382	61.682.045	76.164.427	5.446.572	28.169.080	33.615.652
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rate		55.727.266	145.567.269	201.294.535	46.113.261	170.049.071	216.162.332
3.2.2.1 Foreign Currency Swap-Buy		2.725.388	56.595.357	59.320.745	907.661	75.991.781	76.899.442
3.2.2.2 Foreign Currency Swap-Sell		10.271.594	64.595.786	74.867.380	16.401.528	66.300.908	82.702.436
3.2.2.3 Interest Rate Swap-Buy		21.365.142	12.188.063	33.553.205	14.402.036	13.878.191	28.280.227
3.2.2.4 Interest Rate Swap-Sell		21.365.142	12.188.063	33.553.205	14.402.036	13.878.191	28.280.227
3.2.3 Foreign Currency, Interest Rate, and Securities Options		8.407.366	50.509.758	58.917.124	7.617.858	22.344.724	29.962.582
3.2.3.1 Foreign Currency Options-Buy		4.203.683	25.254.879	29.458.562	3.808.929	11.172.362	14.981.291
3.2.3.2 Foreign Currency Options-Sell		4.203.683	25.254.879	29.458.562	3.808.929	11.172.362	14.981.291
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	16.597.154	16.597.154	-	5.746.161	5.746.161
IV. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		220.473.571	237.885.865	458.359.436	126.863.703	180.043.395	306.907.098
IV. ITEMS HELD IN CUSTODY		151.273.388	121.446.762	272.720.150	55.440.067	81.868.379	137.308.446
4.1 Customers' Securities Held		81.468.956	45.850.490	127.319.446	44.831.162	23.204.130	68.035.292
4.2 Investment Securities Held in Custody		69.346.665	28.050.541	97.397.206	10.141.828	16.198.880	26.340.708
4.3 Checks Received for Collection		15.914	17.469	33.383	184.988	72.589	257.577
4.4 Commercial Notes Received for Collection		354.285	145.518	499.803	194.521	164.539	359.060
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		87.568	47.382.744	47.470.312	87.568	42.228.241	42.315.809
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		65.923.758	45.859.464	111.783.222	67.889.411	40.975.434	108.864.845
5.1 Marketable Securities		182.760	5.215.132	5.397.892	282.388	4.750.018	5.032.406
5.2 Guarantee Notes		1.780	1.768.073	1.769.853	228.780	1.478.000	1.706.780
5.3 Commodity		331.061	4.380.255	4.711.316	399.283	3.901.165	4.300.448
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estate		3.818.818	30.293.323	34.112.141	4.240.474	24.759.073	28.999.547
5.6 Other Pledged Items		61.589.339	4.202.681	65.792.020	62.738.486	6.087.178	68.825.664
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL OF EXCHANGE AND COLLATERALS		3.276.425	70.579.639	73.856.064	3.534.225	57.199.582	60.733.807
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		317.442.591	613.164.716	930.607.307	206.668.056	487.413.160	694.081.216

The explanations and notes on pages 14 to 132 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS ENDED
31 DECEMBER 2024 AND 31 DECEMBER 2023**

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

III. STATEMENT OF PROFIT OR LOSS			Audited	
INCOME AND EXPENSE ITEMS		Note (Section Five IV)	Current Period (01.01.2024 – 31.12.2024)	Prior Period (01.01.2023 – 31.12.2023)
I.	INTEREST INCOME	(IV-a)	35,412,946	16,848,819
1.1	Interest Income on Loans	(IV-a-1)	11,735,794	7,693,215
1.2	Interest Received from Reserve Requirements		1,983,548	16,325
1.3	Interest Received from Banks	(IV-a-2)	9,008,772	3,305,941
1.4	Interest Received from Money Market Transactions		5,268,149	3,928,749
1.5	Interest Received from Marketable Securities Portfolio	(IV-a-3)	6,871,845	1,802,047
1.5.1	Financial Assets at Fair Value through Profit or (Loss)		551,303	119,180
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		5,904,680	1,272,002
1.5.3	Financial Assets at Measured at Amortized Cost		415,862	410,865
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		544,838	102,542
II.	INTEREST EXPENSE (-)	(IV-b)	22,764,447	14,435,792
2.1	Interest Expense on Deposits	(IV-b-4)	20,942,235	13,728,017
2.2	Interest Expense on Funds Borrowed	(IV-b-1)	1,267,495	620,331
2.3	Interest Expense on Money Market Transactions		462,072	3,188
2.4	Interest on Securities Issued	(IV-b-3)	-	-
2.5	Interest Expense on Lease		40,929	26,722
2.6	Other Interest Expenses		51,716	57,534
III.	NET INTEREST INCOME/EXPENSE (I - II)		12,648,499	2,413,027
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		1,376,464	949,774
4.1	Fees and Commissions Received		2,196,335	1,429,432
4.1.1	Non-Cash Loans		700,895	569,093
4.1.2	Other	(IV-m)	1,495,440	860,339
4.2	Fees and Commissions Paid (-)		819,871	479,658
4.2.1	Non-Cash Loans		857	1,220
4.2.2	Other		819,014	478,438
V	DIVIDEND INCOME	(IV-c)	50,052	32
VI.	TRADING GAIN/(LOSS) (Net)	(IV-d)	710,563	5,708,140
6.1	Trading Gains/(Losses) on Securities		30,980	136,933
6.2	Derivative Financial Transactions Gains/(Losses)		3,813,756	2,612,148
6.3	Foreign Exchange Gains/(Losses)		(3,134,173)	2,959,059
VII.	OTHER OPERATING INCOME	(IV-e)	574,711	904,114
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		15,360,289	9,975,087
IX.	PROVISION FOR LOAN LOSSES (-)	(IV-f)	576,602	603,323
X.	OTHER PROVISION EXPENSES (-)		108,416	81,349
XI.	PERSONNEL EXPENSES (-)		3,601,382	2,357,642
XII.	OTHER OPERATING EXPENSES (-)	(IV-g)	2,978,180	1,824,991
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		8,095,709	5,107,782
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.	PROFIT/LOSSES BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	(IV-i)	8,095,709	5,107,782
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS	(IV-j)	(2,455,948)	(980,942)
18.1	Current Tax Provision		(2,701,103)	(1,018,094)
18.2	Deferred Tax Income Effect (+)		-	-
18.3	Deferred Tax Expense Effect (-)		245,155	37,152
XIX.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XVII±XVIII)	(IV-k)	5,639,761	4,126,840
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)	(IV-i)	-	-
XXIII.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)	(IV-j)	-	-
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)	(IV-k)	-	-
XXV.	NET PROFIT/LOSSES (XIX+XXIV)		5,639,761	4,126,840
	Earnings/Loss per Share		0,086461	0,063267

The explanations and notes on pages 14 to 132 form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE IN NOTE 3.I**

HSBC BANK A.Ş.

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

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
	Audited Current Period (31.12.2024)	Audited Prior Period (31.12.2023)
I. INCOME/LOSS FOR THE PERIOD	5.639.761	4.126.840
II. OTHER COMPREHENSIVE INCOME	(202.490)	(9.236)
2.1 Not Reclassified Through Profit or Loss	(27.530)	(40.447)
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	(39.329)	(70.897)
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	11.799	30.450
2.2 Reclassified Through Profit or Loss	(174.960)	31.211
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	(250.012)	54.146
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	75.052	(22.935)
III. TOTAL COMPREHENSIVE INCOME (I+II)	5.437.271	4.117.604

The explanations and notes on pages 14 to 132 form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2023

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																
						Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss							
Audited Prior Period 31 December 2023	Note Section Five	Paid-in Capital	Share Premium	Share Cancel Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/ (Loss)	Net Profit/ (Loss)	Total Equity Except from Minority Interest	Total Equity
I. Balances at the Beginning of the Period – 31 December 2022		652.290	-	-	323.573	-	(137.715)	-	-	100.572	-	3.465.569	-	3.015.078	7.419.367	7.419.367
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	-	-	323.573	-	(137.715)	-	-	100.572	-	3.465.569	-	3.015.078	7.419.367	7.419.367
IV. Total Comprehensive Income	(V-a)	-	-	-	-	-	(40.447)	-	-	31.211	-	-	-	4.126.840	4.117.604	4.117.604
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		-	-	-	1.141.252	-	-	-	-	-	-	(1.141.252)	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	3.015.078	-	(3.015.078)	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	3.015.078	-	(3.015.078)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (III+IV+.....+X+XI)		652.290	-	-	1.464.825	-	(178.162)	-	-	131.783	-	5.339.395	-	4.126.840	11.536.971	11.536.971

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

The explanations and notes on pages 14 to 132 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2024

(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							
Audited Current Period 31 December 2024	Note Section Five	Paid-in Capital	Share Premium	Share Cancel Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/ (Loss)	Net Profit/ (Loss)	Total Equity Except from Minority Interest	Total Equity
I. Balances at the Beginning of the Period – 31 December 2023		652.290	-	-	1.464.825	-	(178.162)	-	-	131.783	-	5.339.395	-	4.126.840	11.536.971	11.536.971
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	-	-	1.464.825	-	(178.162)	-	-	131.783	-	5.339.395	-	4.126.840	11.536.971	11.536.971
IV. Total Comprehensive Income	(V-a)	-	-	-	-	-	(27.530)	-	-	(174.960)	-	-	-	5.639.761	5.437.271	5.437.271
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		-	-	-	(1.141.252)	-	-	-	-	-	-	1.141.252	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	4.126.840	-	(4.126.840)	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	4.126.840	-	(4.126.840)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (III+IV+.....+X+XI)		652.290	-	-	323.573	-	(205.692)	-	-	(43.177)	-	10.607.487	-	5.639.761	16.974.242	16.974.242

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

The explanations and notes on pages 14 to 132 form an integral part of these financial statements.

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

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIODS ENDED 31 DECEMBER 2024 AND 31 DECEMBER 2023

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

VI. STATEMENT OF CASH FLOWS			
	Note (Section Five VI)	Audited Current Period (31.12.2024)	Audited Prior Period (31.12.2023)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	(VI-a)	5.619.931	4.504.462
1.1.1 Interest Received	(VI-a)	34.692.113	15.636.910
1.1.2 Interest Paid	(VI-a)	(23.981.386)	(12.004.402)
1.1.3 Dividend Received		50.052	32
1.1.4 Fees and Commissions Received		2.162.787	1.401.905
1.1.5 Other Income		402.093	234.912
1.1.6 Collections From Previously Written-Off Loans and Other Receivables		35.088	42.590
1.1.7 Cash Payments to Personnel and Service Suppliers	(VI-a)	(3.313.160)	(2.138.608)
1.1.8 Taxes Paid		(2.042.630)	(1.640.095)
1.1.9 Other		(2.385.026)	2.971.218
1.2 Changes in Operating Assets and Liabilities Subject to Banking Operations		18.479.360	24.459.550
1.2.1 Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss		(1.929.396)	(158.593)
1.2.2 Net (Increase)/Decrease in Due From Banks		(8.020.827)	(3.922.950)
1.2.3 Net (Increase)/Decrease in Loans		(9.328.910)	(7.537.521)
1.2.4 Net (Increase)/Decrease in Other Assets		(943.292)	(422.155)
1.2.5 Net Increase/(Decrease) in Bank Deposits		557.648	371.619
1.2.6 Net Increase/(Decrease) in Other Deposits		21.668.713	35.209.771
1.2.7 Net Increase/(Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase/(Decrease) in Funds Borrowed		2.077.923	(82.916)
1.2.9 Net Increase/(Decrease) in Matured Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		14.397.501	1.002.295
I. Net Cash Provided From Banking Operations		24.099.291	28.964.012
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided From Investing Activities		(9.019.411)	(5.312.410)
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		(491.581)	(213.702)
2.4 Cash Obtained from the Sale of Tangible and Intangible Asset		43.992	4.873
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(12.202.143)	(4.858.357)
2.6 Cash Obtained from the Sale of Financial Assets at Fair Value Through Other Comprehensive Income		4.103.547	1.039.629
2.7 Cash Paid for Purchase of Financial Assets at Amortized Cost		-	(1.014.268)
2.8 Cash Obtained From Sale of Financial Assets at Amortized Cost		-	-
2.9 Other		(473.226)	(270.585)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided From Financing Activities		10.345.212	6.458.663
3.1 Cash Obtained From Funds Borrowed and Securities Issued		18.472.158	6.518.250
3.2 Cash Outflow From Funds Borrowed and Securities Issued		(8.012.973)	-
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Lease Liabilities		(113.973)	(59.587)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(VI-a)	8.779	38.883
V. Net (Decrease)/Increase in Cash and Cash Equivalents (I+II+III+IV)		25.433.871	30.149.148
VI. Cash and Cash Equivalents at Beginning of the Period	(VI-d)	59.199.953	29.050.805
VII. Cash and Cash Equivalents at End of the Period	(VI-d)	84.633.824	59.199.953

The explanations and notes on pages 14 to 132 form an integral part of these financial statements.

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HSBC BANK A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION

AS OF 31 DECEMBER 2024 AND 31 DECEMBER 2023

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

VII. STATEMENT OF PROFIT DISTRIBUTION	Audited Current Period (31.12.2024) (*)	Audited Prior Period (31.12.2023) (*)
I. DISTRIBUTION OF INCOME		
1.1 Income for the Year	8.095.709	5.107.782
1.2 Taxes and Duties Payable (-)	2.455.948	980.942
1.2.1 Corporate Tax (Income Tax)	2.701.103	1.018.094
1.2.2 Withholding Tax	-	-
1.2.3 Other taxes and dues	(245.155)	(37.152)
A. NET INCOME FOR THE YEAR (1.1-1.2)	5.639.761	4.126.840
1.3 Prior Year Losses (-)	-	-
1.4 First Legal Reserve (-)	-	-
1.5 Other Statutory Reserves (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-1.3-1.4-1.5)]	5.639.761	4.126.840
1.6 First Dividend to Shareholders (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 Dividends to Personnel (-)	-	-
1.8 Dividends to Board of Directors (-)	-	-
1.9 Second Dividend to Shareholders (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 Second Legal Reserves (-)	-	-
1.11 Statutory Reserves (-)	-	-
1.12 Extraordinary Reserves	-	4.126.840
1.13 Other Reserves	-	-
1.14 Special Funds	-	-
II. DISTRIBUTION OF RESERVES	-	-
2.1 Appropriated Reserves	-	-
2.2 Second Legal Reserves (-)	-	-
2.3 Dividends to Shareholders (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Privileged Shares	-	-
2.3.3 To Owners of Preferred Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates	-	-
2.4 Dividends to Personnel (-)	-	-
2.5 Dividends to Board of Directors (-)	-	-
III. EARNINGS PER SHARE (**)		
3.1 To Owners of Ordinary Shares	0,086461	0,063267
3.2 To Owners of Ordinary Shares (%)	-	-
3.3 To Owners of Privileged Shares	-	-
3.4 To Owners of Privileged Shares (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 To Owners of Ordinary Shares	-	-
4.2 To Owners of Ordinary Shares (%)	-	-
4.3 To Owners of Privileged Shares	-	-
4.4 To Owners of Privileged Shares (%)	-	-

(*) As of reporting date, yearly ordinary meeting of the General Assembly has not been held yet to decide on the profit distribution for the year 2024.

(**) 1.000 nominal is expressed in full TL

The explanations and notes on pages 14 to 132 form an integral part of these financial statements.

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

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

(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 financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures Regarding Banks’ Accounting Application and Keeping Documents:

The Bank prepared the accompanying unconsolidated financial statements within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”) and in case where a specific regulation is not made by BRSA and Turkish Accounting Standards published by the Public Oversight Accounting for the format and detail of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué dated 1 February 2019 which include Turkish Accounting Standard principles. However, the TAS 29 “Financial Reporting in Hyperinflationary Economies” standard included in TFRS is not applied to banks and financial leasing, factoring, financing, savings financing and asset management companies, as explained below.

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

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

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

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

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

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

I. EXPLANATIONS ON BASIS OF PRESENTATION (Continued)

Changes in accounting policies and disclosures

New and revised TAS/IFRS effective for annual periods beginning on or after 1 January 2024 have no material effect on the financial statements, financial performance and on the Bank's accounting policies. New and revised 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 Bank's accounting policies.

The Public Oversight, Accounting and Auditing Standards Authority ("POA"), through its announcement dated 23 November 2023, stated that the financial statements of entities applying TFRS for annual reporting periods ending on or after 31 December 2023 should be prepared in accordance with the Financial Reporting Standard for High Inflation Economies ("TAS 29"), however, institutions or organizations authorized to regulate and supervise in their respective fields may determine different transition dates for the application of TAS 29 provisions. In response to this announcement by POA, the Banking Regulation and Supervision Agency ("BRSA") decided that the financial statements as of 31 December 2023 of banks, financial leasing, factoring, financing, savings finance, and asset management companies should not be subjected to inflation adjustments required under TAS 29 through its decision numbered 10744 dated 12 December 2023, and required the transition to inflation accounting as of 1 January 2025, with the decision numbered 10825 dated 11 January 2024. Accordingly, the Group did not apply the inflation accounting required under TAS 29 in its financial statements for the period ended 31 December 2024. In accordance with BRSA decision numbered 11021 dated 5 December 2024, it has been decided that banks, as well as financial leasing, factoring, financing, savings financing, and asset management companies, will not apply inflation accounting in 2025 either.

Explanation for convenience translation into English:

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

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

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

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

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.

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III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

The Bank has no investments in associates as of 31 December 2024. Investments in subsidiaries are accounted in accordance with the "Turkish Accounting Standard for Separate Financial Statements" ("TAS 27") in the unconsolidated financial statements. Investments in subsidiaries that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost less provision for impairment.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

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

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VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

Classification and measurement of financial instruments

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

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

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

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

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

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VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

a. Financial Assets at Fair Value Through Profit/Loss:

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

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

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

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

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

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

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

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VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

c. Financial Assets Measured in Amortized Cost:

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

d. Loans:

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

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES

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

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

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

Stage 1:

Financial assets that do not have a significant increase in credit risk at the time of initial recognition or after initial recognition are classified as such. For these assets, the credit risk impairment allowance is recognized based on the 12-month expected credit losses. The 12-month expected credit loss is calculated based on the probability of default occurring within the 12 months following the reporting date, the loss given default, and the discount of the loan to the present with the original effective interest rate.

Stage 2:

If there is a significant increase in credit risk after the initial recognition of the financial asset, the related financial asset is transferred to Stage 2. The credit risk impairment provision is determined based on the lifetime expected credit losses of the financial asset. The probability of default and loss given default are estimated over the lifetime of the financial asset, including the use of multiple scenarios. Impairment provision for credit risk is recognized as lifetime expected credit losses.

Stage 3:

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

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VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued)

Calculation of expected credit losses

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

Since the first quarter of 2020, the calculation of expected credit losses has been based on four different scenarios: optimistic, baseline, pessimistic, and alternative pessimistic. As of the third quarter of 2024, the weight of the optimistic scenario was revised upward due to improvements in economic indicators and expectations. This upward revision was maintained in the fourth quarter of 2024.

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

In case an area for improvement is identified in the performance of the models used in the calculations, necessary corrective actions are taken, and the calculated impact is reflected in the financial statements.

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

Probability of Default (PD)

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

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

The 12-month and lifetime probability of default consists of a cumulative probability of default estimation series. These estimates are based on the macro-PD 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. Through The Cycle (TTC) PD value is calculated with customer rating grades, and the Point-in Time (PiT) PD value is reached with the macroeconomic models designed by the Bank.

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VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued)

Probability of Default (PD) (Continued)

Internal rating models are also 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 assign an 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 arising from the loan in the event of the borrower defaulting. It is expressed as a percentage. For retail loans, the Loss Given Default (LGD) is calculated by considering expected collections from collateral and other loan cash flows, while also taking into account the time value of money. When calculating the time value of money, the weighted average interest rate of the live loan portfolio at the relevant time is considered as the effective interest rate. For corporate and commercial loans, the model used includes historical loss data, while also considering country-specific growth expectations and customer segments.

Exposure at Default (EAD)

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

Consideration of the Macroeconomic Factors

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

Corporate/commercial portfolio:

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

Retail portfolio:

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

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

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VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued)

As of 31 December 2024, the Bank calculates the expected credit loss by taking into account the statistical models designed to comply with the relevant legislation and accounting standards and the methods used for prudence, as well as the macroeconomic forecasts for the future. In addition, changes affecting macroeconomic factors reflected the data obtained with the maximum effort principle to the estimates and judgments used in the calculation of expected credit losses, with the best estimation method. Within the light of these data, the Bank has revised upward the weight of baseline and optimistic scenarios of macro-economic expectations. Calculations made by taking into account the PD and LGD parameters, which vary according to these scenarios and their weights, are reflected in the financial statements as of 31 December 2024. The PD values used in Corporate/Commercial Portfolio, basically reflect the annual rate of change in house prices, the change in short-term foreign debt in USD and the annual change in gross national product. At the presence of unexpected events that are not considered by the models due to its nature, the Bank continues to allocate provisions in addition to those established for the corporate/commercial portfolio by adding management overlays in both increasing and decreasing directions. In the second half of 2023, management overlays were removed considering macroeconomic improvements. In the final quarter of 2024, corporate customers were subjected to stress testing, and due to anticipated deteriorations, the Bank applied an additional management overlay to the provisions already set aside. The status of the existing portfolio, macroeconomic developments, and future expectations will be reviewed at regular intervals in the upcoming reporting periods.

Calculating the Expected Loss Period

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

Significant Increase in Credit Risk

In the event of a significant increase in credit risk of financial assets, these assets are classified as stage 2. The determination of a significant increase in the credit risk of a financial asset and its transfer to Stage 2 is based on both quantitative and qualitative assessments.

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

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

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

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

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IX. DERECOGNITION OF FINANCIAL INSTRUMENTS

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

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

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

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

c) Derecognition of financial liabilities

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

d) Reclassification of financial instruments

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

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IX. DERECOGNITION OF FINANCIAL INSTRUMENTS (Continued)

e) Restructuring and refinancing of financial instruments

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

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

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

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

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

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

X. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES

None.

XI. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

XII. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES' LENDING TRANSACTIONS

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

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

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

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

XIV. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

XV. EXPLANATIONS ON PROPERTY AND EQUIPMENT

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

XVI. EXPLANATIONS ON LEASING TRANSACTIONS

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

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XVI. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

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

Explanations on TFRS 16 Leasing Transactions:

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

The Bank's accounting policies upon the application of TFRS 16 are as follows;

Right of use assets

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

The right use includes the presence of:

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

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

Lease Liabilities

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

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

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

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XVI. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

Explanations on TFRS 16 Leasing Transactions (Continued):

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred. The Bank determines the revised discount rate for the remaining part of the lease term as the implicit interest rate in the lease, if this rate can be easily determined; if this rate cannot be easily determined, it determines the Bank's alternative borrowing interest rate on the date of re-evaluation.

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

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

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

Short-term leases and leases of low-value assets

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

Due to the Bank's implementation of TFRS 16, rights of use assets classified under tangible assets as of 31 December 2024 amounted to TL 173.256 (31 December 2023: TL 98.533), lease liability amounted to TL 208.704 (31 December 2023: TL 118.725), depreciation expense amounted to TL 92.994 (31 December 2023: TL 56.181), and interest expense amounted to TL 40.929 (31 December 2023: TL 26.722).

XVII. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

XVIII. EXPLANATIONS ON CONTINGENT ASSETS

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

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XIX. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Obligations related to employment termination and vacation rights are accounted for in accordance with "Employee Rights Standard" ("TAS 19") and are classified under "Reserve for Employee Rights" account in the balance sheet. Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The Bank allocates provision for retirement and termination liabilities by estimating the net present value of future payments of the Bank arising from the retirement of employees and reflects this provision amount in the financial statements. For employee termination benefit provision calculation, future liability amounts are calculated and yearly discount rate is 3,90% (31 December 2023: 2,44%).

As of 31 December 2024, actuarial loss amounted to TL 205.692 is recognized under other profit reserves in the financial statements (31 December 2023: TL 178.162 loss).

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

XX. EXPLANATIONS ON TAXATION

a. Current Tax:

In accordance with Article 32 of the Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205, the corporate tax rate was determined as 20%. Pursuant to the amendment made in the Corporate Tax Law with the Law No. 7394, which was published in the Official Gazette dated 15 April 2022 and numbered 31810; The corporate tax rate has been permanently increased to 25% for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies.

With the Law No. 7456, which was published in the Official Gazette dated 15 July 2023 and numbered 32249, the said rate was determined as 30% for the same companies. It is stipulated that the aforementioned regulation will be applied, starting from the declarations that must be submitted as of 1 October 2023, and to be valid for the corporate earnings for the taxation period starting from 1 January 2023. Accordingly, the current tax provision is calculated at a tax rate of 30% for corporate profits for the tax period of 2023 and beyond. The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and deducting the exemptions in the tax laws (such as the subsidiary earnings exception). No further tax is paid if the profit is not distributed.

There is no withholding tax on profit shares (dividends) paid to institutions that generate income through a workplace or permanent representative in Turkey and to institutions residing in Turkey. Dividend payments other than those made to non-resident companies that generate income through a workplace or their permanent representative in Turkey and to companies residing in Turkey are subject to 15% withholding tax. In the application of the withholding tax rates for profit distributions to limited taxpayer institutions and real persons, the practices included in the relevant "Double Taxation Avoidance Agreements" are also taken into consideration. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

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

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XX. EXPLANATIONS ON TAXATION (Continued)

a. Current Tax (Continued):

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

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

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

b. Deferred Tax Assets / Liabilities:

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

Pursuant to the amendment made in the Corporate Tax Law with the Law No. 7394; The corporate tax rate for banks and various other corporations has been increased to 25%. With the Law No. 7456, which entered into force by being published in the Official Gazette dated 15 July 2023 and numbered 32249, the relevant rate for the same companies was determined as 30%. Therefore, the Bank has calculated a 30% deferred tax on all its assets and liabilities.

Deferred tax assets and liabilities are reflected in the financial statements by netting. Net deferred tax asset resulting from offsetting is shown in the balance sheet as deferred tax asset and net deferred tax liability is shown as deferred tax liability. As of 31 December 2024, the Bank has recognized deferred tax receivable amounting to TL 731.444 as an asset (31 December 2023: The Bank has recognized a deferred tax receivable amounting to TL 477.637 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. Bank records tax liabilities caused by projections of additional taxes to be paid as a result of tax related incidents. In cases, which final tax results based on these incidents differ from initially recorded amounts, differences may affect income tax and deferred tax assets of the period they are recognized.

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XX. EXPLANATIONS ON TAXATION (Continued)

c. Local and Global Minimum Complementary Corporate Tax:

In September 2023, the Public Oversight, Accounting and Auditing Standards Authority (KGK) published amendments to TAS 12, which introduce a mandatory exception regarding the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes. These amendments clarify that TAS 12 will apply to income taxes arising from tax laws aimed at implementing the OECD's Pillar Two Model Rules, which have either come into effect or are expected to come into effect. The amendments also introduce specific disclosure requirements for businesses affected by such tax laws. The exception, which states that information regarding deferred taxes within this scope will not be recognized or disclosed, will be applied with the publication of the amendment to the standard.

A bill presented to the Grand National Assembly of Turkey (TBMM) on 16 July 2024, marks the beginning of the adoption of the OECD's Global Minimum Complementary Corporate Tax regulations (Pillar 2). These regulations came into effect with laws published in the Official Gazette on 2 August 2024. The implementation in Turkey is largely in alignment with the OECD's Pillar 2 Model Rules, showing similarities in areas such as scope, exemptions, consolidation, tax calculations, and filing deadlines. While secondary regulations related to calculation details and application methods have not yet been published, preliminary assessments, taking into account the regulations published by the OECD, suggest that these regulations are not expected to have a significant impact on the financial statements.

Turkey has enacted the Domestic Minimum Corporate Tax with laws published in the Official Gazette on 2 August 2024. This tax will be applicable starting from the 2025 fiscal year. The introduction of the Minimum Corporate Tax was established under Law No. 7524, which stipulates that the corporate tax calculated, before deductions and exemptions, cannot be less than 10% of the pre-tax corporate earnings. This regulation will come into effect on the date of publication for the corporate earnings of the 2025 taxation period. Additionally, a related Corporate Tax General Communiqué No. 23 has been published on the matter.

d. 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. Bank has filled out the related form and presented it to the tax office.

XXI. EXPLANATIONS ON BORROWINGS

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

XXII. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

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

XXIII. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

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XXIV. EXPLANATIONS ON GOVERNMENT INCENTIVES

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

XXV. EXPLANATIONS ON OPERATING SEGMENTS

Segment reporting is presented in Note XII of Section Four.

XXVI. PROFIT RESERVES AND PROFIT DISTRIBUTION

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

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

XXVII. EARNINGS/LOSS PER SHARE

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

	Current Period 31 December 2024	Prior Period 31 December 2023
Net Earnings/(Loss) for the Period	5.639.761	4.126.840
Number of Shares	65.229.000.000	65.229.000.000
Earnings/(Loss) per Share ^(*)	0,086461	0,063267

(*) Amounts are expressed in full TL.

XXVIII. CASH AND CASH EQUIVALENTS

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

XXIX. RELATED PARTIES

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

XXX. RECLASSIFICATIONS

None.

XXXI. OTHER MATTERS

None.

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SECTION FOUR

EXPLANATIONS RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. EXPLANATIONS RELATED TO COMPONENTS OF SHAREHOLDERS' EQUITY

Equity and Capital Adequacy Standard Ratio of the Bank is calculated in accordance with "Communiqué on Measurement and Assessment of Capital Adequacy of Banks", and "Communiqué on Equities of Banks". As of 31 December 2024, equity of the Bank is amounting to TL 21.822.229, and the Bank's capital adequacy ratio is 28,28%. As of 31 December 2023, equity of the Bank is amounting to TL 15.924.613 and the Banks's capital adequacy ratio is 24,41%. Capital adequacy ratio of the Bank is higher than the minimum rate required by the related regulation.

a. Information about shareholders' equity items:

	Current Period 31 December 2024	Prior Period 31 December 2023
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	652.290	652.290
Share Premium	-	-
Reserves	10.931.060	6.804.220
Other Comprehensive Income according to TAS	-	131.783
Profit	5.639.761	4.126.840
Current Period Profit	5.639.761	4.126.840
Prior Period Profit	-	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	-
Common Equity Tier I Capital Before Deductions	17.223.111	11.715.133
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	248.869	178.162
Leasehold Improvements on Operational Leases	60.302	40.010
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	647.952	424.308
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in credit worthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank owns more than 10% of the issued share capital (amount above 10% threshold)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to second paragraph of the provisional article 2 in the Regulation on Measurement and Assessment of Capital Adequacy	-	-
Ratios of Banks	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank owns more than 10% of the issued common share capital of the entity	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	-
Total Deductions from Common Equity Tier I Capital	957.123	642.480
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	-	-
Total Common Equity Tier I Capital	16.265.988	11.072.653

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

	Current Period 31 December 2024	Prior Period 31 December 2023
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	2.828.916	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	2.828.916	-
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	2.828.916	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	19.094.904	11.072.653
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	2.017.813	4.255.901
Debt Instruments and the Related Issuance Premiums Defined by the BRSA(Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	711.975	600.600
Total Deductions from Tier II Capital	2.729.788	4.856.501
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 (-)	1.552	1.071
Total Deductions from Tier II Capital	1.552	1.071
Total Tier II Capital	2.728.236	4.855.430
Total Equity (Total Tier I and Tier II Capital)	21.823.140	15.928.083
Amounts Deducted from Equity		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	911	3.470
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 SHAREHOLDERS' EQUITY
(Continued)**

	Current Period 31 December 2024	Prior Period 31 December 2023
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	21.822.229	15.924.613
Total Risk Weighted Assets	77.167.921	65.248.315
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	21,08	16,97
Tier I Capital Ratio (%)	24,75	16,97
Capital Adequacy Ratio (%)	28,28	24,41
BUFFERS		
Total Additional Core Capital Requirement Ratio (a+b+c)	2,55	2,56
a) Capital Conservation Buffer Ratio (%)	2,50	2,50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,05	0,06
c) Systemic significant Bank Buffer Ratio (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital conservation and countercyclical Capital buffers to Risk weighted Assets (%)	12,53	8,42
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)	2.193.638	1.821.271
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	711.975	600.600
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
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 26 June 2023, and in case the net valuation differences of the securities whose fair value difference is reflected in other comprehensive income are negative, it is allowed that these differences are not taken into account in the amount of equity to be used for the capital adequacy ratio.

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

b. Items included in capital calculation:

Information about instruments that will be included in total capital calculation:		
Details on Subordinated Liabilities:		
Issuer	HSBC Holdings PLC	HSBC Middle East Holdings B.V
Identifier(s) (CUSIP, ISIN vb.)	Subordinated Loans	Subordinated Loans
Governing law (s) of the instrument	BRSA	BRSA
Regulatory treatment		
Subject to 10% deduction as of 1/1/2015	Not Deducted	Not Deducted
Eligible on unconsolidated and /or consolidated basis	Eligible	Eligible
Instrument type	Loan	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.018	2.829
Nominal value of instrument	2.018	2.829
Accounting classification of the instrument	Liability –Subordinated Loan	Liability –Subordinated Loan
Issuance date of instrument	28.04.2021	17.12.2024
Maturity structure of the instrument (demand/maturity)	Maturity	Maturity
Original maturity of the instrument	10 years	5,25 years
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Depending on the written approval of the BRSA, it can be fully repaid in the 5th year from the loan disbursement date (28 April 2026).	Depending on the written approval of the BRSA and in accordance with Article 3.3 of the additional tier 1 capital-like loan agreement, the loan can be fully repaid in the 5th year from the loan disbursement date (18 March 2030), provided that no Triggering Event related to Capital Adequacy occurs.
Subsequent call dates, if applicable	None.	March 2030 and/or any interest payment date thereafter
Coupon/dividend payment		
Fixed or floating coupon/dividend payments	Floating	Floating
Coupon rate and any related index	EURIBOR + 6,99%	SOFR + 4,94%
Existence of any dividend payment restriction	-	-
Fully discretionary, partially discretionary or mandatory	-	Fully discretionary
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 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 BRSA in this direction or it may be converted into capital by complying with the required legislation.	In case of the possibility of cancelling the Bank's operational permit or transferring to the Fund; The principal amount and interest payment liabilities of the loan may be terminated in whole or in part in accordance with the decision of the BRSA in this direction or it may be converted into capital by complying with the required legislation.
If convertible, fully or partially	Fully convertible	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.	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 the Bank's common equity tier 1 capital ratio calculated in accordance with applicable laws falls below 5,125% (on unconsolidated or consolidated basis) (triggering event related to capital adequacy).
If bond can be written-down, full or partial	-	Partially and completely
If bond can be written-down, permanent or temporary	-	Temporary
If temporary write-down, description of write-up mechanism	-	If the Bank's common equity tier I capital ratio calculated in accordance with applicable laws is higher than 5,125% (on unconsolidated or consolidated basis).
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before additional tier I capital loans, same as other tier II capital loans	After borrowings and tier II capital loans, same as other additional tier I capital loans
Whether the conditions set forth in Articles 7 and 8 of the Regulation on Banks' Equity are met or not	In compliance with the requirements of Article 7 and 8 of "Regulation on Equity of Banks"	In compliance with the requirements of Article 7 and 8 of "Regulation on Equity of Banks"
Which of the conditions set forth in Articles 7 and 8 of the Regulation on Banks' Equity are not met	In compliance with the requirements of Article 7 and 8 of "Regulation on Equity of Banks"	In compliance with the requirements of Article 7 and 8 of "Regulation on Equity of Banks"

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

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

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

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

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

The difference between "Total Capital" and "Equity" in the unconsolidated balance sheet mainly arises from the general provision and subordinated debts. In the calculation of "Total Capital", general provision up to 1,25% credit risk is taken into consideration as Tier II Capital. Besides, losses that are subject to deductions from Common Equity Tier I and reflected to Equity in line with the 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".

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II. EXPLANATIONS ON CREDIT RISK

- a. In terms of credit risks, subjecting borrower or a group of borrowers or geographic region and sectors to a risk limitation, the segmentation structure of the risk limits and determining the risk limit ranges:**

Country risks that may be exposed due to international lending and international investment activities are monitored periodically in order to take necessary measures against the deterioration that may occur in the macroeconomic environment. Limits for the country risk are determined as a certain percentage of equity on a country category basis. On a sectoral basis, risk limits are closely monitored by proportioning the risk for each sector to the total portfolio risk. In addition, limit and risk monitoring is performed on the basis of customer groups. The limits for a certain risk group are determined in accordance with the Banking law and other related legal regulations and the impact of credit utilization on legal credit limits is monitored periodically.

Determining risk limits and allocating risks regarding the transactions conducted, customer-based and bank's treasury departments-based monitoring on periodic risk concentrations of off-balance risks:

According to HSBC Group standards, in all banking transactions approval and control mechanisms and systematical limit and risk control mechanisms are available. In assigning loan limits, extending credit, derivative and other future delivery derivative transactions are conducted depending to management's authorization, approval and control processes. Customer-based and bank's treasury departments-based monitoring is conducted on determining periodic risk limits and risk allocations with risk concentrations regarding the balance sheet and off-balance transactions conducted. Risk parameters specific to products, reverse trend and concentration are also taken into account in limit allocation for derivative products.

The credit risk in the bank is managed taking legal limitations under legal regulations into consideration. In this scope, credit risk concentration is avoided.

Monitoring loan valuableness of the debtors of loan and other receivables at regular intervals in accordance with the relevant legislation, if the financial tables which are obtained for opened credits are audited in accordance with the relevant legislation or not, and if not the reasons of not auditing, changing the limits of loans, guarantees of the loans and other receivables:

Loan allocation decision is made by Credit Committee only if deemed reasonable. This decision is made according to the audited financial tables of the customers. Cash or non-cash loans can be extended to the customers.

Loan value of loans and other receivables are regularly traced in accordance with the relevant legislation, if necessary, actions such as limit increasing and decreasing, and strengthening the guarantee structure can be taken. The obtained financial tables regarding the credit requests should be audited in accordance with the relevant legislation.

The Bank management has established a customer rating system in order to determine and define the risk degrees and credit worthiness of all companies within the framework of corporate loans.

Corporate and Commercial Loan Portfolio Rating System:

Customer Risk Rating System (CRR Rating) shows the probabilities of the non-performing loans of the loan borrowers. CRR rating is a summarized risk indicator which indicates the loan borrower's financial situation, industry and past operations, management's skills and other information including the cash flow, profitability and debt situation.

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II. EXPLANATIONS ON CREDIT RISK (Continued)

Regardless of guarantees and limits of the companies, CRR rating evaluates the risks objectively and independently and indicates the customer risk profiles in all aspects. The responsibility of the compliance of the CRR rate given belongs to the staff who approved the last control. The reviews over the CRR rates given are conducted at least once in a year and at each credit application reviews. Also in necessary cases the units which approve loans can reassess the CRR rates and indicate necessary changes.

23 basic customer risk rating ranges are as follows:

CRR 1.0-1.2 - Minimal Risk - The counterparty has an independent credit rating, possibly awarded by a publicly held and reputable rating agency in one of the major exchanges. Firm's financial situation, equity capital, income, cash generating capacity and management functions is perfect. The rate indicates the best credit risk available and there is almost no risk that the firm may be unable to meet its obligations.

CRR 2.1-2.2 - Low Risk - The counterparty has an independent credit rating, possibly awarded by a publicly held and reputable rating agency in one of the major exchanges. Financial situation, capital structure, profitability, liquidity, cash generation and management are very good. It is a strong credit risk with a low probability of default.

CRR 3.1-3.3 - Acceptable Risk - Firm is a private enterprise or publicly traded company that does not display a significant negative trend and has a satisfactory financial position. It is an acceptable credit risk with an acceptable risk of default.

CRR 4.1-4.3 - Reasonable Risk - Firm's financial situation is sufficiently consistent with a few important signs of financial concern. Defined weaknesses are acceptable at the general credit risk level. The default risk is reasonable but may require more regular monitoring with respect to the stated risks.

CRR 5.1-5.3 - Moderate Risk - Firm's financial situation is at an average level. Current situation is not ominous. However, firm's sensitivity to external events is needed to be observed more frequently and enhancing the firm's risk of inability to meet the obligations.

CRR 6.1-6.2 - Significant Risk - There is a known downtrend in the firm's financial situation (equity capital, income, cash generating capacity and management functions) and there are one or more problematic issues. Although, the current capacity of the firm is sufficient to meet its obligations, some potential risks may give harm to firm's financial situation. More frequent surveillance is needed. In normal situations, credit ratings made as CRR 6.0 are temporary and expected to change in maximum 18 months. Cash collateral credits can be given as an example of exception.

CRR 7.1-7.2 - High Risk - There is a continuous downtrend in the firm's financial situation and this situation is needed to be continuously observed and assessed. Although the firm is disquieting regarding the ability of meeting its obligations, it is thought that the firm has sufficient capacity to meet its obligations. The transfer of customer management to the Loan Monitoring and Special Credit Unit (SCU) should be evaluated.

CRR 8.1-8.3 - The Risk Requiring Special Management - The financial situation of the firm is generally weakened or payment capacity and intention has become suspicious. This situation is requiring continuous surveillance and assessment. Concerns regarding the firm's ability of meeting its obligations are growing and the possibilities of the firm's ability to meet its obligations are decreasing. Risk approval must be transferred to the SCU team unless there is a specific occasion.

CRR 9.0 - Suspicious - The possibility of collecting the full amount of principal and proceeds is very low. Provisions must be reserved. At least one of the situations below may be eventuated

- Debtor, is late more than 90 days to meet its obligations to the Bank
- Achieving no results from debt restructuring approaches
- Restructured debt lapsed into default again
- Legal proceedings have begun
- Debt was restructured by granting privilege to the firm due to financial difficulties

CRR 10.0 - Loss - Very low collection expectations. The remaining principal and interest balance should be written as loss soon as possible. The amount of doubtful receivable to meet the expected loss should be recorded.

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II. EXPLANATIONS ON CREDIT RISK (Continued)

- a. Total amount of risks after offsetting transactions and average amount of risks allocated to different risk classes and types for relevant period without considering effects of credit risk mitigation:**

Risk Classification(*)	Current Period Risk Amount	Average Risk Amount(**)
Conditional and unconditional receivables from central governments or central banks	47.274.161	52.351.631
Conditional and unconditional receivables from regional governments or local governments	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	8	43
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	4.124.654	8.321.984
Conditional and unconditional corporate receivables	58.345.741	56.872.519
Conditional and unconditional retail receivables	3.299.159	3.491.427
Conditional and unconditional receivables secured by mortgages	2.980.219	2.591.633
Past due receivables	41.577	43.006
Receivables defined in high-risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from to banks, brokerage houses and corporates	-	-
Investments in the form of collective investment undertakings	-	-
Stock investments	-	-
Other receivables	4.206.155	3.943.793
Total	120.271.674	127.616.036

(*) The risk amounts are given after the credit conversion ratio but before the credit risk mitigation.

(**) The average risk amount is determined by taking the arithmetic mean of values in the month-end reports.

Risk Classification (*)	Prior Period Risk Amount	Average Risk Amount(**)
Conditional and unconditional receivables from central governments or central banks	27.434.168	25.057.291
Conditional and unconditional receivables from regional governments or local governments	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	50	50
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	17.664.691	14.735.669
Conditional and unconditional corporate receivables	38.067.155	40.257.830
Conditional and unconditional retail receivables	3.978.808	4.374.853
Conditional and unconditional receivables secured by mortgages	1.607.306	1.814.746
Past due receivables	85.009	60.498
Receivables defined in high-risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from to banks, brokerage houses and corporates	-	-
Investments in the form of collective investment undertakings	-	-
Stock investments	-	-
Other receivables	4.032.179	3.718.295
Total	92.869.366	90.019.232

(*) The risk amounts are given after the credit conversion ratio but before the credit risk mitigation.

(**) The average risk amount is determined by taking the arithmetic mean of values in the month-end reports.

- b. Control limits over the positions of the Bank in terms of forward and option contracts and other similar contracts, the manageability of the credit risk assumed for such instruments together with the potential risks arising from market movements:**

The loan risks undertaken for the forward transactions, option agreements and similar instruments are monitored with considering the potential risks arising from the market movements and risk limit control is conducted from current market prices constantly.

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II. EXPLANATIONS ON CREDIT RISK (Continued)

- c. When the Bank is significantly subject to the loan risk, in order to reduce the total risks, the Bank terminates the forward transactions, option and similar agreements in a short time period through using, fulfilling the acts or selling:**

During the management of the balance sheet, interest and liquidity risks, the Bank's constantly uses derivatives and its resources in the international financial markets within the limits allocated in order to reduce and control risks.

- d. Risk weight of indemnified non-cash loans, like overdue loans:**

As of 31 December 2024 the Bank has no indemnified non-cash loans (31 December 2023: 7 TL).

The liquidated non-cash loans are subject to the same risk weight with the overdue loans.

Allocation of the non-cash loans turned into cash loans are presented in the table below:

	Current Period 31 December 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Letters of Guarantee	-	-	7	-
Prefinancing Loans	-	-	-	-
Commercial Letter of Credit Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Bad Check Payments	-	-	-	-
Other Liabilities	-	-	-	-
Total	-	-	7	-

Information on whether the loans that are renewed and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations or not; whether new precautions are considered in these methods or not; whether the Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk or not:

All loans are evaluated considering the credit rating of the client. Loans that are bound to a redemption plan are followed in a separate category as closely followed risky loans. Risk levels of the loans bound to a redemption plan are updated according to the rating system of the Bank. In the firms whose risk level increases, certain actions are taken with regard to risk management, such as risk is registered as liquidation, guarantee is improved or limits are decreased.

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II. EXPLANATIONS ON CREDIT RISK (Continued)

- e. Evaluation of the significance of country specific risk if the banks have foreign operations and credit transactions in a few countries or these operations are coordinated with a few financial entities:**

Since the Bank carries out its foreign banking transactions and credit facilities through a widespread correspondent network and HSBC Group banks by revising and following the credit ratings of OECD countries and relevant institutions, country risks, market conditions, it is thought that there is no significant risk element.

- f. Evaluation of the Bank's competitive credit risk as being an active participant in the international banking transactions market:**

The credit risk in the bank is managed taking legal limitations under legal regulations into consideration. In this scope, credit risk concentration is avoided.

- g. The proportion of the Bank's top 100 and 200 cash loan balances in total cash loans:** 95% and 96% (31 December 2023: 89% and 91%).

The proportion of the Bank's top 100 and 200 non-cash loan balances in total non-cash loans: 100% and 100% (31 December 2023: 99% and 100%).

The proportion of the Bank's cash and non-cash loan balances with the first 100 and 200 customers comprises of total cash loans and non-cash loans: 91% and 97% (31 December 2023: 87% and 94%).

- h. Stage 1 and Stage 2 loan loss provision booked by the Bank:** TL 2.135.370 (31 December 2023: TL 1.613.874).

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II. EXPLANATIONS ON CREDIT RISK (Continued)

i. Profile on significant risk in significant regions, risk profile according to sectors and counterparties and term distribution of risks with term structure:

Current Period	Risk Categories (*)																	
31 December 2024	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	47.274.161	-	8	-	-	2.213.239	58.344.687	3.229.853	2.978.692	41.379	-	-	-	-	-	-	4.206.155	118.288.174
European Union Countries	-	-	-	-	-	141.131	11	12.476	330	9	-	-	-	-	-	-	-	153.957
OECD Countries (**)	-	-	-	-	-	1.314.024	1.018	24.539	190	104	-	-	-	-	-	-	-	1.339.875
Off – Shore Banking Regions	-	-	-	-	-	4.563	-	333	-	-	-	-	-	-	-	-	-	4.896
USD, Canada	-	-	-	-	-	227.461	-	5.813	-	1	-	-	-	-	-	-	-	233.275
Other Countries	-	-	-	-	-	224.236	25	26.145	1.007	84	-	-	-	-	-	-	-	251.497
Associates, Subsidiaries and Joint Venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets / Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	47.274.161	-	8	-	-	4.124.654	58.345.741	3.299.159	2.980.219	41.577	-	-	-	-	-	-	4.206.155	120.271.674

(*) Risk classes in the Regulation on Measurement and Evaluation of Banks' Capital Adequacy will be taken into account. The risk amount is given after the credit conversion ratio but before the credit risk mitigation.

(**) OECD countries other than EU Countries, USA and Canada.

(***) Assets and liabilities that are not distributed according to a consistent principle

- 1 Conditional and unconditional receivables from central governments or central banks
- 2 Conditional and unconditional receivables from regional governments or local governments
- 3 Conditional and unconditional receivables from administrative units and non-commercial enterprises
- 4 Conditional and unconditional receivables from multilateral development banks
- 5 Conditional and unconditional receivables from international organizations
- 6 Conditional and unconditional receivables from banks and brokerage houses
- 7 Conditional and unconditional corporate receivables
- 8 Conditional and unconditional retail receivables
- 9 Conditional and unconditional receivables secured by mortgages
- 10 Past due receivables
- 11 Receivables defined in high-risk category by BRSA
- 12 Securities collateralized by mortgages
- 13 Securitization positions
- 14 Short-term receivables from to banks, brokerage houses and corporates
- 15 Investments in the form of collective investment undertakings
- 16 Stock investments
- 17 Other receivables

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II. EXPLANATIONS ON CREDIT RISK (Continued)

Prior Period	Risk Categories (*)																	
31 December 2023	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Domestic	27.401.767	-	50	-	-	15.525.696	37.865.763	3.914.201	1.489.504	84.498	-	-	-	-	-	-	4.032.179	90.313.658
European Union Countries	-	-	-	-	-	1.800.547	68	24.308	27	454	-	-	-	-	-	-	-	1.825.404
OECD Countries (**)	-	-	-	-	-	25.313	-	2.431	-	4	-	-	-	-	-	-	-	27.748
Off – Shore Banking Regions	-	-	-	-	-	42.403	-	1.790	-	-	-	-	-	-	-	-	-	44.193
USD, Canada	-	-	-	-	-	7.036	8	4.878	-	8	-	-	-	-	-	-	-	11.930
Other Countries	32.401	-	-	-	-	263.696	201.316	31.200	117.775	45	-	-	-	-	-	-	-	646.433
Associates, Subsidiaries and Joint Venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets / Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	27.434.168	-	50	-	-	17.664.691	38.067.155	3.978.808	1.607.306	85.009	-	-	-	-	-	-	4.032.179	92.869.366

(*) Risk classes in the Regulation on Measurement and Evaluation of Banks' Capital Adequacy will be taken into account. The risk amount is given after the credit conversion ratio but before the credit risk mitigation.

(**) AB OECD countries other than EU Countries, USA and Canada.

(***) Assets and liabilities that are not distributed according to a consistent principle

- 1 Conditional and unconditional receivables from central governments or central banks
- 2 Conditional and unconditional receivables from regional governments or local governments
- 3 Conditional and unconditional receivables from administrative units and non-commercial enterprises
- 4 Conditional and unconditional receivables from multilateral development banks
- 5 Conditional and unconditional receivables from international organizations
- 6 Conditional and unconditional receivables from banks and brokerage houses
- 7 Conditional and unconditional corporate receivables
- 8 Conditional and unconditional retail receivables
- 9 Conditional and unconditional receivables secured by mortgages
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- 11 Receivables defined in high-risk category by BRSA
- 12 Securities collateralized by mortgages
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II. EXPLANATIONS ON CREDIT RISK (Continued)

j. Risk profile according to Sectors and Counterparties:

Current Period 31 December 2024		Risk Categories (*)																			
Sectors/Counterparties		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural		-	-	-	-	-	-	93	-	-	-	-	-	-	-	-	-	-	93	-	93
Farming and Raising Livestock		-	-	-	-	-	-	88	-	-	-	-	-	-	-	-	-	-	88	-	88
Forestry		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishing		-	-	-	-	-	-	5	-	-	-	-	-	-	-	-	-	-	5	-	5
Industry		-	-	-	-	-	-	31.785.117	-	1.305.269	26.075	-	-	-	-	-	-	-	7.273.873	25.842.588	33.116.461
Mining and Quarrying		-	-	-	-	-	-	769.045	-	-	-	-	-	-	-	-	-	-	82.274	686.771	769.045
Production		-	-	-	-	-	-	28.891.179	-	1.305.269	26.061	-	-	-	-	-	-	-	7.152.852	23.069.657	30.222.509
Electricity, Gas, Water		-	-	-	-	-	-	2.124.893	-	-	14	-	-	-	-	-	-	-	38.747	2.086.160	2.124.907
Construction		-	-	-	-	-	-	4.341.737	-	912.768	682	-	-	-	-	-	-	-	288.661	4.966.526	5.255.187
Services	47.274.161	-	1	-	-	-	4.124.654	22.192.752	-	739.845	43	-	-	-	-	-	-	3.662.947	51.859.958	26.134.445	77.994.403
Wholesale and Retail Trade		-	-	-	-	-	-	9.072.643	-	-	-	-	-	-	-	-	-	-	3.779.480	5.293.163	9.072.643
Hotel and Beverage Service		-	-	-	-	-	-	533.321	-	-	43	-	-	-	-	-	-	-	58.691	474.673	533.364
Transportation and Telecommunication		-	-	-	-	-	-	2.362.719	-	739.839	-	-	-	-	-	-	-	-	216.383	2.886.175	3.102.558
Financial Institutions	47.274.161	-	-	-	-	-	4.123.332	6.480.701	-	-	-	-	-	-	-	-	-	3.662.947	46.468.904	15.072.237	61.541.141
Real Estate and Lending Service		-	-	-	-	-	1.322	3.743.354	-	6	-	-	-	-	-	-	-	-	1.336.485	2.408.197	3.744.682
Self-Employment Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Service		-	-	1	-	-	-	3	-	-	-	-	-	-	-	-	-	-	4	-	4
Health and Social Services		-	-	-	-	-	-	11	-	-	-	-	-	-	-	-	-	-	11	-	11
Other		-	-	7	-	-	-	26.042	3.299.159	22.337	14.777	-	-	-	-	-	-	543.208	3.858.340	47.190	3.905.530
TOTAL	47.274.161	-	8	-	-	-	4.124.654	58.345.741	3.299.159	2.980.219	41.577	-	-	-	-	-	-	4.206.155	63.280.925	56.990.749	120.271.674

(*) Risk classes in the Regulation on Measurement and Evaluation of Banks' Capital Adequacy will be taken into account. The risk amount is given after the credit conversion ratio but before the credit risk mitigation.

- 1 Conditional and unconditional receivables from central governments or central banks
- 2 Conditional and unconditional receivables from regional governments or local governments
- 3 Conditional and unconditional receivables from administrative units and non-commercial enterprises
- 4 Conditional and unconditional receivables from multilateral development banks
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II. EXPLANATIONS ON CREDIT RISK (Continued)

Prior Period 31 December 2023	Risk Categories (*)																			
Sectors/Counterparties	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	-	-	-	-	-	-	105	-	-	-	-	-	-	-	-	-	-	105	-	105
Farming and Raising Livestock	-	-	-	-	-	-	99	-	-	-	-	-	-	-	-	-	-	99	-	99
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	6	-	-	-	-	-	-	-	-	-	-	6	-	6
Industry	-	-	-	-	-	-	23.637.621	-	532.582	75.132	-	-	-	-	-	-	-	9.830.067	14.415.268	24.245.335
Mining and Quarrying	-	-	-	-	-	-	496.423	-	-	-	-	-	-	-	-	-	-	16.247	480.176	496.423
Production	-	-	-	-	-	-	21.197.724	-	532.582	75.130	-	-	-	-	-	-	-	9.800.987	12.004.449	21.805.436
Electricity, Gas, Water	-	-	-	-	-	-	1.943.474	-	-	2	-	-	-	-	-	-	-	12.833	1.930.643	1.943.476
Construction	-	-	-	-	-	3.860	2.852.548	-	-	-	-	-	-	-	-	-	-	88.020	2.768.388	2.856.408
Services	27.434.168	-	1	-	-	17.660.831	7.343.081	-	1.058.617	3.034	-	-	-	-	-	-	-	40.551.989	12.947.743	53.499.732
Wholesale and Retail Trade	-	-	-	-	-	-	5.144.333	-	31.799	2.994	-	-	-	-	-	-	-	2.800.790	2.378.336	5.179.126
Hotel and Beverage Service	-	-	-	-	-	-	579.852	-	-	40	-	-	-	-	-	-	-	88.927	490.965	579.892
Transportation and Telecommunication	-	-	-	-	-	-	1.555.638	-	133.859	-	-	-	-	-	-	-	-	279.254	1.410.243	1.689.497
Financial Institutions	27.434.168	-	-	-	-	17.660.831	61.041	-	892.959	-	-	-	-	-	-	-	-	37.380.800	8.668.199	46.048.999
Real Estate and Lending Service	-	-	-	-	-	-	270	-	-	-	-	-	-	-	-	-	-	270	-	270
Self-Employment Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Service	-	-	1	-	-	-	3	-	-	-	-	-	-	-	-	-	-	4	-	4
Health and Social Services	-	-	-	-	-	-	1.944	-	-	-	-	-	-	-	-	-	-	1.944	-	1.944
Other	-	-	49	-	-	-	4.233.800	3.978.808	16.107	6.843	-	-	-	-	-	-	-	4.032.179	7.562.468	4.705.318
TOTAL	27.434.168	-	50	-	-	17.664.691	38.067.155	3.978.808	1.607.306	85.009	-	-	-	-	-	-	-	4.032.179	58.032.649	34.836.717
																				92.869.366

(*) Risk classes in the Regulation on Measurement and Evaluation of Banks' Capital Adequacy will be taken into account. The risk amount is given after the credit conversion ratio but before the credit risk mitigation.

- 1 Conditional and unconditional receivables from central governments or central banks
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- 4 Conditional and unconditional receivables from multilateral development banks
- 5 Conditional and unconditional receivables from international organizations
- 6 Conditional and unconditional receivables from banks and brokerage houses
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- 8 Conditional and unconditional retail receivables
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II. EXPLANATIONS ON CREDIT RISK (Continued)

k. Term Distribution of Risks with Term Structure:

Current Period - Risk Categories ^(*)	Up to 1 month	Time to maturity			
		1-3 months	3-6 months	6-12 months	Over 1 year
Conditional and unconditional receivables from central governments or central banks	27.165.241	-	-	385.047	19.723.873
Conditional and unconditional receivables from regional governments or local governments	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	1	-	-	-	7
Conditional and unconditional receivables from multilateral development Banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	2.635.522	517.304	133.235	135.488	703.105
Conditional and unconditional corporate receivables	10.666.594	9.454.482	8.261.418	18.612.756	11.350.491
Conditional and unconditional retail receivables	400.755	193.582	87.196	277.562	2.340.064
Conditional and unconditional receivables secured by mortgages	109.812	72.847	335.648	1.613.687	848.225
Past due receivables	-	-	-	-	-
Receivables defined in high-risk category by BRSA	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from to banks, brokerage houses and corporates	-	-	-	-	-
Investments in the form of collective investment undertakings	-	-	-	-	-
Stock investments	-	-	-	-	-
Other receivables	-	-	-	-	-
TOTAL	40.977.925	10.238.215	8.817.497	21.024.540	34.965.765

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversion ratio.

Prior Period - Risk Categories ^(*)	Up to 1 month	Time to maturity			
		1-3 months	3-6 months	6-12 months	Over 1 year
Conditional and unconditional receivables from central governments or central banks	13.666.720	333.666	-	1.314.749	8.831.185
Conditional and unconditional receivables from regional governments or local governments	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	49	-	-	-	1
Conditional and unconditional receivables from multilateral development Banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	14.510.310	1.082.245	398.478	420.806	1.234.293
Conditional and unconditional corporate receivables	7.695.874	4.154.048	7.154.733	10.266.676	8.795.822
Conditional and unconditional retail receivables	3.305.559	125.368	73.565	351.476	122.840
Conditional and unconditional receivables secured by mortgages	15.770	33.861	153.128	14.275	1.390.272
Past due receivables	-	-	-	-	-
Receivables defined in high-risk category by BRSA	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from to banks, brokerage houses and corporates	-	-	-	-	-
Investments in the form of collective investment undertakings	-	-	-	-	-
Stock investments	-	-	-	-	-
Other receivables	287.069	-	-	-	-
TOTAL	39.481.351	5.729.188	7.779.904	12.367.982	20.374.413

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversion ratio.

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II. EXPLANATIONS ON CREDIT RISK (Continued)

I. Explanations regarding risk categories mentioned in 6th clause of Capital Adequacy Measurement and Evaluation Communiqué:

An international rating firm, Fitch Ratings’ external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”. Additionally, grades of Fitch Ratings International Rating Agency were used for receivables from central government and central bank of our country and counter parties at abroad. Domestic counterparties are accepted as “unrated” and take risk weight suited for “unrated” category in relevant risk class.

Rating scores;

1. Receivables from Central Governments or Central Banks
2. Receivables from Banks and Brokerage Houses are used in risk classes.

While credit quality level grade given by Fitch Ratings International Rating Agency decreases to 4, grades using in risk class of receivables from banks and intermediary institutions matched with all credit quality levels from 1 to 6 in risk classes of Receivables from Central Governments or Central Banks.

For determination of risk weight regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer’s credit rating is considered in the absence of export rating.

Credit Quality Degrees	Fitch Risk Rating	Risk Categories		
		Receivables from Central Governments or Central Banks	Receivables from Banks and Intermediary Institutions	
			Receivables With Remaining Maturity Less Than 3 Months	Receivables With Remaining Maturity More Than 3 Months
1	Aaa Aa+ Aa Aa-	0%	20%	20%
2	A+ A A-	20%	20%	50%
3	BBB+ BBB BBB-	50%	20%	50%
4	BB+ BB BB-	100%	50%	100%
5	B+ B B-	100%	50%	100%
6	CCC DDD DD D	150%	150%	150%

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II. EXPLANATIONS ON CREDIT RISK (Continued)

m. Risk Amounts According to Risk Weights:

31 December 2024	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted From Equity
1.Amount Before Credit Risk Mitigation	49.953.951	-	8.668.198	-	8.310.218	3.321.426	49.991.927	25.954	-	-	-	710.717
2.Amount After Credit Risk Mitigation	49.953.951	-	9.668.202	58.041	9.523.484	3.231.789	47.779.565	25.955	-	-	-	710.717

31 December 2023	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Deducted From Equity
1.Amount Before Credit Risk Mitigation	30.495.179	-	17.479.911	-	179.872	3.212.509	39.617.070	762.026	1.122.799	-	-	468.859
2.Amount After Credit Risk Mitigation	30.495.179	-	17.479.911	13.654	2.231.935	3.187.784	37.653.090	761.152	1.122.799	-	-	468.859

n. Sector or type of counterparty; separately impaired loans and amount of non-performing loans, value adjustments and provisions, amount of value adjustments and provisions during period:

Miscellaneous Information regarding Major Sectors or Counterparty Type:

Current Period	Loans		
Major Sectors/ Counterparties	Significant Increase in Credit Risk (Stage 2) (*)	Defaulted (Stage 3)	Provision of Expected Credit Losses (TFRS 9) (**)
Agricultural	-	-	-
Farming and Raising Livestock	-	-	-
Forestry	-	-	-
Fishing	-	-	-
Industry	6.307.120	53.399	29.007
Mining and Quarrying	895.118	508	508
Production	5.412.002	52.861	28.483
Electricity, Gas, Water	-	30	16
Construction	851.374	18.295	16.883
Services	2.946.962	1.408	1.364
Wholesale and Retail Trade	273.401	276	276
Hotel and Beverage Service	659.412	200	156
Transportation and Telecommunication	892.875	156	156
Financial Institutions	-	-	-
Real Estate and Lending Service	1.121.274	776	776
Self-Employment Service	-	-	-
Education Service	-	-	-
Health and Social Services	-	-	-
Other	102.369	63.111	56.255
Total	10.207.825	136.213	103.509

(*) Close monitoring amounts.

(**) Refers to Stage 3 loan loss provisions.

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II. EXPLANATIONS ON CREDIT RISK (Continued)

Prior Period	Loans		
Major Sectors/ Counterparties	Significant Increase in Credit (Stage 2) (*)	Defaulted (Stage 3)	Provision of Expected Credit Losses (TFRS 9) (**)
Agricultural	-	-	-
Farming and Raising Livestock	-	-	-
Forestry	-	-	-
Fishing	-	-	-
Industry	829.138	41.384	7.273
Mining and Quarrying	-	548	559
Production	46.928	40.818	6.698
Electricity, Gas, Water	782.210	18	16
Construction	1.537.593	23.664	22.696
Services	2.068.974	6.925	3.902
Wholesale and Retail Trade	31.799	5.818	2.825
Hotel and Beverage Service	874.654	186	156
Transportation and Telecommunication	3.128	157	157
Financial Institutions	-	-	-
Real Estate and Lending Service	1.159.393	764	764
Self-Employment Service	-	-	-
Education Service	-	-	-
Health and Social Services	-	-	-
Other	358.425	58.906	55.168
Total	4.794.130	130.879	89.039

(*) Close monitoring amounts.

(**) Refers to Stage 3 loan loss provisions.

o. Reconciliation of changes in value adjustments and provisions for impaired loan (if possible, on basis of geographic regions):

Current Period 31 December 2024	Opening Balance	Provisions made during the period	Provision Reversals	Other Adjustments (*)	Closing Balance
Specific Provisions	89.039	55.098	(15.064)	(25.564)	103.509
General Provisions (**)	1.799.526	461.988	(98.358)	-	2.163.156

(*) Represents other adjustments that are written off from assets and the sales from non-performing loans portfolio.

(**) Includes the general provision amounts allocated for non-cash loans and cash and cash equivalents.

Prior Period 31 December 2023	Opening Balance	Provisions made during the period	Provision Reversals	Other Adjustments (*)	Closing Balance
Specific Provisions	105.738	29.024	(20.037)	(25.686)	89.039
General Provisions (**)	1.943.214	514.880	(572.797)	(85.771)	1.799.526

(*) Represents other adjustments that are written off from assets and the sales from non-performing loans portfolio.

(**) Includes the general provision amounts allocated for non-cash loans and cash and cash equivalents.

p. The movement of specific provision of the Bank’s loan and other receivables:

	Commercial Loans	Consumer Loans	Credit Cards	Total
1 January 2024	20.735	18.861	49.443	89.039
Transferred during the period	23.111	6.166	25.821	55.098
Collection during the period	(4.457)	(5.524)	(5.083)	(15.064)
Write-off/sold	-	(6.242)	(19.322)	(25.564)
31 December 2024	39.389	13.261	50.859	103.509

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II. EXPLANATIONS ON CREDIT RISK (Continued)

	Commercial Loans	Consumer Loans	Credit Cards	Total
1 January 2023	18.249	27.091	60.398	105.738
Transferred during the period	3.744	8.448	16.832	29.024
Collection during the period	(1.258)	(9.397)	(9.382)	(20.037)
Write-off/sold	-	(7.281)	(18.405)	(25.686)
31 December 2023	20.735	18.861	49.443	89.039

r. Information on types of loans and provisions:

	Commercial Loans	Consumer Loans	Credit Cards	Total
Current Period – 31 December 2024				
Standard loans	44.143.350	305.007	2.197.878	46.646.235
Close monitoring loans	10.127.569	38.339	41.917	10.207.825
Non-performing loans	57.705	18.614	59.894	136.213
Specific provisions (-)	39.389	13.261	50.859	103.509
Total	54.289.235	348.699	2.248.830	56.886.764

(*) Loans also include factoring receivables amounting to TL 450.352.

	Commercial Loans	Consumer Loans	Credit Cards	Total
Prior Period - 31 December 2023				
Standard loans	39.211.087	657.239	2.600.393	42.468.719
Close monitoring loans	4.458.389	71.725	264.016	4.794.130
Non-performing loans	50.524	23.667	56.688	130.879
Specific provisions (-)	20.735	18.861	49.443	89.039
Total	43.699.265	733.770	2.871.654	47.304.689

(*) Loans also include factoring receivables amounting to TL 272.395.

s. Information on collaterals for non-performing loans of the Bank:

	Current Period 31 December 2024 Collateral Value	Prior Period 31 December 2023 Collateral Value
Mortgages	32.332	53.066
Pledged Vehicle	13	43
Cheques and Notes	-	-
Cash	-	-
Total	32.345	53.109

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III. EXPLANATIONS ON COUNTER CYCLICAL CAPITAL BUFFER RATIO CALCULATION

Current Period 31 December 2024	Private sector credit exposures in banking book	Risk weighted equivalent trading book	Total
Turkey	51.564.061	2.359.223	53.923.284
Great Britain	12.971	2.985	15.956
Germany	2.641	199	2.840
Spain	333	-	333
Romania	219	-	219
Canada	1.468	-	1.468
Republic of China	1.050	-	1.050
France	1.323	3	1.326
Japan	20	-	20
Sweden	186	-	186
Other	28.428	1.686	30.114

Prior Period 31 December 2023	Private sector credit exposures in banking book	Risk weighted equivalent trading book	Total
Turkey	52.050.132	2.745.098	54.795.230
Great Britain	1.048.352	954.032	2.002.384
Germany	54.639	-	54.639
Spain	466	-	466
Romania	171	-	171
Canada	1.872	-	1.872
Republic of China	25.461	-	25.461
France	33.920	6.324	40.244
Japan	6.801	-	6.801
Sweden	8.787	-	8.787
Other	600.308	848	601.156

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IV. EXPLANATIONS ON CURRENCY RISK

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

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

b. Management policy for foreign currency risk:

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

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

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

Current Period – 31 December 2024	USD (\$)	Euro (€)
Balance Sheet Date		
Bank Evaluation Rate	35,3615	36,6875
Prior Balance Sheet Date		
31 December 2024	35,3615	36,6875
30 December 2024	35,3417	36,7236
27 December 2024	35,2070	36,6962
26 December 2024	35,2577	36,6503
25 December 2024	35,2577	36,6503
Prior Period– 31 December 2023	USD (\$)	Euro (€)
Balance Sheet Date		
Bank Evaluation Rate	29,5600	32,7377
Prior Balance Sheet Date		
29 December 2023	29,5600	32,7377
28 December 2023	29,4401	32,7108
27 December 2023	29,3804	32,6386
26 December 2023	29,2251	32,2178
25 December 2023	29,2251	32,2178

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IV. EXPLANATIONS ON CURRENCY RISK (Continued)

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

As of December 2024, the Bank's simple arithmetic average foreign exchange rate for USD is TL 35,0039 (December 2023: TL 29,1189) and exchange rate for Euro is TL 36,6407 (December 2023: TL 31,8032).

e. Information related to Bank's currency risk:

Current Period – 31 December 2024	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	3.678.710	7.792.166	5.952.971	17.423.847
Banks	1.883	285.632	9.031	296.546
Financial Assets at Fair Value through Profit or Loss (Net) (***)	764.078	2.790.225	122.028	3.676.331
Interbank Money Market Placements	-	21.140.276	-	21.140.276
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Loans (*)	26.288.077	14.720.777	-	41.008.854
Investments in Associates, Subsidiaries and Joint Ventures (Business Partners)	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets	4.570	416.834	2.644	424.048
Total Assets	30.737.318	47.145.910	6.086.674	83.969.902
Liabilities				
Bank Deposits	36.686	94	-	36.780
Foreign Currency Deposits	12.456.602	21.796.059	26.169.247	60.421.908
Funds from Interbank Money Market	1.339.168	10.216.441	-	11.555.609
Fund Borrowed	6.871.054	15.017.028	-	21.888.082
Marketable Securities Issued (Net)	-	-	-	-
Miscellaneous Payables	2.292	1.101.322	4.988	1.108.602
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities (**)	455.441	2.581.926	87.751	3.125.118
Total Liabilities	21.161.243	50.712.870	26.261.986	98.136.099
Net on Balance Sheet Position	9.576.075	(3.566.960)	(20.175.312)	(14.166.197)
Net Off-Balance Sheet Position	(9.237.097)	3.097.598	20.213.542	14.074.043
Financial Derivative Assets	56.864.755	83.967.690	29.857.920	170.690.365
Financial Derivative Liabilities	66.101.852	80.870.092	9.644.378	156.616.322
Non-cash Loans	10.758.469	9.359.517	3.434.915	23.552.901
Prior Period - 31 December 2023				
Total Assets	23.573.266	30.004.980	2.470.142	56.048.388
Total Liabilities	16.591.982	31.323.582	12.767.154	60.682.718
Net on-Balance Sheet Position	6.981.284	(1.318.602)	(10.297.012)	(4.634.330)
Net off-Balance Sheet Position	(6.886.510)	1.286.169	10.282.299	4.681.958
Financial Derivative Assets	41.470.564	68.990.944	17.095.867	127.557.375
Financial Derivative Liabilities	48.357.074	67.704.775	6.813.568	122.875.417
Non-cash Loans	7.919.530	11.762.705	3.356.279	23.038.514

(*) As of December 31, 2024, there is a foreign currency-indexed loan amounting to TL 2.078.

(**) Within Other Liabilities, there are Derivative Financial Liabilities amounting to TL 2.852.700.

(***) Within Financial Assets at Fair Value through Profit or Loss, there are Derivative Financial Assets amounting to TL 2.976.517.

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IV. EXPLANATIONS ON CURRENCY RISK (Continued)

As of 31 December 2024 and 31 December 2023, assuming that TL depreciates by 10% against foreign currencies and all other variables are constant, the changes in the net profit and equity of the Bank's foreign currency position without taking into account the tax effect as foreign exchange loss are given below:

	Current Period 31 December 2024	
	Income Statement	Equity (*)
USD	(46.936)	(46.936)
EURO	33.898	33.898
Other	3.823	3.823
Total	(9.215)	(9.215)

(*) The effect of equity also includes the effect of income statement.

	Prior Period 31 December 2023	
	Income Statement	Equity (*)
USD	(3.243)	(3.243)
EURO	9.477	9.477
Other	(1.471)	(1.471)
Total	4.763	4.763

(*) The effect of equity also includes the effect of income statement.

As of 31 December 2024 and 31 December 2023, assuming that TL appreciates by 10% against foreign currencies and all other variables are constant, the changes in the assets and liabilities would have occurred in accordance with the table above but effects would have been reverse.

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V. EXPLANATIONS ON INTEREST RATE RISK

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

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

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

Current Period – 31 December 2024	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 ^(*)	25.806.590	-	-	-	-	7.076.333	32.882.923
Banks ^(*)	679.852	-	-	-	-	119.728	799.580
Financial Assets at Fair Value Through Profit or Loss (Net) ^(**)	785.441	1.648.772	1.387.002	1.783.411	409.241	4.225	6.018.092
Interbank Money Market Placements ^(*)	71.783.005	-	-	-	-	-	71.783.005
Financial Assets at Fair Value Through Other Comprehensive Income	2.599.491	8.034.634	330.682	4.413.678	1.306.670	-	16.685.155
Loans	16.249.206	16.134.303	21.725.702	32.449	577.030	32.704	54.751.394
Financial Assets Measured at Amortized Cost ^(****)	-	-	-	1.089.450	2.324.285	-	3.413.735
Other Assets	1.934	-	43	62.486	-	4.196.124	4.260.587
Total Assets	117.905.519	25.817.709	23.443.429	7.381.474	4.617.226	11.429.114	190.594.471
Liabilities							
Bank Deposits	1.717.256	-	-	-	-	306.354	2.023.610
Other Deposits	54.171.475	15.066.118	1.065.718	7	-	57.539.173	127.842.491
Funds from Interbank Money Market	11.555.609	-	-	-	-	-	11.555.609
Miscellaneous Payables	-	-	-	-	-	4.370.181	4.370.181
Marketable Securities Issued (Net)	-	-	-	-	-	-	-
Funds Borrowed	7.499.016	14.389.066	-	-	-	-	21.888.082
Other Liabilities ^(***) ^(**)	867.226	1.468.008	3.219.295	137.882	-	17.222.087	22.914.498
Total Liabilities	75.810.582	30.923.192	4.285.013	137.889	-	79.437.795	190.594.471
Balance Sheet Long Position	42.094.937	-	19.158.416	7.243.585	4.617.226	-	73.114.164
Balance Sheet Short Position	-	(5.105.483)	-	-	-	(68.008.681)	(73.114.164)
Off-Balance Sheet Long Position	-	-	72.631	33.146	-	-	105.777
Off-Balance Sheet Short Position	(320.329)	(204.094)	-	-	-	-	(524.423)
Total Position	41.774.608	(5.309.577)	19.231.047	7.276.731	4.617.226	(68.008.681)	(418.646)

^(*) 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 12.830.

^(**) 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 10.030.

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V. EXPLANATIONS ON INTEREST RATE RISK (Continued)

Prior Period – 31 December 2023	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non- Interest Bearing	Total
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 ^(*)	20.335.841	-	-	-	-	2.962.922	23.298.763
Banks ^(*)	11.329.278	-	-	-	-	30.479	11.359.757
Financial Assets at Fair Value Through Profit or Loss (Net) ^(**)	667.979	1.579.113	664.708	4.946.197	111.679	4.225	7.973.901
Interbank Money Market Placements ^(*)	37.341.131	-	-	-	-	-	37.341.131
Financial Assets at Fair Value Through Other Comprehensive Income	2.898.626	3.543.811	-	423.138	1.108.339	-	7.973.914
Loans	9.990.519	11.412.667	22.956.637	668.734	620.418	41.840	45.690.815
Financial Assets Measured at Amortized Cost	-	-	-	1.092.757	2.332.339	-	3.425.096
Other Assets	1.966	-	131	42.354	-	2.798.614	2.843.065
Total Assets	82.565.340	16.535.591	23.621.476	7.173.180	4.172.775	5.838.080	139.906.442
Liabilities							
Bank Deposits	1.183.746	-	-	-	-	283.980	1.467.726
Other Deposits	35.789.888	22.536.412	6.438.211	31.331	-	42.207.443	107.003.285
Funds from Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	3.056.115	3.056.115
Marketable Securities Issued (Net)	-	-	-	-	-	-	-
Funds Borrowed	5.678.682	2.348.258	1.210.261	-	-	49.908	9.287.109
Other Liabilities ^(***) ^(***)	507.770	797.775	1.537.788	4.509.486	819	11.738.569	19.092.207
Total Liabilities	43.160.086	25.682.445	9.186.260	4.540.817	819	57.336.015	139.906.442
Balance Sheet Long Position	39.405.254	-	14.435.216	2.632.363	4.171.956	-	60.644.789
Balance Sheet Short Position	-	(9.146.854)	-	-	-	(51.497.935)	(60.644.789)
Off-Balance Sheet Long Position	-	43.683	895.115	72.365	-	-	1.011.163
Off-Balance Sheet Short Position	(42.811)	-	-	-	-	-	(42.811)
Total Position	39.362.443	(9.103.171)	15.330.331	2.704.728	4.171.956	(51.497.935)	968.352

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

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

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

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

b. Effective average interest rates for monetary financial instruments:

Current Period – 31 December 2024	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	3,50	3,50	-	31,00
Banks	-	4,61	-	49,74
Financial Assets at Fair Value Through Profit or Loss (Net)	5,26	6,27	-	43,06
Interbank Money Market Placements	-	4,28	-	48,42
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	42,47
Loans	7,10	7,83	-	48,54
Financial Assets Measured at Amortized Cost	-	-	-	12,78
Liabilities				
Bank Deposits	-	-	-	41,31
Other Deposits	1,71	1,37	-	41,36
Funds From Interbank Money Market	2,00	3,25	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-
Funds Provided from Other Financial Institutions	6,83	6,98	-	-

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V. EXPLANATIONS ON INTEREST RATE RISK (Continued)

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

Prior Period – 31 December 2023	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	-	-	-	42,18
Banks	-	5,20	-	43,80
Financial Assets at Fair Value Through Profit or Loss (Net)	4,76	7,39	-	35,38
Interbank Money Market Placements	-	5,18	-	42,87
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	42,61
Loans	9,20	9,91	-	49,60
Financial Assets Measured at Amortized Cost	-	-	-	12,78
Liabilities				
Bank Deposits	-	-	-	37,32
Other Deposits	0,51	1,71	-	33,45
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-
Funds Provided from Other Financial Institutions	10,31	8,15	-	-

c. Interest rate risk on banking book:

(i) Nature of interest rate risk resulted from banking book, major assumptions including also assumption on early repayment of loans and movements in deposits other than term deposits and frequency of measuring interest rate risk

The interest rate risk resulted from banking book is measured legally as per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method” published in the Official Gazette no.28034 dated 23 August 2011, and the legal limit as per this measurement is monitored and reported monthly. The capital level is maintained considering the interest rate risk resulted from the banking book.

In addition to, interest rate gap analysis on asset and liability items that are sensitive interest rate that to be behavioural approach with internal method, net interest margin stress test and economic value of capital analysis are performed and evaluated at ALCO and Market Risk Committee. In these internal methods, balance sheet items such as prepayment risk of mortgage risk, demand deposit that does not contain specific maturity in terms of interest rate risk, credit cards, overdraft accounts and free capital are held subject to behavioral approach process and interest rate risk analyses are performed accordingly.

Interest rate risk arising from banking book is managed with risk mitigation according to determined internal limits and hedging transactions by Board of Directors.

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V. EXPLANATIONS ON INTEREST RATE RISK (Continued)

(ii) Economic value differences resulted from interest rate instabilities calculated according to Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Bank's Banking Book as per Standard Shock Method

31 December 2024	Shocks Applied (+/- x basis point)	Gains / Losses	Gains / Equity - Losses / Equity
Type of Currency			
1. TL	500	(794.356)	(3,64) %
2. TL	(400)	756.181	3,47%
3. EURO	200	(375.062)	(1,72) %
4. EURO	(200)	410.214	1,88%
5. USD	200	(33.633)	(0,15) %
6. USD	(200)	38.855	0,18%
Total (of Negative Shocks)		1.205.250	5,53%
Total (of Positive Shocks)		(1.203.051)	(5,51)%
31 December 2023	Shocks Applied (+/- x basis point)	Gains / Losses	Gains / Equity - Losses / Equity
Type of Currency			
1. TL	500	(426.324)	(2,68) %
2. TL	(400)	452.139	2,84%
3. EURO	200	(21.440)	(0,13) %
4. EURO	(200)	22.857	0,14%
5. USD	200	(1.710)	(0,01) %
6. USD	(200)	6.369	0,04%
Total (of Negative Shocks)		481.365	3,02
Total (of Positive Shocks)		(449.474)	(2,82)%

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

Position risk of equity securities in banking book:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Information on liquidity risk mitigation techniques:

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

Explanation of the usage of stress test:

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

General information on liquidity emergency and contingency plans:

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

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

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

a. Liquidity coverage rate:

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

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

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

Explanation regarding the components of high-quality liquid assets:

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

Components density of fund resources in all funds:

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

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

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

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

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

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

	Total value to which the consideration ratio is not applied (*)		Total value to which the consideration ratio is applied (*)	
Current Period – 31.12.2024	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			108.235.488	50.561.039
Cash Outflows				
Retail and customer deposits	85.051.318	46.443.590	8.371.460	4.644.359
Stable deposits	2.673.427	-	133.671	-
Less stable deposits	82.377.891	46.443.590	8.237.789	4.644.359
Unsecured funding other than retail and small business customers deposits	53.037.709	22.097.113	28.697.601	9.523.601
Operational deposits	-	-	-	-
Non-Operational deposits	49.487.801	21.913.102	25.147.693	9.339.590
Other unsecured funding	3.549.908	184.011	3.549.908	184.011
Secured funding	-	-	-	-
Other cash outflows	2.719.466	22.618.033	2.719.466	22.618.033
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.719.466	22.618.033	2.719.466	22.618.033
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	31.806.052	22.405.161	3.698.279	2.980.688
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			43.486.806	39.766.681
Cash Inflows				
Secured lending transactions	-	-	-	-
Unsecured lending transactions	8.806.925	6.181.895	5.998.990	4.262.303
Other cash inflows	734.277	13.627.196	734.278	13.627.196
TOTAL CASH INFLOWS	9.541.202	19.809.091	6.733.268	17.889.499
			Values to which the upper limit is applied	
TOTAL HQLA STOCK			108.235.488	50.561.039
TOTAL NET CASH OUTFLOWS			36.753.538	21.877.182
LIQUIDITY COVERAGE RATIO (%)			294,49%	231,11%

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

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

	Current Period- 31.12.2024	
	TL+FC	FC
Highest (%)	384,96	612,34
Date	27.12.2024	26.12.2024
Lowest (%)	230,40	156,79
Date	1.12.2024	31.10.2024
Average (%)	294,49	231,11

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

Prior Period – 31.12.2023	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			70.528.158	27.640.926
Cash Outflows				
Retail and customer deposits	79.919.349	33.185.305	7.828.843	3.318.530
Stable deposits	3.261.838	-	163.092	-
Less stable deposits	76.657.511	33.185.305	7.665.751	3.318.530
Unsecured funding other than retail and small business customers deposits	37.958.293	13.766.403	19.981.117	6.402.401
Operational deposits	-	-	-	-
Non-Operational deposits	32.731.906	13.585.824	14.754.730	6.221.822
Other unsecured funding	5.226.387	180.579	5.226.387	180.579
Secured funding	-	-	-	-
Other cash outflows	2.246.098	4.826.635	2.246.098	4.826.635
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.246.098	4.826.635	2.246.098	4.826.635
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	30.647.133	22.399.383	3.617.545	3.019.244
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			33.673.603	17.566.810
Cash Inflows				
Secured lending transactions	-	-	-	-
Unsecured lending transactions	16.731.758	3.892.871	14.866.665	2.739.604
Other cash inflows	218.835	7.661.578	218.835	7.661.578
TOTAL CASH INFLOWS	16.950.593	11.554.449	15.085.500	10.401.182
			Values to which the upper limit is applied	
TOTAL HQLA STOCK			70.528.158	27.640.926
TOTAL NET CASH OUTFLOWS			18.588.103	7.165.628
LIQUIDITY COVERAGE RATIO (%)			379,43%	385,74%

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

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

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

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

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

Current Period– 31 December 2024	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 ^(****)	7.076.333	25.806.590	-	-	-	-	-	32.882.923
Banks ^(****)	119.728	679.852	-	-	-	-	-	799.580
Financial Assets at Fair Value through Profit or Loss (Net) ^(***)	-	652.995	1.475.401	1.379.857	2.055.009	450.605	4.225	6.018.092
Interbank Money Market Placements ^(****)	-	71.783.005	-	-	-	-	-	71.783.005
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	385.047	15.095.448	1.204.660	-	16.685.155
Loans	-	7.466.991	9.980.305	27.032.587	5.083.840	5.154.967	32.704	54.751.394
Financial Assets at Fair Value Through Amortized Cost ^(*****)	-	-	-	-	1.089.450	2.324.285	-	3.413.735
Other Assets ^(*)	-	1.934	-	43	62.486	-	4.196.124	4.260.587
Total Assets	7.196.061	106.391.367	11.455.706	28.797.534	23.386.233	9.134.517	4.233.053	190.594.471
Liabilities								
Bank Deposits	306.354	1.717.256	-	-	-	-	-	2.023.610
Other Deposits	57.539.173	54.171.475	15.066.118	1.065.718	7	-	-	127.842.491
Money Market Borrowings	-	11.555.609	-	-	-	-	-	11.555.609
Miscellaneous Payables	-	-	-	-	-	-	4.370.181	4.370.181
Marketable Securities Issued (Net)	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	13.409.698	3.583.837	4.894.547	-	21.888.082
Other Liabilities ^(**) ^(***)	-	764.265	1.292.658	3.254.177	357.004	24.307	17.222.087	22.914.498
Total Liabilities	57.845.527	68.208.605	16.358.776	17.729.593	3.940.848	4.918.854	21.592.268	190.594.471
Net Liquidity Excess / (Gap)	(50.649.466)	38.182.762	(4.903.070)	11.067.941	19.445.385	4.215.663	(17.359.215)	-
Net Off Balance Sheet Position	-	(320.331)	(204.093)	72.632	33.146	-	-	(418.646)
Derivative Financial Assets	-	74.384.291	72.533.867	48.329.111	23.208.470	1.142.191	-	219.597.930
Derivative Financial Liabilities	-	74.704.622	72.737.960	48.256.479	23.175.324	1.142.191	-	220.016.576
Non-cash Loans	22.468.957	415.274	2.002.445	1.842.042	-	-	-	26.728.718
Prior Period - 31 December 2023								
Total Assets	2.993.401	79.051.701	6.712.376	20.563.977	20.797.963	6.942.345	2.844.679	139.906.442
Total Liabilities	42.541.331	37.365.465	22.729.605	12.919.157	5.182.931	4.373.269	14.794.684	139.906.442
Net Liquidity Excess / (Gap)	(39.547.930)	41.686.236	(16.017.229)	7.644.820	15.615.032	2.569.076	(11.950.005)	-
Net Off-Balance Sheet Position	-	(106.537)	(208.781)	1.089.860	193.810	-	-	968.352
Derivative Financial Assets	-	72.517.573	35.338.964	40.489.492	28.954.427	1.164.825	-	178.465.281
Derivative Financial Liabilities	-	72.624.110	35.547.745	39.399.632	28.760.617	1.164.825	-	177.496.929
Non-cash Loans	21.434.923	1.112.802	715.673	1.651.389	2.365	-	-	24.917.152

(*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, investments, subsidiaries, stationery, pre-paid expenses 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 12.830.

(*****) Financial Assets Valued at Amortized Cost include expected loss provisions balance amounting to TL 10.030.

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

c. Net Stable Funding Ratio Template:

Current Period – 31 December 2024		a	b	c	d	e
		Amount to which no consideration rate has been applied, based on remaining maturity				Total Amount Applied to Consideration Rate
		Demand	Less than 6 Months Term	6 Months to More than 6 Months, Less than 1 Year	1 Year and Longer Term	
Current Stable Funding						
1	Shareholder's Equity Elements	16.975.500	-	-	4.846.729	21.822.229
2	Core Capital and Supplementary Capital	16.975.500	-	-	4.846.729	21.822.229
3	Other Shareholder's Equity Elements	-	-	-	-	-
4	Real Person and Retail Customer Deposits/Participation Funds	38.418.453	40.547.776	145.426	7	79.111.662
5	Stable Deposit/Participation Fund	243.993	9.969.978	4.682	7	10.218.660
6	Low Stable Deposit/Participation Fund	38.174.460	30.577.798	140.744	-	68.893.002
7	Debts to other people	19.406.058	33.356.077	1.834.375	3.536.145	23.885.804
8	Operational deposit/participation fund	-	-	-	-	-
9	Other Debts	19.406.058	33.356.077	1.834.375	3.536.145	23.885.804
10	Liabilities Equivalent To Interconnected Assets					
11	Other Liabilities	-	-	-	-	-
12	Derivative Liabilities		3.099.005			
13	Other equity elements and liabilities not listed above	8.680.708	11.555.609	-	-	-
14	Current Stable Fund					124.819.695
Required Stable Funding						
15	High quality liquid assets					8.103.337
16	Operational Deposit/Participation Fund Deposited in Credit Institutions or Financial Institutions	-	-	-	-	-
17	Biological Receivables	-	29.899.551	14.908.371	11.243.146	32.071.100
18	Receivables From Credit Institutions or Financial Institutions Whose Collateral is First Quality Liquid Assets	-	-	-	-	-
19	Unsecured or Secured Receivables from Credit Institutions or Financial Institutions Whose Collateral is Not First Quality Liquid Assets	-	3.132.341	1.936.703	-	760.357
20	Receivables From Corporate Customers, Organizations, Real Persons and Retail Customers, Central Governments, Central Banks and Public Institutions Other Than Credit Institutions or Financial Institutions	-	26.767.210	12.971.668	9.275.762	30.327.051
21	Receivables Subject to A Risk Weight Of 35% Or Less	-	-	-	-	-
22	Receivables Secured by Residential Real Estate Mortgages	-	-	-	-	-
23	Receivables Subject to A Risk Weight Of 35% Or Less	-	-	-	-	-
24	Shares And Debt Instruments Traded on The Stock Exchange That Do Not Qualify as High-Quality Liquid Assets	-	-	-	1.967.384	983.692
25	Assets Equivalent to Interconnected Liabilities					
26	Other Assets	-	-	-	-	9.404.068
27	Commodities With Physical Delivery, Including Gold	-				-
28	Initial Collateral of Derivative Contracts or Guarantee Fund Given to The Central Counterparty			32.693		27.789
29	Derivative Assets			267.761		267.761
30	Amount Of Derivative Liabilities Before Deducting Variation Margin			309.901		309.901
31	Other Assets Not Listed Above	-	-	-	8.798.618	8.798.617
32	Off-Balance Sheet Liabilities		32.471.476	-	-	1.623.574
33	Required Stable Fund					51.202.079
34	Net Stable Funding Rate (%)					243,78%

As of 31 December 2024, NSFR is calculated as 243,78% (31 December 2023: 227,93%). Considering the amounts to which the consideration rate is applied, the Equity Elements to which the highest consideration rate is applied within the scope of the legislation constitute 17,48% of the Current Stable Fund amount (31 December 2023: 16,1%) and Real Person and Retail Customer Deposits corresponds to 63,38% of Available Stable Funding amount (31 December 2023: 69,9%). Performing Receivables, which have the largest share in the Required Stable Fund, constitute 62,64% of the Required Stable Fund amount (31 December 2023: 74,2%). Factors such as the development of major balance sheet items such as loans and deposits between periods and the change in the balance sheet maturity structure are effective in the development of the rate.

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

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

Period	Ratio
31 October 2024	247,46%
30 November 2024	256,86%
31 December 2024	243,78%
3 Month Average	249,37%

Prior Period – 31 December 2023		a	b	c	d	e
		Amount to which no consideration rate has been applied, based on remaining maturity				Total Amount Applied to Consideration Rate
		Demand	Less than 6 Months Term	6 Months to More than 6 Months, Less than 1 Year	1 Year and Longer Term	
Current Stable Funding						
1	Shareholder's Equity Elements	-	-	-	15.924.604	15.924.604
2	Core Capital and Supplementary Capital	-	-	-	15.924.604	15.924.604
3	Other Shareholder's Equity Elements	-	-	-	-	-
4	Real Person and Retail Customer Deposits/Participation Funds	28.936.908	47.248.438	294.439	28.727	69.006.164
5	Stable Deposit/Participation Fund	342.497	2.607.842	19.417	307	2.821.560
6	Low Stable Deposit/Participation Fund	28.594.411	44.640.596	275.022	28.420	66.184.604
7	Debts to other people	13.625.494	21.481.700	-	-	13.751.829
8	Operational deposit/participation fund	-	-	-	-	-
9	Other Debts	13.625.494	21.481.700	-	-	13.751.829
10	Liabilities Equivalent to Interconnected Assets					
11	Other Liabilities	-	-	-	-	-
12	Derivative Liabilities		6.155.553			
13	Other equity elements and liabilities not listed above	5.925.329	-	-	-	-
14	Current Stable Fund					98.682.597
Required Stable Funding						
15	High quality liquid assets					4.134.046
16	Operational Deposit/Participation Fund Deposited in Credit Institutions or Financial Institutions	-	-	-	-	-
17	Biological Receivables	-	36.369.082	7.665.507	15.821.262	32.110.716
18	Receivables From Credit Institutions or Financial Institutions Whose Collateral is First Quality Liquid Assets	-	-	-	-	-
19	Unsecured or Secured Receivables from Credit Institutions or Financial Institutions Whose Collateral is Not First Quality Liquid Assets	-	14.679.624	150.000	1.225.635	3.502.579
20	Receivables From Corporate Customers, Organizations, Real Persons and Retail Customers, Central Governments, Central Banks and Public Institutions Other Than Credit Institutions or Financial Institutions	-	21.689.458	7.515.507	11.566.319	27.093.483
21	Receivables Subject to A Risk Weight Of 35% Or Less	-	-	-	-	-
22	Receivables Secured by Residential Real Estate Mortgages	-	-	-	-	-
23	Receivables Subject to A Risk Weight Of 35% Or Less	-	-	-	-	-
24	Shares And Debt Instruments Traded on The Stock Exchange That Do Not Qualify as High-Quality Liquid Assets	-	-	-	3.029.308	1.514.654
25	Assets Equivalent to Interconnected Liabilities					
26	Other Assets	-	-	-	-	5.500.779
27	Commodities With Physical Delivery, Including Gold	-				-
28	Initial Collateral of Derivative Contracts or Guarantee Fund Given to The Central Counterparty		29.350			24.947
29	Derivative Assets		1.118.308			1.118.308
30	Amount of Derivative Liabilities Before Deducting Variation Margin		615.555			615.555
31	Other Assets Not Listed Above	-	-	-	3.741.968	3.741.969
32	Off-Balance Sheet Liabilities		31.003.419	-	-	1.550.171
33	Required Stable Fund					43.295.712
34	Net Stable Funding Rate (%)					227.93%

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

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

Period	Ratio
31 October 2023	244,57%
30 November 2023	221,86%
31 December 2023	227,93%
3 Month Average	231,45%

d. Breakdown of liabilities according to their remaining contractual maturities:

Current Period – 31 December 2024	Demand	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 – 5 Years	5 Years and Over	Total
Bank Deposits	306.354	1.720.249	-	-	-	-	2.026.603
Other Deposits	57.539.173	31.998.509	21.280.845	17.983.120	198.319	-	128.999.966
Funds From Interbank Money Market	-	11.557.156	-	-	-	-	11.557.156
Marketable Securities Issued	-	-	-	-	-	-	-
Borrowings	-	-	-	13.521.284	3.597.511	5.015.764	22.134.559
Total	57.845.527	45.275.914	21.280.845	31.504.404	3.795.830	5.015.764	164.718.284

Prior Period - 31 December 2023	Demand	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 – 5 Years	5 Years and Over	Total
Bank Deposits	283.980	1.184.096	-	-	-	-	1.468.076
Other Deposits	42.207.443	16.171.279	9.410.474	40.581.889	639.113	-	109.010.198
Funds From Interbank Money Market	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Borrowings	49.908	-	-	4.945.592	-	4.374.394	9.369.894
Total	42.541.331	17.355.375	9.410.474	45.527.481	639.113	4.374.394	119.848.168

e. Information on securitisation position:

None.

f. Breakdown of derivative instruments according to their remaining contractual maturities:

Current Period – 31 December 2024	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Foreign exchange derivatives:						
- Inflow	67.705.000	68.208.829	39.239.511	5.684.094	-	180.837.434
- Outflow	68.033.189	68.412.922	39.166.879	5.650.949	-	181.263.939
Interest rate derivatives:						
- Inflow	13.348	6.888	69.194	234.631	41.364	365.425
- Outflow	4.077	6.378	93.619	219.123	24.307	347.504
Total Inflow	67.718.348	68.215.717	39.308.705	5.918.725	41.364	181.202.859
Total Outflow	68.037.266	68.419.300	39.260.498	5.870.072	24.307	181.611.443
Prior Period - 31 December 2023	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Foreign exchange derivatives:						
- Inflow	51.269.730	31.830.309	32.392.752	16.957.244	-	132.450.035
- Outflow	51.407.725	32.042.914	31.302.892	16.763.434	-	131.516.965
Interest rate derivatives:						
- Inflow	85.888	30.486	285.316	251.208	54.496	707.394
- Outflow	16.432	53.254	129.529	271.647	35.055	505.917
Total Inflow	51.355.618	31.860.795	32.678.068	17.208.452	54.496	133.157.429
Total Outflow	51.424.157	32.096.168	31.432.421	17.035.081	35.055	132.022.882

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VIII. EXPLANATIONS ON LEVERAGE RATIO

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

	Current Period 31.12.2024 ^(*)	Prior Period 31.12.2023 ^(*)
Assets On the Balance Sheet		
1 Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	138.872.781	111.818.668
2 (Assets deducted from core capital)	(651.019)	(426.218)
3 Total risk amount for assets on the balance sheet (sum of lines 1 and 2)	138.221.762	111.392.450
Derivative Financial Instruments and Loan Derivatives		
4 Renewal cost of derivative financial instruments and loan derivatives	1.322.486	1.131.060
5 Potential credit risk amount of derivative financial instruments and loan derivatives	1.661.017	1.068.353
6 Total risk amount of derivative financial instruments and loan derivatives (sum of lines 4 and 5)	2.983.503	2.199.413
Financing Transactions with Securities or Goods Warranties		
7 Risk amount of financial transactions with securities or goods warranties (excluding those in the balance sheet)	4.164.605	852.709
8 Risk amount arising from intermediated transactions	-	-
9 Total risk amount of financing transactions with securities or goods warranties (sum of lines 7 and 8)	4.164.605	852.709
Off-Balance Sheet Transactions		
10 Gross nominal amount of the off-the-balance sheet transactions	52.386.273	54.523.070
11 Adjustment amount arising from multiplying by the credit conversion rate	-	-
12 Total risk amount for off-the-balance sheet transactions (sum of lines 10 and 11)	52.386.273	54.523.070
Capital and Total Risk		
13 Core capital	16.824.624	11.082.098
14 Total risk amount (sum of lines 3,6,9 and 12)	197.756.143	168.967.642
Transition Process Unapplied Leverage Ratio		
15 Transition process unapplied leverage ratio (%)	8,51	6,56

(*) Table represents three-month average amounts.

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IX. EXPLANATIONS ON THE 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 Bank, the following required tables have not been presented on 31 December 2024:

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

1. Bank's risk management approach

Ensuring risk management and efficiency is the Bank Board of Directors' responsibility. The Board of Directors writes and approves policies concerning risk management activities, periodically examines their implementation, and takes the necessary measures related to setting up and maintaining a risk management system within the body of the Bank in line with the local regulations.

The Board of Directors includes the risk management system in the management structure of the Bank in line with the regulations and procedures required by legislation. It also sets principles and procedures related to the system's administrative structure, recruiting personnel, and ensuring continuity. The Board of Directors examines the Bank's Executive Management Unit and Risk Management Unit evaluations of the risk management process, evaluates the reliability and adequacy of the risk management models, and takes the necessary actions. The Board of Directors determines and documents, in writing, the strategies, policies, and implementation methods for department systems, ensures effective implementation and Continued use of the methods, ensures the coordination, and allocates the necessary resources. The Board of Directors is informed about the risks the Bank is subject to, as well as the methods for measuring and managing these risks. It determines in writing the policies and strategies concerning risk management, the level of risk the Bank can accept, methods of implementation generally and for each risk type, and identifies maximum risk limits for departments, managers, and staff. It approves the policies concerning taking, monitoring, managing, and reporting the risks that will drastically affect income and expenses by determining the risk appetite of the bank, approves changes in these policies, and supervises their implementation.

The Board of Directors ensures executive management provides it with timely and reliable reports regarding the risks the bank faces, determines data management policies, identifies processes and establishes control mechanisms to ensure the systems perform effectively, and ensures the implementation of these processes.

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IX. EXPLANATIONS ON THE RISK MANAGEMENT (Continued)

The Board of Directors is liable to ensure the Internal Capital Adequacy Evaluation Process is set and implemented, and to fulfil the other responsibilities laid out in regulations. The Audit Committee, Risk Management Committee, Asset-Liability Management Committee, and other related committees carry out the supervision responsibility of the Board of Directors to ensure perpetual supervision. The Audit Committee has been assigned by the Board of Directors to be the Internal Systems Supervisor for all departments with regard to internal systems. The Audit Committee checks the effectiveness and adequacy of the internal systems of the Bank on behalf of the Board of Directors, supervises how these internal systems, accounting systems, and reporting systems work within the framework of the Law and regulations, ensures the integrity of the generated data, and does the necessary pre-evaluation for the Board of Directors to enable them to choose independent audit companies and rating, valuation, and support service organisations. Moreover, it regularly monitors the operations of organisations that the Board of Directors chooses and signs contracts with, ensuring continuity and coordination of the internal audit operations of the partnerships subject to consolidation in line with legal regulations, and sets up communication channels that ensure internal systems staff can directly access them. The Audit Committee also recommends managers for these units to the Board of Directors, provides opinions when relieving these managers of duty, hears and evaluates the opinions and recommendations of executive management concerning internal systems, gives recommendations on the qualities required for personnel who will work in internal systems units, and evaluates the education levels and adequacy of the internal systems manager and personnel. It is in charge of and responsible for assessing the availability of the necessary equipment and methods to detect, evaluate, monitor, and control the risks the Bank carries, as well as for fulfilling other liabilities mentioned in regulations. The Audit Committee is responsible for setting an audit and control process that will ensure the adequacy and correctness of the Internal Capital Adequacy Evaluation Process and for monitoring the internal validation of the risk measurement methodology the Bank uses to assess the adequacy of the economic and/or legal capital. If the Bank does not have the expertise to validate the internal model, the Audit Committee approves and monitors support from an expert organisation.

The Risk Management Committee is responsible for monitoring and managing all Bank risk. It focuses mainly on risk policies, risk appetite, and risk concentration. The main focus of the committee is to evaluate changes in the operations of the lines of business and in markets where the lines of business operate, to analyse the effects of risk, and to handle these risks related to the future. The committee is responsible for:

- Providing instructions and solving problems concerning risk policies and risk management,
- Evaluating the main potential and current risks in the changing business atmosphere and political environment,
- Tracking and checking the management of important risks,
- Ensuring an appropriate risk culture is in place.

The Asset-Liability Committee's main responsibilities are;

- Providing continuous guidance to set up a perpetually developing structure in line with estimated risk parameters and the Bank's performance objectives,
- Monitoring asset-liability and capital management risk and determining its effects,
- Providing a forum where matters concerning asset-liability management can be discussed,
- Providing opportunities for teamwork between various lines of work,
- Finalising inter-unit matters such as transfer pricing and effective distribution of resources,
- Reviewing fund sources and fund utilisation areas,
- Monitoring capital adequacy, ensuring capital management within legal and internal limits, and reviewing the Internal Capital Adequacy Evaluation Process and documents,
- Determining the most likely scenarios in terms of asset-liability planning by monitoring external banking factors and reviewing emergency plans, and
- Evaluating alternate scenarios including interest, pricing, and portfolio structure, and reviewing asset-liability and term structure distribution.

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

These committees are supported by sub-committees such as the Tactical Asset-Liability Committee, the Stress Test Observation Committee, the Model Observation Committee, the Financial Crimes Risk Management Committee, the Valuation and Hedging Committee, the Country-Specific Response Committee, and the HSBC Global Markets Business Control Committee.

The Risk Management Unit is made up of a unit manager, working independently of operational units, and adequate staff. Risk Management Unit works connected with Audit Committee.

The Risk Management Unit is responsible for risk management operations, for which the framework is laid out in the guidelines published by the Board and other legislation, and specifically for ensuring good practices related to banking law, the Regulation on Internal Systems of Banks and the Internal Capital Adequacy Evaluation Process, the Capital Markets Law. The main duty of the Risk Management Unit is defining, evaluating, monitoring, reviewing, and reporting risk. The Risk Management Unit provides the necessary training and advisory services to all lines of work to increase risk management awareness and ensure effective implementation of the risk management framework throughout the bank. It reviews the adequacy of risk control evaluation efforts for all lines of work. It ensures that key indicators are reviewed to monitor the risk levels of high-risk points and that risk-lowering action plans are prepared and tracked. It helps analyse losses and sets up the necessary monitoring and tracking mechanisms for lines of work to complete the required corrective actions on time. It provides opinions on new products and changes to current products and evaluates the effectiveness of the risk management for new products. It analyses risk control evaluation results, outcomes of actions, possible losses, and operational losses, and shares the related reports with the Risk Management Committee. The Risk Management Unit works in coordination with the Internal Audit Unit, responsible for evaluating audit during operational risk management, the Loan and Risk Unit, which has its own risk responsibility, and the Financial Control-Asset-Liability Unit and the Capital Management Unit, which are responsible for market risks.

Stress Tests

The Risk Management Unit and other relevant units carry out and report on stress tests. Stress test results are regularly reported to the Stress Test Observation Committee, the Bank's executive management, and the relevant top management by the Risk Management Unit and relevant units. Within the scope of stress tests, the Bank regularly applies sensitivity analyses and scenario analyses which cover market risk, exchange risk, liquidity risk, counterparty credit risk, concentration risk, country risk, operational risk, and interest rate risk for banking accounts. When necessary, additional stress tests can be carried out depending on market and economy conditions, portfolio changes, and legislation changes. Also, holistic stress tests are carried out for use in the Internal Capital Adequacy Evaluation Process.

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Overview of Risk Weighted Amounts:

	Risk Weighted Amounts		Minimum Capital Requirements
	Current Period 31 December 2024	Prior Period 31 December 2023	Current Period 31 December 2024
Credit risk (excluding counterparty credit risk)	51.224.345	45.503.753	4.097.948
Standardised approach	51.224.345	45.503.753	4.097.948
Internal rating-based approach	-	-	-
Counterparty credit risk	5.733.692	2.544.230	458.695
Standardised approach for counterparty credit risk	5.733.692	2.544.230	458.695
Internal model method	-	-	-
Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
Equity investments in funds – look-through approach	-	-	-
Equity investments in funds – mandate-based approach	-	-	-
Equity investments in funds – 1250% risk weighting approach	-	-	-
Settlement risk	-	-	-
Securitisation exposures in banking book	-	-	-
IRB ratings-based approach	-	-	-
IRB supervisory formula approach	-	-	-
SA/simplified supervisory formula approach	-	-	-
Market risk	8.236.188	9.644.238	658.895
Standardised approach	8.236.188	9.644.238	658.895
Internal model approaches	-	-	-
Operational risk	11.973.696	7.556.094	957.896
Basic indicator approach	11.973.696	7.556.094	957.896
Standardised approach	-	-	-
Advanced measurement approach	-	-	-
Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	77.167.921	65.248.315	6.173.434

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

a. Linkages between financial statements and risk amounts

1. Differences and matching between assets and liabilities carrying values in financial statements and risk amounts

Current Period 31 December 2024	Carrying values in financial statements prepared as per TAS (*)	Carrying values of items in accordance with TAS			
		Subject to credit risk	Subject to counterparty credit risk	Subject to market risk	Not subject to capital requirement or deduction from capital
Assets					
Cash and balances and the CBRT	32.882.923	32.882.923	-	-	-
Banks	799.580	799.580	-	-	-
Interbank money market placements	71.783.005	-	71.783.005	71.783.005	-
Financial assets at fair value through profit or loss	2.651.326	-	-	2.651.326	-
Financial assets at fair value through other comprehensive income	16.685.155	-	-	-	-
Financial assets measured at amortised cost (net)	3.413.735	3.413.735	-	-	-
Derivative financial assets	3.366.766	-	3.366.766	3.366.766	-
Loans (net)	54.751.394	54.748.931	-	-	2.463
Assets held for sale and assets of discontinued operations (net)	-	-	-	-	-
Associates (net)	-	-	-	-	-
Subsidiaries (net)	34.753	34.753	-	-	-
Joint ventures (net)	-	-	-	-	-
Tangible assets (net)	873.870	813.568	-	-	60.302
Intangible assets (net)	647.952	-	-	-	647.952
Investment property (net)	-	-	-	-	-
Tax assets	-	-	-	-	-
Deferred tax assets	731.444	731.444	-	-	-
Other assets	1.972.568	1.972.568	-	-	-
Total Assets	190.594.471	95.397.502	75.149.771	77.801.097	710.717
Liabilities					
Deposits	129.866.101	-	-	-	129.866.101
Funds borrowed	16.993.535	-	-	-	16.993.535
Interbank money markets	11.555.609	-	11.555.609	11.555.609	-
Marketable securities issued	-	-	-	-	-
Funds	-	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Derivative financial liabilities	3.099.005	-	3.099.005	3.099.005	-
Factoring payables	-	-	-	-	-
Lease payables	208.704	-	-	-	208.704
Provisions	1.168.894	-	-	-	1.168.894
Tax liability	1.459.218	-	-	-	-
Deferred tax liabilities	-	-	-	-	-
Liabilities held for sale and liabilities of discontinued operations (net)	-	-	-	-	-
Subordinated debt	4.894.547	-	-	-	4.894.547
Other liabilities	4.374.616	-	-	-	4.374.616
Shareholders' equity	16.974.242	-	-	-	16.974.242
Total Liabilities	190.594.471	-	14.654.614	14.654.614	174.480.639

(*) Amounts represent unconsolidated financial statement of the Bank.

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

Prior Period 31 December 2023	Carrying values in financial statements prepared as per TAS (*)	Carrying values of items in accordance with TAS			
		Subject to credit risk	Subject to counterparty credit risk	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets					
Cash and balances and the CBRT	23.298.763	23.298.763	-	-	-
Banks	11.359.757	11.359.757	-	-	-
Interbank money market placements	37.341.131	-	37.341.131	37.341.131	-
Financial assets at fair value through profit or loss	700.040	-	-	700.040	-
Financial assets at fair value through other comprehensive income	7.973.914	7.973.914	-	-	-
Financial assets measured at amortised cost (net)	3.425.096	3.425.096	-	-	-
Derivative financial assets	7.273.861	-	7.273.861	7.273.861	-
Loans (net)	45.690.815	45.686.274	-	-	4.541
Assets held for sale and assets of discontinued operations (net)	-	-	-	-	-
Associates (net)	-	-	-	-	-
Subsidiaries (net)	34.753	34.753	-	-	-
Joint ventures (net)	-	-	-	-	-
Tangible assets (net)	403.756	403.756	-	-	40.010
Intangible assets (net)	424.308	-	-	-	424.308
Investment property (net)	-	-	-	-	-
Tax assets	340.297	-	-	-	-
Deferred tax assets	477.637	477.637	-	-	-
Other assets	1.162.314	525.857	-	-	-
Total Assets	139.906.442	93.185.807	44.614.992	45.315.032	468.859
Liabilities					
Deposits	108.471.011	-	-	-	108.471.011
Funds borrowed	4.949.714	-	-	-	4.949.714
Interbank money markets	-	-	-	-	-
Marketable securities issued	-	-	-	-	-
Funds	-	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-	-
Derivative financial liabilities	6.155.553	-	6.155.553	6.155.553	-
Factoring payables	-	-	-	-	-
Lease payables	118.725	-	-	-	118.725
Provisions	995.711	-	-	-	995.711
Tax liability	285.246	-	-	-	-
Deferred tax liabilities	-	-	-	-	-
Liabilities held for sale and liabilities of discontinued operations (net)	-	-	-	-	-
Subordinated debt	4.337.395	-	-	-	4.337.395
Other liabilities	3.056.116	-	-	-	3.056.116
Shareholders' equity	11.536.971	-	-	-	11.536.971
Total Liabilities	139.906.442	-	6.155.553	6.155.553	133.465.643

(*) Amounts represent unconsolidated financial statement of the Bank

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Main sources of differences between the risk amounts and the amounts recognised in the financial statements in accordance with TAS

Current Period 31 December 2024	Total	Subject to credit risk	Subject to counterparty credit risk	Subject to market risk
Asset carrying value amount under scope of regulatory consolidation	190.594.471	95.397.502	75.149.771	77.801.097
Liabilities carrying value amount under regulatory scope of consolidation	14.654.614	-	14.654.614	14.654.614
Total net amount under regulatory scope of consolidation	205.249.085	95.397.502	89.804.385	92.455.711
Off-balance sheet amounts		37.068.352		
Differences in valuations	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	309.180	-	-
Differences due to applications of BRSA	-	(20.525.743)	(81.660.463)	-
Differences due to risk mitigation	-	(574.294)	-	-
Credit valuation adjustment	-	-	422.068	-
Risk Amounts	205.249.085	111.674.997	8.565.990	92.455.711
Prior Period 31 December 2023	Total	Subject to credit risk	Subject to counterparty credit risk	Subject to market risk
Asset carrying value amount under scope of regulatory consolidation	139.906.442	93.185.807	44.614.992	45.315.032
Liabilities carrying value amount under regulatory scope of consolidation	6.155.553	-	6.155.553	6.155.553
Total net amount under regulatory scope of consolidation	146.061.995	93.185.807	50.770.545	51.470.585
Off-balance sheet amounts		31.055.374		
Differences in valuations	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	297.975	-	-
Differences due to applications of BRSA	-	(35.326.583)	(47.013.032)	-
Differences due to risk mitigation	-	(791.010)	-	-
Credit valuation adjustment	-	-	766.428	-
Risk Amount	146.061.995	88.421.563	4.523.941	51.470.585

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Explanations of differences between accounting and regulatory exposure amounts in accordance with TAS

a) Differences between exposure amounts and amounts valued in accordance with TAS:

There is no difference between amounts valued in accordance with TAS reported in the financial statements and amounts valued in accordance with TAS within the scope of the legal consolidation process.

Fair value calculations the Bank makes for financial instruments are evaluated either at market value or using a model value based on product types. Valuation is carried out using "fair value measurement" in accordance with the valuation principles stated in the regulations appendix of the Bank's Capital Adequacy Measurement and Assessment. While the Bank benefits from market prices for bonds, future contracts traded at the organised markets, it uses platforms producing model values for derivative transactions usually traded in over-the-counter markets. Valuations based on market or model value are made daily, and changes occurring in the market can be reflected to the Bank's financials daily.

Credit value adjustments (CVA) are based on the current market value of credit risk arising from not meeting one of the liabilities in the agreement the Bank made with a counterparty and are included in the legal accounts, taking into account all counterparties' credit risks.

b) The following are explanations of the checks and systems which ensure the prudence and security of the Bank's valuation estimations as per the prudential valuation principles in Appendix-3 of the Regulations Related to Bank Capital Adequacy Measurement and Evaluation:

Financial instruments accounted for at fair value and which can be traded in an active market are valued based on market price. The accuracy of the market price used is periodically tracked. Fair valuation of financial instruments for which there is no active market is carried out in line with TFRS 9. Derivative financial instruments are evaluated using a reduced cash flow model using market data. When valuing some financial instruments, valuations made by third parties and generally accepted valuation models are also used. The accuracy and independence of data used in valuations are periodically checked. In addition, detailed control processes exist, which enable the analysis of current market values of financial instruments and the profit/loss effect of daily transactions. Generally, systems are used and manual adjustments are avoided to ensure estimations related to valuations are prudent and reliable. In addition to existing controls, personnel carrying out purchase and sale transactions do not have any effect on valuation through market value.

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

c. General Information on Credit Risk

1. General qualitative information about credit risk

Risk limits are defined by Board of Directors in such manner that covers all possible important risk components, in accordance with the Bank's operations and the size and complexity of products and services. Care is taken to ensure that the risk limits are in line with market expectations and reflect the Bank's risk appetite and Bank's strategies. The credit policies are established in consistence with risk limits. Credit rating models are used in loan allocation processes in accordance with the risk appetite, credit policies and targets of the Bank. Rating all credit customers is essential for the Bank. Credit ratings are used as the main factor in determining target segments, authority levels, prices, limits and collateralization levels in loan portfolios.

In order to ensure timely and complete fulfillment of all obligations arising from the loan, it is essential to obtain adequate collateral from the customers. The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. In this context, the minimum margin is determined by considering the quality of the collateral and collection expectancy in case of default and it is ensured that appropriate collateral is obtained for the loan type.

Credit risk is encountered when the counterparty is unable to fulfill its obligations defined with the agreement. All credit risk bearing banking products are managed with prudent credit policies and procedures in the Bank. The credit quality of the counterparty is evaluated with an internal rating score in all credit transactions. In order to monitor the credit risk, internal limits are determined on the basis of sector, customer, credit type and customer segment. Credit risk management is a process in which credit risks are assessed and monitored in a consistent manner, besides all credit portfolios are included on a consolidated basis. Risk Management Department ensures that risks are effectively managed in a sound, prudent, and controlled manner, in line with the Bank's risk appetite, risk capacity and profile determined by the Board of Directors. In addition to the credit risk-related risk limits, various concentrations in the loan portfolio are also analyzed. It is assured to act within the policy of allocation, monitoring, Limit Follow-up and management, by establishing policy regarding to country risk and concentration risk management. Cost of loan and collections of non-performing loans are monitored periodically. In addition, stress testing and scenario analysis studies are carried out on the loan portfolio. Assessment of the internal systems established to encompass all branches and departments and related entities are among the highest priorities of the Board of Directors to ensure the continuity of its operations, competencies and activities.

2. Credit Quality of Assets

Provisions for exposures are made in accordance with related ratios after considering collaterals presented in "Communique of Provision". There is no difference for the Bank between the definitions of past due and provision made loans

Current Period 31 December 2024	The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation		Provisions / Amortisation and Impairments	Net Values
	Defaulted Exposures	Non-defaulted Exposures		
Loans (*)	136.213	56.854.060	2.238.879	54.751.394
Debt Securities	-	22.773.311	23.095	22.750.216
Off-balance sheet receivables	5.479	43.034.609	17.834	43.022.254
Total	141.692	122.661.980	2.279.808	120.523.864

(*) Includes factoring receivables amounting to TL 450.352

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

Prior Period 31 December 2023	The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation		Provisions / Amortisation and Impairments	Net Values
	Defaulted Exposures	Defaulted Exposures		
Loans (*)	130.879	47.262.849	1.702.913	45.690.815
Debt Securities	-	12.121.061	22.010	12.099.051
Off-balance sheet receivables	3.742	66.822.331	179.409	66.646.664
Total	134.621	126.206.241	1.904.332	124.436.530

(*) Includes factoring receivables amounting to TL 272.395

3. Changes in Stock of Defaulted Loans and Debt Securities

	Current Period 31 December 2024	Prior Period 31 December 2023
I. Defaulted loans and debt securities at end of the previous reporting period	134.621	173.077
II. Loans and debt securities that have defaulted since the last reporting period	66.844	33.273
III. Returned to non-defaulted status	-	-
IV. Amounts written off from assets	26.422	27.270
V. Other changes (*)	33.351	44.459
VI. Defaulted loans and debt securities at end of the reporting period end (I+II-III-IV±V)	141.692	134.621

(*) Includes current period collections.

4. Additional explanations on credit quality of assets

- For which recovery of principal or interest or both delays for more than ninety days from their terms or due dates
- Which have limited means for total recovery because debtors' equity or guarantees extended by them are found inadequate to cover payment of debts on respective terms and are likely to lead to losses in case any such problems observed are not solved or,
- For which debtors have suffered deterioration in their creditworthiness and credits have suffered weakness consequently or,
- For which it is believed that recovery by banks of principal or interest or both would delay for more than 90 days from their terms or due dates due to reasons such as problems encountered by debtors over operating capital financing or additional liquidity creation

Loans and receivables are classified as 'non-performing loans' and are transferred to non-performing loan accounts. Within the scope of the same regulation, these loans are set aside for the expected credit loss according to the internal models developed by the Bank. There is no difference between the definitions of 'overdue' and 'provisions made' in the Bank.

While determining the provision amount, the relevant guarantees are taken into consideration on the basis of groups, in accordance with the provisions of the Provisions Regulation. In accordance with the regulation, loans and other receivables including any overdue interest may be restructured or subject to a new redemption plan for the purpose of providing debtors with liquidity capability and ensuring recovery of receivables by Bank in the event of failure to meet payment obligations towards the Bank that stems from temporary liquidity difficulties.

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

a) Breakdown of standard loans and receivables under close monitoring by geographical area, sector and outstanding maturity:

i. Breakdown by geographical area:

	Current Period 31 December 2024	Prior Period 31 December 2023
Domestic	56.821.605	47.229.307
European Union Countries	567	1.796
USA, Canada	23	78
OECD Countries (*)	32	128
Off-Shore Banking Regions	-	676
Other	31.833	30.864
Total (**)	56.854.060	47.262.849

(*) OECD countries other than EU Countries, USA and Canada

(**) Includes factoring receivables amounting to TL 450.352 (31 December 2023: TL 272.395).

ii. Breakdown by sector:

	Current Period 31 December 2024	Prior Period 31 December 2023
Agriculture	-	-
Farming and Raising Livestock	-	-
Forestry	-	-
Fishery	-	-
Manufacturing	33.182.931	27.983.882
Mining and Quarrying	895.118	787.872
Production	29.579.094	24.084.378
Electricity, Gas and Water	2.708.719	3.111.632
Construction	3.377.109	1.970.229
Services	17.780.039	13.911.367
Wholesale and Retail Trade	6.606.795	3.638.962
Hotel and Restaurant Services	659.412	874.654
Transportation and Communication	3.361.815	1.561.663
Financial Institutions	3.481.509	3.902.485
Real Estate and Rental Services	3.670.508	3.881.813
Self-Employment Services	-	51.790
Educational Services	-	-
Health and Social Services	-	-
Other	2.513.981	3.397.371
Total (*)	56.854.060	47.262.849

(*) Includes factoring receivables amounting to TL 450.352 (31 December 2023: TL 272.395).

5. Remaining maturity distribution of receivables:

Details of maturity breakdown of receivables are disclosed in footnote VII, Section IV.

6. Provisions booked for receivables based on sector

Provisions booked for receivables based on sector are disclosed in footnote II, Section IV.

7. Provisions booked for receivables based on geographical area

Non-performing loans and provision amounts are mainly domestic. Specific provisions amounting to TL 102.944 are booked for domestic non-performing loan risk amount of TL 135.484.

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

a) Aging analysis of accounting overdue exposures:

	31 December 2024	31 December 2023
30-60 days overdue exposures	20.586	18.959
60-90 days overdue exposures	9.750	6.979
Total	30.336	25.938

b) Breakdown of restructured receivables based on whether or not provisions are allocated:

	31 December 2024	31 December 2023
Loans Structured from Standard Loans and Other Receivables	-	-
Loans Composed of Follow-on Loans and Other Receivables	2.685.626	2.773.403
Loans Restructured from Non-Performing Loans	26.629	31.812

8. Qualitative disclosure on credit risk mitigation techniques

The Bank's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Operational transactions are handled by centralized Operation unit. During the credit utilization, compliance of all conditions between credit decision and credit utilization (such as collateral conditions) are controlled systematically.

The Bank monitors up to date value of the collaterals by type. Credit monitoring process involves the control of the balance between the value of the collateral and risk besides creditworthiness of the customer.

9. Credit Risk Mitigation Techniques- Overview

	Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Current Period							
31 December 2024							
Loans	38.393.010	16.358.384	14.527.403	-	-	-	-
Debt Securities	22.750.216	-	-	-	-	-	-
Total	61.143.226	16.358.384	14.527.403	-	-	-	-
Defaulted	103.325	32.888	32.345	1.231	841	-	-
Prior Period							
31 December 2023							
Loans	29.147.023	16.543.792	14.799.131	-	-	-	-
Debt Securities	12.099.051	-	-	-	-	-	-
Total	41.246.074	16.543.792	14.799.131	-	-	-	-
Defaulted	72.703	58.176	53.109	1.144	915	-	-

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

d. Credit risk under standardised approach

1. Qualitative disclosures which shall be made related to grading marks used by the Banks while calculating credit risk with standard approach:

In the calculation of the Credit Risk Exposure, the risk weights for the risk categories specified in the "Regulation on the Measurement and Evaluation of Banks' Capital Adequacy" are based on the international ratings of Fitch Ratings and the national ratings provided by JCR Eurasia Rating Agency. According to the BRSA decision dated 21 February 2020, and numbered 8875, national ratings issued by JCR Eurasia Rating Agency are used for risk weights of loans in Turkish Lira (TL) to domestically located banks, intermediary institutions, and corporate entities. The matching of the ratings issued by Fitch Ratings International Rating Agency with the risk weights according to credit quality scales and risk categories is shown in the table below.

JCR Avrasya Derecelendirme A.Ş. Credit Quality Scale

Credit Quality Scale	Fitch	JCR - ER
1	AAA and AA-	AAA and AA-
2	A+ and A-	A+ and A-
3	BBB+ and BBB-	BBB+ and BB-
4	BB+ and BB-	
5	B+ and B-	Below BB-
6	CCC+ and below	

HSBC Bank A.Ş.'s Financial Power Rating

According to Moody's Credit Rating Institution's evaluations, HSBC Bank A.Ş.'s rating as of 31 December 2024 is as follows.

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

(*) This statement refers to the assessment made by Moody's Credit Rating Agency in July 2024.

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Standardised Approach-Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects

Current Period 31 December 2024	Exposures before CCF and CRM		Exposures post CCF and CRM		Risk weighted amount and risk weighted amount density	
Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Risk weighted amount density
Exposures to central governments or central banks	47.274.161	-	47.274.161	-	-	-
Exposures to regional governments or local authorities	-	-	-	-	-	-
Exposures to public sector entities	7	48	7	1	8	100%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and financial intermediaries	720.429	5.028.097	3.322.829	1.044.719	1.275.175	29%
Exposures to corporates	40.901.585	19.741.903	46.071.709	12.052.641	50.189.264	86%
Retail exposures	2.496.276	5.467.727	2.542.337	704.632	2.438.951	75%
Exposures secured by residential property	57.998	106	57.998	43	20.315	35%
Exposures secured by commercial real estate	2.879.497	85.361	2.879.497	42.681	1.461.089	50%
Past-due loans	41.577	-	41.577	-	46.799	113%
Higher-risk categories by the Agency Board	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-
Other assets	4.206.154	-	4.206.155	-	1.526.436	36%
Investment in equities	-	-	-	-	-	-
Total	98.577.684	30.323.242	106.396.270	13.844.717	56.958.037	47%

Prior Period 31 December 2023	Exposures before CCF and CRM		Exposures post CCF and CRM		Risk weighted amount and risk weighted amount density	
Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Risk weighted amount density
Exposures to central governments or central banks	27.068.102	414.133	27.068.102	366.066	-	-
Exposures to regional governments or local authorities	-	-	-	-	-	-
Exposures to public sector entities	14	216	14	36	50	100%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and financial intermediaries	15.663.939	3.193.401	15.663.944	2.420.174	4.013.625	22%
Exposures to corporates	27.880.586	16.434.043	27.464.241	10.337.569	38.688.533	102%
Retail exposures	3.444.897	5.796.199	3.366.635	533.720	3.458.094	89%
Exposures secured by residential property	13.651	8	13.652	2	4.779	35%
Exposures secured by commercial real estate	1.476.293	140.265	1.476.293	117.360	811.122	51%
Past-due loans	85.009	-	85.009	-	100.104	118%
Higher-risk categories by the Agency Board	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-
Other assets	4.020.998	11.180	4.021.507	11.180	971.676	24%
Investment in equities	-	-	-	-	-	-
Total	79.653.489	25.989.445	79.159.397	13.786.107	48.047.983	52%

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

3. Standardised approach – Exposures by asset classes and risk weights

Current Period
31 December 2024

Asset Classes / Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other risk weight	Total credit risk exposure amount (After CCF and CRM)
Exposures to central governments or central banks	47.274.161	-	-	-	-	-	-	-	-	-	47.274.161
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	-	8	-	-	-	8
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and financial intermediaries	-	-	3.456.153	-	654.900	-	256.495	-	-	-	4.367.548
Exposures to corporates	-	-	6.212.049	-	5.930.895	-	45.981.406	-	-	-	58.124.350
Retail exposures	71	-	-	-	-	3.231.789	15.109	-	-	-	3.246.969
Exposures secured by residential property	-	-	-	58.041	-	-	-	-	-	-	58.041
Exposures secured by commercial real estate	-	-	-	-	2.922.178	-	-	-	-	-	2.922.178
Past-due loans	-	-	-	-	15.511	-	111	25.955	-	-	41.577
Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessments	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-	-
Other assets	2.679.719	-	-	-	-	-	1.526.436	-	-	-	4.206.155
Total	49.953.951	-	9.668.202	58.041	9.523.484	3.231.789	47.779.565	25.955	-	-	120.240.987

Prior Period
31 December 2023

Asset Classes / Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other risk weight	Total credit risk exposure amount (After CCF and CRM)
Exposures to central governments or central banks	27.434.168	-	-	-	-	-	-	-	-	-	27.434.168
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	-	50	-	-	-	50
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and financial intermediaries	-	-	17.479.911	-	173.129	-	431.078	-	-	-	18.084.118
Exposures to corporates	-	-	-	-	487.005	-	36.177.153	14.853	1.122.799	-	37.801.810
Retail exposures	-	-	-	-	-	3.187.784	3.201	709.370	-	-	3.900.355
Exposures secured by residential property	-	-	-	13.654	-	-	-	-	-	-	13.654
Exposures secured by commercial real estate	-	-	-	-	1.565.063	-	28.590	-	-	-	1.593.653
Past-due loans	-	-	-	-	6.738	-	41.342	36.929	-	-	85.009
Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessments	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-	-
Other assets	3.061.011	-	-	-	-	-	971.676	-	-	-	4.032.687
Total	30.495.179	-	17.479.911	13.654	2.231.935	3.187.784	37.653.090	761.152	1.122.799	-	92.945.504

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

e. Explanations on counterparty credit risk

1. Qualitative disclosure on counterparty credit risk

Counterparty credit risk refers to the risk when a party to a transaction in which both parties are liable becomes a default risk before the non-cash final payment of the said transaction. The Bank has taken positions on derivative financial instruments, repurchase agreements, reverse repurchase agreements, and similar transactions within the scope of counterparty's credit risk. The counterparty's credit risk is made up of the degree of probability that risk will fluctuate and the value resulting from the re-evaluation of client transactions based on market price. The counterparty's credit risk is managed within the framework of general credit limit allocation and collateralisation principles and taken into account, with other cash and non-cash credit risks, using a holistic approach. Additionally, positions related to transactions causing counter party credit risk are followed under a separate risk limit. Limits and actualisations related to counterparty risk are followed with daily reports. At the portfolio level, the total current risk amount is monitored and managed within the framework of the risk appetite approved by the Board of Directors. Additionally, counter-trend risk changes are monitored within the general limits approved by clients and the Risk Committee based on regular reporting and executive management and the Board of Directors are informed when necessary. In addition, probable changes in negative market conditions for clients and portfolios in general and regular stress tests, are evaluated using limits determine beforehand, and they are reported to executive management.

2. Analysis of counterparty credit risk (CRR) exposure by approach

Current Period 31 December 2024	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	Risk weighted amount
Standardised Approach - CCR (For Derivatives)	1.144.781	1.961.814		1,4	3.106.595	1.383.269
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					5.043.756	3.927.905
Value at Risk for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
Total						5.311.174

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

Prior Period 31 December 2023	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	Risk weighted amount
Standardised Approach - CCR (For Derivatives)	1.243.277	1.616.124		1,4	2.859.401	1.607.904
Internal Model Method (for derivatives, repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					846.901	169.380
Value at Risk for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
Total						1.777.284

3. Credit valuation adjustment (CVA) capital charge

Current Period 31 December 2024	Exposure at default post CRM	Risk weighted amount
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) Value at Risk component (Including the 3* multiplier)		-
(ii) Stressed Value at Risk component (Including the 3* multiplier)		-
All portfolios subject to the Standardised CVA capital charge	3.106.595	422.068
Total subject to the CVA capital charge	3.106.595	422.068

Prior Period 31 December 2023	Exposure at default post CRM	Risk weighted amount
Total portfolios subject to the Advanced CVA capital charge	-	-
(i) Value at Risk component (Including the 3* multiplier)		-
(ii) Stressed Value at Risk component (Including the 3* multiplier)		-
All portfolios subject to the Standardised CVA capital charge	3.706.302	766.428
Total subject to the CVA capital charge	3.706.302	766.428

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

4. Standard Approach – (CCR) Exposures by risk classes and risk weights

Current Period – 31 December 2024									Total Credit
Risk weights / Risk classes	0%	10%	20%	50%	75%	100%	150%	Other	Exposures(*)
Exposures to central governments and central banks	-	-	-	-	-	-	-	-	-
Exposures to regional or local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and financial intermediaries	-	-	491.805	71.686	-	-	-	-	563.491
Exposures to corporates	-	-	164.681	113.692	-	4.385.955	-	-	4.664.328
Retail exposures	-	-	-	-	83.355	-	-	-	83.355
Exposures secured by commercial real estate	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-
Securitization positions in banking accounts	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	656.486	185.378	83.355	4.385.955	-	-	5.311.174

(*) The amount relevant to the calculation of capital adequacy after applying counterparty credit risk measurement techniques.

Prior Period - 31 December 2023									Total Credit
Risk weight / Risk classes	0%	10%	20%	50%	75%	100%	150%	Other	Exposures(*)
Exposures to central governments and central banks	-	-	-	-	-	-	-	-	-
Exposures to regional or local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and financial intermediaries	-	-	379.704	76.537	-	-	-	-	456.241
Exposures to corporates	-	-	-	-	-	1.318.374	-	-	1.318.374
Retail exposures	-	-	-	-	-	2.669	-	-	2.669
Exposures secured by commercial real estate	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-
Securitization positions in banking accounts	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	379.704	76.537	-	1.321.043	-	-	1.777.284

(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied credit risk mitigation techniques.

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

5. Risks to the Central Counterparty ("CCP")

	Current Period-31.12.2024		Prior Period-31.12.2023	
	Risk Amount After CRM	Risk Weighted Amounts	Risk Amount After CRM	Risk Weighted Amounts
1 Total risks arising from transactions to qualified CCP	-	450	-	518
2 Regarding risks arising from transactions in CCP (excluding initial margin and guarantee fund amount)	16.551	450	25.931	518
3 (i) OTC derivative financial instruments	1.774	140	1.256	14
4 (ii) Other derivative financial instruments	21	2	13	-
5 (iii) Repo-reverse repo transactions, overdraft transactions, and lending or borrowing securities or commodities	14.756	308	24.662	504
6 (iv) Netting groups to which cross product netting is applied	-	-	-	-
7 Reserved initial margin	-	-	-	-
8 Unreserved initial margin	-	-	-	-
9 Paid guarantee fund amount	-	-	-	-
10 Unpaid guarantee fund commitment	-	-	-	-
11 Total risks arising from transactions with non-qualified CCPs	-	-	-	-
12 Regarding risks arising from transactions in CCP (excluding initial margin and guarantee fund amount)	-	-	-	-
13 (i) OTC derivative financial instruments	-	-	-	-
14 (ii) Other derivative financial instruments	-	-	-	-
15 (iii) Repo-reverse repo transactions, overdraft transactions, and lending or borrowing securities or commodities	-	-	-	-
16 (iv) Netting groups to which cross product netting is applied	-	-	-	-
17 Reserved initial margin	-	-	-	-
18 Unreserved initial margin	-	-	-	-
19 Paid guarantee fund amount	-	-	-	-

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

6. Risks to the Central Counterparty ("CCP")

Current Period 31 December 2024	Collateral Used in Derivative Transactions				Collateral used in other transactions	
	Collateral Received		Collateral Given		Collateral Received	Collateral Given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	-	-	-	-	-
Cash – other currencies	785.796	-	-	-	8.488.349	-
Domestic sovereign debt	-	-	-	-	50.182.059	-
Other sovereign debt	-	-	-	-	15.430.052	11.755.745
Government agency bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	785.796	-	-	-	74.100.460	11.755.745

Prior Period 31 December 2023	Collateral Used in Derivative Transactions				Collateral used in other transactions	
	Collateral Received		Collateral Given		Collateral Received	Collateral Given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	-	-	-	-	-
Cash – other currencies	1.048.198	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	23.002.572	-
Other sovereign debt	-	-	-	-	9.344.636	-
Government agency bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	1.048.198	-	-	-	32.347.208	-

7. Credit derivatives exposures

None.

f. Securitization disclosures

None.

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

g. Explanations on market risk

1. Qualitative information to be disclosed to the public regarding market risk

Market risk is defined as the risk of the decrease in value of the trading portfolio due to shifts in interest rate, currency, stock market, and commodity and option prices. To measure possible losses internally, in addition to taking into consideration the calculations made by the standard method in statutory reporting, the Bank uses Value-at-Risk (VaR), Value at Risk under Stress (VaRS) and Additional Risk Capital Requirement (ARCR) models. The difference between the risk pointed by the internal models and the standard method is taken into account in the calculation of economic capital.

The Bank monitors market risk through daily currency option limits, maximum loss limits, portfolio size limits and sensitivity to interest (Present Value Basis Points - PVBP in the breakdown of portfolio, maturity and currency), in addition to VaR limits that are separately applied on the basis of portfolio and risk factor (interest, currency risk). Risk monitoring and control activities are carried out by independent units.

VaR is calculated by the historical simulation method by calibrating over the daily profit/loss data of the last two years, and scenarios are updated every two weeks. VaR is calculated on the basis of one-way confidence interval of 99% and a daily holding period, in summary, indicates the observed worst 5th loss number eventually re-calculated according to portfolio's last 500 daily market changes regarding the subjected day. Back testing is also performed daily to test the accuracy of the estimates VaR method contains.

The value subject to risk under stress, is calculated weekly for 1-year stress period within 99% confidence interval on the basis of a holding period of 10 days. In this context, the portfolio's stress RMD within 250 days stress period regarding the subjected day, indicates the worst 2nd and 3rd loss numbers average observed as a result of re-calculated according to daily market changes. For the general of HSBC Group, the stress period is calibrated once every 3 months taking the worst market conditions into consideration and in addition taking different risk profiles into consideration; countrywide stress period evaluations and impact analysis are being done and reported from 1 January 2007 to date.

Additional Risk Capital Requirement represents the loss that can occur due to the possibility of a decrease in the credit worthiness of issuers of securities in the trading portfolio.

In addition to VaR and PVBP restrictions, Stress Tests are also being used to measure the potential effects of possible but extreme situations in various financial factors or market movements on the value of the portfolio. Stress Test results are assessed by the Senior Management in order to determine the effects of such incidents on the financials and to take necessary precautions to narrow down possible losses.

Market risk limits are evaluated by related senior management including the Risk Management Unit Manager, Market and Counterparty Risk Unit Manager and Chief Executive of the Bank. Limits are reviewed at least once a year by the Risk Management Committee and presented to the Audit Committee and Board of Directors for approval. Risk Management Committee can set a sublimit and can change the limits, with the main limits set by the Board of Directors remaining fixed.

Market risk limits and actualizations are tracked daily by management and business lines, are presented weekly to the Board of Directors, monthly to ALCO, Risk Management Committee and Audit Committee.

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IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. The components of capital requirements for market risk under standardised approach

	Current Period 31 December 2024	Prior Period 31 December 2023
	Risk Weighted Amount	Risk Weighted Amount
Outright Products		
Interest Rate Risk (general and specific)	2.386.535	1.569.052
Equity Risk (general and specific)	8.450	8.450
Foreign Exchange Risk	267.843	6.019.939
Commodity Risk	4.486.360	1.661.959
Options		
Simplified Approach	-	-
Delta-plus Method	1.087.000	384.838
Scenario Approach	-	-
Securitization	-	-
Total	8.236.188	9.644.238

h. Explanations on operational risk

The amount subject to the operational risk is calculated once every year through the use of "Basic Indicator Method" in the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio" published in the Official Gazette No.29511 dated 23 October 2015 and effective as of 1 July 2012. The operational risk capital requirement as of 31 December 2024, is calculated using the revenues of the years 2021, 2022, and 2023.

Annual gross income is calculated by deducting profit/loss arising from the sale of securities followed in the accounts of financial assets at fair value through other comprehensive income and financial assets measured at amortized cost, from the sum of the net amounts of interest income and non-interest income, as well as extraordinary incomes and indemnified amounts from insurance.

Current Period	31.12.2021	31.12.2022	31.12.2023	Total/Positive GI year number	Rate (%)	Total
Gross Income	3.214.353	6.663.820	9.279.740	6.385.971	15	957.896
Operational Risk Capital Requirement (Total*12,5)						11.973.696

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

a. Explanations on calculation of financial assets and liabilities at their fair values:

The expected fair value of the demand deposits represents the amount to be paid upon request. The fair values of the overnight deposits and floating rate placements represent the carrying value. The expected fair value of the fixed rate deposits is determined by calculating the discounted cash flow using the market interest rates of similar liabilities and loans.

The estimated fair value of loans, borrowings and bank placements is determined by calculating the discounted cash flow using the current market rates.

Fair values of the Bank' financial assets at fair value through other comprehensive income, are calculated over the closing prices determined as of the reporting date in the market in which they are traded. The fair value of stocks that are not traded in an active market are considered to be costs. Since government debt securities classified as financial assets at fair value through other comprehensive income are valued at their fair values using the prices in the markets in which they are traded, there is no difference between their fair values and carrying values.

	Carrying Value		Fair Value	
	Current Period 31 December 2024	Prior Period 31 December 2023	Current Period 31 December 2024	Prior Period 31 December 2023
Financial Assets	149.688.041	107.505.232	148.348.251	106.265.985
Interbank Money Market				
Placements	71.789.244	37.344.889	71.789.244	37.344.889
Banks	799.604	11.360.271	799.604	11.360.271
Financial Assets at Fair Value Through Other Comprehensive Income	16.685.155	7.973.914	16.685.155	7.973.914
Financial Assets Measured at Amortised Cost	3.423.765	3.432.430	1.969.266	2.189.661
Loans (*)	56.990.273	47.393.728	57.104.982	47.397.250
Financial Liabilities	156.124.364	120.814.235	156.289.707	121.947.216
Bank Deposits	2.023.610	1.467.726	2.023.610	1.467.726
Other Deposits	127.842.491	107.003.285	128.390.136	108.432.265
Funds From Other Financial Institutions	21.888.082	9.287.109	21.505.780	8.991.110
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	4.370.181	3.056.115	4.370.181	3.056.115

(*) Includes the factoring receivables amounting to TL 450.352 (31 December 2023: TL 272.395).

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X. EXPLANATIONS ON PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued)

b. Explanations on calculation of financial assets and liabilities at their fair values:

Aforesaid classifications related to fair values are determined as follows;

- 1st level, amounts are valued by quoted market prices for assets and liabilities,
- 2nd level, directly or indirectly observable data for the assets and liabilities, other than quoted prices in the 1st level,
- 3rd level, data are not observable regarding to assets and liabilities

Current Period - 31 December 2024	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	2.647.101	3.366.766	-	6.013.867
- Government debt securities	2.647.101	-	-	2.647.101
- Share certificates (*)	-	-	-	-
- Trading derivative financial assets	-	3.366.766	-	3.366.766
- Other securities	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	16.685.155	-	-	16.685.155
- Share certificates	-	-	-	-
- Government debt securities	16.685.155	-	-	16.685.155
- Other marketable securities	-	-	-	-
Total assets	19.332.256	3.366.766	-	22.699.022
- Derivative financial liabilities	-	3.099.005	-	3.099.005
Total liabilities	-	3.099.005	-	3.099.005

(*) Unquoted share certificates amounting to TL 4.225 measured at cost in accordance with TFRS 9, are not included.

Prior Period- 31 December 2023	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	695.815	7.273.861	-	7.969.676
- Government debt securities	695.815	-	-	695.815
- Share certificates (*)	-	-	-	-
- Trading derivative financial assets	-	7.273.861	-	7.273.861
- Other securities	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	7.973.914	-	-	7.973.914
- Share certificates	-	-	-	-
- Government debt securities	7.973.914	-	-	7.973.914
- Other marketable securities	-	-	-	-
Total assets	8.669.729	7.273.861	-	15.943.590
- Derivative financial liabilities	-	6.155.553	-	6.155.553
Total liabilities	-	6.155.553	-	6.155.553

(*) Unquoted share certificates amounting to TL 4.225 measured at cost in accordance with TFRS 9, are not included.

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

a. Transaction, Custody, Management and Consultancy Services of the Bank on behalf of Third Parties:

The Bank acts as an intermediary for purchases and sales of government securities on behalf and account of other people, and provides custody services. The Bank, within special customer service, provides portfolio management and consultancy services to its customers.

b. Transactions with other financial institutions under fiduciary transaction agreements and financial services rendered to other financial institutions under the scope of fiduciary transactions and the effects of such services to the financial position of the Bank:

None.

XII. EXPLANATIONS ON OPERATING SEGMENTS

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

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

	Retail Banking	Corporate Banking	Global Banking	Treasury and Capital Markets	Other	Bank's Total Activities
Current Period -31 December 2024						
Operating Income	3.670.834	4.227.771	3.498.643	3.985.001	(21.960)	15.360.289
Other	-	-	-	-	-	-
Operating Income	3.670.834	4.227.771	3.498.643	3.985.001	(21.960)	15.360.289
Segment Net Profit	-	-	-	-	-	-
Undistributed Cost	-	-	-	-	-	-
Operating Profit/(Loss)	35.562	2.681.012	2.933.887	2.580.303	(135.055)	8.095.709
Profit before Tax	35.562	2.681.012	2.933.887	2.580.303	(135.055)	8.095.709
Corporate Tax Provision ^(*)	-	-	-	-	(2.455.948)	(2.455.948)
Profit after Tax	35.562	2.681.012	2.933.887	2.580.303	(2.591.003)	5.639.761
Non-Controlling Interest	-	-	-	-	-	-
Net Profit for the Period	35.562	2.681.012	2.933.887	2.580.303	(2.591.003)	5.639.761
Segment Assets	1.726.574	43.800.426	10.637.937	134.394.781	-	190.559.718
Associates and Subsidiaries	-	-	-	34.753	-	34.753
Undistributed Assets	-	-	-	-	-	-
Total Assets	1.726.574	43.800.426	10.637.937	134.429.534	-	190.594.471
Segment Liabilities	87.683.774	9.808.149	29.402.803	42.589.863	4.135.640	173.620.229
Undistributed Liabilities	-	-	-	-	16.974.242	16.974.242
Total Liabilities	87.683.774	9.808.149	29.402.803	42.589.863	21.109.882	190.594.471
Other Segment Items	-	-	-	(52.713)	2.231.930	2.179.217
Capital Investment	-	-	-	-	964.807	964.807
Amortization	-	-	-	-	(437.416)	(437.416)
Impairment	-	-	-	(52.713)	-	(52.713)
Non-Cash Other Income-Expense ^(**)	-	-	-	-	1.704.539	1.704.539

^(*) Corporate tax provision is not distributed.

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

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XII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

	Retail Banking	Corporate Banking	Global Banking	Treasury and Capital Markets	Other	Bank's Total Activities
Prior Period – 31 December 2023						
Operating Income	881.499	2.668.461	1.585.830	4.849.917	(10.620)	9.975.087
Other	-	-	-	-	-	-
Operating Income	881.499	2.668.461	1.585.830	4.849.917	(10.620)	9.975.087
Segment Net Profit	-	-	-	-	-	-
Undistributed Cost	-	-	-	-	-	-
Operating Profit/(Loss)	(1.537.095)	1.371.372	1.205.500	4.138.102	(70.097)	5.107.782
Profit before Tax	(1.537.095)	1.371.372	1.205.500	4.138.102	(70.097)	5.107.782
Corporate Tax Provision ^(*)	-	-	-	-	(980.942)	(980.942)
Profit after Tax	(1.537.095)	1.371.372	1.205.500	4.138.102	(1.051.039)	4.126.840
Non-Controlling Interest	-	-	-	-	-	-
Net Profit for the Period	(1.537.095)	1.371.372	1.205.500	4.138.102	(1.051.039)	4.126.840
Segment Assets	3.292.117	31.845.724	11.500.380	93.233.468	-	139.871.689
Associates and Subsidiaries	-	-	-	34.753	-	34.753
Undistributed Assets	-	-	-	-	-	-
Total Assets	3.292.117	31.845.724	11.500.380	93.268.221	-	139.906.442
Segment Liabilities	76.771.831	9.930.068	18.759.180	18.786.292	4.122.100	128.369.471
Undistributed Liabilities	-	-	-	-	11.536.971	11.536.971
Total Liabilities	76.771.831	9.930.068	18.759.180	18.786.292	15.659.071	139.906.442
Other Segment Items	-	-	-	(55.378)	(776.790)	(832.168)
Capital Investment	-	-	-	-	484.287	484.287
Amortization	-	-	-	-	(275.829)	(275.829)
Impairment	-	-	-	(55.378)	-	(55.378)
Non-Cash Other Income-Expense ^(**)	-	-	-	-	(985.248)	(985.248)

^(*) Corporate tax provision is not distributed.

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

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SECTION FIVE

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

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

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

	Current Period		Prior Period	
	31 December 2024		31 December 2023	
	TL	FC	TL	FC
Cash/Foreign Currency	61.236	1.028.832	69.876	2.363.548
The CBRT	15.400.327	16.399.095	9.688.490	11.182.559
Total	15.461.563	17.427.927	9.758.366	13.546.107

2. Information related to balances with the CBRT:

	Current Period		Prior Period	
	31 December 2024		31 December 2023	
	TL	FC	TL	FC
Unrestricted Demand Deposit	5.915.707	72.049	218.241	311.489
Unrestricted Time Deposit	5.863.707	-	7.874.102	-
Restricted Time Deposit	-	-	-	-
Reserve Requirements	3.620.913	16.327.046	1.596.147	10.871.070
Total	15.400.327	16.399.095	9.688.490	11.182.559

3. Explanation on reserve deposits:

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

As of 31 December 2024, Turkish lira required reserve ratios for Turkish lira deposits and other liabilities range from 3% to 33% (31 December 2023: 0% to 30%) and for foreign exchange deposits and other liabilities range from 5% to 30% (31 December 2023: 5% to 30%).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

	Current Period 31 December 2024	Prior Period 31 December 2023
Collateral/Blocked	-	-
Repurchase Agreement	-	-
Unrestricted	2.647.101	695.815
Total	2.647.101	695.815

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

	Current Period 31 December 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Forward Transactions	8.181	1.684.852	-	656.471
Swap Transactions	382.068	889.314	1.061.353	1.048.425
Futures Transactions	-	-	-	-
Options	-	402.351	-	4.507.612
Other	-	-	-	-
Total	390.249	2.976.517	1.061.353	6.212.508

c. Information on banks:

1. Information on banks and other financial institutions:

	Current Period 31 December 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Banks				
Domestic	503.048	-	10.709.044	-
Foreign	-	296.556	-	651.227
Foreign Head Office and Branches	-	-	-	-
Total	503.048	296.556	10.709.044	651.227

2. Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period 31 December 2024	Prior Period 31 December 2023	Current Period 31 December 2024	Prior Period 31 December 2023
European Union Countries	185.604	639.256	-	-
USD, Canada	107.122	2.022	-	-
OECD Countries (*)	2.777	4.915	-	-
Off-Shore Banking Regions	234	1.819	-	-
Other	819	3.215	-	-
Total	296.556	651.227	-	-

(*) OECD countries other than EU Countries, USA and Canada.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

	Current Period 31 December 2024	Prior Period 31 December 2023
Collateral/Blocked	4.434.920	4.075.006
Repurchase Agreement	6.567.872	-
Unrestricted	5.682.363	3.898.908
Total	16.685.155	7.973.914

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

	Current Period 31 December 2024	Prior Period 31 December 2023
Debt Securities	16.694.342	7.986.656
Quoted to Stock Exchange	16.694.342	7.986.656
Not Quoted	-	-
Share Certificate	-	-
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Impairment Provision (-)	9.187	12.742
Total	16.685.155	7.973.914

e. Information on loans:

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

	Current Period 31 December 2024		Prior Period 31 December 2023	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	192.095	-	409.317
Corporate Shareholders	-	192.095	-	409.317
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	674.452	-	589.746
Loans Granted to Employees	50.927	-	46.732	-
Total	50.927	866.547	46.732	999.063

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

e. Information on loans: (Continued):

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

	Standard Loans	Loans not Subject to Restructuring	Loans under Close Monitoring	
			Restructured Loans	
Cash Loans			Loans with Revised Contract Terms	Refinancing
Non-specialized Loans^(*)	46.646.235	7.522.199	2.685.626	-
Business Loans	26.888.509	2.805.389	2.671.984	-
Export Loans	8.476.896	4.244.510	-	-
Import Loans	5.099.781	405.686	-	-
Loans Given to Financial Sector	3.678.164	-	-	-
Retail Loans	305.007	37.665	674	-
Credit Cards	2.197.878	28.949	12.968	-
Other	-	-	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	46.646.235	7.522.199	2.685.626	-

^(*) Includes the factoring receivables amounting to TL 450.352.

	Current Period 31 December 2024		Prior Period 31 December 2023	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	429.630	-	546.590	-
Significant Increase in Credit Risk	-	1.705.740	-	1.067.284
Total	429.630	1.705.740	546.590	1.067.284

3. Breakdown of loans according to their maturities:

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-Term Loans and Other Receivables	31.534.601	-	5.602.904	856.519
Non-Specialized Loans ^(*)	31.534.601	-	5.602.904	856.519
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	15.111.634	-	1.919.295	1.829.107
Non-Specialized Loans	15.111.634	-	1.919.295	1.829.107
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-

^(*) Includes the factoring receivables amounting to TL 450.352.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	129.290	140.331	269.621
Mortgage Loans	-	23.957	23.957
Vehicle Loans	-	3.534	3.534
Consumer Loans	129.290	112.766	242.056
Other	-	74	74
Consumer Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	2.136.041	8.303	2.144.344
Instalment	663.053	8.303	671.356
Non-Instalment	1.472.988	-	1.472.988
Individual Credit Cards-FC	35.629	-	35.629
Instalment	2.993	-	2.993
Non-Instalment	32.636	-	32.636
Personnel Loans-TL	11.640	8.802	20.442
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	11.640	8.802	20.442
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	29.734	84	29.818
Instalment	11.518	84	11.602
Non-Instalment	18.216	-	18.216
Personnel Credit Cards-FC	667	-	667
Instalment	-	-	-
Non-Instalment	667	-	667
Overdraft Account-TL (Individual)	53.283	-	53.283
Overdraft Account-FC (Individual)	-	-	-
Total Consumer Loans	2.396.284	157.520	2.553.804

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	Short-term	Medium and Long-term	Total
Commercial Instalment Loans-TL	-	2.078	2.078
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	2.078	2.078
Other	-	-	-
Commercial Instalment Loans- FC Indexed	-	34.120	34.120
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	34.120	34.120
Other	-	-	-
Commercial Instalment Loans-FC	-	-	-
Mortgage Loans	-	-	-
Vehicle loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	23.158	-	23.158
Instalment	2.095	-	2.095
Non-Instalment	21.063	-	21.063
Corporate Credit Cards-FC	6.179	-	6.179
Instalment	-	-	-
Non-Instalment	6.179	-	6.179
Overdraft Account-TL (Commercial)	-	-	-
Overdraft Account-FC (Commercial)	-	-	-
Total	29.337	36.198	65.535

6. Loans according to types of borrowers:

	Current Period 31 December 2024	Prior Period 31 December 2023
Public	-	-
Private (*)	56.854.060	47.262.849
Total	56.854.060	47.262.849

(*) As of 31 December 2024, it includes factoring receivables amounting to TL 450.352 (31 December 2023: TL 272.395).

7. Distribution of domestic and foreign loans:

	Current Period 31 December 2024	Prior Period 31 December 2023
Domestic Loans	56.821.605	47.229.307
Foreign Loans	32.455	33.542
Total (*)	56.854.060	47.262.849

(*) As of 31 December 2024, it includes factoring receivables amounting to TL 450.352 (31 December 2023: TL 272.395).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

8. Loans granted to investments in associates and subsidiaries:

None.

9. Specific provisions provided against loans:

	Current Period 31 December 2024	Prior Period 31 December 2023
Loans with Limited Collectability	8.004	5.383
Loans with Doubtful Collectability	12.889	7.987
Uncollectible Loans	82.616	75.669
Total	103.509	89.039

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

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period: 31 December 2024			
Gross Amounts Before Provisions	-	-	26.629
Rescheduled Loans	-	-	26.629
Prior Period: 31 December 2023			
Gross Amounts Before Provisions	-	-	31.812
Rescheduled Loans	-	-	31.812

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Balance at the end of Prior Period: 31 December 2023	8.844	9.621	112.414
Additions (+)	66.623	187	34
Transfers from Other Categories of Non-Performing Loans (+)	-	51.752	41.261
Transfers to Other Categories of Non-Performing Loans (-)	51.752	41.261	-
Collections (-)	10.240	4.105	20.743
Write-offs (-) (*)	-	-	26.422
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period: 31 December 2024	13.475	16.194	106.544
Provisions (-)	8.004	12.889	82.616
Net Balance in Balance Sheet	5.471	3.305	23.928

(*) As of 31 December 2024, the Bank's non-performing loan ratio decreased from 0,29% to 0,24% after the loans written off in the current period in accordance with the amendment in the related Provisions Regulation.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

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

	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net): 31 December 2024	5.471	3.305	23.928
Loans granted to corporate entities and real persons (Gross)	13.475	16.194	106.544
Provisions Amount (-)	8.004	12.889	82.616
Loans granted to corporate entities and real persons (Net)	5.471	3.305	23.928
Banks (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-
Prior Period (Net): 31 December 2023	3.461	1.634	36.745
Loans granted to corporate entities and real persons (Gross)	8.844	9.621	112.414
Provisions Amount (-)	5.383	7.987	75.669
Loans granted to corporate entities and real persons (Net)	3.461	1.634	36.745
Banks (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Other Loans (Net)	-	-	-
	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	644	579	1.299
Interest Accruals and Rediscount with Valuation Differences	1.752	2.283	4.766
Provision amount (-)	1.108	1.704	3.467
Prior Period (Net)	226	120	1.436
Interest Accruals and Rediscount with Valuation Differences	622	589	6.406
Provision amount (-)	396	469	4.970

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

Within the scope of the "Regulation Amending the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Set aside", which was published in the Official Gazette dated 27 November 2019 and numbered 30961, the Bank 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 bank makes an objective evaluation while determining whether there is a reasonable expectation.

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

For the retail portfolio:

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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

For the corporate-commercial portfolio:

- As of the last reporting date accounts monitored under 5th group (customers with 365+ days of delay or situations where the collection expectation is very low due to significant financial difficulties for the customer/there are no reasonable collection expectations) and accounts with 1080 or more days of delay are removed from the balance sheet and written off.
- For all loans within this scope, the expected credit loss must be 100% and no collections must have occurred in the last 36 months. The possibility that the income to be obtained from the enforcement/bankruptcy process will be very low is taken into account.
- The possibility that the income to be obtained from the enforcement/bankruptcy process will be very low is taken into account.
- If the legal remedies regarding the unsecured portfolio cannot be repaid in its entirety, the portion of the receivable that is deemed unpaid is deducted from the record. Here it is sought to reach a delay of 1080 days.

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

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

f. Explanations on financial assets measured at amortized cost:

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

	Current Period 31 December 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Collateral/Blocked	1.687.199	-	2.285.231	-
Subject to Repo Transactions	337.657	-	-	-
Total	2.024.856	-	2.285.231	-

2. Information on government debt securities:

	Current Period 31 December 2024	Prior Period 31 December 2023
Government Bond	3.423.765	3.432.430
Treasury Bill	-	-
Other Public Debt Securities	-	-
Total	3.423.765	3.432.430

3- Information on financial assets measured at amortized cost:

	Current Period 31 December 2024	Prior Period 31 December 2023
Debt Securities	3.423.765	3.432.430
Traded in the Stock Exchange	3.423.765	3.432.430
Not Traded in the Stock Exchange	-	-
Other Public Debt Securities	-	-
Total	3.423.765	3.432.430

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

f. Explanations on financial assets measured at amortized cost (Continued):

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

	Current Period 31 December 2024	Prior Period 31 December 2023
Value at the Beginning of the Period	3.432.430	2.431.825
Currency Differences in Monetary Assets	-	-
Purchases During the Year	-	1.014.268
Disposal through Sale and Redemption	-	-
Valuation Effect	(8.665)	(13.663)
Total	3.423.765	3.432.430

g. Information on associates (Net):

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

h. Information on subsidiaries (Net):

1. Information on capital adequacy of major subsidiaries:

The Bank does not have any capital needs due to its subsidiaries included in the calculation of its consolidated capital adequacy standard ratio. Information on capital adequacy of major subsidiaries is presented below.

	HSBC Yatırım ve Menkul Değerler A.Ş. (*)
Capital Stock	309.370
Paid-in Capital	75.000
Share Premium	-
Reserves	21.844
Current Period's Profit and Prior Periods' Profit	212.508
Current Period's Losses and Prior Periods' Losses	-
Leasehold Improvements on Operational Leases (-)	-
Intangible Assets (-)	742
Supplementary Capital	-
Deductions from Capital	-
Net Available Equity	308.610

(*) As per Banking Regulation and Supervision Agency's decision numbered 10744 dated 12 December 2023, it represents consolidated financial statement figures of subsidiaries that are unadjusted for TAS 29.

2. Information on the unconsolidated subsidiaries:

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

3. Information on the consolidated subsidiaries:

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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

a) Consolidated subsidiaries:

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

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
983.870	760.647	28.951	227.149	-	451.277	177.268	-

^(*) As per Banking Regulation and Supervision Agency's decision numbered 10744 dated 12 December 2023, it represents consolidated financial statement figures of subsidiaries that are unadjusted for TAS 29.

4. Movement schedule of the consolidated subsidiaries:

	Current Period 31 December 2024	Prior Period 31 December 2023
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

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

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

6. Subsidiaries quoted on a stock exchange:

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

i. Information on jointly controlled entities:

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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

j. Information on financial lease receivables (Net):

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

k. Information on hedging derivative financial assets:

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

l. Explanations on property and equipment:

Prior Period End:	Real Estates	Right-of- use Assets	Vehicles	Other Tangible Assets	Total
Cost	7.714	240.322	105.300	499.199	852.535
Accumulated Depreciation and Impairment (-)	4.979	141.789	10.477	291.534	448.779
Net Book Value	2.735	98.533	94.823	207.665	403.756
Current Period End:					
Net Book Value at the Beginning	2.735	98.533	94.823	207.665	403.756
Additions	-	169.187	379.277	112.304	660.768
Disposals (Cost)	-	116.896	7.727	36.712	161.335
Disposals (Depreciation)	-	115.426	7.727	35.362	158.515
Depreciation (-)	123	92.994	30.233	64.484	187.834
Cost at Period End	7.714	292.613	476.850	574.791	1.351.968
Accumulated Depreciation at Period End (-)	5.102	119.357	32.983	320.656	478.098
Closing Net Book Value	2.612	173.256	443.867	254.135	873.870

m. Information on intangible assets:

1. Gross book value and accumulated depreciation amounts at the beginning and ending of the period:

	Current Period 31 December 2024	Prior Period 31 December 2023
Gross Book Value	1.552.461	1.084.174
Accumulated Depreciation (-)	904.509	659.866
Net Book Value	647.952	424.308

2. Table of movements between beginning of the period and ending of the period:

	Current Period 31 December 2024	Prior Period 31 December 2023
Opening Balance	424.308	319.870
Additions	475.015	270.585
Disposals (-) (net)	1.789	-
Depreciation (-)	249.582	166.147
Closing Net Book Value	647.952	424.308

n. Information on the investment properties:

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

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

o. Explanations on deferred tax asset:

As of 31 December 2024, the Bank's deferred tax asset amounts to TL 731.444 (31 December 2023: TL 477.637). The temporary differences subject to deferred tax calculations primarily arise from deductible loan provisions, other provisions allocated under TAS 37, differences between the carrying amount and tax base of fixed assets and financial assets and liabilities, and provisions for employee benefits.

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

	Cumulative	Deferred Tax
	31 December 2024	Asset/Liability
	31 December 2024	31 December 2024
Stage I and II Loan Provisions	2.193.638	658.091
Unearned Revenues	145.531	43.659
Employee Termination Benefit Provision	187.357	56.207
Restructuring Provisions	-	-
Derivative Accruals	(267.761)	(80.329)
Differences Between the Book Value and Tax Value of Fixed Assets	665.365	199.610
Other	(485.985)	(145.794)
Deferred Tax Asset / (Liabilities)	2.438.145	731.444
Deferred Tax Asset Recognized as Expense		-
Net Tax Asset / (Liabilities) (*)		731.444

(*) Information of deferred tax asset of the Bank as of 31 December 2024 is explained in Note XX of Section Three.

	Cumulative	Deferred Tax
	31 December 2023	Asset/Liability
	31 December 2023	31 December 2023
Stage I and II Loan Provisions	1.821.271	546.381
Unearned Revenues	159.612	47.884
Employee Termination Benefit Provision	155.410	46.623
Restructuring Provisions	23.084	6.925
Derivative Accruals	(1.118.307)	(335.492)
Differences Between the Book Value and Tax Value of Fixed Assets	1.077.242	323.172
Other	(488.040)	(157.856)
Deferred Tax Asset / (Liabilities)	1.630.272	477.637
Deferred Tax Asset Recognized as Expense		-
Net Tax Asset / (Liabilities) (*)		477.637

(*) Information of deferred tax asset of the Bank as of 31 December 2023 is explained in Note XX of Section Three.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

o. Explanations on deferred tax asset (Continued):

	Current Period	Prior Period
	31 December 2024	31 December 2023
Deferred Tax as of 1 January Active/(Passive) – Net	477.637	416.421
Deferred Tax (Loss)/Gain	245.155	37.152
Deferred Tax that is Realized under Shareholder's Equity	8.652	24.064
Deferred Tax Active/(Passive) – Net	731.444	477.637

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

As of 31 December 2024 and 31 December 2023, the Bank has no assets held for sale.

r. Information on other assets:

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

	Current Period	Prior Period
	31 December 2024	31 December 2023
Miscellaneous Receivables (*) (**)	1.444.551	860.895
Prepaid Expenses	154.057	154.583
Other Rediscount Income	162.603	84.497
Debited Suspense Accounts	211.179	61.739
Other Assets	178	600
Total	1.972.568	1.162.314

(*) Includes Takasbank guarantees.

(**) As of 31 December 2024 amount of TL 20.452 provision provided for Miscellaneous Receivables within the scope of TFRS 9 (31 December 2023: TL 14.410).

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

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

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits

1. Information on maturity structure of the deposits:

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

1(i). Current Period – 31 December 2024:

	Demand	With 7 Days Maturity	Up to 1 Month	1-3 Months	3-6 Months	6 Months - 1 Year	1 Year And Over	Cumulative Deposit	Total
Saving Deposits	936.580	-	8.741.684	16.291.331	16.439.454	79.459	150.769	-	42.639.277
Foreign Currency Deposits	31.519.763	-	4.332.196	3.545.657	165.224	76.384	98.717	-	39.737.941
Residents in Turkey	27.396.911	-	4.097.602	2.972.727	87.601	15.807	26.255	-	34.596.903
Residents Abroad	4.122.852	-	234.594	572.930	77.623	60.577	72.462	-	5.141.038
Public Sector Deposits	6.729	-	-	-	-	-	-	-	6.729
Commercial Deposits	4.781.503	-	19.102.845	813.889	61.977	-	-	-	24.760.214
Other Institutions Deposits	14.079	-	285	-	-	-	-	-	14.364
Precious Metal Deposit	20.280.519	-	14.517	366.732	6.576	15.622	-	-	20.683.966
Bank Deposits	306.354	-	1.717.256	-	-	-	-	-	2.023.610
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	306.354	-	1.717.256	-	-	-	-	-	2.023.610
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	57.845.527	-	33.908.783	21.017.609	16.673.231	171.465	249.486	-	129.866.101

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

	Demand	With 7 Days Maturity	Up to 1 Month	1-3 Months	3-6 Months	6 Months - 1 Year	1 Year And Over	Cumulative Deposit	Total
Saving Deposits	661.063	-	690.953	4.658.203	25.418.621	8.598.658	541.312	-	40.568.810
Foreign Currency Deposits	32.063.789	-	5.411.121	4.004.832	261.882	109.984	147.949	-	41.999.557
Residents in Turkey	28.469.599	-	5.084.890	3.158.204	161.623	32.829	41.049	-	36.948.194
Residents Abroad	3.594.190	-	326.231	846.628	100.259	77.155	106.900	-	5.051.363
Public Sector Deposits	5.586	-	-	-	-	-	-	-	5.586
Commercial Deposits	2.624.741	-	10.304.877	403.760	2.878.205	1.053.606	-	-	17.265.189
Other Institutions Deposits	71.126	-	694	-	-	-	-	-	71.820
Precious Metal Deposit	6.781.138	-	10.368	286.646	3.907	10.264	-	-	7.092.323
Bank Deposits	283.980	-	1.183.746	-	-	-	-	-	1.467.726
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	401.449	-	-	-	-	-	401.449
Foreign Banks	283.980	-	782.297	-	-	-	-	-	1.066.277
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	42.491.423	-	17.601.759	9.353.441	28.562.615	9.772.512	689.261	-	108.471.011

Foreign exchange-protected deposit product, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against foreign currency exchange rates, is offered to bank customers. As of 31 December 2024, the foreign exchange-protected deposit amount in this context is TL 14.360.360 (31 December 2023: TL 32.862.206).

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

a. Information on deposits(Continued)

2. Information on saving deposits insurance:

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

	Covered by Deposit Insurance Fund	Exceeding Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding Deposit Insurance Limit
	Current Period 31 December 2024	Current Period 31 December 2024	Prior Period 31 December 2023	Prior Period 31 December 2023
Saving Deposits				
Saving Deposits	11.074.029	31.565.248	7.466.764	33.102.046
Foreign Currency Saving Deposits	8.171.024	17.134.147	7.915.019	22.518.848
Other Deposits in the Form of Saving	3.401.221	17.203.105	1.328.033	5.675.970
Foreign Branches' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-
Off-Shore Banking Regions' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-
Total(*)	22.646.274	65.902.500	16.709.816	61.296.864

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

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

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

	Current Period 31 December 2024	Prior Period 31 December 2023
Foreign Branches' Deposits and other accounts	-	-
Saving Deposits and Other Accounts of Major Shareholders and Deposits of their Mother, Father, Spouse, Children under their wardship	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse, Children under their wardship	62.313	50.613
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law No:5237 dated 26/09/2004	-	-
Saving Deposits in Deposit Bank Which Established in Turkey in Order to Engage in Off-shore Banking Activities	-	-

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

b. Information on trading derivative financial liabilities:

Table of negative differences for trading derivative financial liabilities:

	Current Period 31 December 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Forward Transactions	-	1.395.593	-	249.125
Swap Transactions	246.305	1.066.170	597.591	803.230
Future Transactions	-	-	-	-
Options	-	390.937	-	4.505.607
Other	-	-	-	-
Total	246.305	2.852.700	597.591	5.557.962

c. Information on funds provided under repurchase agreements:

As of 31 December 2024, the Bank has TL 11.555.609 obtained from repo transactions (31 December 2023: None).

d. Information on funds borrowed:

1. Information on banks and other financial institutions:

	Current Period 31 December 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
Domestic Bank and Institutions	-	-	-	-
Foreign Banks and Institutions and Funds	-	16.993.535	-	4.949.714
Total	-	16.993.535	-	4.949.714

2. Information on the maturity structure of funds borrowed:

	Current Period 31 December 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Short-Term	-	13.409.698	-	4.949.714
Medium and Long-Term	-	3.583.837	-	-
Total	-	16.993.535	-	4.949.714

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

3. Further information on the concentration areas of liabilities:

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

e. Information on marketable securities issued:

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

f. Information on other foreign liabilities:

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

g. Information on financial leasing agreements:

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

	Current Period 31 December 2024	Prior Period 31 December 2023
Less than 1 year	34.375	25.865
Between 1- 4 years	174.329	68.923
More than 4 years	-	23.937
Total	208.704	118.725

h. Information on derivative financial liabilities for hedging purposes:

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

i. Information on provisions:

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

	Current Period 31 December 2024	Prior Period 31 December 2023
Provisions for off-balance sheet commitments ^(*)	14.956	175.670

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

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

i. Information on provisions(Continued):

2. Information on employee benefit provisions:

As of 31 December 2024, the Bank has employee termination benefit provision amounting to TL 187.357 (31 December 2023: TL 155.410), and unused vacation provision amounting to TL 60.488 (31 December 2023: TL 46.188).

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

The compensation to be paid is one month's salary for each year of service. Severance 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 on future probable obligation of the Bank determined by using certain actuarial assumptions. TAS 19 requires actuarial valuation methods to be used in order to calculate Bank's liabilities.

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

	Current Period 31 December 2024	Prior Period 31 December 2023
As of 1 January	155.410	236.694
Service Cost	20.918	7.699
Interest Cost	31.714	40.618
Actuarial Loss / (Gain)	39.329	70.897
Paid in Current Period	(60.014)	(200.498)
Total	187.357	155.410

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

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

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

As of 31 December 2024, provision for non-cash loans that are non-funded and non-transformed into cash is amounting to TL 2.878 (31 December 2023: TL 3.739).

5. Information on restructuring provisions:

The Bank has no provision for restructuring as of 31 December 2024 (31 December 2023: TL 23.084).

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

6. Information on other provisions:

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

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

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

	Current Period 31 December 2024	Prior Period 31 December 2023
Provision for Lawsuits	56.337	67.290
Provision for Accumulated Credit Card Bonus	10.137	8.979
Return Provision of Case File Expenses	64	159
Specific Provision for Non-Cash Loans that are Non-Funded and Non-Transformed into Cash	2.878	3.739
Other Provisions (*)	851.633	690.862
Total	921.049	771.029

(*) As of 31 December 2024, other provisions include Stage 1 and Stage 2 non-cash loans provision for expected losses within TFRS 9 amounting to TL 14.956 (31 December 2023: TL 175.670) and bonus provision and other provisions within TAS 37.

j. Explanations on tax liability:

a. Explanations on current tax liability:

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

1(i). Information on taxes payable:

	Current Period 31 December 2024	Prior Period 31 December 2023
Corporate Tax Payable	907.059	-
Taxation on Marketable Securities	284.595	88.428
Banking Insurance Transaction Tax (BITT)	90.361	71.701
Value Added Tax Payable	3.211	3.961
Capital Gains Tax on Property	1.237	1.084
Foreign Exchange Transaction Tax	12.025	5.985
Other (*)	104.215	42.743
Total	1.402.703	213.902

(*) As of 31 December 2024, there is income tax withheld from wages amounting to TL 64.545 (31 December 2023: TL 39.867), stamp duty amounting to TL 1.592 (31 December 2023: TL 1.054), other taxes amounting to TL 37.784 (31 December 2023: TL 1.321) and income tax on self-employment income amounting to TL 294 (31 December 2023: TL 501).

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

1(ii). Information on premium payables:

	Current Period 31 December 2024	Prior Period 31 December 2023
Social Security Premiums – Employer	28.240	35.552
Social Security Premiums – Employee	24.509	30.853
Bank Social Aid Pension Fund Premium – Employer	-	-
Bank Social Aid Pension Fund Premium – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Pension Fund Membership Fees and Provisions – Employee	-	-
Unemployment Insurance – Employer	2.257	3.063
Unemployment Insurance – Employee	1.509	1.876
Other	-	-
Total	56.515	71.344

b. Information on deferred tax liability:

Information on the Bank's deferred tax liability as of 31 December 2024 is explained in Note XX of Section Three.

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

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

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:

As of 31 December 2024, the Bank has a remaining subordinated loan balance of EUR 55 million, which was originated as EUR 130 million with a 10-year maturity from HSBC Holdings PLC, upon the approval of BRSA dated 21 April 2021 and numbered E-20008792-101.02.01[56]-11799. The Parent Bank repaid the portion of EUR 75 million of this loan before its maturity on 17 December 2024 with the approval of BRSA numbered E-20008792-101.02.01-138820. Remaining subordinated loan balance of EUR 55 million is classified as Tier-II capital with an interest rate of EURIBOR + 6,99%.

Additionally, with the BRSA's approval on 17 December 2024, under number E-20008792-101.02.01-138820, the Parent Bank has a new, subordinated loan of USD 80 million from HSBC Middle East Holdings B.V. that is classified as additional tier-1 capital. The interest rate for this loan is SOFR + 4,94%.

	Current Period 31 December 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic Institutions	-	-	-	-
Foreign Banks	-	4.894.547	-	4.337.395
Other Foreign Institutions	-	-	-	-
Total	-	4.894.547	-	4.337.395

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

m. Information on shareholder's equity:

1. Presentation of paid-in capital:

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

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

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

Registered share capital system is not applied.

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

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

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

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

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

The Bank has no capital commitments.

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

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

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

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

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

m. Information on shareholder's equity(Continued):

8. Information on valuation differences of marketable securities:

	Current Period		Prior Period	
	31 December 2024		31 December 2023	
	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	(43.177)	-	131.783	-
Valuation Difference	(43.177)	-	131.783	-
Foreign Currency Difference	-	-	-	-
Total	(43.177)	-	131.783	-

9. Information on revaluation value increase fund:

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

10. Information on legal reserves:

	Current Period	Prior Period
	31 December 2024	31 December 2023
First Legal Reserve	138.697	138.697
Second Legal Reserve	45.444	45.444
Legal Reserves according to Special Legislation	-	-
Total	184.141	184.141

11. Information on extraordinary reserves:

	Current Period	Prior Period
	31 December 2024	31 December 2023
Reserves Allocated per General Assembly Minutes	10.423.346	5.155.254
Retained Earnings	-	-
Accumulated Loss	-	-
Foreign Currency Differences	-	-
Total	10.423.346	5.155.254

12. 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 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 OFF-BALANCE SHEET ACCOUNTS

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments:

	Current Period 31 December 2024	Prior Period 31 December 2023
Asset Purchase and Sale Commitments	10.486.588	35.671.760
Commitments for Credit Card Limits	4.968.785	5.396.993
Commitments for Cheques	15.191	14.419
Loan Granting Commitments	359.871	32.194
Short Sale Commitments	-	-
Commitments for Credit Cards and Banking Services Promotions	54.325	43.996
Tax and Fund Liabilities from Export Commitments	-	-
Other Irrevocable Commitments	426.610	570.150
Total	16.311.370	41.729.512

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

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

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

	Current Period 31 December 2024	Prior Period 31 December 2023
Letters of Guarantee	15.815.891	15.221.930
Letters of Credit	10.051.937	8.975.399
Bank Acceptances	-	-
Other Guarantees	860.890	719.823
Total	26.728.718	24.917.152

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

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

3. Information on the non-cash loans:

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

	Current Period 31 December 2024	Prior Period 31 December 2023
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	26.728.718	24.917.152
Total	26.728.718	24.917.152

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

3. Information on the non-cash loans (Continued):

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

	Current Period 31 December 2024				Prior Period 31 December 2023			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	177	0,01	-	-	177	0,01	-	-
Farming and Raising Livestock	177	0,01	-	-	177	0,01	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	984.135	30,99	7.441.405	31,60	595.837	31,73	7.782.277	33,78
Mining and Quarrying	136.021	4,28	38.115	0,16	32.316	1,72	1.357	0,01
Production	827.339	26,06	7.383.772	31,36	553.492	29,46	7.663.064	33,26
Electric, Gas and Water	20.775	0,65	19.518	0,08	10.029	0,55	117.856	0,51
Construction	172.537	5,43	6.148.385	26,10	69.000	3,67	7.113.507	30,88
Services	2.015.019	63,45	9.963.111	42,30	1.209.618	64,38	8.142.730	35,34
Wholesale and Retail Trade	1.006.106	31,68	6.928.281	29,42	462.421	24,61	4.856.838	21,07
Hotel, Food and Beverage Services	13.189	0,42	22.079	0,09	21.053	1,12	19.702	0,09
Transportation and Telecommunication	178.106	5,61	903.182	3,83	71.555	3,81	858.539	3,73
Financial Institutions	159.652	5,03	1.946.770	8,27	223.451	11,89	2.257.125	9,80
Real Estate and Leasing Services	656.281	20,66	162.799	0,69	429.080	22,84	150.526	0,65
Self-employment Services	1.685	0,05	-	-	2.058	0,11	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	3.949	0,12	-	-	4.006	0,21	-	-
Total	3.175.817	100,00	23.552.901	100,00	1.878.638	100,00	23.038.514	100,00

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

Current Period 31 December 2024	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	3.082.662	20.017.557	92.493	3.531.894
Letters of Guarantee	3.064.162	9.734.735	92.493	2.921.564
Bank Acceptances	-	-	-	-
Letters of Credit	18.500	9.429.252	-	604.186
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	853.570	-	6.144
Prior Period 31 December 2023	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	1.732.603	17.982.788	145.396	5.054.741
Letters of Guarantee	1.732.603	8.562.073	76.896	4.849.719
Bank Acceptances	-	-	-	-
Letters of Credit	-	8.707.098	68.500	199.801
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	713.617	-	5.221

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

b. Explanations on derivative transactions:

	Current Period 31 December 2024	Prior Period 31 December 2023
Foreign Currency Swap Transactions	134.188.125	159.601.878
Interest Rate Swap Transactions	67.106.410	56.560.454
Foreign Currency Options Transactions	58.917.124	29.962.582
Forward Foreign Currency Transactions (*)	162.885.558	104.328.139
Precious Metals Swap Transactions	15.050.014	5.310.984
Precious Metals Options Transactions	1.547.140	435.177
Total	439.694.371	356.199.214

(*) It includes forward asset purchase commitments in the commitments.

c. Explanations on credit derivatives and risk exposures on credit derivatives:

None.

d. Explanations on contingent liabilities and assets:

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

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

The Bank has certain contingent liabilities relating to various lawsuits due to the transactions it performed in the scope of banking operations. As of 31 December 2024, a total provision of TL 64 (31 December 2023: TL 159) has been made for those lawsuits as the probability of being concluded against the Bank is higher than the probability of being concluded in its favor, with TL 56.401 (31 December 2023: TL 67.449) being for provisions for refunds related to case document charges.

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

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

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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

1. Information on interest income received from loans:

	Current Period		Prior Period	
	31 December 2024		31 December 2023	
	TL	FC	TL	FC
Interest Income on Loans ^(*)				
Short-Term Loans	7.733.739	1.827.993	3.943.858	1.367.939
Medium and Long-Term Loans	687.588	1.478.374	1.114.629	1.254.685
Interest on Loans Under Follow-Up	7.104	996	10.802	1.302
Resource Utilization Support Fund	-	-	-	-
Total	8.428.431	3.307.363	5.069.289	2.623.926

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

2. Information on interest income received from banks:

	Current Period		Prior Period	
	31 December 2024		31 December 2023	
	TL	FC	TL	FC
The CBRT	7.346.402	-	866.435	23.910
Domestic Banks	1.567.722	1.543	2.347.900	-
Foreign Banks	2.116	90.989	5.407	62.289
Headquarters and Branches of Foreign Banks	-	-	-	-
Total	8.916.240	92.532	3.219.742	86.199

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	31 December 2024		31 December 2023	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	517.686	33.617	99.797	19.383
Financial Assets at Fair Value Through Other Comprehensive Income	5.904.680	-	1.272.002	-
Financial Assets Measured at Amortized Cost	415.862	-	410.865	-
Total	6.838.228	33.617	1.782.664	19.383

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

As of 31 December 2024, the Bank has interest income from its subsidiaries and affiliates amounting to TL 2.587 (31 December 2023: TL 2.553).

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

b. Information on interest expense:

1. Information on interest expense on funds borrowed:

	Current Period 31 December 2024		Prior Period 31 December 2023	
	TL	FC	TL	FC
Banks	-	1.267.495	-	620.331
The CBRT	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	1.267.495	-	620.331
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	-	1.267.495	-	620.331

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

	Current Period 31 December 2024	Prior Period 31 December 2023
Interest Expenses Given to Subsidiaries and Associates	14.142	3.826

3. Information on interest expense to marketable securities issued:

None.

4. Maturity structure of the interest expense on deposit

Current Period: 31 December 2024	Demand Deposit	Time deposit					More than 1 year	Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year				
Turkish Lira									
Interbank deposits	-	1.295.240	-	-	-	-	-	-	1.295.240
Saving deposits	-	1.449.291	4.396.343	5.328.340	2.972.751	62.369	-	-	14.209.094
Public sector deposits	-	-	-	-	-	-	-	-	-
Commercial deposits	-	3.980.328	240.242	714.995	128.089	-	-	-	5.063.654
Other deposits	-	2.205	-	-	-	-	-	-	2.205
Deposits with 7 days maturity	-	-	-	-	-	-	-	-	-
Total	-	6.727.064	4.636.585	6.043.335	3.100.840	62.369	-	-	20.570.193
Foreign Currency									
Foreign currency deposits	-	330.114	35.582	537	1.604	115	-	-	367.952
Interbank deposits	-	3.891	-	-	-	-	-	-	3.891
Deposits with 7 days maturity	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	1	188	3	7	-	-	-	199
Total	-	334.006	35.770	540	1.611	115	-	-	372.042
Grand total	-	7.061.070	4.672.355	6.043.875	3.102.451	62.484	-	-	20.942.235

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

b) Information on interest expense (Continued):

4. Maturity structure of the interest expense on deposit

Prior Period: 31 December 2023	Demand Deposit	Time deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Month	Up to 3 Month		
Turkish Lira								
Interbank deposits	-	115.945	-	-	-	-	-	115.945
Saving deposits	-	184.111	4.002.639	6.089.441	586.412	85.619	-	10.948.222
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	1.492.390	172.097	729.104	153.635	20.845	-	2.568.071
Other deposits	-	195	1.820	-	-	-	-	2.015
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Total	-	1.792.641	4.176.556	6.818.545	740.047	106.464	-	13.634.253
Foreign Currency								
Foreign currency deposits	-	57.375	7.694	21.787	1.584	545	-	88.985
Interbank deposits	-	1.388	-	-	-	-	-	1.388
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	170	3.123	98	-	-	3.391
Total	-	58.763	7.864	24.910	1.682	545	-	93.764
Grand total	-	1.851.404	4.184.420	6.843.455	741.729	107.009	-	13.728.017

5. Information on interest given on repurchase agreements:

In the accounting period ending on 31 December 2024, the interest paid on repo transactions is TL 462.072 (31 December 2023: TL 3.188).

6. Information on finance lease expenses:

Financial leasing expense of the Bank for the period ending on 31 December 2024 is TL 40.929 (31 December 2023: TL 26.722).

7. Information on interest given on factoring payables:

The Bank has no factoring expenses for the accounting periods ending on 31 December 2024 and 31 December 2023.

c. Explanations on dividend income:

Dividend income amounting to TL 50.052 (31 December 2023: TL 32) for the accounting period ending on 31 December 2024 is the amount corresponding to the Bank's share from the profit distribution of its subsidiaries.

d. Information on the trading gain /loss(net):

	Current Period 31 December 2024	Prior Period 31 December 2023
Profit	884.295.159	827.754.304
Capital Market Transactions Income	961.487	845.259
Gain on Derivative Financial Transactions	20.052.966	16.192.453
Foreign Exchange Gains	863.280.706	810.716.592
Loss (-)	883.584.596	822.046.164
Capital Market Transactions Loss	930.507	708.326
Loss on Derivative Financial Transactions	16.239.210	13.580.305
Foreign Exchange Loss	866.414.879	807.757.533
Total (Net)	710.563	5.708.140

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

e. Information on other operating income:

	Current Period	Prior Period
	31 December 2024	31 December 2023
Reversal of Previous Years Expenses ^(*)	197.427	695.947
Gain on Sale of Assets	43.992	4.873
Provision for Telecommunication Expense	44.150	8.494
Other Income	289.142	194.800
Total	574.711	904.114

^(*) Consists of collections or cancellations made from provisions previously charged to expense accounts in prior years.

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

	Current Period	Prior Period
	31 December 2024	31 December 2023
Expected Credit Loss	523.889	547.945
12 Months Expected Credit Loss (Stage 1)	-	-
Significant Increase in Credit Risk (Stage 2)	481.218	536.339
Non-performing Loans (Stage 3)	42.671	11.606
Marketable Securities Impairment Expense	52.713	55.378
Financial Assets at Fair Value Through Profit or Loss	52.713	54.134
Financial Assets at Fair Value Through Other Comprehensive Income	-	1.244
Investments in Associates, Subsidiaries and Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Jointly Controlled Entities	-	-
Other	-	-
Total	576.602	603.323

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

g. Information related to other operating expenses:

	Current Period 31 December 2024	Prior Period 31 December 2023
Reserve for Employee Termination Benefits	-	-
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Property and Equipment	-	-
Depreciation Expenses of Property and Equipment	187.834	109.682
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	249.582	166.147
Impairment Expenses of Equity participants for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses on Assets Held for Sale	-	-
Impairment Expenses on Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	1.016.445	690.705
Leasing Expenses on TFRS 16 Exceptions	42.395	25.209
Maintenance Licensing Expenses	393.282	228.784
Maintenance Expenses	84.765	76.877
Communication Expenses	38.845	27.312
Advertisement Expenses	51.563	28.135
Other Expenses	405.595	304.388
Loss on Sales of Assets	1.960	855
Tax, Duties, Charges and Funds Expenses	646.457	268.078
Saving Deposit Insurance Fund Expenses	164.691	119.464
Other ^(*)	711.211	470.060
Total	2.978.180	1.824.991

(*) Of the amount of TL 711.211 (31 December 2023: TL 470.060) shown in the Other line, TL 10.447 is audit and consultancy fees (31 December 2023: TL 5.162), TL 462 is from the arbitral tribunal expenses (31 December 2023: TL 204) and the remaining TL 700.302 consists of other expenses (31 December 2023: TL 464.694).

h. Fees for Services Received from Independent Auditor / Independent Audit

In accordance with the decision of the Public Oversight Authority dated 26 March 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below over VAT excluded amounts.

	Current Period 31 December 2024	Prior Period 31 December 2023
Independent Audit Fee for the Reporting Period	4.339	2.143
Fees for Tax Advisory Services	425	294
Fee for Other Assurance Services	4.218	1.856
Fee for Services Other than Independent Audit	-	-
Total	8.982	4.293

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

The operating income of the Bank for the year ended 31 December 2024 is TL 15.360.289 (31 December 2023: TL 9.975.087). The Bank's provision for loans and other receivables is TL 576.602 (31 December 2023: TL 603.323), other operating expenses are TL 2.978.180 (31 December 2023: TL 1.824.991), profit before tax is TL 8.095.709 (31 December 2023: TL 5.107.782 profit before tax).

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

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

As of 31 December 2024, the current tax provision expense of the Bank is TL 2.701.103 (31 December 2023: TL 1.018.094) and deferred tax income is TL 245.155 (31 December 2023: TL 37.152 income).

k. Explanation on net profit/loss for the period for Continued and discontinued operations

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

l. Explanation on net profit and loss for the period

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

In the period ended on 31 December 2024, net interest income takes an important place among income items with TL 12.648.499 (31 December 2023: TL 2.413.027), net fee and commission incomes with TL 1.376.464 (31 December 2023: TL 949.774). Fees and commission income from cash loans are shown in net interest income. Considering the distribution within the interest income, the most important sources of the Bank's interest income are the interests received from loans, securities and the interbank money market. The largest part of the interest expenses consists of the interests paid to the deposits and the interests given to the loans used. The most important part of commission income is the commissions received from credit card transactions and other banking activities.

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

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

m. Explanation on other items stated in the income statement:

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

	Current Period 31 December 2024	Prior Period 31 December 2023
Credit Card Transactions	662.365	414.975
Insurance Commissions	136.156	92.217
Commissions Received from Banking Transactions	51.843	59.574
TEFAS Fund Platform	306.184	108.666
Other Fee and Commissions	338.892	184.907
Total	1.495.440	860.339

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

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

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

As of 31 December 2024, a decrease of TL 43.177 in securities valuation difference item (31 December 2023: an increase of TL 131.783) consists of financial assets at fair value through other comprehensive income. The amount in question consists of interest income calculated using the effective interest rate method of debt securities from financial assets whose fair value differences are reflected in other comprehensive income, fair value differences and costs of stocks, fair value differences and deferred tax effects of these transactions.

As of 31 December 2024, the decrease in the amount of TL 174.960 (31 December 2023: TL 31.211 increase) resulting from the re-measurement of financial assets at fair value through other comprehensive income after the effect of current period and deferred tax expense has been netted off. shown as current period movement in the increase fund account.

2. Information on increases in cash flow hedging items:

As of 31 December 2024, the Bank has no cash flow hedge accounting (31 December 2023: None).

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:

Loss amounting to TL 131.289 (31 December 2023: TL 7.172 loss) arising from the remeasurement of investments in financial assets at fair value through other comprehensive income for the year ended 31 December 2024 due to the sale of the related financial asset at fair value through other comprehensive income was transferred from equity to net profit/loss account.

2. Information on cash flow hedges:

As of 31 December 2024, the Bank has no cash flow hedge accounting (31 December 2023: None).

c. Information on dividend distribution:

None.

d. Information on issuance of common stock:

The Bank has no issuance of common stock as of 31 December 2024 and 31 December 2023.

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

As of 31 December 2024 and 31 December 2023, the adjustments made for prior periods do not have any effect on opening balance sheets of the Bank.

f. Offsetting prior period's losses:

As of 31 December 2024 and 31 December 2023, the Bank does not have any offset transactions relating to previous year's losses.

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VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

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

Operating profit amounting to TL 5.619.931 (31 December 2023: TL 4.504.462 profit), consists of interest income amounting to TL 34.692.113 (31 December 2023: TL 15.636.910), interest expense amounting to TL 23.981.386 (31 December 2023: TL 12.004.402), personnel expenses amounting to TL 3.313.160 (31 December 2023: TL 2.138.608) and net expense other than interest amounting to TL 1.777.636 (31 December 2023: TL 3.010.562 net income other than interest).

Net increase in other liabilities amounting to TL 14.397.501 (31 December 2023: TL 1.002.295 increase) consists mainly of changes in money markets, other liabilities, and taxes and other duties payable.

The impact of the exchange rate change on cash and cash equivalents amounted to approximately TL 8.779 increase as of 31 December 2024 (31 December 2023: TL 38.883 increase).

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

The Bank has no cash flow arising from acquisition of associates, subsidiaries and other investments as of 31 December 2024 and 31 December 2023.

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

The Bank has no cash flow arising from disposals of associates, subsidiaries and other investments as of 31 December 2024 and 31 December 2023.

d. Information on cash and cash equivalents:

Cash and cash equivalents at the beginning of the period:

	Current Period 31 December 2024	Prior Period 31 December 2023
Cash	2.433.424	2.251.417
Interbank Money Market Placements	37.209.180	25.590.030
CBRT, Banks and Other Financial Institutions	19.557.349	1.209.358
Total Cash and Cash Equivalents	59.199.953	29.050.805

Cash and cash equivalents at the end of the period:

	Current Period 31 December 2024	Prior Period 31 December 2023
Cash	1.090.068	2.433.424
Interbank Money Market Placements	71.716.358	37.209.180
CBRT, Banks and Other Financial Institutions	11.827.398	19.557.349
Total Cash and Cash Equivalents	84.633.824	59.199.953

e. Additional information:

None.

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VII. EXPLANATIONS AND NOTES RELATED TO BANK'S RISK GROUP

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

Current Period – 31 December 2024:

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	-	577	-	999.063	685	-
Closing Balance	-	617	-	866.547	20	-
Interest and Commission Income	2.587	13	-	79.029	49	-

Prior Period - 31 December 2023:

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	20.000	489	-	632.336	477	-
Closing Balance	-	577	-	999.063	685	-
Interest and Commission Income	2.553	12	-	48.082	200	-

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

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

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	Direct or Indirect Shareholders of the Bank	Other Individuals and Legal Entities in the Risk Group
	Current Period	Current Period	Current Period
Deposits	31 December 2024	31 December 2024	31 December 2024
Opening Balance	46.873	283.924	46.447
Closing Balance	37.247	270.510	60.776
Interest Expense on Deposits	14.142	1.174.927	22.770

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	Direct or Indirect Shareholders of the Bank	Other Individuals and Legal Entities in the Risk Group
	Prior Period	Prior Period	Prior Period
Deposits	31 December 2023	31 December 2023	31 December 2023
Opening Balance	25.717	353.053	82.750
Closing Balance	46.873	283.924	46.447
Interest Expense on Deposits	3.826	99.811	9.116

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

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	Direct or Indirect Shareholders of the Bank	Other Individuals and Legal Entities in the Risk Group
	Current Period	Current Period	Current Period
	31 December 2024	31 December 2024	31 December 2024
The Fair Value Differences Through Profit and Loss			
Opening Balance	-	106.119.719	-
Closing Balance	-	108.016.178	-
Total Profit/Loss	-	1.493.597	-
Transactions for Hedging Purposes			
Opening Balance	-	-	-
Closing Balance	-	-	-
Total Profit/Loss	-	-	-

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	Direct or Indirect Shareholders of the Bank	Other Individuals and Legal Entities in the Risk Group
	Prior Period	Prior Period	Prior Period
	31 December 2023	31 December 2023	31 December 2023
The Fair Value Differences Through Profit and Loss			
Opening Balance	-	41.316.378	10.127
Closing Balance	-	106.119.719	-
Total Profit/Loss	-	214.753	-
Transactions for Hedging Purposes			
Opening Balance	-	-	-
Closing Balance	-	-	-
Total Profit/Loss	-	-	-

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

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

As of 31 December 2024, payment amounting to TL 247.330 is made to the Board of Directors and top executives of the Bank (31 December 2023: TL 139.960).

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

Information on the Bank's domestic and foreign branches and foreign representatives of the Bank:

	Number	Number of Employees			
Domestic Branch	44	1.409			
			Country of Incorporation		
Foreign Representation Office	-	-			
				Total Assets	Statutory Share Capital
Foreign branch	-	-		-	-
Off-shore Banking Region Branches	-	-		-	-

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None .

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SECTION SIX

OTHER EXPLANATIONS

1. OTHER EXPLANATIONS ON BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

The unconsolidated financial statements for the period ended 31 December 2024 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor’s report dated 21 February 2025 is presented preceding the financial statements.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY THE INDEPENDENT AUDITOR

None.