

HSBC BANK A.Ş.

PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT 30 JUNE 2025 TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT

**(Convenience translation of publicly announced consolidated financial statements
and independent auditor's limited review report at 30 June 2025 See Note I. of Section Three)**



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

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

Introduction

We have reviewed the consolidated statement of financial position of HSBC Bank A.Ş. (“the Bank”) and its subsidiaries (collectively referred to as the “Group”) at 30 June 2025 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period. The Group Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation” which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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



Conclusion

According to our review, the consolidated interim financial information, the consolidated financial position of HSBC Bank A.Ş and its consolidated subsidiaries as of 30 June 2025 and the consolidated financial performance and consolidated cash flows for the six-month-period ended on the same date, are in accordance with BRSA Accounting and Financial Reporting Regulations. Nothing has come to our attention that causes us to believe that it has not been presented fairly, in all material respects.

Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation to English

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 June 2025. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Gökçe Yaşar Temel, SMMM
Independent Auditor

İstanbul, 20 August 2025

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE
CONSOLIDATED FINANCIAL REPORT OF HSBC BANK A.Ş.
AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**

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The consolidated financial report for the six-month period prepared in accordance with Communiqué on the Financial Statements and the Related Disclosures and Footnotes to be Publicly Announced as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections.

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

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

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

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

Didem Çerçi
Vice-Chair of Board of Directors /
Chair of Audit Committee

Burçin Ozan
CEO / Head of Banking

Yerliozan Kül
Group Head

Ana Patricia Fernandes Vidal Gomes
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 : (0212) 376 4912

SECTION ONE

General Information About the Parent Bank

I.	The Parent Bank's foundation date, start-up status, history regarding the changes in this status	1
II.	Explanation about the Parent Bank's capital structure, shareholders of the Parent Bank who are in charge of the management and/or auditing of the Parent Bank directly or indirectly, changes in these matters (if any) and the Group that the Bank belongs to	1
III.	Explanation on the board of directors, members of the audit committee, president and executive vice presidents, if available, shares of the Parent Bank they possess, and their areas of responsibility	2
IV.	Information on individual and corporate shareholders having control shares of the Parent Bank	3
V.	Information on the Parent Bank's service types and fields of operation	3
VI.	Other matters	3
VII.	Information of institutions in consolidation scope	3
VIII.	Differences between the Communiqué 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	4
IX.	The existing or potential, actual or legal obstacles on the transfer of shareholders' equity between the Parent Bank and its subsidiaries or reimbursement of liabilities	4

SECTION TWO

Consolidated Financial Statements of the Group

I.	Consolidated balance sheet	6
II.	Consolidated statement of off-balance sheet commitments	8
III.	Consolidated statement of profit or loss	9
IV.	Consolidated statement of profit or loss and other comprehensive income	10
V.	Consolidated statement of changes in shareholders' equity	11
VI.	Consolidated statement of cash flows	13

SECTION THREE

Explanations on Accounting Policies

I.	Explanations on basis of presentation	14
II.	Explanations on strategy of using financial instruments and explanations on foreign currency transactions	15
III.	Explanations on consolidated investments in associates and subsidiaries	16
IV.	Explanations on forward transactions, options and derivative instruments	16
V.	Explanations on interest income and expenses	16
VI.	Explanations on fee and commission income and expenses	17
VII.	Explanations on financial assets	17
VIII.	Explanations on expected credit losses	20
IX.	Derecognition of financial instruments	23
X.	Explanations on prior period accounting policies	24
XI.	Explanations on offsetting financial instruments	24
XII.	Explanations on sales and repurchase agreements and securities' lending transactions	25
XIII.	Explanations on property and equipment held for sale purpose and related to discontinued operations and liabilities related with these assets	25
XIV.	Explanations on goodwill and other intangible assets	25
XV.	Explanations on property and equipment	25
XVI.	Explanations on leasing transactions	26
XVII.	Explanations on provisions and contingent liabilities	27
XVIII.	Explanations on contingent assets	28
XIX.	Explanations on obligations related to employee rights	28
XX.	Explanations on taxation	28
XXI.	Explanations on borrowings	30
XXII.	Explanations on issuance of share certificates	30
XXIII.	Explanations on avalized drafts and acceptances	31
XXIV.	Explanations on government incentives	31
XXV.	Explanations on operating segments	31
XXVI.	Profit reserves and profit distribution	31
XXVII.	Earnings/Loss per share	31
XXVIII.	Cash and cash equivalents	31
XXIX.	Related parties	31
XXX.	Reclassifications	31
XXXI.	Other matters	31

SECTION FOUR

Explanations Related to Financial Structure and Risk Management

I.	Explanations related to components of consolidated shareholders' equity	32
II.	Explanations on consolidated credit risk	36
III.	Explanations on consolidated counter cyclical capital buffer ratio calculation	36
IV.	Explanations on consolidated currency risk	36
V.	Explanations on consolidated interest rate risk	39
VI.	Explanations on consolidated position risk of equity securities in banking book	41
VII.	Explanations on consolidated liquidity risk management, liquidity coverage and net stable funding ratio	42
VIII.	Explanations on consolidated leverage ratio	50
IX.	Explanations on risk management	51
X.	Explanations on the presentation of financial assets and liabilities at their fair values	59
XI.	Explanations on the activities carried out on behalf and account of other parties	59
XII.	Explanations on operating segments	60

SECTION FIVE

Explanations and Notes Related to Consolidated Financial Statements

I.	Explanations and notes related to consolidated assets	62
II.	Explanations and notes related to consolidated liabilities	74
III.	Explanations and notes related to consolidated off-balance sheet accounts	82
IV.	Explanations and notes related to consolidated income statement	84
V.	Explanations and notes related to consolidated changes in shareholders' equity	90
VI.	Explanations and notes related to consolidated statement of cash flows	91
VII.	Explanations and notes related to the Group's risk group	92
VIII.	Explanations and notes related to domestic, foreign, offshore branches or affiliates and foreign representatives of the Group	93
IX.	Explanations and notes related to subsequent events	93

SECTION SIX

Explanations on Independent Auditor's Limited Review Report

I.	Explanations on independent auditor's limited review report	94
II.	Explanations and footnotes prepared by the independent auditor	94

SECTION SEVEN

Interim Activity Report

I.	Interim activity report which will include evaluations from Chairman of the Board of Directors and Chief Executive Officer related to activities in the interim period	95
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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE 3.I**

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

As of 30 June 2025, the Parent Bank's nominal capital is TL 652.290 and consists of 65.229.000.000 registered and fully paid shares, each amounting to TL 0,01. Based on the approval of the Banking Regulation and Supervision Agency dated 21 June 2017, 10,01% share of HSBC Bank Plc.'s 100% ownership of the Parent Bank's capital was transferred to HSBC Bank Middle East Limited and remaining 89,99% share of HSBC Bank Plc. was transferred to HSBC Middle East Holdings B.V. through share transfer agreement dated 29 June 2017. As of 30 June 2025 there have been no changes regarding the Parent Bank's capital structure and shareholders of the Parent Bank who are in charge of the management or auditing of the Parent Bank directly or indirectly.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

(*) Burçin Ozan has been appointed as the CEO of HSBC Bank as of May 20, 2025.

(**) No appointment has yet been made to the position of Deputy General Manager responsible for Finance, vacated by Burçin Ozan.

(***) Caner Işlak resigned from his position in Corporate and Global Banking as of May 20, 2025.

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

(*) The amounts are expressed in full TL.

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

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

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

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

As of 30 June 2025, the Bank has 44 domestic branches (31 December 2024: 44 domestic branches).

As of 30 June 2025, the number of employees of the Bank is 1.442 (31 December 2024: 1.467).

VI. OTHER MATTERS

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

VII. INFORMATION OF INSTITUTIONS IN CONSOLIDATION SCOPE

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

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

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

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

**HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2025 AND 31 DECEMBER 2024
(STATEMENT OF FINANCIAL POSITION)**

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

**SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS**

I. CONSOLIDATED BALANCE SHEET		Note (Section Five I)	Reviewed Current Period (30.06.2025)			Audited Prior Period (31.12.2024)		
			TL	FC	Total	TL	FC	Total
ASSETS								
I. FINANCIAL ASSETS (Net)			68.320.602	76.774.447	145.095.049	86.030.527	42.537.000	128.567.527
1.1 Cash and Cash Equivalents			46.320.374	71.988.318	118.308.692	66.636.981	38.860.669	105.497.650
1.1.1 Cash and Balances with Central Bank		(I-a)	35.483.301	24.512.501	59.995.802	15.461.563	17.427.927	32.889.490
1.1.2 Banks		(I-c)	8.040.888	1.991.685	10.032.573	535.190	296.556	831.746
1.1.3 Money Market Placements			2.803.604	45.493.234	48.296.838	50.647.129	21.142.115	71.789.244
1.1.4 Expected Loss Provision (-)			7.419	9.102	16.521	6.901	5.929	12.830
1.2 Financial Assets at Fair Value Through Profit or Loss		(I-b)	3.256.441	103.875	3.360.316	2.318.142	699.814	3.017.956
1.2.1 Government Debt Securities			2.658.485	103.875	2.762.360	1.947.287	699.814	2.647.101
1.2.2 Equity Instruments			5.742	-	5.742	5.742	-	5.742
1.2.3 Other Financial Assets			592.214	-	592.214	365.113	-	365.113
1.3 Financial Assets at Fair Value Through Other Comprehensive Income		(I-d)	18.562.322	-	18.562.322	16.685.155	-	16.685.155
1.3.1 Government Debt Securities			18.562.322	-	18.562.322	16.685.155	-	16.685.155
1.3.2 Equity Instruments			-	-	-	-	-	-
1.3.3 Other Financial Assets			-	-	-	-	-	-
1.4 Derivative Financial Assets		(I-b)	181.465	4.682.254	4.863.719	390.249	2.976.517	3.366.766
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss			181.465	4.682.254	4.863.719	390.249	2.976.517	3.366.766
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		(I-k)	-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)			25.283.533	54.229.855	79.513.388	17.276.867	41.006.776	58.283.643
2.1 Loans		(I-e)	13.783.902	56.242.758	70.026.660	13.975.217	42.683.254	56.658.471
2.2 Lease Receivables		(I-j)	-	-	-	-	-	-
2.3 Factoring Receivables			333.534	328.308	661.842	290.610	159.742	450.352
2.4 Other Financial Assets Measured at Amortized Cost		(I-f)	11.608.349	-	11.608.349	3.423.765	-	3.423.765
2.4.1 Government Debt Securities			11.608.349	-	11.608.349	3.423.765	-	3.423.765
2.4.2 Other Financial Assets			-	-	-	-	-	-
2.5 Expected Credit Losses (-)			442.252	2.341.211	2.783.463	412.725	1.836.220	2.248.945
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			-	-	-	-	-	-
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)	-	-	-	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries			-	-	-	-	-	-
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)	929.468	-	929.468	902.079	-	902.079
VI. INTANGIBLE ASSETS (Net)		(I-m)	683.076	-	683.076	648.694	-	648.694
6.1 Goodwill			-	-	-	-	-	-
6.2 Other			683.076	-	683.076	648.694	-	648.694
VII. INVESTMENT PROPERTY (Net)		(I-n)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET			-	-	-	-	-	-
IX. DEFERRED TAX ASSET		(I-o)	803.128	-	803.128	750.725	-	750.725
X. OTHER ASSETS		(I-r)	3.552.981	2.505.352	6.058.333	1.764.592	512.882	2.277.474
TOTAL ASSETS			99.572.788	133.509.654	233.082.442	107.373.484	84.056.658	191.430.142

The explanations and notes on pages 14 to 94 form an integral part of these consolidated financial statements

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

**HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2025 AND 31 DECEMBER 2024
(STATEMENT OF FINANCIAL POSITION)**

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

I. CONSOLIDATED BALANCE SHEET		Note (Section Five II)	Reviewed Current Period (30.06.2025)			Audited Prior Period (31.12.2024)		
			TL	FC	Total	TL	FC	Total
LIABILITIES								
I. DEPOSITS		(II-a)	62.052.793	95.629.604	157.682.397	69.370.166	60.458.688	129.828.854
II. FUNDS BORROWED		(II-d)	-	24.880.210	24.880.210	-	16.993.535	16.993.535
III. MONEY MARKET BALANCES		(II-c)	-	13.345.909	13.345.909	-	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)	284.274	3.715.824	4.000.098	246.305	2.852.700	3.099.005
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss			284.274	3.715.824	4.000.098	246.305	2.852.700	3.099.005
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income			-	-	-	-	-	-
VIII. FACTORING LIABILITIES			-	-	-	-	-	-
IX. LEASE LIABILITIES		(II-g)	180.295	7.464	187.759	203.290	5.497	208.787
X. PROVISIONS		(II-i)	1.137.822	24.129	1.161.951	1.217.045	23.680	1.240.725
10.1 Restructuring Provisions			-	-	-	-	-	-
10.2 Reverse for Employee Benefits			358.102	-	358.102	259.507	-	259.507
10.3 Insurance Technical Provisions (Net)			-	-	-	-	-	-
10.4 Other Provisions			779.720	24.129	803.849	957.538	23.680	981.218
XI. CURRENT TAX LIABILITY		(II-j)	2.025.680	-	2.025.680	1.543.312	-	1.543.312
XII. DEFERRED TAX LIABILITY		(II-j)	-	-	-	-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		(II-k)	-	-	-	-	-	-
13.1 Held for Sale Purpose			-	-	-	-	-	-
13.2 Related to Discontinued Operations			-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS		(II-l)	-	5.805.695	5.805.695	-	4.894.547	4.894.547
14.1 Loans			-	5.805.695	5.805.695	-	4.894.547	4.894.547
14.2 Other Debt Instruments			-	-	-	-	-	-
XV. OTHER LIABILITIES		(II-f)	2.624.203	665.110	3.289.313	3.010.060	1.355.579	4.365.639
XVI. SHAREHOLDERS' EQUITY		(II-m)	20.703.430	-	20.703.430	17.700.129	-	17.700.129
16.1 Paid-in capital			652.290	-	652.290	652.290	-	652.290
16.2 Capital Reserves			323.573	-	323.573	323.573	-	323.573
16.2.1 Share Premium			-	-	-	-	-	-
16.2.2 Share Cancellation Profits			-	-	-	-	-	-
16.2.3 Other Capital Reserves			323.573	-	323.573	323.573	-	323.573
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss			(240.102)	-	(240.102)	(212.778)	-	(212.778)
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss			(223.349)	-	(223.349)	(43.177)	-	(43.177)
16.5 Profit Reserves			15.852.269	-	15.852.269	10.939.183	-	10.939.183
16.5.1 Legal Reserves			329.606	-	329.606	213.071	-	213.071
16.5.2 Status Reserves			-	-	-	-	-	-
16.5.3 Extraordinary Reserves			15.522.663	-	15.522.663	10.726.112	-	10.726.112
16.5.4 Other Profit Reserves			-	-	-	-	-	-
16.6 Profit Or Loss			4.338.749	-	4.338.749	6.041.038	-	6.041.038
16.6.1 Prior Years' Profit/Loss			-	-	-	-	-	-
16.6.2 Current Year Profit/Loss			4.338.749	-	4.338.749	6.041.038	-	6.041.038
16.7 Minority Interest			-	-	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			89.008.497	144.073.945	233.082.442	93.290.307	98.139.835	191.430.142

The explanations and notes on pages 14 to 94 form an integral part of these consolidated financial statements

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

**HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS
AS OF 30 JUNE 2025 AND 31 DECEMBER 2024**

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

II. OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Reviewed Current Period (30.06.2025)			Audited Prior Period (31.12.2024)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		188.673.619	517.349.147	706.022.766	96.968.770	375.278.484	472.247.254
I. GUARANTEES AND COLLATERALS	(III-a-2,3)	2.749.771	25.878.417	28.628.188	3.175.567	23.552.534	26.728.101
1.1 Letters of Guarantee		2.749.771	13.639.968	16.389.739	3.157.067	12.658.207	15.815.274
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		2.749.771	13.639.968	16.389.739	3.157.067	12.658.207	15.815.274
1.2 Bank Acceptances		-	47.514	47.514	-	-	-
1.2.1 Import Letter of Acceptance		-	47.514	47.514	-	-	-
1.2.2 Other Bank Acceptance		-	-	-	-	-	-
1.3 Letters of Credit		-	11.221.302	11.221.302	18.500	10.033.437	10.051.937
1.3.1 Documentary Letters of Credit		-	8.377.319	8.377.319	18.500	6.924.717	6.943.217
1.3.2 Other Letters of Credit		-	2.843.983	2.843.983	-	3.108.720	3.108.720
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		-	969.633	969.633	-	860.890	860.890
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(III-a-1)	79.697.621	82.381.862	162.079.483	8.146.951	8.164.419	16.311.370
2.1 Irrevocable Commitments		79.697.621	82.381.862	162.079.483	8.146.951	8.164.419	16.311.370
2.1.1 Forward Asset Purchase and Sale Commitments		74.203.944	82.378.254	156.582.198	2.325.375	8.161.213	10.486.588
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		302.000	-	302.000	359.871	-	359.871
2.1.5 Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Payment Commitment for Checks		16.302	-	16.302	15.191	-	15.191
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Expenditure Limits		4.718.282	-	4.718.282	4.968.785	-	4.968.785
2.1.10 Commitments for Promotions Related with Credit Cards and Banking Activities		54.141	-	54.141	54.325	-	54.325
2.1.11 Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		402.952	3.608	406.560	423.404	3.206	426.610
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(III-b)	106.226.227	409.088.868	515.315.095	85.646.252	343.561.531	429.207.783
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		106.226.227	409.088.868	515.315.095	85.646.252	343.561.531	429.207.783
3.2.1 Forward Foreign Currency Buy/Sell Transactions		24.462.840	91.729.183	116.192.023	21.511.620	130.887.350	152.398.970
3.2.1.1 Forward Foreign Currency Transactions-Buy		5.335.155	52.693.984	58.029.139	7.029.238	69.205.305	76.234.543
3.2.1.2 Forward Foreign Currency Transactions-Sell		19.127.685	39.035.199	58.162.884	14.482.382	61.682.045	76.164.427
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rate		69.219.033	215.705.802	284.924.835	55.727.266	145.567.269	201.294.535
3.2.2.1 Foreign Currency Swap-Buy		15.380.835	70.348.210	85.729.045	2.725.388	56.595.357	59.320.745
3.2.2.2 Foreign Currency Swap-Sell		13.101.014	93.660.810	106.761.824	10.271.594	64.595.786	74.867.380
3.2.2.3 Interest Rate Swap-Buy		20.368.592	25.848.391	46.216.983	21.365.142	12.188.063	33.553.205
3.2.2.4 Interest Rate Swap-Sell		20.368.592	25.848.391	46.216.983	21.365.142	12.188.063	33.553.205
3.2.3 Foreign Currency, Interest Rate, and Securities Options		12.544.354	66.533.386	79.077.740	8.407.366	50.509.758	58.917.124
3.2.3.1 Foreign Currency Options-Buy		6.272.177	33.266.693	39.538.870	4.203.683	25.254.879	29.458.562
3.2.3.2 Foreign Currency Options-Sell		6.272.177	33.266.693	39.538.870	4.203.683	25.254.879	29.458.562
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		-	35.120.497	35.120.497	-	16.597.154	16.597.154
B. CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		3.683.542.165	283.009.425	3.966.551.590	2.551.767.978	237.885.865	2.789.653.843
IV. ITEMS HELD IN CUSTODY		3.613.444.381	157.139.834	3.770.584.215	2.482.567.795	121.446.762	2.604.014.557
4.1 Customers' Securities Held		147.888.317	56.495.601	204.383.918	108.644.957	45.850.490	154.495.447
4.2 Investment Securities Held in Custody		3.464.899.982	45.546.865	3.510.446.847	2.373.465.071	28.050.541	2.401.515.612
4.3 Checks Received for Collection		23.406	44.439	67.845	15.914	17.469	33.383
4.4 Commercial Notes Received for Collection		545.108	201.540	746.648	354.285	145.518	499.803
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		87.568	54.851.389	54.938.957	87.568	47.382.744	47.470.312
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		65.691.359	52.809.026	118.500.385	65.923.758	45.859.464	111.783.222
5.1 Marketable Securities		183.044	5.847.484	6.030.528	182.760	5.215.132	5.397.892
5.2 Guarantee Notes		1.780	1.989.815	1.991.595	1.780	1.768.073	1.769.853
5.3 Commodity		322.685	5.556.619	5.879.304	331.061	4.380.255	4.711.316
5.4 Warranty		-	-	-	-	-	-
5.5 Real Estate		3.687.746	34.108.631	37.796.377	3.818.818	30.293.323	34.112.141
5.6 Other Pledged Items		61.496.104	5.306.477	66.802.581	61.589.339	4.202.681	65.792.020
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL OF EXCHANGE AND COLLATERALS		4.406.425	73.060.565	77.466.990	3.276.425	70.579.639	73.856.064
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		3.872.215.784	800.358.572	4.672.574.356	2.648.736.748	613.164.349	3.261.901.097

The explanations and notes on pages 14 to 94 form an integral part of these consolidated financial statements

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

**HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIODS ENDED 30 JUNE 2025 AND 30 JUNE 2024**

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

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS			Reviewed			
INCOME AND EXPENSE ITEMS		Note (Section Five IV)	Current Period (01.01.2025– 30.06.2025)	Current Period (01.04.2025 – 30.06.2025)	Prior Period (01.01.2024– 30.06.2024)	Prior Period (01.04.2024– 30.06.2024)
I. INTEREST INCOME		(IV-a)	24.298.503	13.065.524	16.303.557	9.217.779
1.1 Interest Income on Loans		(IV-a-1)	5.325.603	2.765.915	6.115.380	3.158.232
1.2 Interest Received from Reserve Requirements			1.851.039	1.012.366	666.962	568.354
1.3 Interest Received from Banks		(IV-a-2)	7.953.409	2.960.687	3.001.584	1.270.967
1.4 Interest Received from Money Market Transactions			3.620.315	2.936.956	3.369.135	2.390.947
1.5 Interest Received from Marketable Securities Portfolio		(IV-a-3)	5.017.978	3.085.199	2.906.734	1.687.729
1.5.1 Financial Assets at Fair Value through Profit or (Loss)			570.466	381.405	180.208	114.717
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income			3.622.166	2.098.855	2.519.494	1.469.914
1.5.3 Financial Assets at Measured at Amortized Cost			825.346	604.939	207.032	103.098
1.6 Financial Lease Income			-	-	-	-
1.7 Other Interest Income			530.159	304.401	243.762	141.550
II. INTEREST EXPENSE (-)		(IV-b)	13.891.919	7.181.445	10.194.757	5.382.862
2.1 Interest Expense on Deposits		(IV-b-4)	12.566.883	6.404.392	9.408.355	4.927.313
2.2 Interest Expense on Funds Borrowed		(IV-b-1)	964.940	525.521	471.752	237.851
2.3 Interest Expense on Money Market Transactions			303.149	226.701	254.985	183.578
2.4 Interest on Securities Issued		(IV-b-3)	-	-	-	-
2.5 Interest Expense on Lease			18.473	9.714	18.677	12.544
2.6 Other Interest Expenses			38.474	15.117	40.988	21.576
III. NET INTEREST INCOME/EXPENSE (I - II)			10.406.584	5.884.079	6.108.800	3.834.917
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE			1.413.830	633.415	868.025	622.623
4.1 Fees and Commissions Received			1.688.138	783.431	1.372.745	744.830
4.1.1 Non-Cash Loans			418.085	160.420	351.619	183.613
4.1.2 Other		(IV-l)	1.270.053	623.011	1.021.126	561.217
4.2 Fees and Commissions Paid (-)			274.308	150.016	504.720	122.207
4.2.1 Non-Cash Loans			293	160	562	278
4.2.2 Other			274.015	149.856	504.158	121.929
V. DIVIDEND INCOME		(IV-c)	1.021	1.021	551	551
VI. TRADING GAIN/(LOSS) (Net)		(IV-d)	(466.942)	(844.124)	(164.886)	(433.420)
7.1 Trading Gains/(Losses) on Securities			(72.968)	(11.567)	145.000	62.631
7.2 Derivative Financial Transactions Gains/(Losses)			4.451.330	1.475.356	1.480.185	642.985
7.3 Foreign Exchange Gains/(Losses)			(4.845.304)	(2.307.913)	(1.790.071)	(1.139.036)
VII. OTHER OPERATING INCOME		(IV-e)	265.062	124.816	250.689	109.923
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)			11.619.555	5.799.207	7.063.179	4.134.594
IX. PROVISION FOR LOAN LOSSES (-)		(IV-f)	619.215	329.815	205.314	37.169
X. OTHER PROVISION EXPENSES (-)			48.569	31.124	15.679	9.195
XI. PERSONNEL EXPENSES (-)			2.573.380	1.357.074	1.909.751	1.130.830
XII. OTHER OPERATING EXPENSES (-)		(IV-g)	2.199.616	1.105.418	1.268.646	688.361
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)			6.178.775	2.975.776	3.663.789	2.269.039
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER			-	-	-	-
XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED			-	-	-	-
BASED ON EQUITY METHOD			-	-	-	-
XVI. INCOME/ (LOSS) ON NET MONETARY POSITION			-	-	-	-
XVII. INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)			6.178.775	2.975.776	3.663.789	2.269.039
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)		(IV-i)	(1.840.026)	(904.109)	(1.119.451)	(694.719)
18.1 Current Tax Provision			(1.884.049)	(1.384.306)	(1.683.791)	(1.149.054)
18.2 Deferred Tax Income Effect (+)			-	-	-	-
18.3 Deferred Tax Expense Effect (-)			44.023	480.197	564.340	454.335
XIX. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XVII±XVIII)		(IV-j)	4.338.749	2.071.667	2.544.338	1.574.320
XX. INCOME FROM DISCONTINUED OPERATIONS			-	-	-	-
20.1 Income from Non-Current Assets Held for Resale			-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)			-	-	-	-
20.3 Other Income from Discontinued Operations			-	-	-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)			-	-	-	-
21.1 Expenses for Non-Current Assets Held for Resale			-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)			-	-	-	-
21.3 Other Expenses from Discontinued Operations			-	-	-	-
XXII. PROFIT/LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)			-	-	-	-
XXIII. PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)			-	-	-	-
23.1 Current Tax Provision			-	-	-	-
23.2 Deferred Tax Income Effect (+)			-	-	-	-
23.3 Deferred Tax Expense Effect (-)			-	-	-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)			-	-	-	-
XXV. NET PROFIT/LOSSES (XIX+XXIV)		(IV-k)	4.338.749	2.071.667	2.544.338	1.574.320
Earnings/Loss per Share			0,066516	0,031760	0,039006	0,024135

The explanations and notes on pages 14 to 94 form an integral part of these consolidated financial statements

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

**HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 30 JUNE 2025 AND 30 JUNE 2024**

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

IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
	Reviewed Current Period (30.06.2025)	Reviewed Prior Period (30.06.2024)
I. INCOME/LOSS FOR THE PERIOD	4.338.749	2.544.338
II. OTHER COMPREHENSIVE INCOME	(207.496)	(140.199)
2.1 Not Reclassified Through Profit or Loss	(27.324)	(14.332)
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	(38.951)	(20.421)
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	11.627	6.089
2.2 Reclassified Through Profit or Loss	(180.172)	(125.867)
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	(257.397)	(179.744)
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	77.225	53.877
III. TOTAL COMPREHENSIVE INCOME (I+II)	4.131.253	2.404.139

The explanations and notes on pages 14 to 94 form an integral part of these consolidated financial statements

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2024

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
						Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss								
Reviewed Prior Period 30 June 2024	Note Section Five (V)	Paid-in Capital	Share Premium	Share Cancel Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserve	Prior Period Profit/ (Loss)	Net Profit/ (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Equity
I. Balances at the Beginning of the Period – 31 December 2023		652.290	-	-	1.464.825	-	(184.595)	-	-	131.783	-	5.493.823	-	4.304.108	11.862.234	-	11.862.234
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	-	(184.595)	-	-	131.783	-	5.493.823	-	4.304.108	11.862.234	-	11.862.234
IV. Total Comprehensive Income	(V-a)	-	-	-	-	-	(14.332)	-	-	(125.867)	-	-	-	2.544.338	2.404.139	-	2.404.139
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		-	-	-	-	-	-	-	-	-	-	4.304.108	-	(4.304.108)	-	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	(4.304.108)	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	4.304.108	-	(4.304.108)	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV'+.....+X+XI)		652.290	-	-	323.573	-	(198.927)	-	-	5.916	-	10.939.183	-	2.544.338	14.266.373	-	14.266.373

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 94 form an integral part of these consolidated financial statements.

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

**HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2025**

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
						Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss								
Reviewed Current Period 30 June 2025	Note Section Five (V)	Paid-in Capital	Share Premium	Share Cancel Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/ (Loss)	Net Profit/ (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Equity
I. Balances at the Beginning of the Period – 31 December 2024		652.290	-	-	323.573	-	(212.778)	-	-	(43.177)	-	10.939.183	-	6.041.038	17.700.129	-	17.700.129
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	-	(212.778)	-	-	(43.177)	-	10.939.183	-	6.041.038	17.700.129	-	17.700.129
IV. Total Comprehensive Income	(V-a)	-	-	-	-	-	(27.324)	-	-	(180.172)	-	-	-	4.338.749	4.131.253	-	4.131.253
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	4.913.086	-	(6.041.038)	(1.127.952)	-	(1.127.952)
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	(1.127.952)	(1.127.952)	-	(1.127.952)
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	4.913.086	-	(4.913.086)	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)		652.290	-	-	323.573	-	(240.102)	-	-	(223.349)	-	15.852.269	-	4.338.749	20.703.430	-	20.703.430

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 94 form an integral part of these consolidated financial statements.

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

**HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED 30 JUNE 2025 AND 30 JUNE 2024**

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS			
	Note (Section Five VI)	Reviewed Current Period (30.06.2025)	Reviewed Prior Period (30.06.2024)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	(VI-a)	2.862.624	947.513
1.1.1 Interest Received	(VI-a)	23.507.615	15.109.451
1.1.2 Interest Paid	(VI-a)	(14.122.963)	(10.785.187)
1.1.3 Dividend Received		1.021	551
1.1.4 Fees and Commissions Received		1.740.042	1.342.383
1.1.5 Other Income		265.062	169.600
1.1.6 Collections From Previously Written-Off Loans and Other Receivables		40.859	17.913
1.1.7 Cash Payments to Personnel and Service Suppliers	(VI-a)	(2.639.711)	(2.321.559)
1.1.8 Taxes Paid		(1.841.100)	(1.412.098)
1.1.9 Other		(4.088.201)	(1.173.541)
1.2 Changes in Operating Assets and Liabilities Subject to Banking Operations		5.722.096	(16.520.977)
1.2.1 Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss		(154.731)	(1.260.584)
1.2.2 Net (Increase)/Decrease in Due from Banks		(9.826.429)	(6.065.321)
1.2.3 Net (Increase)/Decrease in Loans		(13.447.081)	(11.936.092)
1.2.4 Net (Increase)/Decrease in Other Assets		(3.264.338)	(916.194)
1.2.5 Net Increase/(Decrease) in Bank Deposits		(164.352)	(851.730)
1.2.6 Net Increase/(Decrease) in Other Deposits		28.293.878	(444.928)
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		4.346.153	936.225
1.2.9 Net Increase/(Decrease) in Matured Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		(61.004)	4.017.647
I. Net Cash Provided from Banking Operations		8.584.720	(15.573.464)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(9.969.117)	(6.566.147)
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		(129.038)	(67.860)
2.4 Cash Obtained from the Sale of Tangible and Intangible Asset		847	44.797
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(12.020.726)	(6.998.048)
2.6 Cash Obtained from the Sale of Financial Assets at Fair Value Through Other Comprehensive Income		9.899.035	612.099
2.7 Cash Paid for Purchase of Financial Assets at Amortized Cost		(7.571.502)	-
2.8 Cash Obtained from Sale of Financial Assets at Amortized Cost		-	-
2.9 Other		(147.733)	(157.135)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		4.325.629	5.301.981
3.1 Cash Obtained from Funds Borrowed and Securities Issued		17.352.582	10.623.173
3.2 Cash Outflow from Funds Borrowed and Securities Issued		(12.943.363)	(5.261.351)
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Lease Liabilities		(83.590)	(59.841)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(VI-a)	12.935	(13.026)
V. Net (Decrease)/Increase in Cash and Cash Equivalents (I+II+III+IV)		2.954.167	(16.850.656)
VI. Cash and Cash Equivalents at Beginning of the Period	(VI-d)	84.638.062	59.295.849
VII. Cash and Cash Equivalents at End of the Period	(VI-d)	87.592.229	42.445.193

The explanations and notes on pages 14 to 94 form an integral part of these consolidated financial statements.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

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

The Group prepared the accompanying consolidated financial statements within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA") and in case where a specific regulation is not made by BRSA and Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting for the format and detail of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette no. 28337, dated 28 June 2012 and amendments to this Communiqué dated 1 February 2019 which include Turkish Accounting Standard principles. 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 consolidated financial statements have been prepared in TL, under the historical cost convention as modified in accordance with inflation adjustments until 31 December 2004, except for the financial assets and liabilities, which are carried at fair value.

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

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

The accounting policies followed and the valuation principles used in the preparation of the financial statements have been determined and applied in accordance with the principles within the scope of the "BRSA Accounting and Financial Reporting Legislation" and are consistent with the accounting policies applied in the annual financial statements prepared for the period ending on 31 December 2024.

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

The Parent Bank made certain estimations in the calculation of expected credit losses in the consolidated financial statements prepared as of 30 June 2025 and disclosed them in footnote VIII, "Explanations on Expected Loss Provisions". The Parent Bank reviews its assumptions quarterly and makes updates if deemed necessary.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

I. EXPLANATIONS ON BASIS OF PRESENTATION (Continued)

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

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

Changes in accounting policies and disclosures

New and revised TAS/IFRS effective for annual periods beginning on or after 1 January 2024 have no material effect on the financial statements, financial performance and on the Group's accounting policies. New and revised TAS issued but not yet effective as of the finalization date of the financial statements have no material effect on the financial statements, financial performance and on the Group's accounting policies.

The Public Oversight, Accounting and Auditing Standards Authority ("POA"), through its announcement dated 23 November 2023, has stated that the financial statements of entities applying Turkish Financial Reporting Standards for annual reporting periods ending on or after 31 December 2023 should be prepared in accordance with the Financial Reporting Standard for High Inflation Economies ("TAS 29"), however, institutions or organizations authorized to regulate and supervise in their respective fields may determine different transition dates for the application of TAS 29 provisions. In response to this announcement by POA, the Banking Regulation and Supervision Agency ("BRSA") has decided, through its decision numbered 10744 dated 12 December 2023, that the financial statements as of 31 December 2023 of banks, financial leasing, factoring, financing, savings finance and asset management companies should not be subjected to inflation adjustments required under TAS 29. In accordance with the decision numbered 10825 dated 11 January 2024 of BRSA; banks, financial leasing, factoring, financing, savings finance and asset management companies are required to transition to inflation accounting practices as of 1 January 2025. Accordingly, the Bank did not apply the inflation accounting required under TAS 29 in its financial statements for the year ended 31 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 30 June 2025. 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 Parent Bank's main resources are customer deposits and foreign loans. The Parent Bank creates its liquidity structure that will ensure the fulfilment of its due liabilities by diversifying its funding sources and by keeping sufficient cash and assets that can be converted into cash.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

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

III. EXPLANATIONS ON CONSOLIDATED INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

The Group has no investments in associates as of 30 June 2025. Investments in subsidiaries are accounted in accordance with the "Turkish Accounting Standard for Separate Financial Statements" ("TAS 27") in the consolidated 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.

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

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

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES (Continued)

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

Classification and measurement of financial instruments

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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

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

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

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

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

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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

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

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

c) Financial Assets Measured in Amortized Cost:

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

d) Loans:

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES

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

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

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

Stage 1:

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.

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 first quarter of 2025, the weight of the optimistic scenario has been revised downward due to global uncertainties and increasing sensitivities, while the weight of the pessimistic scenario has been increased. The scenario weightings were maintained in the second quarter of 2025. When estimating the expected credit loss, four scenarios (optimistic, base, pessimistic, and alternative pessimistic), which take into account global uncertainties and heightened sensitivities, are considered. Each of these scenarios is associated with a different probability.

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.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued)

Calculation of Expected Credit Losses (Continued)

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

Probability of Default (PD)

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

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

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

For Commercial and Corporate portfolios, Internal rating models are also used. 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 resulting from the loan in case of default by the borrower. It is expressed as a ratio. Loss given default for retail loans is calculated over the expected collections from collateral and other loan cash flows, taking into account the time value of money. While calculating the time value of money, the weighted average interest rate of the performing loan portfolio at the relevant period is taken into account as the effective interest rate. For corporate and commercial loans, 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.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued)

Consideration of the Macroeconomic Factors

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

Corporate/commercial portfolio:

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

Retail portfolio:

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

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

As of 30 June 2025, the Parent Bank calculates the expected credit loss by taking into account the statistical models designed to comply with the relevant legislation and accounting standards and the methods used for prudence, as well as the macroeconomic forecasts for the future. In addition, changes affecting macroeconomic factors reflected the data obtained with the maximum effort principle to the estimates and judgments used in the calculation of expected credit losses, with the best estimation method.

The Parent Bank reassessed the macroeconomic scenario weightings used in the expected credit loss calculation as of March 31, 2025 and June 30, 2025, and revised the optimistic scenario weightings downward and the pessimistic scenario weightings upward. The calculations, which also take into account the PD and LGD parameters that vary according to these scenarios and their weights, have been reflected in the financial statements as of June 30, 2025. The PD values used in the Corporate/Commercial portfolio, which basically the annual rate of change in housing prices, reflects the change in short-term external debt in USD and the annual change in gross national product. By their nature, in the event of unforeseen circumstances not captured by the models, the Parent Bank continues to establish provisions by applying management overlays, both increasing and decreasing, in addition to the provisions established for the corporate/commercial portfolio. In the second half of 2023, management overlays were removed considering macroeconomic improvements. For corporate clients subjected to stress testing in the fourth quarter of 2024, expected deteriorations have been reflected in internal rating grades as of the first quarter of 2025. For those not reflected in the internal ratings, the Parent Bank has applied additional management overlays on top of the provisions established. In subsequent reporting periods, the status of the existing portfolio, macroeconomic developments and forward-looking expectations will be regularly reviewed to reassess management overlays. This approach, which was preferred for the provision calculations at the end of 2024 and discontinued in 2025 due to the reflection of actual developments, will be revisited in subsequent reporting periods, considering the current portfolio and future expectations.

Calculating the Expected Loss Period

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued)

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

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

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

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

IX. DERECOGNITION OF FINANCIAL INSTRUMENTS

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

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

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

IX. DERECOGNITION OF FINANCIAL INSTRUMENTS (Continued)

c) Derecognition of financial liabilities

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

d) Reclassification of financial instruments

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

e) Restructuring and refinancing of financial instruments

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

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

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

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

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

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

X. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES

None.

XI. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

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

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

As of 30 June 2025 and 31 December 2024, the Group has no discontinued operations.

XIV. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

As of 30 June 2025, there is no net book value of goodwill (31 December 2024: 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.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

XVI. EXPLANATIONS ON LEASING TRANSACTIONS

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

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

Explanations on TFRS 16 Leasing Transactions:

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

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

Right-of-use assets

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

The right use includes the presence of:

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

XVI. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

Lease Liabilities

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

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

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

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred. The Group 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 Group's alternative borrowing interest rate on the date of re-evaluation.

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

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

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

Short-term leases and leases of low-value assets

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

Due to the Group's implementation of TFRS 16, rights of use assets classified under tangible assets as of 30 June 2025 amounted to TL 169.929 (31 December 2024: TL 173.305), lease liability amounted to TL 187.759 (31 December 2024: TL 208.787), depreciation expense amounted to TL 43.961 (30 June 2024: TL 37.268) and interest expense amounted to TL 18.473 (30 June 2024: TL 18.677).

XVII. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

XVIII. EXPLANATIONS ON CONTINGENT ASSETS

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

XIX. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Obligations related to employment termination and vacation rights are accounted for in accordance with "Employee Rights Standard" ("TAS 19") and are classified under "Reserve for Employee Rights" account in the balance sheet. Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The Group allocates provision for retirement and termination liabilities by estimating the net present value of future payments arising from the retirement of employees and reflects this provision amount in the financial statements. For employee termination benefit provision calculation, future liability amounts are calculated and yearly discount rate is 3,90% (31 December 2024: 3,90%).

As of 30 June 2025, actuarial loss amounted to TL 240.102 (31 December 2024: TL 212.778 loss) is recognized under other profit reserves in the financial statements.

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

XX. EXPLANATIONS ON TAXATION

a) Current Tax:

In accordance with Article 32 of the Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205, the corporate tax rate was determined as 20%. However, 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.

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 Türkiye and to institutions residing in Türkiye. Dividend payments other than those made to non-resident companies that generate income through a workplace or their permanent representative in Türkiye and to companies residing in Türkiye 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.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

XX. EXPLANATIONS ON TAXATION (Continued)

a. Current Tax (Continued):

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, the tax financial statements prepared under the Tax Procedure Law for the 2023 fiscal year were not subject to inflation adjustment for the interim tax periods, whereas the tax financial statements dated December 31, 2023, and those prepared during 2024 (excluding the first interim tax period) have been subject to inflation adjustment. On the other hand, under this regulation, depreciable economic assets on the Parent 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.

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. In other words, the calculations to be made within the scope of inflation accounting under the Tax Procedure Law (VUK) are monitored separately without being included in the financial statements. In this respect, the profit or loss differences arising from inflation adjustment do not affect the corporate tax base in the VUK financial statements.

Lastly, pursuant to the Tax Procedure Law (VUK) General Communiqué No. 582, published in the Official Gazette dated 15 February 2025 and numbered 32814, it has been deemed appropriate that taxpayers do not apply inflation adjustment as of the end of the first, second, and third provisional tax periods of the 2025 fiscal year. Accordingly, the VUK financial statements for the year 2025 are prepared within the scope of the relevant regulation.

b) Deferred Tax Assets / Liabilities:

The Parent 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 Article 32 of the Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205 and entered into force on the same date, the standard corporate tax rate has been set at 20%. However, 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. Therefore, the Group has calculated a 30% deferred tax on all its assets and liabilities.

Deferred tax assets and liabilities are reflected in the financial statements by netting. Net deferred tax asset resulting from offsetting is shown in the balance sheet as deferred tax asset and net deferred tax liability is shown as deferred tax liability. As of 30 June 2025, the Group has recognized deferred tax receivable amounting to TL 803.128 as an asset (31 December 2024: The Group has recognized a deferred tax receivable amounting to TL 750.725 as an asset).

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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 Türkiye (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 Türkiye 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.

Türkiye 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 came into effect on the date of its publication to be applied to corporate earnings for the 2025 taxation period. Additionally, General Communiqué No. 23 on Corporate Tax has been issued regarding 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 on 18 November 2007, explains the application related issues on this topic. According to this communiqué, the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. As stated in the "7.1 Annual Documentation" section of this communiqué, the taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices. The Parent 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 consolidated financial statements enclosed, foreign currency borrowings are translated according to the Parent Bank's period end exchange rate. Interest expenses of the current period regarding the borrowing amounts are recognized in the financial statements. Also, the Group provides resources through the bond issue. As of 30 June 2025 and 31 December 2024, the Group has no convertible bonds.

XXII. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

As of 30 June 2025 and 31 December 2024, the Group has no issued share certificates.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

XXIII. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXIV. EXPLANATIONS ON GOVERNMENT INCENTIVES

As of 30 June 2025 and 31 December 2024, the Group has no government incentives.

XXV. EXPLANATIONS ON OPERATING SEGMENTS

Segment reporting is presented in Note XII of Section Four.

XXVI. PROFIT RESERVES AND PROFIT DISTRIBUTION

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

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

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	Prior Period
	30 June 2025	30 June 2024
Net Earnings/(Loss) for the Period	4.338.749	2.544.338
Number of Shares	65.229.000.000	65.229.000.000
Earnings/(Loss) per Share (*)	0,066516	0,039006

(*) 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 Türkiye; and cash equivalents include interbank money market placements, reserve deposit average accounts, time deposits at banks and investments at marketable securities with original maturity periods of less than three months.

XXIX. RELATED PARTIES

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

XXX. RECLASSIFICATIONS

None.

XXXI. OTHER MATTERS

None.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

SECTION FOUR

EXPLANATIONS RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. EXPLANATIONS RELATED TO COMPONENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

Equity and Capital Adequacy Standard Ratio is calculated in accordance with "Communiqué on Measurement and Assessment of Capital Adequacy of Banks" and "Communiqué on Equities of Banks". As of 30 June 2025, equity of the Group and the Parent Bank is amounting to TL 26.668.383 and TL 25.640.557 respectively and capital adequacy ratio is 25,00% and 24,41% respectively. As of 31 December 2024 equity of the Group and the Parent Bank is amounting to TL 22.553.172 and TL 21.822.229 respectively and the capital adequacy ratio was 28,92% and 28,28% respectively. Capital adequacy ratio of the Group is higher than the minimum rate required by the related regulation.

a) Information about consolidated shareholders' equity items:

	Current Period 30 June 2025	Prior Period 31 December 2024
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	652.290	652.290
Share Premium	-	-
Reserves	16.175.842	11.262.756
Other Comprehensive Income according to TAS	-	-
Profit	4.338.749	6.041.038
Current Period Profit	4.338.749	6.041.038
Prior Period Profit	-	-
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	-
Minorities' Share	-	-
Common Equity Tier I Capital Before Deductions	21.166.881	17.956.084
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	463.451	255.955
Leasehold Improvements on Operational Leases	53.185	60.302
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	683.076	648.694
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	1.199.712	964.951
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	19.967.169	16.991.133

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

	Current Period 30 June 2025	Prior Period 31 December 2024
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	3.183.704	2.828.916
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	3.183.704	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	3.183.704	2.828.916
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	23.150.873	19.820.049
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	2.568.772	2.017.813
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Third parties' share in the Additional Tier II capital	-	-
Third parties' share in the Additional Tier II capital (Covered by Temporary Article 3)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	949.986	717.773
Total Deductions from Tier II Capital	3.518.758	2.735.586
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 (-)	844	1.552
Total Deductions from Tier II Capital	844	1.552
Total Tier II Capital	3.517.914	2.734.034
Total Equity (Total Tier I and Tier II Capital)	26.668.787	22.554.083
Amounts Deducted from Equity		
Loans Granted against the Articles 50 and 51 of the Banking Law	25	-
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	379	911
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	-	-

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

	Current Period 30 June 2025	Prior Period 31 December 2024
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	26.668.383	22.553.172
Total Risk Weighted Assets	106.655.847	77.996.923
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	18,72	21,78
Consolidated Tier I Capital Ratio (%)	21,71	25,41
Consolidated Capital Adequacy Ratio (%)	25,00	28,92
BUFFERS		
Total Additional Core Capital Requirement Ratio (a+b+c)	2,55	2,55
a) Capital Conservation Buffer Ratio (%)	2,50	2,50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,05	0,05
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 (%)	10,17	13,24
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)	2.747.475	2.193.638
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	949.994	717.773
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.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

a) Items included in consolidated capital calculation:

Information about instruments that will be included in total capital calculation: Details on Subordinated Liabilities:		
Issuer	HSBC HOLDINGS PLC	HSBC Middle East Holdings B.V
Identifier(s) (CUSIP, ISIN etc.)	Subordinated Loans	Additional Tier I Capital
Governing law (s) of the instrument	BRSA	BRSA
Regulatory treatment		
Subject to 10% deduction as of 1/1/2015	No	No
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)	2.569	3.184
Nominal value of instrument	2.569	3.184
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	Demand
Original maturity of the instrument	10 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 5.25th 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 Parent Bank's operational permit or transferring to the Fund; The principal amount and interest payment liabilities of the loan may be terminated in whole or in part in accordance with the decision of the Board in this direction or it may be converted into capital by complying with the required legislation.	In case of the possibility of cancelling the Parent Bank's operational permit or transferring to the Fund; The principal amount and interest payment liabilities of the loan may be terminated in whole or in part in accordance with the decision of the 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 Parent Bank's Core Capital Adequacy Ratio (on a solo or consolidated basis), calculated in accordance with applicable laws, falls below 5.125% (trigger event related to capital adequacy).
If bond can be written-down, full or partial	-	Partially or Completely
If bond can be written-down, permanent or temporary	-	Temporary
If temporary write-down, description of write-up mechanism	-	If the Parent 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 borrowing, before additional capital, same as other contribution capital	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 Banks’ Equity”	In compliance with the requirements of Article 7 and 8 of “Regulation on Banks’ Equity”
Which of the conditions set forth in Articles 7 and 8 of the Regulation on Banks' Equity are not met	In compliance with the requirements of Article 7 and 8 of “Regulation on Banks’ Equity”	In compliance with the requirements of Article 7 and 8 of “Regulation on Banks’ Equity”

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

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

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

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

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

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK

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

III. EXPLANATIONS ON CONSOLIDATED COUNTER CYCLICAL CAPITAL BUFFER RATIO CALCULATION

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

IV. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK

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

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

b) Management policy for foreign currency risk:

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

IV. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued)

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

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

Current Period – 30 June 2025	USD (\$)	Euro (€)
Balance Sheet Date		
Bank Evaluation Rate	39,7963	46,7049
Prior Balance Sheet Date		
27 June 2025	39,8832	46,7470
26 June 2025	39,7235	46,5162
25 June 2025	39,7457	46,1607
24 June 2025	39,5770	46,0399
23 June 2025	39,6810	45,7562
Prior 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

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

As of June 2025, the Bank's simple arithmetic average foreign exchange rate for USD is TL 39,4698 TL (December 2024: 35,0039 TL) and exchange rate for Euro is TL 45,5348 TL (December 2024: 36,6407 TL)

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

IV. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued)

d. Information related to Group's currency risk:

Current Period -30 June 2025	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 Türkiye	4.421.815	12.405.716	7.680.214	24.507.745
Banks	124.258	1.824.984	42.418	1.991.660
Financial Assets at Fair Value through Profit or Loss (Net) (***)	721.689	4.028.182	36.258	4.786.129
Interbank Money Market Placements	-	45.488.913	-	45.488.913
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Loans(*)	36.139.482	18.091.943	-	54.231.425
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(**)	5.865	2.499.314	173	2.505.352
Total Assets	41.413.109	84.339.052	7.759.063	133.511.224
Liabilities				
Bank Deposits	46.700	1.127	-	47.827
Foreign Currency Deposits	25.515.911	36.286.971	33.778.895	95.581.777
Funds from Interbank Money Market	1.349.853	10.245.798	1.750.258	13.345.909
Fund Borrowed	8.723.471	21.962.434	-	30.685.905
Marketable Securities Issued (Net)	-	-	-	-
Miscellaneous Payables	7.707	217.185	19.377	244.269
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	239.247	3.822.986	106.025	4.168.258
Total Liabilities	35.882.889	72.536.501	35.654.555	144.073.945
Net On Balance Sheet Position	5.530.220	11.802.551	(27.895.492)	(10.562.721)
Net Off-Balance Sheet Position	(5.005.526)	(11.085.661)	27.884.011	11.792.824
Financial Derivative Assets	90.880.889	94.548.359	39.913.466	225.342.714
Financial Derivative Liabilities	95.886.415	105.634.020	12.029.455	213.549.890
Non-cash Loans	12.933.940	9.142.524	3.801.953	25.878.417
Prior Period - 31 December 2024				
Total Assets	30.737.318	47.234.744	6.086.674	84.058.736
Total Liabilities	21.161.243	50.712.870	26.265.722	98.139.835
Net on-Balance Sheet Position	9.576.075	(3.478.126)	(20.179.048)	(14.081.099)
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	10.758.102	9.359.517	3.434.915	23.552.534

(*) As of June 30, 2025, there is a foreign currency-indexed loan amounting to TL 1.570.

(**) Within Other Liabilities, there are Derivative Financial Liabilities amounting to TL 3.715.824.

(***) There are Derivative Financial Assets amounting to TL 4.682.254 within Financial Assets at Fair Value Through Profit or Loss.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

V. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK

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

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

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

Current Period – 30 June 2025	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 Türkiye (*)	42.606.296	-	-	-	-	17.377.737	59.984.033
Banks (*)	9.749.602	-	-	-	-	282.806	10.032.408
Financial Assets at Fair Value Through Profit or Loss (Net)(**)	1.592.892	1.736.728	1.635.838	2.584.208	76.413	597.956	8.224.035
Interbank Money Market Placements (*)	48.292.251	-	-	-	-	-	48.292.251
Financial Assets at Fair Value Through Other Comprehensive Income	4.964.408	6.773.415	2.976.937	3.709.415	138.147	-	18.562.322
Loans	18.583.940	14.171.450	33.860.513	718.858	601.957	7.145	67.943.863
Financial Assets Measured at Amortized Cost (****)	-	-	-	9.278.664	2.290.861	-	11.569.525
Other Assets	5.166.614	-	-	182.590	-	3.124.801	8.474.005
Total Assets	130.956.003	22.681.593	38.473.288	16.473.735	3.107.378	21.390.445	233.082.442
Liabilities							
Bank Deposits	1.603.904	-	-	-	-	254.962	1.858.866
Other Deposits	70.064.578	10.889.943	268.307	399	-	74.600.304	155.823.531
Funds from Interbank Money Market	13.345.909	-	-	-	-	-	13.345.909
Miscellaneous Payables	1.676.358	-	-	-	-	531.382	2.207.740
Marketable Securities Issued (Net)	-	-	-	-	-	-	-
Funds Borrowed	9.003.127	21.682.778	-	-	-	-	30.685.905
Other Liabilities (**)(***)	1.127.506	1.427.326	4.212.345	104.654	-	22.288.660	29.160.491
Total Liabilities	96.821.382	34.000.047	4.480.652	105.053	-	97.675.308	233.082.442
Balance Sheet Long Position	34.134.621	-	33.992.636	16.368.682	3.107.378	-	87.603.317
Balance Sheet Short Position	-	(11.318.454)	-	-	-	(76.284.863)	(87.603.317)
Off-Balance Sheet Long Position	244.870	-	-	79.655	-	-	324.525
Off-Balance Sheet Short Position	-	(118.819)	(1.086.138)	-	-	-	(1.204.957)
Total Position	34.379.491	(11.437.273)	32.906.498	16.448.337	3.107.378	(76.284.863)	(880.432)

(*) 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 16.521.

(**) 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 38.824.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

V. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

Prior 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 Türkiye ^(*)	25.806.590	-	-	-	-	7.076.333	32.882.923
Banks ^(*)	710.586	-	-	-	-	121.136	831.722
Financial Assets at Fair Value Through Profit or Loss (Net) ^(**)	785.441	1.648.772	1.387.002	1.783.411	409.241	370.855	6.384.722
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	16.367.720	16.134.303	21.725.702	32.449	577.030	32.704	54.869.908
Financial Assets Measured at Amortized Cost ^(****)	-	-	-	1.089.450	2.324.285	-	3.413.735
Other Assets	1.934	-	43	62.486	-	4.514.509	4.578.972
Total Assets	118.054.767	25.817.709	23.443.429	7.381.474	4.617.226	12.115.537	191.430.142
Liabilities							
Bank Deposits	1.717.256	-	-	-	-	306.354	2.023.610
Other Deposits	54.134.228	15.066.118	1.065.718	7	-	57.539.173	127.805.244
Funds from Interbank Money Market	11.555.609	-	-	-	-	-	11.555.609
Miscellaneous Payables	-	-	-	-	-	4.437.397	4.437.397
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	-	18.027.789	23.720.200
Total Liabilities	75.773.335	30.923.192	4.285.013	137.889	-	80.310.713	191.430.142
Balance Sheet Long Position	42.281.432	-	19.158.416	7.243.585	4.617.226	-	73.300.659
Balance Sheet Short Position	-	(5.105.483)	-	-	-	(68.195.176)	(73.300.659)
Off-Balance Sheet Long Position	-	-	72.631	33.146	-	-	105.777
Off-Balance Sheet Short Position	(320.329)	(204.094)	-	-	-	-	(524.423)
Total Position	41.961.103	(5.309.577)	19.231.047	7.276.731	4.617.226	(68.195.176)	(418.646)

^(*) 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 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 measured at amortized cost include an expected loss provision balance of TL 10.030.

b) Effective average interest rates for monetary financial instruments:

Current Period – 30 June 2025	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 Türkiye	3,00	3,00	-	38,24
Banks	-	4,32	-	47,77
Financial Assets at Fair Value Through Profit or Loss (Net)	3,25	6,73	-	46,26
Interbank Money Market Placements	-	4,18	-	46,98
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	44,91
Loans	6,49	7,63	-	49,66
Financial Assets Measured at Amortized Cost	-	-	-	31,94
Liabilities				
Bank Deposits	-	-	-	38,11
Other Deposits	1,37	2,79	-	38,84
Funds From Interbank Money Market	1,06	3,58	-	-
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-
Funds Provided from Other Financial Institutions	5,62	6,52	-	-

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

V. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

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

Prior 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 Türkiye	3,50	3,50	-	31,00
Banks	-	4,61	-	49,64
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	-	41,34
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	-	-

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

Position risk of equity securities in banking book:

As of 30 June 2025, the Parent Bank has no financial assets that would cause a significant effect on its equity securities position (31 December 2024: None).

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

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

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

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

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

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

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

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

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

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

Information on liquidity risk mitigation techniques:

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

Explanation of the usage of stress test:

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

General information on liquidity emergency and contingency plans:

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

Explanation regarding the components of high-quality liquid assets:

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

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.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

Current Period – 30.06.2025	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			136.219.021	56.768.044
Cash Outflows				
Retail and customer deposits	109.522.917	63.738.413	10.252.117	6.373.841
Stable deposits	14.003.500	-	700.175	-
Less stable deposits	95.519.417	63.738.413	9.551.942	6.373.841
Unsecured funding other than retail and small business customers deposits	65.964.751	32.872.320	36.874.005	17.282.766
Operational deposits	-	-	-	-
Non-Operational deposits	59.437.576	31.894.199	30.346.830	16.304.645
Other unsecured funding	6.527.175	978.121	6.527.175	978.121
Secured funding	-	-	-	-
Other cash outflows	3.053.366	18.858.120	3.053.366	18.858.120
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.053.366	18.858.120	3.053.366	18.858.120
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	33.618.483	24.907.737	4.037.582	3.350.734
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			54.217.070	45.865.461
Cash Inflows				
Secured lending transactions	-	-	-	-
Unsecured lending transactions	11.044.574	8.444.919	7.980.128	5.984.051
Other cash inflows	2.544.856	21.876.042	2.544.854	21.876.043
TOTAL CASH INFLOWS	13.589.430	30.320.961	10.524.982	27.860.094
			Values to which the upper limit is applied	
TOTAL HQLA STOCK			136.219.021	56.768.044
TOTAL NET CASH OUTFLOWS			43.692.088	18.005.367
LIQUIDITY COVERAGE RATIO(%)			311,77	315,28

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

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

	Current Period – 30.06.2025	
	TL+FC	FC
Highest (%)	404,84	578,20
Date	14.04.2025	01.04.2025
Lowest (%)	229,98	199,74
Date	10.06.2025	14.05.2025
Average (%)	311,77	315,28

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

Prior Period – 31.12.2024	Total value to which the consideration ratio is not applied ^(*)		Total value to which the consideration ratio is applied ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			110.116.713	52.461.750
Cash Outflows				
Retail and customer deposits	86.749.914	47.471.260	8.543.862	4.747.126
Stable deposits	2.622.596	-	131.130	-
Less stable deposits	84.127.318	47.471.260	8.412.732	4.747.126
Unsecured funding other than retail and small business customers deposits	53.392.271	22.933.503	28.439.847	9.899.349
Operational deposits	-	-	-	-
Non-Operational deposits	50.295.554	22.765.173	25.343.130	9.731.019
Other unsecured funding	3.096.717	168.330	3.096.717	168.330
Secured funding	-	-	-	-
Other cash outflows	2.774.618	23.287.778	2.774.618	23.287.778
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.774.618	23.287.778	2.774.618	23.287.778
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	32.502.966	22.883.736	3.780.929	3.046.998
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			43.539.256	40.981.251
Cash Inflows				
Secured lending transactions	-	-	-	-
Unsecured lending transactions	8.901.424	6.291.106	6.006.189	4.314.554
Other cash inflows	751.250	13.877.999	751.250	13.877.999
TOTAL CASH INFLOWS	9.652.674	20.169.105	6.757.439	18.192.553
			Values to which the upper limit is applied	
TOTAL HQLA STOCK			110.116.713	52.461.750
TOTAL NET CASH OUTFLOWS			36.781.817	22.788.698
LIQUIDITY COVERAGE RATIO (%)			299,38	230,21

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

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

	Prior Period – 31.12.2024	
	TL+FC	TL+FC
Highest (%)	384,96	612,34
Date	27.12.2024	26.12.2024
Highest (%)	230,80	156,79
Date	1.12.2024	31.10.2024
Average (%)	299,38	230,21

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

Current Period – 30 June 2025	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 (****)	17.377.737	42.606.296	-	-	-	-	-	59.984.033
Banks (****)	282.806	9.749.602	-	-	-	-	-	10.032.408
Financial Assets at Fair Value through Profit or Loss (Net) (***)	-	1.421.184	1.346.250	1.577.011	3.160.545	121.089	597.956	8.224.035
Interbank Money Market Placements (****)	-	48.292.251	-	-	-	-	-	48.292.251
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	1.710.267	15.930.161	921.894	-	18.562.322
Loans	-	7.221.052	11.105.870	37.129.256	9.204.981	3.275.559	7.145	67.943.863
Financial Assets at Fair Value Through Amortized Cost (*****)	-	-	-	-	9.278.664	2.290.861	-	11.569.525
Other Assets (*)	-	5.166.614	-	-	182.590	-	3.124.801	8.474.005
Total Assets	17.660.543	114.456.999	12.452.120	40.416.534	37.756.941	6.609.403	3.729.902	233.082.442
Liabilities								
Bank Deposits	254.962	1.603.904	-	-	-	-	-	1.858.866
Other Deposits	74.600.304	70.064.578	10.889.943	268.307	399	-	-	155.823.531
Funds Provided from Other Financial Institutions	-	-	-	24.880.210	3.195.134	2.610.561	-	30.685.905
Money Market Borrowings	-	13.345.909	-	-	-	-	-	13.345.909
Marketable Securities Issued (Net)	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	1.676.358	-	-	-	-	531.382	2.207.740
Other Liabilities (**)(****)	-	952.253	1.035.532	4.433.079	570.526	25.625	22.143.476	29.160.491
Total Liabilities	74.855.266	87.643.002	11.925.475	29.581.596	3.766.059	2.636.186	22.674.858	233.082.442
Net Liquidity Excess / (Gap)	(57.194.723)	26.813.997	526.645	10.834.938	33.990.882	3.973.217	(18.944.956)	-
Net Off Balance Sheet Position	-	244.868	(118.819)	(1.086.138)	79.655	-	-	(880.434)
Derivative Financial Assets	-	181.406.015	51.900.794	59.937.340	40.393.410	1.445.713	-	335.083.272
Derivative Financial Liabilities	-	181.161.147	52.019.613	61.023.478	40.313.755	1.445.713	-	335.963.706
Non-cash Loans	24.097.289	522.992	613.430	3.394.477	-	-	-	28.628.188
Prior Period - 31 December 2024								
Total Assets	7.197.469	106.540.615	11.455.706	28.797.534	23.386.233	9.134.517	4.918.068	191.430.142
Total Liabilities	57.845.527	68.171.358	16.358.776	17.873.486	3.940.848	4.918.854	22.321.293	191.430.142
Net Liquidity Excess / (Gap)	(50.648.058)	38.369.257	(4.903.070)	10.924.048	19.445.385	4.215.663	(17.403.225)	-
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	22.468.326	415.274	2.002.445	1.842.042	-	-	-	26.728.087

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

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

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

(*****) Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the CBRT, Banks and interbank money market balances consist of expected credit losses amounting to TL 16.521.

(******) Financial Assets Valued at Amortized Cost includes expected loss provisions balance amounting to TL 38.824.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

c) Net Stable Funding Ratio Template :

Current Period – 30 June 2025		a	b	c	ç	d
		Amount to which no consideration rate has been applied, based on remaining maturity				Total Amount Applied to Consideration Rate
		On 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	20.944.217	-	-	5.752.476	26.696.693
2	Core Capital and Supplementary Capital	20.944.217	-	-	5.752.476	26.696.693
3	Other Shareholder's Equity Elements	-	-	-	-	-
4	Real Person and Retail Customer Deposits/Participation Funds	49.532.692	42.060.351	50.012	399	91.643.454
5	Stable Deposit/Participation Fund	359.509	10.653.838	3.216	-	11.016.564
6	Low Stable Deposit/Participation Fund	49.173.183	31.406.513	46.796	399	80.626.890
7	Debts to other people	25.406.640	32.543.071	18.390.077	-	35.679.626
8	Operational deposit/participation fund	-	-	-	-	-
9	Other Debts	25.406.640	32.543.071	18.390.077	-	35.679.626
10	Liabilities Equivalent to Interconnected Assets					
11	Other Liabilities	-	-	-	-	-
12	Derivative Liabilities		4.000.098			
13	Other equity elements and liabilities not listed above	7.537.647	13.345.909	-	-	-
14	Current Stable Funding					154.019.773
Required Stable Funding						
15	High quality liquid assets					5.649.065
16	Operational Deposit/Participation Fund Deposited in Credit Institutions or Financial Institutions	-	-	-	-	-
17	Biological Receivables	-	46.181.531	20.224.512	11.651.689	40.433.211
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	-	12.463.993	2.102.772	-	2.920.985
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	-	33.717.538	18.121.740	9.499.960	36.436.361
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	-	-	-	2.151.729	1.075.865
25	Assets Equivalent to Interconnected Liabilities					
26	Other Assets	-	-	-	-	15.445.801
27	Commodities With Physical Delivery, Including Gold	-				-
28	Initial Collateral of Derivative Contracts or Guarantee Fund Given to The Central Counterparty	127.176				108.099
29	Derivative Assets	863.621				863.621
30	Amount Of Derivative Liabilities Before Deducting Variation Margin	400.010				400.010
31	Other Assets Not Listed Above	-	-	-	14.074.071	14.074.071
32	Off-Balance Sheet Liabilities	34.084.562			-	1.704.228
33	Required Stable Funding					63.232.305
34	Net Stable Funding Ratio (%)					243,58%

As of 30 June 2025, consolidated NSFR is calculated as 243,58% (31 December 2024: 242,58%). 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 17,33% of the Current Stable Fund amount (31 December 2024: 17,98%, and Real Person and Retail Customer Deposits corresponds to 59,50% of Current Stable Fund amount (31 December 2024 : 63,76%). Performing Receivables, which have the largest share in the Required Stable Fund, constitute 63,94% of the Required Stable Fund amount (31 December 2024: 62,43%). Factors such as the change of major balance sheet items such as loans and deposits between periods and the change in the balance sheet maturity structure are effective in the development of the rate.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

NSFR development in the second 3 months of 2025 is shown in the tables below.

Period	Ratio
30 April 2025	228,84%
31 May 2025	256,87%
30 June 2025	243,58%
3 Month Average	243,10%

Prior Period – 31 December 2024		a	b	c	ç	d
		Amount to which no consideration rate has been applied, based on remaining maturity				Total Amount Applied to Consideration Rate
		On 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	17.736.147	-	-	4.846.729	22.582.876
2	Core Capital and Supplementary Capital	17.736.147	-	-	4.846.729	22.582.876
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	19.481.082	33.356.077	1.834.375	3.536.145	23.885.804
8	Operational deposit/participation fund	-	-	-	-	-
9	Other Debts	19.481.082	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 Funding					125.580.342
Required Stable Funding						
15	High quality liquid assets					7.525.521
16	Operational Deposit/Participation Fund Deposited in Credit Institutions or Financial Institutions	-	-	-	-	-
17	Biological Receivables	-	29.931.693	15.026.885	11.609.776	32.318.493
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	-	3.164.483	1.936.703	-	765.178
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	13.090.182	9.275.762	30.386.308
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	-	-	-	2.334.014	1.167.007
25	Assets Equivalent to Interconnected Liabilities					
26	Other Assets	-	-	-	-	10.300.268
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	9.694.817
32	Off-Balance Sheet Liabilities		32.471.476	-	-	1.623.574
33	Required Stable Funding					51.767.857
34	Net Stable Funding Ratio (%)					242,58%

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

VII. EXPLANATIONS ON CONSOLIDATED 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	246,13%
30 November 2024	255,42%
31 December 2024	242,58%
3 Month Average	248,05%

d) Information on securitization position:

None.

VIII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO

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

	Current Period 30.06.2025 ^(*)	Prior Period 31.12.2024 ^(*)
Assets On the Balance Sheet		
1 Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	178.736.008	139.652.785
2 (Assets deducted from core capital)	(732.728)	(651.658)
3 Total risk amount for assets on the balance sheet (sum of lines 1 and 2)	178.003.280	139.001.127
Derivative Financial Instruments and Loan Derivatives		
4 Renewal cost of derivative financial instruments and loan derivatives	3.170.809	1.322.486
5 Potential credit risk amount of derivative financial instruments and loan derivatives	2.002.435	1.661.017
6 Total risk amount of derivative financial instruments and loan derivatives (sum of lines 4 and 5)	5.173.244	2.983.503
Financing Transactions with Securities or Goods Warranties		
7 Risk amount of financial transactions (excluding those in the balance sheet)		
Risk amount arising from intermediated transactions	4.482.754	4.164.605
8 Total risk amount of financing transactions with securities or goods warranties	-	-
9 (Sum of lines 7 and 8)	4.482.754	4.164.605
Off-Balance Sheet Commitments		
10 Gross nominal amount of the off-the-balance sheet transactions	104.213.170	52.385.705
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)	104.213.170	52.385.705
Capital and Total Risk		
13 Core capital	22.509.184	17.494.115
14 Total risk amount (sum of lines 3,6,9 and 12)	291.872.448	198.534.940
Transition process unapplied leverage ratio		
15 Transition process unapplied leverage ratio (%)	7,71	8,81

(*) Table represents three-month average amounts.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

VIII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO (Continued)

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

	Current Period 30.06.2025^(**)	Prior Period 31.12.2024^(**)
Total assets in the consolidated financial statements prepared in accordance with TAS ^(*)	238.912.003	198.664.011
Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks	7.139.033	4.013.688
Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(2.002.435)	(1.661.017)
Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	63.964.211	64.637.532
Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	-	-
Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	-	-
Total Risk 1	291.872.448	198.534.940

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

^(**) Three months average values in the related periods.

IX. EXPLANATIONS ON RISK MANAGEMENT

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Group, the following required tables have not been presented on 30 June 2025:

- 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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

a) Explanations on Risk Management and Risk Weighted Amount:

	Risk Weighted Amounts		Minimum Capital Requirements
	Current Period 30 June 2025	Prior Period 31 December 2024	Current Period 30 June 2025
Credit risk (excluding counterparty credit risk)	65.486.269	51.675.621	5.238.902
Standardized approach	65.486.269	51.675.621	5.238.902
Internal rating-based approach	-	-	-
Counterparty credit risk	10.513.262	5.746.253	841.061
Standardized approach for counterparty credit risk	10.513.262	5.746.253	841.061
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	-	-	-
Securitization exposures in banking book	-	-	-
IRB ratings-based approach	-	-	-
IRB supervisory formula approach	-	-	-
SA/simplified supervisory formula approach	-	-	-
Market risk	10.165.950	8.145.300	813.276
Standardized approach	10.165.950	8.145.300	813.276
Internal model approaches	-	-	-
Operational risk	20.490.366	12.429.749	1.639.229
Basic indicator approach	20.490.366	12.429.749	1.639.229
Standardized approach	-	-	-
Advanced measurement approach	-	-	-
Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	106.655.847	77.996.923	8.532.468

b) Credit Quality of Assets

Provisions for defaulted exposures 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 30 June 2025	The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation		Provisions / Amortization and Impairments	Net Values
	Defaulted Exposures	Non-defaulted Exposures		
Loans (*)	113.954	70.574.548	2.744.639	67.943.863
Debt Securities	-	33.571.278	79.115	33.492.163
Off-balance sheet receivables	6.092	190.701.579	14.801	190.692.870
Total	120.046	294.847.405	2.838.555	292.128.896

(*) Includes factoring receivables amounting to TL 661.842.

Prior Period 31 December 2024	The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation		Provisions / Amortization and Impairments	Net Values
	Defaulted Exposures	Non-defaulted Exposures		
Loans (*)	136.249	56.972.574	2.238.915	54.869.908
Debt Securities	-	23.139.941	23.095	23.116.846
Off-balance sheet receivables	5.479	43.033.992	17.834	43.021.637
Total	141.728	123.146.507	2.279.844	121.008.391

(*) Includes factoring receivables amounting to TL 450.352.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

c) Changes in Stock of Defaulted Loans and Debt Securities:

	Current Period 30 June 2025	Prior Period 31 December 2024
I. Defaulted loans and debt securities at end of the previous reporting period	141.728	134.696
Loans and debt securities that have defaulted since the last reporting period	27.829	66.844
III. Returned to non-defaulted status	-	-
IV. Amounts written off from assets	10.888	26.422
V. Other Changes ^(*)	38.623	33.390
VI. Defaulted loans and debt securities at end of the reporting period end (I+II-III-IV±V)	120.046	141.728

(*) Includes current period collections.

d) Credit Risk Mitigation Techniques- Overview:

Current Period 30 June 2025	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
Loans	49.352.917	18.590.946	18.128.750	-	-	-	-
Debt Securities	33.492.163	-	-	-	-	-	-
Total	82.845.081	18.590.946	18.128.750	-	-	-	-
Defaulted	107.880	6.074	5.545	1.231	841	-	-

Prior Period 31 December 2024	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
Loans	38.393.010	16.476.898	14.645.953	-	-	-	-
Debt Securities	23.116.846	-	-	-	-	-	-
Total	61.509.856	16.476.898	14.645.953	-	-	-	-
Defaulted	103.361	32.888	32.345	1.231	841	-	-

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

e) Standardized Approach-Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects:

Current Period 30 June 2025	Exposures before CCF and CRM		Exposures post CCF and CRM		Risk Weighted Amount and Risk Weighted Amount density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amount	Risk Weighted Amount density
Asset classes						
Exposures to central governments or central banks	83.429.703	11.693.750	83.429.703	-	-	-
Exposures to regional governments or local authorities	-	-	-	-	-	-
Exposures to public sector entities	60	6	61	1	62	100%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to institutions	9.673.591	30.279.191	11.548.272	1.994.418	3.820.420	28%
Exposures to corporates	52.759.618	44.422.067	61.408.213	12.790.401	66.122.673	89%
Retail exposures	2.130.885	5.125.432	2.270.189	745.395	2.292.255	76%
Exposures secured by residential property	45.521	88	45.521	40	15.946	35%
Exposures secured by commercial real estate	3.034.640	85.451	3.034.641	42.725	1.590.183	52%
Past-due loans	16.712	-	16.712	-	8.464	51%
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	3.960.915	-	3.960.915	-	2.149.528	54%
Investment in equities	-	-	-	-	-	-
Total	155.051.645	91.605.985	165.714.227	15.572.980	75.999.531	42%

Prior Period 31 December 2024	Exposures before CCF and CRM		Exposures post CCF and CRM		Risk Weighted Amount and Risk Weighted Amount density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amount	Risk Weighted Amount density
Asset classes						
Exposures to central governments or central banks	47.293.442	-	47.293.442	-	-	-
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 institutions	752.571	5.028.097	3.354.970	1.044.719	1.307.317	30%
Exposures to corporates	40.901.585	19.741.903	46.084.719	12.052.192	50.201.824	86%
Retail exposures	2.614.788	5.467.727	2.660.851	704.632	2.557.464	76%
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	4.506.777	-	4.506.777	-	1.827.058	41%
Investment in equities	-	-	-	-	-	-
Total	99.048.242	30.323.242	106.879.838	13.844.268	57.421.874	48%

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

f) Standardized approach – Exposures by asset classes and risk weights

**Prior Period
31 December 2024**

Asset Classes / Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other risk weight	Total credit risk exposure amount (After CCF and CRM)
	83.429.703	-	-	-	-	-	-	-	-	-	83.429.703
Exposures to central governments or central banks	-	-	-	-	-	-	-	-	-	-	-
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	-	62	-	-	-	62
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and financial intermediaries	297	-	11.337.674	-	1.303.669	-	901.050	-	-	-	13.542.690
Exposures to corporates	-	-	5.753.738	-	6.945.900	-	61.498.976	-	-	-	74.198.614
Retail exposures	877	-	-	-	-	2.889.811	124.896	-	-	-	3.015.584
Exposures secured by residential property	-	-	-	45.561	-	-	-	-	-	-	45.561
Exposures secured by commercial real estate	-	-	-	-	2.974.366	-	103.000	-	-	-	3.077.366
Past-due loans	-	-	-	-	16.496	-	216	-	-	-	16.712
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	1.811.387	-	-	-	-	-	2.149.528	-	-	-	3.960.915
Total	85.242.264	-	17.091.412	45.561	11.240.431	2.889.811	64.777.728	-	-	-	181.287.207

**Prior Period
31 December 2024**

Asset Classes / Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other risk weight	Total credit risk exposure amount (After CCF and CRM)
	47.293.442	-	-	-	-	-	-	-	-	-	47.293.442
Exposures to central governments or central banks	-	-	-	-	-	-	-	-	-	-	-
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	-	288.636	-	-	-	4.399.689
Exposures to corporates	-	-	6.212.049	-	5.930.895	-	45.993.967	-	-	-	58.136.911
Retail exposures	71	-	-	-	-	3.231.789	133.623	-	-	-	3.365.483
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	-	-	-	-	-	1.827.058	-	-	-	4.506.777
Total	49.973.232	-	9.668.202	58.041	9.523.484	3.231.789	48.243.403	25.955	-	-	120.724.106

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

g) Analysis of counterparty credit risk (CRR) exposure by approach:

Current Period 30 June 2025	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	Risk Weighted Amount
Standardized Approach - CCR (For Derivatives)	3.322.802	3.192.885		1,4	6.515.688	5.018.550
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)					4.861.215	4.385.836
Value at Risk for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
Total						9.404.386

Prior 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
Standardized 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

h) Credit valuation adjustment (CVA) capital charge:

Current Period 30 June 2025	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 Standardized CVA capital charge	6.515.688	1.095.084
Total subject to the CVA capital charge	6.515.688	1.095.084

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

Prior 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 Standardized CVA capital charge	3.106.595	422.068
Total subject to the CVA capital charge	3.106.595	422.068

i) Standard Approach – (CCR) Exposures by risk classes and risk weights:

Current Period - 30 June 2025										Total Credit Exposures (*)
Risk weights / Risk classes	0%	10%	20%	50%	75%	100%	150%	Other		
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	-	-	265.881	272.490	-	-	-	-	-	538.371
Exposures to corporates	-	-	39.700	425.007	-	8.246.741	-	-	-	8.711.448
Retail exposures	-	-	-	-	154.567	-	-	-	-	154.567
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	-	-	305.581	697.497	154.567	8.246.741	-	-	-	9.404.386

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

Prior Period - 31 December 2024										Total Credit Exposures (*)
Risk weights / Risk classes	0%	10%	20%	50%	75%	100%	150%	Other		
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

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

j) Risks to the Central Counterparty ("CCP"):

	Current Period -30.06.2025		Prior Period-31.12.2024	
	Risk Amount After CRM	Risk Weighted Amounts	Risk Amount After CRM	Risk Weighted Amounts
1 Total risks arising from transactions to qualified CCP	-	13.792	-	13.011
2 Regarding risks arising from transactions in CCP (excluding initial margin and guarantee fund amount)				
3 (i) OTC derivative financial instruments	641.570	13.792	644.583	13.011
4 (ii) Other derivative financial instruments	809	168	1.774	140
5 (iii) Repo-reverse repo transactions, overdraft transactions, and lending or borrowing securities or commodities	14.269	1.093	21	2
6 (iv) Netting groups to which cross product netting is applied	626.492	12.531	642.788	12.869
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	-	-	-	-
20 Unpaid guarantee fund commitment	-	-	-	-
1 Total risks arising from transactions to qualified CCP	-	-	-	-

k) Composition of collateral for CCR exposure:

Current Period 30 June 2025	Collateral used in derivative transactions				Collateral used in other transactions	
	Collateral Taken		Collateral Given		Collateral Received	Collateral Given
	Unsegregated	Segregated	Unsegregated	Segregated		
Cash – domestic currency	-	-	-	-	-	-
Cash – other currencies	133.930	-	-	-	10.796.864	-
Domestic sovereign debt	-	-	-	-	2.666.964	14.256.137
Other sovereign debt	-	-	-	-	37.520.923	-
Government agency bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	133.930	-	-	-	50.984.751	14.256.137

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

Prior Period 31 December 2024	Collateral used in derivative transactions				Collateral used in other transactions	
	Collateral Taken		Collateral Given		Collateral Received	Collateral Given
	Segregated	Unsegregated	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

l) Standardized Approach

	Current Period 30 June 2025	Prior Period 31 December 2024
	Risk Weighted Amount	Risk Weighted Amount
Outright Products		
Interest Rate Risk (general and specific)	2.941.721	2.386.535
Equity Risk (general and specific)	11.475	11.475
Foreign Exchange Risk	299.795	173.930
Commodity Risk	5.583.284	4.486.360
Options		
Simplified Approach	-	-
Delta-plus Method	1.329.675	1.087.000
Scenario Approach	-	-
Securitization	-	-
Total	10.165.950	8.145.300

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

Not disclosed in the interim period.

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

Not disclosed in the interim period.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

XII. EXPLANATIONS ON OPERATING SEGMENTS

The Parent Bank provides services in the areas of Retail Banking and Wealth Management, as well as Corporate and Global Banking.

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

	Retail Banking and Wealth Management	Corporate and Global Banking	Other	Group's Total Activities
Current Period – 30 June 2025				
Operating Income	3.013.215	8.613.016	(6.676)	11.619.555
Other	-	-	-	-
Operating Income	3.013.215	8.613.016	(6.676)	11.619.555
Segment Net Profit	-	-	-	-
Undistributed Cost	-	-	-	-
Operating Profit/(Loss)	291.720	5.998.831	(111.776)	6.178.775
Profit before Tax	291.720	5.998.831	(111.776)	6.178.775
Corporate Tax Provision (*)	-	-	(1.840.026)	(1.840.026)
Profit after Tax	291.720	5.998.831	(1.951.802)	4.338.749
Non-Controlling Interest	-	-	-	-
Net Profit for the Period	291.720	5.998.831	(1.951.802)	4.338.749
Segment Assets	2.982.529	230.099.913	-	233.082.442
Associates and Subsidiaries	-	-	-	-
Undistributed Assets	-	-	-	-
Total Assets	2.982.529	230.099.913	-	233.082.442
Segment Liabilities	102.547.778	105.834.530	3.996.704	212.379.012
Undistributed Liabilities	-	-	20.703.430	20.703.430
Total Liabilities	102.547.778	105.834.530	24.700.134	233.082.442
Other Segment Items	-	(39.650)	2.184.988	2.145.338
Capital Investment	-	-	276.771	276.771
Amortization	-	-	(296.796)	(296.796)
Impairment	-	(39.650)	-	(39.650)
Non-Cash Other Income-Expense (**)	-	-	2.205.013	2.205.013

(*) Corporate tax provision is not distributed.

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

XII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

	Retail Banking and Wealth Management	Corporate and Global Banking	Other	Group's Total Activities
Prior Period –				
31 December 2024^(***)				
Operating Income	2.345.728	4.729.890	(12.439)	7.063.179
Other	-	-	-	-
Operating Income	2.345.728	4.729.890	(12.439)	7.063.179
Segment Net Profit	-	-	-	-
Undistributed Cost	-	-	-	-
Operating Profit/(Loss)	571.737	3.229.449	(137.397)	3.663.789
Profit before Tax	571.737	3.229.449	(137.397)	3.663.789
Corporate Tax Provision ^(*)	-	-	(1.119.451)	(1.119.451)
Profit after Tax	571.737	3.229.449	(1.256.848)	2.544.338
Non-Controlling Interest	-	-	-	-
Net Profit for the Period	571.737	3.229.449	(1.256.848)	2.544.338
Segment Assets	3.259.483	188.170.659	-	191.430.142
Associates and Subsidiaries	-	-	-	-
Undistributed Assets	-	-	-	-
Total Assets	3.259.483	188.170.659	-	191.430.142
Segment Liabilities	88.404.190	81.916.070	3.409.753	173.730.013
Undistributed Liabilities	-	-	17.700.129	17.700.129
Total Liabilities	88.404.190	81.916.070	21.109.882	191.430.142
Other Segment Items	-	(13.977)	1.891.451	1.877.474
Capital Investment	-	-	224.995	224.995
Amortization	-	-	(193.909)	(193.909)
Impairment	-	(13.977)	-	(13.977)
Non-Cash Other Income-Expense ^(**)	-	-	1.860.365	1.860.365

(*) Corporate tax provision is not distributed.

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

(***) Income-Expense items refer to amount of 30 June 2024.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

SECTION FIVE

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

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

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

	Current Period		Prior Period	
	30 June 2025		31 December 2024	
	TL	FC	TL	FC
Cash/Foreign Currency	55.085	1.447.001	61.236	1.028.832
The CBRT	35.428.216	23.065.500	15.400.327	16.399.095
Total	35.483.301	24.512.501	15.461.563	17.427.927

2. Information related to balances with the CBRT:

	Current Period		Prior Period	
	30 June 2025		31 December 2024	
	TL	FC	TL	FC
Unrestricted Demand Deposit	15.705.921	173.003	5.915.707	72.049
Unrestricted Time Deposit	13.410.198	-	5.863.707	-
Restricted Time Deposit	-	-	-	-
Reserve Requirements	6.312.097	22.892.497	3.620.913	16.327.046
Total	35.428.216	23.065.500	15.400.327	16.399.095

3. Explanation on reserve deposits:

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

As of 30 June 2025, Turkish lira required reserve ratios for Turkish lira deposits and other liabilities range from 3% to 40% (31 December 2024: 3% to 33%) and for foreign exchange deposits and other liabilities range from 5% to 32% (31 December 2024: 5% to 30%).

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

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

	Current Period 30 June 2025	Prior Period 31 December 2024
Collateral/Blocked	-	-
Repurchase Agreement	-	-
Unrestricted	3.354.574	3.012.214
Total	3.354.574	3.012.214

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

	Current Period 30 June 2025		Prior Period 31 December 2024	
	TL	FC	TL	FC
Forward Transactions	-	2.071.389	8.181	1.684.852
Swap Transactions	181.465	1.964.549	382.068	889.314
Futures Transactions	-	-	-	-
Options	-	646.316	-	402.351
Other	-	-	-	-
Total	181.465	4.682.254	390.249	2.976.517

c) Information on Banks:

1. Information on banks and other financial institutions:

	Current Period 30 June 2025		Prior Period 31 December 2024	
	TL	FC	TL	FC
Banks				
Domestic	8.040.888	-	535.190	-
Foreign	-	1.991.685	-	296.556
Foreign Head Office and Branches	-	-	-	-
Total	8.040.888	1.991.685	535.190	296.556

2. Information on foreign bank accounts:

Not disclosed in the interim period.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

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

	Current Period 30 June 2025	Prior Period 31 December 2024
Collateral/Blocked	7.951.650	4.434.920
Repurchase Agreement	6.684.445	6.567.872
Unrestricted	3.926.227	5.682.363
Total	18.562.322	16.685.155

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

	Current Period 30 June 2025	Prior Period 31 December 2024
Debt Securities	18.601.590	16.694.342
Quoted to Stock Exchange	18.601.590	16.694.342
Not Quoted	-	-
Share Certificate	-	-
Quoted to Stock Exchange	-	-
Not Quoted	-	-
Impairment Provision (-)	39.268	9.187
Total	18.562.322	16.685.155

e) Information Related to Loans:

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

	Current Period 30 June 2025		Prior Period 31 December 2024	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	246.470	-	192.095
Corporate Shareholders	-	246.470	-	192.095
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	937.297	-	674.452
Loans Granted to Employees	65.420	-	50.927	-
Total	65.420	1.183.767	50.927	866.547

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

	Standard Loans	Loans not Subject to Restructuring	Loans under Close Monitoring	
			Restructured Loans	
Cash Loans			Loans with Revised Contract Terms	Refinancing
Non-specialized Loans^(*)	60.367.720	7.048.214	3.158.614	-
Discount Notes	34.332.066	5.256.998	3.143.142	-
Export Loans	12.345.507	1.733.508	-	-
Import Loans	7.274.656	-	-	-
Loans Given to Financial Sector	4.283.283	-	-	-
Retail Loans	257.057	28.215	536	-
Credit Cards	1.785.039	29.493	14.936	-
Other	90.112	-	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	60.367.720	7.048.214	3.158.614	-

(*) Includes the factoring receivables amounting to TL 661.842.

	Current Period 30 June 2025		Prior Period 31 December 2024	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	58.672	-	429.630	-
Significant Increase in Credit Risk	-	2.579.158	-	1.705.740
Total	58.672	2.579.158	429.630	1.705.740

3. Breakdown of loans according to their maturities:

Not disclosed in the interim period.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

e) Information Related to Loans (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	98.951	110.673	209.624
Mortgage Loans	-	16.699	16.699
Vehicle Loans	-	656	656
Consumer Loans	98.951	93.282	192.233
Other	-	36	36
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	1.714.438	8.463	1.722.901
Instalment	528.274	8.463	536.737
Non Instalment	1.186.164	-	1.186.164
Individual Credit Cards-FC	40.018	-	40.018
Instalment	1.487	-	1.487
Non Instalment	38.531	-	38.531
Personnel Loans-TL	11.618	20.055	31.673
Mortgage Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	11.618	20.055	31.673
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	32.987	-	32.987
Instalment	12.196	-	12.196
Non Instalment	20.791	-	20.791
Personnel Credit Cards-FC	760	-	760
Instalment	-	-	-
Non Instalment	760	-	760
Overdraft Account-TL (Individual)	44.511	-	44.511
Overdraft Account-FC (Individual)	-	-	-
Total Consumer Loans	1.943.283	139.191	2.082.474

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

e) Information Related to Loans (Continued):

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

	Short-term	Medium and Long-term	Total
Commercial Instalment Loans-TL	-	1.570	1.570
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	1.570	1.570
Other	-	-	-
Commercial Instalment Loans- FC Indexed	-	29.213	29.213
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	29.213	29.213
Other	-	-	-
Commercial Instalment Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	31.725	-	31.725
Instalment	2.765	-	2.765
Non Instalment	28.960	-	28.960
Corporate Credit Cards-FC	1.077	-	1.077
Instalment	-	-	-
Non Instalment	1.077	-	1.077
Overdraft Account-TL (Commercial)	-	-	-
Overdraft Account-FC (Commercial)	-	-	-
Total	32.802	30.783	63.585

6. Loans according to types of borrowers:

Not disclosed in the interim period.

7. Distribution of domestic and foreign loans:

	Current Period 30 June 2025	Prior Period 31 December 2024
Domestic Loans	70.542.661	56.940.119
Foreign Loans	31.887	32.455
Total (*)	70.574.548	56.972.574

(*) As of 30 June 2025, it includes factoring receivables amounting to TL 661.842 ((31 December 2024: 450.352 TL).

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

e) Information Related to Loans (Continued):

8. Loans granted to investments in associates and subsidiaries:

As of 30 June 2025 and 31 December 2024, the Group has no loans granted to investments in associates and subsidiaries.

9. Specific provisions provided against loans:

	Current Period 30 June 2025	Prior Period 31 December 2024
Loans with Limited Collectability	8.751	8.004
Loans with Doubtful Collectability	19.231	12.889
Uncollectible Loans	78.827	82.652
Total	106.809	103.545

10 Information on non-performing loans (Net):

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period : 30 June 2025			
Gross Amounts Before Provisions	-	-	-
Rescheduled Loans	-	-	-
Prior Period: 31 December 2024			
Gross Amounts Before Provisions	-	-	26.629
Rescheduled Loans	-	-	26.629

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 2024	13.475	16.194	106.580
Additions (+)	27.756	35	38
Transfers from Other Categories of Non-Performing Loans (+)	-	21.875	13.746
Transfers to Other Categories of Non-Performing Loans (-)	21.875	13.746	-
Collections (-)	6.401	3.192	29.643
Write-offs (-)(*)	-	-	9.265
Sold Portfolio (-)	-	-	1.623
Corporate and Commercial Loans	-	-	1.623
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period: 30 June 2025	12.955	21.166	79.833
Provisions (-)	8.751	19.231	78.827
Net Balance in Balance Sheet	4.204	1.935	1.006

(*) As of 30 June 2025^(*), the Parent Bank's non-performing loan ratio decreased from 0,17% to 0,16% after the loans written off in the current period in accordance with the amendment in the related Provisions Regulation.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

e) Information Related to Loans (Continued):

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

As of 30 June 2025, there are no non-performing loans granted as foreign currency loans (31 December 2024: 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): 30 June 2025	4.204	1.935	1.006
Loans granted to corporate entities and real persons (Gross)	12.955	21.166	79.833
Provisions Amount (-)	8.751	19.231	78.827
Loans granted to corporate entities and real persons (Net)	4.204	1.935	1.006
Banks (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-
Prior Period (Net): 31 December 2024	5.471	3.305	23.928
Loans granted to corporate entities and real persons (Gross)	13.475	16.194	106.580
Provisions Amount (-)	8.004	12.889	82.652
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)	-	-	-
	Group III	Group IV	Group V
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	593	696	584
Interest Accruals and Rediscount with Valuation Differences	1.687	3.041	4.730
Provision amount (-)	1.094	2.345	4.146
Prior 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

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

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

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

For the retail portfolio:

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

For the corporate-commercial portfolio:

- As of the last reporting date accounts monitored 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.
- If the legal remedies regarding the unsecured portfolio cannot be repaid in its entirety, the portion of the receivable that is deemed unpaid is deducted from the record. Here it is sought to reach a delay of 1080 days.

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

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

f) Explanations on Financial Assets Measured at Amortized Cost:

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

	Current Period 30 June 2025		Prior Period 31 December 2024	
	TL	FC	TL	FC
Collateral/Blocked	769.596	-	1.687.199	-
Subject to Repo Transactions	7.596.218	-	337.657	-
Total	8.365.814	-	2.024.856	-

2. Information on Government debt securities:

	Current Period 30 June 2025	Prior Period 31 December 2024
Government Bond	11.608.349	3.423.765
Treasury Bill	-	-
Other Public Debt Securities	-	-
Total	11.608.349	3.423.765

3. Information on financial assets measured at amortized cost:

	Current Period 30 June 2025	Prior Period 31 December 2024
Debt Securities	11.608.349	3.423.765
Traded in the Stock Exchange	11.608.349	3.423.765
Not Traded in the Stock Exchange	-	-
Other Public Debt Securities	-	-
Total	11.608.349	3.423.765

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

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

	Current Period 30 June 2025	Prior Period 31 December 2024
Value at the Beginning of the Period	3.423.765	3.432.430
Currency Differences in Monetary Assets	-	-
Purchases During the Year	7.571.502	-
Disposal through Sale and Redemption	-	-
Valuation Effect	613.082	(8.665)
Total	11.608.349	3.423.765

g) Information on associates (Net):

The Group has no associates as of 30 June 2025 and 31 December 2024.

h) Information on subsidiaries (Net):

1. Information on capital adequacy of major subsidiaries:

As of 30 June 2025, the Bank has no subsidiaries that are not included in the scope of consolidation.
(31 December 2024: None).

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

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

a) Consolidated Subsidiaries:

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

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss(**)	Fair Value
1.301.819	1.056.136	25.428	111.374	-	300.114	171.639	-

(*) It refers to the consolidated financial statements as of June 30, 2025 of subsidiaries that have not applied TFRS 29, in accordance with the Banking Regulation and Supervision Agency's decision numbered 10744 dated 12 December 2023.

(**) It has been prepared based on the consolidated financial statements as of 30 June 2024, which have not been independently audited.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

3. Movement schedule of the consolidated subsidiaries :

	Current Period 30 June 2025	Prior Period 31 December 2024
Balance at the Beginning of the Period	34.753	34.753
Movements During the Period	-	-
Purchases	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends From Current Year Profit	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
Balance at the End of the Period	34.753	34.753
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	100,00	100,00

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

	Current Period 30 June 2025	Prior Period 31 December 2024
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	34.753	34.753

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

5. Subsidiaries quoted on a stock exchange:

The Group has no subsidiaries quoted on a stock exchange as of 30 June 2025 and 31 December 2024.

i) Information on jointly controlled entities:

- The Group has no jointly controlled entities as of 30 June 2025 and 31 December 2024.
- As of 30 June 2025 and 31 December 2024, the accounting method is not determined since the Group has no jointly controlled entities

j) Information on financial lease receivables (Net):

As of 30 June 2025 and 31 December 2024, the Group has no finance leases.

k) Information on hedging derivative financial assets:

The Group has no hedging derivative financial assets as of 30 June 2025 and 31 December 2024.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

l) Explanations on property and equipment:

Not disclosed in the interim period.

m) Information on intangible assets:

Not disclosed in the interim period.

n) Information on the investment properties:

As of 30 June 2025 and 31 December 2024, the Group has no investment properties.

o) Explanations on deferred tax asset:

As of 30 June 2025, the Group's deferred tax asset amounts to TL 803.128. (31 December 2024: TL 750.725). The temporary differences subject to deferred tax calculations primarily arise from deductible loan provisions, other provisions allocated under TAS 37, differences between the carrying amount and tax base of fixed assets and financial assets and liabilities, and provisions for employee benefits.

Timing differences between the applied accounting policies and valuation principles and tax regulations are accounted for by netting off assets and liabilities. Information regarding the deferred tax asset as of 30 June 2025, is disclosed in Footnote XX of the Third Section.

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

As of 30 June 2025, the Group has no assets held for sale (31 December 2024: None).

r. Information on other assets:

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

	Current Period 30 June 2025	Prior Period 31 December 2024
Miscellaneous Receivables (*) (**)	5.156.275	1.680.816
Prepaid Expenses	284.285	157.236
Other Rediscount Income	98.754	162.603
Debited Suspense Accounts	460.166	211.179
Other Assets	58.853	65.640
Total	6.058.333	2.277.474

(*) Includes Takasbank guarantees.

(**) As of 30 June 2025 amount of TL 42.445 provision provided for Miscellaneous Receivables within the scope of TFRS 9 (31 December 2024: TL 20.452).

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

As of 30 June 2025 and 31 December 2024, the Group has no receivables from forward sale of the assets classified in the miscellaneous receivables.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a) Information on deposits

1. Information on maturity structure of the deposits:

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

1(i). Current Period – 30 June 2025:

		With 7 Days Demand	Maturity Up to 1 Month	1-3 Months	3-6 Months	6 Months - 1 Year	Year And Over	Cumulative Deposit	Total
Saving Deposits	1.167.421	-	5.019.974	20.916.806	11.574.593	50.528	14.934	-	38.744.256
Foreign Currency Deposits	42.789.443	-	17.710.672	7.042.887	186.192	82.183	49.857	-	67.861.234
Residents in Turkey	37.626.753	-	17.175.098	6.428.306	111.467	17.174	8.748	-	61.367.546
Residents Abroad	5.162.690	-	535.574	614.581	74.725	65.009	41.109	-	6.493.688
Public Sector Deposits	1.515	-	-	-	-	-	-	-	1.515
Commercial Deposits	3.555.446	-	17.047.925	868.566	-	240	-	-	21.472.177
Other Institutions Deposits	23.805	-	1	-	-	-	-	-	23.806
Precious Metal Deposit	27.062.674	-	13.871	619.389	5.480	19.129	-	-	27.720.543
Bank Deposit	254.962	-	1.603.904	-	-	-	-	-	1.858.866
The CBRT	1.021	-	-	-	-	-	-	-	1.021
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	253.941	-	1.603.904	-	-	-	-	-	1.857.845
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	74.855.266	-	41.396.347	29.447.648	11.766.265	152.080	64.791	-	157.682.397

1(ii). Prior Period - 31 December 2024:

		With 7 Days Demand	Maturity Up to 1 Month	1-3 Months	3-6 Months	6 Months - 1 Year	Year And Over	umulative 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	-	19.065.598	813.889	61.977	-	-	-	24.722.967
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 Deposit	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	-	33.871.536	21.017.609	16.673.231	171.465	249.486	-	129.828.854

Foreign exchange-protected deposit product, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against foreign currency exchange rates, is offered to bank customers. As of 30 June 2025, the foreign exchange-protected deposit amount in this context is TL 10.070.249 (31 December 2024: TL 14.360.360).

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

2. Information on saving deposits insurance:

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

	Covered by Deposit Insurance Fund	Exceeding Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding Deposit Insurance Limit
	Current Period 30 June 2025	Current Period 30 June 2025	Prior Period 31 December 2024	Prior Period 31 December 2024
Saving Deposits				
Saving Deposits	11.886.900	26.857.356	11.074.029	31.565.248
Foreign Currency Saving Deposits	10.338.556	25.754.161	8.171.024	17.134.147
Other Deposits in the Form of Saving	5.136.882	22.174.526	3.401.221	17.203.105
Foreign Branches' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-
Off-Shore Banking Regions' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-
Total	27.362.338	74.786.043	22.646.274	65.902.500

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

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

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

	Current Period 30 June 2025	Prior Period 31 December 2024
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	70.344	62.313
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law No:5237 dated 26,09.2004	-	-
Saving Deposits in Deposit Bank Which Established in Turkey in Order to Engage in Off-shore Banking Activities	-	-

b) Information on Trading Derivative Financial Liabilities

Table of negative differences for trading derivative financial liabilities

	Current Period 30 June 2025		Prior Period 31 December 2024	
	TL	FC	TL	FC
Forward Transactions	-	764.750	-	1.395.593
Swap Transactions	284.274	2.334.919	246.305	1.066.170
Future Transactions	-	-	-	-
Options	-	616.155	-	390.937
Other	-	-	-	-
Total	284.274	3.715.824	246.305	2.852.700

c) Information on Funds Provided Under Repurchase Agreements:

As of 30 June 2025, the Parent Bank has funds amounting to TL 13.345.909 obtained from repo transactions. (31 December 2024: TL 11.555.609).

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

d) Information on Funds Borrowed:

1. Information on banks and other financial institutions:

	Current Period 30 June 2025		Prior Period 31 December 2024	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
Domestic Bank and Institutions	-	-	-	-
Foreign Banks and Institutions and Funds	-	24.880.210	-	16.993.535
Total	-	24.880.210	-	16.993.535

2. Information on the maturity structure of funds borrowed:

	Current Period 30 June 2025		Prior Period 31 December 2024	
	TL	FC	TL	FC
Short-Term	-	24.880.210	-	13.409.698
Medium and Long-Term	-	-	-	3.583.837
Total	-	24.880.210	-	16.993.535

3. Further information on the concentration areas of liabilities:

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

e) Information on marketable securities issued:

As of 30 June 2025, the Group has no funds obtained from repo transactions.
(31 December 2024: None).

f) Information on other foreign liabilities:

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

g) Information on financial leasing agreements:

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 30 June 2025	Prior Period 31 December 2024
Less than 1 year	105.267	34.375
Between 1- 4 years	82.492	174.412
More than 4 years	-	-
Total	187.759	208.787

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

h) Information on derivative financial liabilities for hedging purposes:

As of 30 June 2025, the Group has no derivative financial liabilities for hedging purposes (31 December 2024: None).

i) Information on provisions:

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

	Current Period	Prior Period
	30 June 2025	31 December 2024
Provisions for off-balance sheet commitments (*)	11.855	14.956

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

2. Information on employee benefit provisions:

As of 30 June 2025, the Group has employee termination benefit provision amounting to TL 243.945 (31 December 2024: TL 193.446), and unused vacation provision amounting to TL 114.157 (31 December 2024: TL 66.061).

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

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

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

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

	Current Period	Prior Period
	30 June 2025	31 December 2024
As of 1 January	193.446	160.340
Service Cost	8.908	21.397
Interest Cost	20.752	32.596
Actuarial Loss / (Gain)	38.951	40.200
Paid in Current Period	(18.112)	(61.087)
Total	243.945	193.446

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

As of 30 June 2025, there is no foreign exchange difference provision for foreign currency indexed loans (31 December 2024: None).

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

As of 30 June 2025, provision for non-cash loans that are non-funded and non-transformed into cash is amounting to TL 2.946 (31 December 2024: TL 2.878).

5. Information on restructuring provisions:

As of 30 June 2025, the Parent Bank there is no restructuring provisions. (31 December 2024: None).

6. Information on other provisions:

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

As of 30 June 2025, the Group has no free provisions for possible risks (31 December 2024: None).

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

	Current Period 30 June 2025	Prior Period 31 December 2024
Provision for Lawsuits	60.852	56.707
Provision for Accumulated Credit Card Bonus	9.188	10.137
Return Provision of Case File Expenses	24	64
Specific Provision for Non-Cash Loans that are Non-Funded and Non-Transformed into Cash	2.946	2.878
Other Provisions (*)	730.839	911.432
Total	803.849	981.218

(*) As of 30 June 2025 other provisions include Stage 1 and Stage 2 non-cash loans provision for expected losses within TFRS 9 amounting to TL 11.855 (31 December 2024: TL 14.956) and other provisions within TAS 37.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

j) Explanations on tax liability:

1. Explanations on current tax liability:

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

1(i). Information on taxes payable:

	Current Period 30 June 2025	Prior Period 31 December 2024
Corporate Tax Payable	1.149.863	970.883
Taxation on Marketable Securities	538.366	284.595
Banking Insurance Transaction Tax (BITT)	97.805	96.111
Value Added Tax Payable	6.142	4.085
Capital Gains Tax on Property	1.038	1.237
Foreign Exchange Transaction Tax	26.285	12.025
Other (*)	131.652	115.663
Total	1.951.151	1.484.599

(*) As of 30 June 2025, there is income tax deducted from wages amounting to TL 65.807 (31 December 2024: TL 64.545), stamp duty of TL 1.681 (31 December 2024: TL 1.592), other taxes amounting to TL 61.683 (31 December 2024: TL 37.784) and self-employment income tax amounting to TL 2.481 (31 December 2024: TL 294).

1(ii). Information on premium payables:

	Current Period 30 June 2025	Prior Period 31 December 2024
Social Security Premiums – Employer	38.545	29.514
Social Security Premiums – Employee	31.292	25.301
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	2.808	2.345
Unemployment Insurance – Employee	1.884	1.553
Other	-	-
Total	74.529	58.713

2. Information on deferred tax liability:

As of 30 June 2025, information on the Group's deferred tax liability is explained in Note XX of Section Three.

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

As of 30 June 2025 and 31 December 2024, the Group has no liabilities regarding assets held for sale and discontinued operations.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

Not disclosed in the interim period.

m) Information on shareholder's equity:

1. Information on shareholder's equity:

	Current Period 30 June 2025	Prior Period 31 December 2024
Common Stock Provision	652.290	652.290
Preferred Stock Provision	-	-

The paid-in capital of the Parent Bank is shown above in nominal terms. As of 30 June 2025, there is a capital reserve of TL 272.693 arising from the adjustment of the paid-in capital for inflation (31 December 2024: TL 272.693) and TL 50.880 (31 December 2024: TL 50.880) other capital reserves.

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

Registered share capital system is not applied.

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

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

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

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

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

The Group has no capital commitments.

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

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

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

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

8. Information on valuation differences of marketable securities:

	Current Period		Prior Period	
	30 June 2025		31 December 2024	
	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	(223.349)	-	(43.177)	-
Valuation Difference	(223.349)	-	(43.177)	-
Foreign Currency Difference	-	-	-	-
Total	(223.349)	-	(43.177)	-

9. Information on revaluation value increase fund:

As of 30 June 2025 and 31 December 2024, the Group has no revaluation value increase fund

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

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

a) Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments:

	Current Period 30 June 2025	Prior Period 31 December 2024
Asset Purchase and Sale Commitments	156.582.198	10.486.588
Commitments for Credit Card Limits	4.718.282	4.968.785
Commitments for Cheques	16.302	15.191
Loan Granting Commitments	302.000	359.871
Short Sale Commitments	-	-
Commitments for Credit Cards and Banking Services Promotions	54.141	54.325
Tax and Fund Liabilities from Export Commitments	-	-
Other Irrevocable Commitments	406.560	426.610
Total	162.079.483	16.311.370

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

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

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

	Current Period 30 June 2025	Prior Period 31 December 2024
Letters of Guarantee	16.389.739	15.815.274
Letters of Credit	11.221.302	10.051.937
Bank Acceptances	47.514	-
Other Guarantees	969.633	860.890
Total	28.628.188	26.728.101

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

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

3. Information on the non-cash loans:

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

	Current Period 30 June 2025	Prior Period 31 December 2024
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	28.628.188	26.728.101
Total	28.628.188	26.728.101

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

Not disclosed in the interim period.

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

Not disclosed in the interim period.

b) Explanations on derivative transactions:

Not disclosed in the interim period.

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

None.

d) Explanations on Contingent Liabilities and Assets:

Contingent assets are recognized if the probability of occurrence is almost virtually certain, whereas they are disclosed in the notes, if the probability of occurrence is probable. As of 30 June 2025, there are no contingent assets to be disclosed.

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

The Group has certain contingent liabilities relating to various lawsuits due to the transactions it performed in the scope of banking operations. As of 30 June 2025, a total provision of TL 24 (31 December 2024: TL 64) has been made for those lawsuits as the probability of being concluded against the Group is higher than the probability of being concluded in its favor, with TL 60.876 (31 December 2024: TL 56.771) being for provisions for refunds related to case document charges.

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

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT

a) Information on interest income:

1. Information on interest income received from loans:

	Current Period		Prior Period	
	30 June 2025		30 June 2024	
	TL	FC	TL	FC
Interest Income on Loans (*)				
Short-Term Loans	2.819.640	1.168.556	4.245.839	825.309
Medium and Long-Term Loans	560.384	771.438	342.750	698.645
Interest on Loans Under Follow-Up	5.585	-	2.837	-
Resource Utilization Support Fund	-	-	-	-
Total	3.385.609	1.939.994	4.591.426	1.523.954

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

2. Information on interest income received from banks:

	Current Period		Prior Period	
	30 June 2025		30 June 2024	
	TL	FC	TL	FC
The CBRT	7.659.038	-	1.480.710	-
Domestic Banks	245.810	10.664	1.477.074	82
Foreign Banks	1.326	36.571	710	43.008
Headquarters and Branches Abroad	-	-	-	-
Total	7.906.174	47.235	2.958.494	43.090

3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	30 June 2025		30 June 2024	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	557.846	12.620	162.516	17.692
Financial Assets at Fair Value Through Other Comprehensive Income	3.622.166	-	2.519.494	-
Financial Assets Measured at Amortized Cost				
Financial Assets at Fair Value Through	825.346	-	207.032	-
Total	5.005.358	12.620	2.889.042	17.692

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

None.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

b) Information on interest expense:

1. Information on interest expense on funds borrowed:

	Current Period 30 June 2025		Prior Period 30 June 2024	
	TL	FC	TL	FC
Banks	976	963.964	8.143	463.609
The CBRT	-	-	-	-
Domestic Banks	976	-	8.143	-
Foreign Banks	-	963.964	-	463.609
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	976	963.964	8.143	463.609

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

None

3. Information on interest expense paid on securities issued:

None.

4. Maturity structure of the interest expense on deposits:

Current Period: 30 June 2025	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More than 1 year		
Turkish Lira								
Interbank deposits	-	1.369.846	-	-	-	-	-	1.369.846
Saving deposits	-	1.551.145	4.667.696	1.842.033	5.894	12.783	-	8.079.551
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	2.694.453	163.383	6.212	15	-	-	2.864.063
Other deposits	-	8	-	-	-	-	-	8
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Total	-	5.615.452	4.831.079	1.848.245	5.909	12.783	-	12.313.468
Foreign Currency								
Foreign currency deposits	-	182.831	46.591	23.793	34	13	-	253.262
Interbank deposits	-	-	-	-	-	-	-	-
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	147	1	5	-	-	153
Total	-	182.831	46.738	23.794	39	13	-	253.415
Grand Total	-	5.798.283	4.877.817	1.872.039	5.948	12.796	-	12.566.883

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

b) Information on interest expense (Continued):

4. Maturity structure of the interest expense on deposits (Continued):

Prior Period: 30 June 2024	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More Than 1 year		
Turkish Lira								
Interbank deposits	-	324.539	-	-	-	-	-	324.539
Saving deposits	-	135.791	1.804.180	2.881.409	1.689.535	35.920	-	6.546.835
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	1.648.477	91.736	514.985	103.550	-	-	2.358.748
Other deposits	-	2.198	-	-	-	-	-	2.198
Deposits with 7 maturity	-	-	-	-	-	-	-	-
Total	-	2.111.005	1.895.916	3.396.394	1.793.085	35.920	-	9.232.320
Foreign Currency								
Foreign currency deposits	-	158.746	15.050	360	595	63	-	174.814
Interbank deposits	-	1.133	-	-	-	-	-	1.133
Deposits with 7 days maturity	-	-	-	-	-	-	-	0
Precious metal deposits	-	-	84	1	3	-	-	88
Total	-	159.879	15.134	361	598	63	-	176.035
Grand Total	-	2.270.884	1.911.050	3.396.755	1.793.683	35.983	-	9.408.355

5. Information on interest given on repurchase agreements:

As of 30 June 2025, the Group has interest given on repurchase agreements amounting to TL 303.149 (30 June 2024: TL 254.985).

6. Information on finance lease expenses:

Financial leasing expense of the Group for the period ending on 30 June 2025 is TL 18.473 (30 June 2024: TL 18.677).

7. Information on interest given on factoring payables:

The Group has no interest given on factoring payables during the period ended on 30 June 2025 and 30 June 2024.

c) Explanations on dividend income:

Dividend income of the Group for the period ending on 30 June 2025 is TL 1.021 (30 June 2024: TL 551).

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

1. Trade Gain/Loss (Net):

	Current Period 30 June 2025	Prior Period 30 June 2024
Profit	593.177.174	430.263.752
Capital Market Transactions Income	727.538	442.761
Gain on Derivative Financial Transactions	17.385.589	8.363.193
Foreign Exchange Gains	575.064.047	421.457.798
Loss (-)	593.644.116	430.428.638
Capital Market Transactions Loss	800.506	297.761
Loss on Derivative Financial Transactions	12.934.259	6.883.008
Foreign Exchange Loss	579.909.351	423.247.869
Total (Net)	(466.942)	(164.886)

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

e) Information on other operating income:

	Current Period 30 June 2025	Prior Period 30 June 2024
Reversal of Previous Years Expenses (*)	52.227	93.809
Gain on Sale of Assets	2.470	43.497
Provision for Telecommunication Expense	31.610	24.502
Other Income	178.755	88.881
Total	265.062	250.689

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

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

	Current Period 30 June 2025	Prior Period 30 June 2024
Expected Credit Loss	579.565	191.337
12 Months Expected Credit Loss (Stage 1)	(306.545)	(30.722)
Significant Increase in Credit Risk (Stage 2)	870.898	193.947
Non-performing Loans (Stage 3)	15.212	28.112
Marketable Securities Impairment Expense	39.650	13.977
Financial Assets at Fair Value Through Profit or Loss	39.650	13.977
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Provisions for Impairment of Associates, Subsidiaries and Joint Ventures	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Jointly Controlled Entities (Joint Ventures)	-	-
Other	-	-
Total	619.215	205.314

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

g) Information related to other operating expenses:

	Current Period 30 June 2025	Prior Period 30 June 2024
Reserve for Employee Termination Benefits	-	-
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Property and Equipment	-	-
Depreciation Expenses of Property and Equipment	137.039	82.325
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	159.757	111.584
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	637.059	446.577
Leasing Expenses on TFRS 16 Exceptions	22.710	23.147
Maintenance Licensing Expenses	250.060	178.790
Maintenance Expenses	75.132	37.765
Communication Expenses	21.819	17.257
Advertisement Expenses	21.741	28.764
Other Expenses	245.597	160.854
Loss on Sales of Assets	10	169
Tax, Duties, Charges and Funds Expenses	570.843	236.775
Saving Deposit Insurance Fund Expenses	109.476	81.255
Other (*)	585.432	309.961
Total	2.199.616	1.268.646

(*) Of the amount of TL 585.432 (30 June 2024: TL 309.961) shown in the other line, TL 13.162 is audit and consultancy fees (30 June 2024: TL 5.269), TL 182 is from the arbitral tribunal expenses (30 June 2024: TL 138) and the remaining TL 572.088 consists of other expenses (30 June 2024: TL 304.554)

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

Not disclosed in the interim period.

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

Not disclosed in the interim period.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

As of 30 June 2025, the current tax provision expense of the Group is TL 1.884.049 (30 June 2024: TL 1.683.791 expense) and deferred tax income is TL 44.023 (30 June 2024: TL 564.340 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 30 June 2025, net interest income takes an important place among income items with TL 10.406.584 (30 June 2024: TL 6.108.800), net fee and commission incomes with TL 1.413.830 (30 June 2024: TL 868.025). Fees and commission income from cash loans are shown in net interest income. Considering the distribution within the interest income, the most important sources of the Bank's interest income are the interests received from loans, securities and the interbank money market. The largest part of the interest expenses consists of the interests paid to the deposits and the interests given to the loans used. The most important part of commission income is the commissions received from credit card transactions and other banking activities.

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

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

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

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

	Current Period 30 June 2025	Prior Period 30 June 2024
Credit Card Transactions	255.115	342.483
Insurance Commissions	84.268	67.005
Banking Transactions	33.678	24.050
TEFAS Fund Platforms	385.872	265.745
Other Fee and Commissions	511.120	321.843
Total	1.270.053	1.021.126

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

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

Not disclosed in the interim period.

2. Information on increases in cash flow hedges:

Not disclosed in the interim period.

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

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

Not disclosed in the interim period.

2. Information on cash flow hedges

Not disclosed in the interim period.

c) Information on dividend distribution:

None.

d) Information on issuance of common stock:

Not disclosed in the interim period.

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

A Not disclosed in the interim period.

f) Offsetting prior period's losses:

Not disclosed in the interim period.

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

Not disclosed in the interim period.

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

Not disclosed in the interim period.

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

Not disclosed in the interim period.

d) Information on cash and cash equivalents:

Not disclosed in the interim period.

e) Additional information:

None.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

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

Current Period – 30 June 2025:

Group's Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	-	-	-	866.547	20	-
Closing Balance	-	-	-	1.183.767	-	-
Interest and Commission Income	-	-	-	40.998	3	-

Prior Period - 31 December 2024:

Group's Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Opening Balance	-	-	-	999.063	685	-
Closing Balance	-	-	-	866.547	20	-
Interest and Commission Income (*)	-	-	-	43.751	41	-

(*) Prior period balances represent 30 June 2024 amounts.

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

Group's Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Current Period 30 June 2025		Current Period 30 June 2025		Current Period 30 June 2025	
Deposit						
Opening Balance	-	-	-	270.510	-	60.776
Closing Balance	-	-	-	251.605	-	97.958
Interest expense on deposits	-	-	-	1.321.371	-	17.478

Group's Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Prior Period 31 December 2024		Prior Period 31 December 2024		Prior Period 31 December 2024	
Deposit						
Opening Balance	-	-	-	283.924	-	46.447
Closing Balance	-	-	-	270.510	-	60.776
Interest expense on deposits (*)	-	-	-	268.051	-	8.503

(*) Prior period balances represent 30 June 2024 amounts.

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

Group's Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Individuals and Legal Entities in the Risk Group	
	Current Period 30 June 2025		Current Period 30 June 2025		Current Period 30 June 2025	
The Fair Value Differences Through						
Profit and Loss						
Opening Balance	-	-	-	108.016.178	-	-
Closing Balance	-	-	-	147.652.105	-	-
Total Profit/Loss	-	-	-	(2.821.896)	-	-
Transactions for Hedging Purposes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

Group's Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	Direct or Indirect Shareholders of the Parent Bank	Other Individuals and Legal Entities in the Risk Group
	Prior Period 31 December 2024	Prior Period 31 December 2024	Prior Period 31 December 2024
The Fair Value Differences Through Profit and Loss			
Opening Balance	-	106.119.719	-
Closing Balance	-	108.016.178	-
Total Profit/Loss ^(*)	-	665.609	-
Transactions for Hedging Purposes			
Opening Balance	-	-	-
Closing Balance	-	-	-
Total Profit/Loss ^(*)	-	-	-

^(*) Prior period balances represent 30 June 2024 amounts.

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

As of 30 June 2025, payment amounting to TL 204.125 is made to the Board of Directors and top executives of the Group (30 June 2024: TL 163.250).

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

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

Not disclosed in the interim period.

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

SECTION SIX

EXPLANATIONS ON INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT

The consolidated financial statements for the interim period ended 30 June 2025 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent audit report dated 20 August 2025 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY THE INDEPENDENT AUDITOR

None

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

SECTION SEVEN

INTERIM ACTIVITY REPORT

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

GENERAL INFORMATION

1. Summary information about HSBC Bank A.Ş

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

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

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

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

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

2. Capital and shareholding structure

The Parent Bank has made no changes in their capital and shareholding structure as well as its shareholders who directly or indirectly; individually or as a group has an influence over the Bank's audit and management, as of the accounting period ended on 30 June 2025. HSBC Middle East Holdings B.V. has a shareholding rate of 89,99% and HSBC Bank Middle East Limited has 10,01% shareholding rate of the Bank's shares. HSBC Bank A.Ş.'s Chairman of the Board of Directors, its members, and general manager and his/her assistants' shares of ownership are insignificant. As of 30 June 2025, HSBC Bank A.Ş.'s paid-in capital is TL 652.290 thousand and its capital structure is as follows

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

3. Information on Branches and Personnel

As of 30 June 2025, the Parent Bank has 44 domestic branches (31 December 2024: 44 domestic branches). As of 30 June 2025, the number of personnel of the Bank is 1.442 (31 December 2024: 1.467).

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

HSBC Bank A.Ş.'s Articles of Association had no changes in 1 January – 30 June 2025 period.

5. Chairman and Members of the Board of Directors

As of 30 June 2025, the members of the Board of Directors are as follows.

Name and Surname	Responsibility
Paul Joseph Lawrence	Chairman of the Board
Didem Çerçi	Deputy Chairman of the Board of Directors
Burçin Ozan	Board Member-General Manager
Cansen Başaran Symes	Board Member
Ayşe Ebru Dorman	Board Member
Robert Cyril Oates	Board Member
Ana Patricia Fernandes Vidal Gomes	Board Member

6. Audit Committee

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

Name and Surname	Responsibility
Didem Çerçi	Head of the Audit Committee
Robert Cyril Oates	Member of the Audit Committee
Ana Patricia Fernandes Vidal Gomes	Member of the Audit Committee

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

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

7. Executive Management

HSBC Bank A.Ş. Executive Management as of 30 June 2025 is as follows.

Name and Surname	Title	Area of Responsibility
Burçin Ozan	General Manager	HSBC Bank A.Ş.
Peter Kallo	Executive Vice President	Credit and Risk
Cem Muratoğlu	Executive Vice President	International Wealth Management and Premier Banking
Seyyare Özbaşı Tınaz	Executive Vice President	Operations, Services and Technology
Caner Işlak (***)	Executive Vice President	Corporate and Global Banking
Funda Temoçin	Executive Vice President	Human Resources and Corporate Communications
İbrahim Namık Aksel	Executive Vice President	Treasury and Capital Markets
Tolga Tüzüner	Head Legal Advisor	Legal

(***) Caner Işlak resigned from his position in Corporate and Global Banking as of May 20, 2025

8. HSBC Bank's Financial Power Rating

According to the evaluations of Moody's Credit Rating Agency, the ratings of HSBC Bank A.Ş. as of 30 June 2025 are as follows.

Definitions	Note (*)
Baseline Credit Assessment	B1
Outlook	Stable
Long-term foreign currency deposit rating	Ba2
Long-term TL deposit rating	Ba1
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 30, 2025.

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

9. Summary of consolidated financial information for the Period

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

According to the consolidated financial statements, in the period ending on 30 June 2025, the total assets of HSBC Bank A.Ş. increased by 21,8% compared to the end of 2024 and reached TL 233,1 billion. At the end of the period, loans constituting approximately 30,3% of assets are around TL 70,6 billion. Deposits, which are the biggest funding source of the balance sheet, amounted to TL 157,7 billion and constituted 68% of liabilities. The period-end balances of the consolidated balance sheet item groups are shown below.

ASSETS (Thousand TL)	30.06.2025	31.12.2024
Financial Assets (Net)	145.095.049	128.567.527
Other Financial Assets Measured at Amortized Cost	79.513.388	58.283.643
Non-Current Assets or Disposal Groups "Held for Sale" and Held from Discontinued Operations (Net)	-	-
Equity Investments	-	-
Property and Equipment (Net)	929.468	902.079
Intangible Assets (Net)	683.076	648.694
Investment Property (Net)	-	-
Current Tax Asset	-	-
Deferred Tax Asset	803.128	750.725
Other Assets	6.058.333	2.277.474
Total Assets	233.082.442	191.430.142
LIABILITIES (Thousand TL)	30.06.2025	31.12.2024
Deposits	157.682.397	129.828.854
Funds Borrowed	24.880.210	16.993.535
Money Markets	13.345.909	11.555.609
Securities Issued (Net)	-	-
Funds	-	-
Financial Liabilities at Fair Value Through Profit or Loss	-	-
Derivative Financial Liabilities	4.000.098	3.099.005
Factoring Liabilities	-	-
Lease Liabilities	187.759	208.787
Provisions	1.161.951	1.240.725
Current Tax Liability	2.025.680	1.543.312
Deferred Tax Liability	-	-
Liabilities Related to Non-Current Assets "Held for Sale" and "Held from Discontinued Operations" (Net)	-	-
Subordinated Debt	5.805.695	4.894.547
Other Liabilities	3.289.313	4.365.639
Shareholders' Equity	20.703.430	17.700.129
Total Liabilities	233.082.442	191.430.142

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

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

The consolidated profit and loss statement information of HSBC Bank as of 30 June 2025 and 30 June 2024 is shown below.

STATEMENT OF INCOME (Thousand TL)	30.06.2025	30.06.2024
Net Interest Income	10.406.584	6.108.800
Other Non-Interest Income	1.212.971	954.379
Total Operating Income/Expense	11.619.555	7.063.179
Other Operating Expenses (-)	4.772.996	3.178.397
Provision for Loan Losses (-)	667.784	220.993
Net Operating Income/(Loss)	6.178.775	3.663.789
Tax Provision (-)	(1.840.026)	(1.119.451)
NET PROFIT/LOSS FOR THE PERIOD	4.338.749	2.544.338

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

Message from Paul Joseph Lawrence, Chairman of the Board

In the first half of 2025, the global economic agenda was shaped by increasing trade tensions and geopolitical uncertainties, causing fluctuations in the global economic outlook. It is predicted that global economic growth in 2025 will be below the growth rates of previous years due to trade policies, financial volatility and geopolitical developments.

Our country's economy, on the other hand, recorded a 2% growth in the first quarter of 2025, largely supported by domestic demand. The Central Bank of the Republic of Turkey (CBRT) has initiated a trend of improvement in financial market indicators through its decision to re-tighten monetary policy and implement additional macroprudential measures in response to financial volatility caused by domestic and international political, economic, and geopolitical developments. The CBRT has also resumed its reserve accumulation process.

On the other hand, due to the tightening monetary stance, the profitability of the banking sector came under some pressure in the first half of 2025 due to high deposit costs, macroprudential restrictions on credit growth, and increasing loan loss provisions. However, the downward trend in inflation figures indicates that the central bank may restart its interest rate reduction cycle. We anticipate that this situation will support profitability in the second half of the year.

As HSBC, we successfully managed the risks encountered in conditions of high market volatility thanks to our strong operational structure and agile management approach. While our Bank continued to support the national economy in the second quarter of 2025, we continued to grow in line with our targets. While maintaining our solid balance sheet structure, we led the market with our diversified financing models to be used in investments in our country and financing solutions in line with our sustainability strategy. We focused on sustainable growth or adding value to our customers in the areas we strategically prioritised. In the same period, our Bank's asset size reached TL 232 billion and our profit after tax was TL 4 billion.

I would like to thank our Board of Directors, Senior Management, employees and customers for their trust and loyalty to HSBC.

Kind Regards,

Paul Joseph LAWRENCE

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

Message from Burçin Ozan, General Manager

In the first half of 2025, global markets experienced considerable volatility as a result of uncertainties caused by US customs duties and conflicts in the Middle East. The global economy lost momentum due to uncertainties regarding global trade policies and the impact of increasing protectionist measures, and growth expectations were revised downward. In this global environment, policies focused on fighting inflation and maintaining macro-financial stability continued to be implemented with determination in Turkey. The Central Bank of the Republic of Turkey (CBRT) maintained its tight monetary policy stance in the first half of the year, raising the policy rate to 46% at its April meeting and keeping it unchanged at its June meeting. The downward trend in consumer inflation continued in the first half of the year, reaching 35% in June. We anticipate that the cautious monetary stance and the weakening outlook for aggregate demand due to global developments, along with the moderate trend in commodity prices, will support the downward movement of inflation in the remainder of the year.

In the banking sector, high funding costs due to the tightening monetary stance put pressure on interest margins, while return on equity stood at 21% in the second quarter of the year. Due to the slowdown in domestic economic growth, a slight increase in loan loss provisions was observed in the first half of 2025, and the non-performing loan ratio stood at 2.1% as of May. On the other hand, the capital adequacy ratio remained above the legal limit at 17.5% (CET-1: 13.7%). The resumption of the interest rate reduction process in the third quarter will have a positive impact on the asset quality and profitability of the banking sector.

As HSBC Türkiye, in the second quarter of 2025, we continued to provide financing in line with our customer-focused, sustainable growth approach in Corporate Banking, our international connections, and our sustainability agenda, while we maintained our strategy focused on savings management in the field of Personal Banking.

Furthermore, thanks to our active treasury management, we successfully managed the impact of volatile market conditions on our financial statements. During this period, our bank's assets reached 232 billion TL, and customer deposits, our main funding source, reached 157.7 billion TL. Thanks to our stable deposit base, we continued to manage our liquidity and funding position well above legal limits and our risk appetite.

As in the first two quarters of the year, we will continue to contribute to the Turkish economy, our customers and shareholders in the second half of the year. I would like to thank my colleagues who made a great contribution to this process with their labour, and all our stakeholders, especially our customers, who trust us.

Kind Regards,

Burçin OZAN

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HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2025

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

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

Additional Information Regarding the Period 01.01.2025 – 30.06.2025

None

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