



**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT ORIGINALLY
ISSUED IN TURKISH, SEE NOTE 3.1)**

HSBC BANK A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS TOGETHER WITH
INDEPENDENT AUDITOR'S REVIEW REPORT
AS AT AND FOR THE THREE MONTH PERIOD
ENDED 31 MARCH 2014**

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

23 May 2014

*This report consists of 1 page Independent Auditors'
Review Report and 75 pages interim consolidated
financial statements and related disclosures and
footnotes.*



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**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH (SEE NOTE 3.1)**

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors of HSBC Bank Anonim Şirketi,

We have reviewed the consolidated balance sheet of HSBC Bank Anonim Şirketi (the "Parent Bank") and its financial subsidiaries (collectively the "Group") as of 31 March 2014, the consolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the three-month period then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors, is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the regulations related with the "Accounting and Recording Rules" and "Independent Auditing Standards" of the (Turkish) Banking Law No 5411. These regulations require that we plan and perform the review to obtain reasonable assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, the consolidated financial position of HSBC Bank Anonim Şirketi as at 31 March 2014, and of the results of its consolidated operations and its consolidated cash flows for the three-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 and 38 of the Turkish Banking Law No 5411; and other regulations, communiqués and circular announced by the Banking Regulation and Supervision Board and the statements made by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Istanbul
23 May 2014

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

Murat Alsan
Partner

Additional paragraph for convenience translation to English:

As explained in Section 3.I, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.



**CONSOLIDATED FINANCIAL REPORT OF HSBC BANK A.S.
AS OF 31 MARCH 2014**

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The consolidated interim financial report prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF PARENT BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION
- INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND DISCLOSURES
- LIMITED AUDITOR'S REPORT

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

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

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


Brian Robertson
Chairman


Martin Spurling
General
Manager


Neslihan Erkazan
Financial Reporting
Assistant General
Manager


Yerközan Kızıl
Financial Reporting
Senior Manager


Gilles Denoyel
Head of
Audit Comitee


Leyla Etker
Member of
Audit Comitee

Information about the responsible personnel whom questions may be asked:

Name-Surname/Title : Zeynep Terzioğlu/Senior Manager
Tel : (0212) 376 4308
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SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

It has been approved by the decision of the Council of Ministers dated 27 June 1990 and numbered 90/644 that HSBC Bank A.Ş. (the Bank) was established to conduct banking activities and the articles of association published in the Official Gazette No. 2611 dated 18 September 1990. The Bank is a foreign-capitalized bank which has been registered in accordance with the Law on Encouraging Foreign Investments numbered 6224 100% of the shares of the Bank is owned by HSBC Bank Plc which is a bank established in England. On 20 September 2001 the 'Share Sales Agreement' regarding the sale of all shares of Demirbank T.A.Ş. which was under in Saving Deposit Insurance Fund was signed by the Bank's main share holder HSBC Bank Plc. According to this agreement the required procedures shall be completed by 31 October 2001 and all shares of the Demirbank T.A.Ş., together with a part of the assets and liabilities shall be transferred to HSBC Bank Plc on 31 October 2001. In 14 December 2001, Demirbank T.A.Ş. and the Bank merged under the name of HSBC Bank Anonim Şirketi and continued its activities. On 19 September 2002, the Bank has signed the share sales agreement with Benkar Tüketici Finansmanı ve Kart Hizmetleri A.Ş. ("Benkar") and acquired all shares of Benkar. On 25 December 2002 according to both Benkar's and the Bank's board of directors' minute all assets and liabilities of Benkar is transferred to the Bank.

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

As of 31 March 2014, the Parent Bank's nominal capital amounting to TL 652.290 is dividend to 65.229.000.000 shares with a nominal value of TL 0,01. The share capital of the Bank has been fully paid and registered. All shares of the Bank are owned by HSBC Bank Plc that is located in England and established in accordance with British Law. As of 31 March 2014 there has been no changes regarding the Bank's capital structure and shareholders of the Bank who are in charge of the management or auditing of the Bank directly or indirectly.

Capital structure of the Parent Bank is comprising of the Group "A" and "B" shares. Board of Directors are chosen among the candidates nominated by group "A" shareholders.

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 TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2014

(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, SHARES OF THE BANK HELD BY THEM IF
ANY

<u>Title</u>	<u>Name</u>	<u>Title</u>	<u>Education</u>
Chairman of the Board:	Brian ROBERTSON	Chairman	Undergraduate
Chairman Deputy of the Board:	Antonio Pedro Dos Santos SIMOES	Chairman Deputy	Graduate
Board of Directors:	Martin SPURLING Kevin Peter SAWLE Mark John THUNDERCLIFFE Jonathan James CALLADINE Leyla ETKER Gilles Paul Marie DENOYEL Edward Michael FLANDERS	Member and CEO Member Member Member Member Member Member	Undergraduate Associate Degree Undergraduate Undergraduate Graduate Graduate Undergraduate
CEO:	Martin SPURLING	CEO	Undergraduate
Head of Internal Audit:	Tolunay KANŞAY	Head of Internal Audit	Undergraduate
Chief Assistant General Manager:	Necdet Murat ŞARSEL	Credit and Risk	Graduate
Executive Vice Presidents:	Necdet Murat ŞARSEL Virma SÖKMEN Süleyman Selim KERVANCI Taylan TURAN Ali Batu KARAALI Neslihan ERKAZANCI Ali Dündar PARLAR Ranjit GOKARN Şengül DEMİRCAN	Credit and Risk Corporate and Commercial Banking Global and Investment Banking Retail Banking Treasury and Capital Markets Financial Control Internal Systems and Regulations Technology and Service Groups Human Resources	Graduate Undergraduate Graduate Graduate Graduate Undergraduate Undergraduate Graduate Undergraduate
Audit Committee:	Gilles Paul Marie DENOYEL Mark John THUNDERCLIFFE Leyla ETKER	Head of the Audit Committee Member of the Audit Committee Member of the Audit Committee	Graduate Undergraduate Graduate

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
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HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2014

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

IV. EXPLANATIONS ON INDIVIDUALS OR INSTITUTIONS OWNING THE PREFERRED SHARES OF THE BANK

Name/Commercial Title	Share Amounts (Nominal) (**)	Share Percentages	Paid-in Capital (Nominal) (**)	Unpaid Portion
HSBC Bank Plc (*)	652.289.996	99.99%	652.289.996	-

(*) HSBC Bank Plc is wholly owned by HSBC Holdings Plc and HSBC Holdings Plc is indirect shareholder of the Bank with 99,99 % share.

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

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

The Parent Bank's activities in accordance with related regulations and the section three of 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 all kind of sectors,
- To perform discount and purchase activities,
- To perform capital and security market transactions, to establish and manage security investment funds in accordance with the relevant regulations,
- To invest in both local or foreign companies as founder partner or shareholder, to perform management and auditing process and to purchase equities, bonds and other securities,
- To act as an intermediary in issue of the bonds and other marketable securities,
- To perform factoring and forfaiting activities,
- To establish social and cultural facilities or to help or participate facilities in the existing.

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, Aviva Sigorta, Allianz Sigorta, AIG Sigorta, Ergo Sigorta, Euler Hermes and Anadolu Hayat Emeklilik through its branches.

As of 31 March 2014, the Bank has 312 branches dispersed throughout the country and 4 branches operating abroad (31 December 2013: 311 branches and 4 branches operating abroad).

As of 31 March 2014, the number of employees of the Group is 6.027 (31 December 2013: 6.208).

VI. OTHER MATTERS

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

VII. INFORMATION OF INSTITUTIONS IN CONSOLIDATION SCOPE

Parent Company "the Bank" and HSBC Yatırım Menkul Değerler A.Ş. ("HSBC Yatırım") that is owned by the Bank and HSBC Portföy Yönetimi A.Ş. ("HSBC Portföy") that is the subsidiary of the HSBC Yatırım are taken into consolidation scope.

Parent Company "the Bank" and the companies that are consolidated are all named as "Group".

**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 TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2014

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

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

Due to differences between Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards, the non-financial associates, HSBC Ödeme Sistemleri ve Bilgisayar Teknolojileri Basın Yayın ve Müşteri Hizmetleri A.Ş and HSBC İnternet ve Telekomünikasyon Hizmetleri A.Ş are not consolidated in the consolidated financial statements prepared in accordance with TAS based on on line-by-line method. The Bank's subsidiaries HSBC Yatırım ve Menkul Değerler A.Ş is included in the scope of consolidation by line-by-line method.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheets - Assets**
- I. Consolidated Balance Sheets - Liabilities**
- II. Consolidated Statements of Off - Balance Sheet Commitments**
- III. Consolidated Income Statements**
- IV. Consolidated Statements of Profit and Loss Items Recognised Under Shareholders' Equity**
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- VI. Consolidated Statements of Cash Flows**

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.1
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2014 AND 31 DECEMBER 2013
(STATEMENT OF FINANCIAL POSITION)
 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

I. BALANCE SHEET	Note (Section Five I)	Current Period (31/03/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
		ASSETS					
I. CASH BALANCES WITH CENTRAL BANK	(I-a)	233.607	3.138.758	3.372.365	294.916	3.404.357	3.699.273
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(I-b)	134.869	1.326.073	1.460.942	629.702	1.349.134	1.978.836
2.1 Trading Financial Assets		134.869	1.326.073	1.460.942	629.702	1.349.134	1.978.836
2.1.1 Government Debt Securities		81.120	5.943	87.063	552.339	9.222	561.561
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		42.957	1.320.130	1.363.087	67.050	1.339.912	1.406.962
2.1.4 Other Marketable Securities		10.792	-	10.792	10.313	-	10.313
2.2 Financial Assets Designated at Fair Value through Profit or (Loss)		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(I-c)	732.345	873.674	1.606.019	511.128	1.155.361	1.666.489
IV. MONEY MARKETS		7.144.489	193.592	7.338.081	6.660.942	126.315	6.787.257
4.1 Interbank Money Market Placements		-	193.592	193.592	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	126.315	126.315
4.3 Receivables from Reverse Repurchase Agreements		7.144.489	-	7.144.489	6.660.942	-	6.660.942
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(I-d)	1.435.083	-	1.435.083	2.249.331	-	2.249.331
5.1 Share Certificates		4.225	-	4.225	4.225	-	4.225
5.2 Government Debt Securities		1.430.858	-	1.430.858	2.245.106	-	2.245.106
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	(I-e)	14.640.455	4.546.614	19.187.069	14.682.218	4.418.795	19.101.013
6.1 Loans		14.292.522	4.546.294	18.838.816	14.330.349	4.418.795	18.749.144
6.1.1 Bank's Risk Group	(VI)	16	43.163	43.179	2.612	11.902	14.514
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		14.292.506	4.503.131	18.795.637	14.327.737	4.406.893	18.734.630
6.2 Loans Under Follow-Up		1.260.731	14.129	1.274.860	1.192.309	14.088	1.206.397
6.3 Specific Provisions (-)		912.798	13.809	926.607	840.440	14.088	854.528
VII. FACTORING RECEIVABLES		37.322	14.497	51.819	46.347	8.752	55.099
VIII. INVESTMENT SECURITIES HELD-TO-MATURITY (Net)	(I-f)	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(I-g)	-	-	-	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	(I-h)	270	-	270	270	-	270
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-financial Subsidiaries		270	-	270	270	-	270
XI. JOINT VENTURES (Net)	(I-i)	-	-	-	-	-	-
11.1 Accounted Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-financial Joint Ventures		-	-	-	-	-	-
XII. FINANCIAL LEASE RECEIVABLES (Net)	(I-j)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	(I-k)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(I-l)	121.089	-	121.089	130.081	-	130.081
XV. INTANGIBLE ASSETS (Net)	(I-m)	114.031	-	114.031	107.386	-	107.386
15.1 Goodwill		83.450	-	83.450	83.450	-	83.450
15.2 Other		30.581	-	30.581	23.936	-	23.936
XVI. INVESTMENT PROPERTY (Net)	(I-n)	-	-	-	-	-	-
XVII. TAX ASSET		62.681	-	62.681	46.700	-	46.700
17.1 Current Tax Asset		7.175	-	7.175	46	-	46
17.2 Deferred Tax Asset	(I-o)	55.506	-	55.506	46.654	-	46.654
XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-p)	4.480	-	4.480	4.394	-	4.394
18.1 Held for sale Purposes		4.480	-	4.480	4.394	-	4.394
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(I-r)	267.375	427.112	694.487	198.705	233.858	432.563
TOTAL ASSETS		24.928.096	10.520.320	35.448.416	25.562.120	10.696.572	36.258.692

The accompanying explanations and notes set out on pages 14 to 75 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 31 MARCH 2014 AND 31 DECEMBER 2013
 (STATEMENT OF FINANCIAL POSITION)
 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

I. BALANCE SHEET	Note (Section Five II)	Current Period (31/03/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
		LIABILITIES					
I. DEPOSITS	(II-a)	9.882.535	8.342.466	18.225.001	10.302.636	7.276.794	17.579.430
1.1 Deposits of Bank's Risk Group	(VII)	37.943	2.414	40.357	54.857	278	55.135
1.2 Other		9.844.592	8.340.052	18.184.644	10.247.779	7.276.516	17.524.295
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(II-b)	62.996	1.307.221	1.370.217	15.903	1.292.473	1.308.376
III. BORROWINGS	(II-d)	2.118.018	6.680.271	8.798.289	2.879.677	6.775.237	9.654.914
IV. MONEY MARKETS		1.259.678	-	1.259.678	2.025.576	-	2.025.576
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements	(II-c)	1.259.678	-	1.259.678	2.025.576	-	2.025.576
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		566.961	6.244	573.205	528.218	7.908	536.126
VIII. OTHER LIABILITIES	(II-e)	518.997	77.840	596.837	511.546	45.040	556.586
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	(II-f)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	(II-g)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	(II-h)	462.061	2.108	464.169	454.873	2.306	457.179
12.1 General Loan Loss Provision		369.375	-	369.375	347.299	-	347.299
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		35.806	-	35.806	31.692	-	31.692
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		56.880	2.108	58.988	75.882	2.306	78.188
XIII. TAX LIABILITY	(II-i)	64.218	-	64.218	45.737	-	45.737
13.1 Current Tax Liability		64.218	-	64.218	45.737	-	45.737
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS	(II-j)	-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(II-k)	-	1.044.768	1.044.768	-	1.027.349	1.027.349
XVI. SHAREHOLDERS' EQUITY	(II-l)	3.052.034	-	3.052.034	3.067.419	-	3.067.419
16.1 Paid-in Capital		652.290	-	652.290	652.290	-	652.290
16.2 Capital Reserves		258.780	-	258.780	245.180	-	245.180
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		(13.913)	-	(13.913)	(27.513)	-	(27.513)
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Revaluation Differences of Investment Property		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures (business partners)		-	-	-	-	-	-
16.2.8 Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.9 Value Increase in Asset Held for Sale and Related to Discontinued Operations		-	-	-	-	-	-
16.2.10 Other capital reserves		272.693	-	272.693	272.693	-	272.693
16.3 Profit Reserves		2.170.425	-	2.170.425	2.125.546	-	2.125.546
16.3.1 Legal Reserves		196.002	-	196.002	201.433	-	201.433
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		1.975.770	-	1.975.770	1.925.936	-	1.925.936
16.3.4 Other Profit Reserves		(1.347)	-	(1.347)	(1.823)	-	(1.823)
16.4 Income or (Loss)		(29.461)	-	(29.461)	44.403	-	44.403
16.4.1 Prior Years' Income or (Loss)		-	-	-	-	-	-
16.4.2 Current Year Income or (Loss)		(29.461)	-	(29.461)	44.403	-	44.403
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		17.987.498	17.460.918	35.448.416	19.831.585	16.427.107	36.258.692

The accompanying explanations and notes set out on pages 14 to 75 form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.1
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED OFF-BALANCE SHEET AS OF 31 MARCH 2014 AND 31 DECEMBER 2013
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

II. OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (31/03/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		69.788.495	80.711.111	150.499.606	53.034.227	77.007.695	130.041.922
I. GUARANTEES AND WARRANTIES	(III-a-2,3)	499.227	3.000.973	3.500.200	424.902	3.220.869	3.645.771
1.1 Letters of Guarantee		497.527	660.631	1.158.158	423.202	716.737	1.139.939
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		497.527	660.631	1.158.158	423.202	716.737	1.139.939
1.2 Bank Acceptances		-	1.133.181	1.133.181	-	1.212.692	1.212.692
1.2.1 Import Letter of Acceptance		-	1.127.803	1.127.803	-	1.206.906	1.206.906
1.2.2 Other Bank Acceptances		-	5.378	5.378	-	5.786	5.786
1.3 Letters of Credit		1.700	815.585	817.285	1.700	773.310	775.010
1.3.1 Documentary Letters of Credit		-	558.878	558.878	-	545.307	545.307
1.3.2 Other Letters of Credit		1.700	256.707	258.407	1.700	228.003	229.703
1.4 Refinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	383.477	383.477	-	510.061	510.061
1.9 Other Collaterals		-	8.099	8.099	-	8.069	8.069
II. COMMITMENTS	(III-a-1)	13.846.334	6.833.746	20.680.080	14.138.122	9.379.324	23.517.446
2.1 Irrevocable Commitments		13.846.334	6.833.746	20.680.080	14.138.122	9.379.324	23.517.446
2.1.1 Asset Purchase and Sale Commitments		5.115.178	6.614.670	11.729.848	5.868.259	8.886.247	14.754.506
2.1.2 Deposit Purchase and Sales Commitments		-	215.100	215.100	-	492.890	492.890
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		640.809	-	640.809	296.202	-	296.202
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		631.473	-	631.473	609.967	-	609.967
2.1.8 Tax and Fund Liabilities from Export Commitments		4.403	-	4.403	3.931	-	3.931
2.1.9 Commitments for Credit Card Limits		6.317.006	-	6.317.006	6.469.426	-	6.469.426
2.1.10 Commitments for Credit Cards and Banking Services Promotions		-	16.333	16.333	15.465	-	15.465
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		67.599	1.894	69.493	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		67.599	1.894	69.493	-	-	-
2.1.13 Other Irrevocable Commitments		985.934	188	986.122	874.872	187	875.059
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(III-b)	55.442.934	70.876.392	126.319.326	38.471.203	64.407.502	102.878.705
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Transactions		55.442.934	70.876.392	126.319.326	38.471.203	64.407.502	102.878.705
3.2.1 Forward Foreign Currency Buy/Sell Transactions		3.843.736	5.619.708	9.463.464	2.638.403	5.311.616	7.950.019
3.2.1.1 Forward Foreign Currency Transactions-Buy		2.437.359	2.354.138	4.791.497	1.048.572	2.957.750	4.006.322
3.2.1.2 Forward Foreign Currency Transactions-Sell		1.406.397	3.265.570	4.671.967	1.589.831	2.353.866	3.943.697
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		49.236.786	60.607.554	109.844.340	32.483.040	46.972.346	79.455.386
3.2.2.1 Foreign Currency Swap-Buy		21.513.357	29.464.861	50.978.218	14.666.978	21.348.422	36.015.400
3.2.2.2 Foreign Currency Swap-Sell		27.723.429	31.142.693	58.865.127	17.816.062	25.623.924	43.439.986
3.2.2.3 Interest Rate Swap-Buy		-	3.978.448	3.978.448	-	3.731.828	3.731.828
3.2.2.4 Interest Rate Swap-Sell		-	3.978.448	3.978.448	-	3.731.828	3.731.828
3.2.3 Foreign Currency, Interest rate and Securities Options		2.362.392	3.828.126	6.190.518	3.349.760	4.974.580	8.324.340
3.2.3.1 Foreign Currency Options-Buy		1.181.196	1.914.063	3.095.259	1.674.880	2.487.290	4.162.170
3.2.3.2 Foreign Currency Options-Sell		1.181.196	1.914.063	3.095.259	1.674.880	2.487.290	4.162.170
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		-	481.824	481.824	-	6.853.314	6.853.314
3.2.5.1 Interest Rate Futures-Buy		-	240.912	240.912	-	3.426.657	3.426.657
3.2.5.2 Interest Rate Futures-Sell		-	240.912	240.912	-	3.426.657	3.426.657
3.2.6 Other		-	339.180	339.180	-	295.646	295.646
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		47.054.897	71.532.370	118.587.267	60.981.012	69.795.710	130.776.722
IV. ITEMS HELD IN CUSTODY		16.772.337	1.429.844	18.202.181	30.008.000	1.527.811	31.535.811
4.1 Customer Fund and Portfolio Balances		1.189.793	-	1.189.793	1.402.913	-	1.402.913
4.2 Investment Securities Held in Custody		11.949.191	1.019.812	12.969.003	23.913.194	1.039.432	24.952.626
4.3 Checks Received for Collection		2.097.700	259.060	2.356.760	2.148.173	257.636	2.405.809
4.4 Commercial Notes Received for Collection		86.810	-	86.810	67.060	-	67.060
4.5 Other Assets Received for Collection		-	6.313	6.313	-	6.673	6.673
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		1.448.843	144.659	1.593.502	2.476.660	224.070	2.700.730
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		13.340.008	12.320.518	25.660.526	14.064.235	11.687.638	25.751.873
5.1 Marketable Securities		1.395.792	7.875	1.403.667	2.131.837	13.661	2.145.498
5.2 Guarantee Notes		697.335	1.724.480	2.421.815	722.091	1.739.020	2.461.111
5.3 Commodity		1.340	4.720	6.060	1.340	4.703	6.043
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		8.607.004	3.066.912	11.673.916	8.530.128	3.151.276	11.681.404
5.6 Other Pledged Items		2.638.537	7.516.531	10.155.068	2.678.839	6.778.978	9.457.817
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		16.942.552	57.782.008	74.724.560	16.908.777	56.580.261	73.489.038
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		116.843.392	152.243.481	269.086.873	114.015.239	146.803.405	260.818.644

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ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.I
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS FOR THE PERIODS ENDED
31 MARCH 2014 AND 31 MARCH 2013
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

III.	INCOME STATEMENTS	Note (Section Five IV)	Current Period (01/01/2014 -31/03/2014)	Prior Period (01/01/2013 -31/03/2013)
	INCOME AND EXPENSE ITEMS			
I.	INTEREST INCOME	(V-IV-a)	653.446	576.728
1.1	Interest on Loans	(V-IV-a-1)	461.470	453.070
1.2	Interest Received from Reserve Requirements		-	-
1.3	Interest Received from Banks	(V-IV-a-2)	24.439	12.638
1.4	Interest Received from Money Market Transactions		109.448	11.041
1.5	Interest Received from Marketable Securities Portfolio	(V-IV-a-3)	46.596	89.718
1.5.1	Trading Financial Assets		6.621	8.200
1.5.2	Financial Assets at Fair Value through Profit or (Loss)		-	-
1.5.3	Available-for-sale Financial Assets		39.975	81.518
1.5.4	Held to Maturity Investments		-	-
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		11.493	10.261
II.	INTEREST EXPENSE (-)	(V-IV-b)	368.829	217.270
2.1	Interest on Deposits (-)	(V-IV-b-4)	260.871	141.455
2.2	Interest on Funds Borrowed (-)	(V-IV-b-1)	84.536	68.324
2.3	Interest Expense on Money Market Transactions (-)	(V-IV-b-5)	19.588	3.556
2.4	Interest on Securities Issued (-)	(V-IV-b-3)	-	-
2.5	Other Interest Expenses (-)		3.834	3.935
III.	NET INTEREST INCOME (I + II)		284.617	359.458
IV.	NET FEES AND COMMISSIONS INCOME		167.940	144.724
4.1	Fees and Commissions Received		181.198	157.807
4.1.1	Non-Cash Loans		6.180	5.534
4.1.2	Other		175.018	152.273
4.2	Fees and Commissions Paid (-)		13.258	13.083
4.2.1	Non-Cash Loans (-)		153	145
4.2.2	Other (-)		13.105	12.938
V.	DIVIDEND INCOME	(V-IV-c)	-	-
VI.	TRADING INCOME/(LOSS) (Net)	(V-IV-d)	(38.778)	(21.122)
6.1	Trading Gains/(Losses) on Securities		(8.264)	9.372
6.2	Derivative Financial Transactions Gains/(Losses)		(26.567)	(30.442)
6.3	Foreign Exchange Gains/(Losses)		(3.947)	(52)
VII.	OTHER OPERATING INCOME	(V-IV-e)	76.620	12.047
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		490.399	495.107
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(V-IV-f)	173.503	118.537
X.	OTHER OPERATING EXPENSES (-)	(V-IV-g)	347.644	306.266
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		(30.748)	70.304
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV.	INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+XII+XIII+XIV)	(V-IV-h)	(30.748)	70.304
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(V-IV-i)	1.287	(22.118)
16.1	Current Tax Provision		(7.684)	(18.614)
16.2	Deferred Tax Provision		8.971	(3.504)
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(V-IV-j)	(29.461)	48.186
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-Current Assets Held for Resale		-	-
18.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
18.3	Other Income From Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expenses for Non-Current Assets Held for Resale		-	-
19.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures (business partners)		-	-
19.3	Other Expenses From Discontinued Operations		-	-
XX.	PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	(V-IV-k)	(29.461)	48.186
23.1	Group's Profit/Loss		(29.461)	48.186
23.2	Minority Shares Profit/Loss		-	-
	Earnings/Lossper Share		(0,000452)	0,000739

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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
 CONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNISED UNDER
 SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED
 31 MARCH 2014 AND 31 MARCH 2013

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

IV. STATEMENT OF PROFIT AND LOSS ITEMS RECOGNISED UNDER SHAREHOLDERS' EQUITY		
INCOME AND EXPENSE ITEMS RECOGNISED UNDER SHAREHOLDERS' EQUITY	Current Period (31/03/2014)	Prior Period (31/03/2013)
I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	17.000	(22.350)
II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences)	-	-
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	-	-
IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES	(3.400)	4.470
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	13.600	(17.880)
XI. CURRENT YEAR PROFIT/LOSS	(29.461)	48.186
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit-Loss)	(8.093)	1.229
11.2 Reclassification of Cash Flow Hedge Transactions and Presentation of the Related Under Income Statement	-	-
11.3 Reclassification of Foreign Net Investment Hedge Transactions and Presentation of the Related Part Under Income Statement	-	-
11.4 Other	(21.368)	46.957
XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	(15.861)	30.306

The accompanying explanations and notes set out on pages 14 to 75 form an integral part of these consolidated financial statements.

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HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED
31 MARCH 2013**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
	Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancel- Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/ (Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Dis- Operate.	Minority Shares Total Equity	Total Equity	
31 March 2013																			
Balances at the Beginning of the Period		652,190	-	-	197,558	-	1,753,411	272,693	176,400	35,769	-	-	-	-	-	-	3,088,121	3,088,121	
I. Corrections According to Turkish Accounting Standard No:8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Adjusted Balance (IV)		652,190	-	-	197,558	-	1,753,411	272,693	176,400	35,769	-	-	-	-	-	-	3,088,121	3,088,121	
III. Changes in the Period																			
IV. Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(17,880)	-	-	-	-	(17,880)	(17,880)	
VI. Hedging Transactions Funds (Effective Parts)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes due to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of the Changes in Investment in Associates' Equity to the Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4.1) Cash Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4.2) Incremental Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Share Capitalization Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Paid in-Capital Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX. Current Year Income or Loss		-	-	-	3,875	-	172,525	-	48,186	-	-	-	-	-	-	-	48,186	48,186	
20.1 Profit Distribution		-	-	-	-	-	-	-	(176,400)	-	-	-	-	-	-	-	-	-	
20.2 Dividend Paid		-	-	-	3,875	-	172,525	-	-	-	-	-	-	-	-	-	-	-	
20.3 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the End of the Period (III+IV+V+...+XXII+XXIII)		652,190	-	-	201,433	-	1,925,936	272,693	48,186	17,889	-	-	-	-	-	-	3,118,427	3,118,427	

The accompanying explanations and notes set out on pages 14 to 75 form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.1
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED
31 MARCH 2014**

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
	Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancel Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/ (Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Minority Shares Except Total Equity	Minority Shares	Total Equity
I.	31 March 2014	652,290	-	-	-	201,433	-	1,925,936	270,870	44,403	-	(27,513)	-	-	-	-	3,067,419	-	3,067,419
II.	Balance at the Beginning of the Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Changes in the Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	13,600	-	-	-	-	-	-	13,600
IV.	Hedging Transactions Funds (Effective Parts)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.2	Foreign Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Valuation Differences due to Revaluation of Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Valuation Differences due to Revaluation of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid in-Capital Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current Year Income or Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.1	Dividend Paid	-	-	-	-	(5,431)	-	49,834	-	(39,461)	-	-	-	-	-	-	476	(29,461)	-
IX.2	Transfers to Reserves	-	-	-	-	(5,431)	-	-	-	(44,403)	-	-	-	-	-	-	-	-	-
IX.3	Other	-	-	-	-	-	-	49,834	-	(44,403)	-	-	-	-	-	-	-	-	-
	Balance at the End of the Period (I+II+...+XVIII)	652,290	-	-	-	196,002	-	1,975,770	271,346	(29,461)	-	(13,913)	-	-	-	-	3,057,034	-	3,057,034

The accompanying explanations and notes set out on pages 14 to 75 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

31 MARCH 2014 AND 31 MARCH 2013

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

VI. STATEMENT OF CASH FLOWS			
	Note (Section Five VI)	Current Period (31/03/2014)	Prior Period (31/03/2013)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	330.200	401.304
1.1.1	Interest received	674.825	562.783
1.1.2	Interest paid	(291.321)	(157.915)
1.1.3	Dividend received	-	-
1.1.4	Fees and commissions received	181.198	157.429
1.1.5	Other income	76.620	12.047
1.1.6	Collections from previously written-off loans and other receivables	40.681	48.871
1.1.7	Payments to personnel and service suppliers	(156.232)	(115.226)
1.1.8	Taxes paid	(22.854)	(16.101)
1.1.9	Other	(172.717)	(90.584)
1.2	Changes in operating assets and liabilities	(729.587)	2.612.747
1.2.1	Net (decrease)/increase in trading securities	479.221	438.745
1.2.2	Net increase/(decrease) in fair value through profit/loss financial assets	-	-
1.2.3	Net increase/(decrease) in banks	6.077	164.150
1.2.4	Net increase/(decrease) in loans	(272.897)	(798.941)
1.2.5	Net increase/(decrease) in other assets	(23.856)	(342.909)
1.2.6	Net increase/(decrease) in bank deposits	(514.458)	(168.848)
1.2.7	Net (decrease)/increase in other deposits	1.128.942	(321.571)
1.2.8	Net (decrease)/increase in funds borrowed	(900.470)	2.457.457
1.2.9	Net increase/(decrease) in payables	-	-
1.2.10	Net (decrease)/increase in other liabilities	(632.146)	1.184.663
I.	Net cash provided from banking operations	(399.387)	3.014.050
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities	798.436	(254.692)
2.1	Cash paid for acquisition of investments, associates and subsidiaries (Business Partnerships)	-	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries (Business Partnerships)	-	-
2.3	Purchases of property and equipment	(1.508)	(15.560)
2.4	Disposals of property and equipment	617	(1.642)
2.5	Cash paid for purchase of investments available-for-sale	(2.207.243)	(1.272.011)
2.6	Cash obtained from sale of investments available-for-sale	3.016.100	1.034.521
2.7	Cash paid for purchase of investment securities	-	-
2.8	Cash obtained from sale of investment securities	-	-
2.9	Other	(9.530)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities	-	-
3.1	Cash obtained from funds borrowed and securities issued	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	-	-
3.3	Issued capital instruments	-	-
3.4	Dividends paid	-	-
3.5	Payments for finance leases	-	-
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(25.252)	(7.922)
V.	Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	373.797	2.751.436
VI.	Cash and cash equivalents at beginning of the period	(IV)	8.890.246
VII.	Cash and cash equivalents at end of the period	(IV)	9.264.043

The accompanying explanations and notes set out on pages 14 to 75 form an integral part of these consolidated financial statements.

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 consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Retention of Documents" ("Regulation") published in the Official Gazette No. 26333 dated 1 November 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the Turkish Accounting Standard Boards ("TASB") and other decrees, notes and explanations related to the accounting and financial reporting principles (all "Turkish accounting Standards" or "TAS") published by the Turkish Accounting Standards Board ("TASB"), and other regulations, communiqués and circular announced by the Banking Regulation and Supervision Board and the statements made by the Banking Regulation and Supervision Agency on accounting and financial reporting principles. The format and the details of the publicly announced consolidated financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 28337 dated 28 June 2012, additions and changes in the related to communiqué.

Per decree no 660 published on the Official Gazette dated 2 November 2011 and became effective, additional article no:1 of the 2499 numbered Law on establishment of TASB has been abrogated and Public Oversight, Accounting and Auditing Standards Association ("Board") has been established. Financial Statements has been prepared based on Turkish Accounting Standards / Turkish Financial Reporting Standards and additions and comments ("TAS/TFRS") related to this which are become effective by Public Oversight, Accounting and Auditing Standards Association.

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 TAS requires the Bank Management to use of certain make assumptions and estimates on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are reviewed regularly and, when necessary, corrections are made and the effects of these corrections are reflected to the income statement.

The amendments of TAS and TFRS, except TFRS 9 Financial Instruments will come into force as of 1 January 2018, which have been effective as of reporting date have no impact on the accounting policies, financial position and performance of the Bank.

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

The accounting policies and valuation principles applied in the preparation of consolidated financial statements are determined and applied in accordance with the reporting standards. These accounting policies and valuation principles are explained in explanations on accounting policies section.

- c. **Explanation for convenience translation into English:**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

The main sources of the Parent Bank are customer deposits and borrowings from abroad. The Parent Bank investments at high yielding financial assets with collaterals. The Parent Bank's liquidity structure covers the financing of all liabilities at due date. This liquidity structure of the Group has been established by keeping sufficient cash and cash equivalents.

The Group applies sophisticated methods of the Group in daily market risk managing and control activities. In measuring the market risk and determining limits, with historical simulation method "Value at Risk" ("VaR") approach is being applied. For the portfolios which are subject to market risk; product and portfolio based interest rate, 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.

Product and portfolio based various yield curve scenarios, stress scenarios, liquidity, gap, and volatility analysis have been performed regarding the control, monitor and management of the market risks. The purpose of these analyses are to be prepared for the possible risks and to make quick decisions regarding the targeted profitability.

These analyses, limit usages and controls are being discussed in monthly asset-liability committee meetings and decisions are being made in these meetings. The foreign exchange gains and losses from the foreign exchange transactions are being recorded at the date of transactions conducted. Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank's exchange rates. Gains and losses arising from such valuations are recognised in the income statement under the account of "Foreign exchange gains or losses", except for foreign currency non-performing loans and other foreign currency denominated non monetary assets and liabilities.

III. INFORMATION ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

The Group has no investments in associates as of 31 March 2014. HSBC Yatırım that is fully owned by the Bank, HSBC Portföy that is the subsidiary of HSBC Yatırım and HSBC Portföy that is the subsidiary of the HSBC Yatırım are taken into consolidation scope in accordance with the procedures listed in the "Communiqué related to the Regulation on the Preparation of the Financial Statements of the Banks" and the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TAS 27") published in the Official Gazette No.26340 dated 8 November 2006. However, the maturities of securitization loans are matured as of 31 December 2011, the Company was not operational as of the balance sheet date.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

In order to reduce the foreign exchange position risk the Group 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 Group conducts interest futures, interest swaps and forward interest rate agreements. According to TAS 39 the transactions which are not considered as hedging instrument are classified as derivative instruments held for trading and recognised at fair value. The fair value of derivative financial instruments or determined taking into consideration the fair value of the market or calculated using the discounted cash flow model. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "financial assets at fair value through profit or loss" in "trading derivative financial assets" and if the fair value difference is negative, it is disclosed in "trading derivative financial liabilities". As a result of the valuations, fair value changes are recorded under "Derivative Financial Transactions Gains/(Losses)" account in the income statement. As of 31 March 2014 and 31 December 2013, the Group does not have any embedded derivatives. As of 31 March 2014 and 31 December 2013 the Group does not have any derivative financial instruments held for hedging.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses are recognised on an accrual basis using the effective interest rate method.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

All fees and commission income/expenses are recognised on an accrual basis in accordance with the matching principle or "Effective Rate Method (Internal Rate of Return Method)", except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third party or legal person are recognised as income at the time of collection.

VII. EXPLANATIONS ON FINANCIAL ASSETS

The Group categorizes its financial assets as "Fair value through profit/loss", "Available-for-sale", "Loans and receivables" and "Held-to-maturity". Financial assets are recognised at the transaction date. The appropriate classification of financial assets of the Group is determined at the trade dates.

a. Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss consists of trading financial assets and financial assets at fair value through profit or loss. They are initially recognised at cost and subsequently re-measured at their fair value. While determining the fair value, the average price comprising in the active market is used and the gains and losses generated is recognized in the income statement. Derivative financial instruments are treated as trading financial assets unless they are designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note IV of Section Three.

b. Financial assets available-for-sale:

Available-for-sale financial assets are defined as financial assets other than the ones classified as "Loans and receivables", "Held-to-maturity assets" or "Financial asset at fair value through profit or loss". Financial assets available for sale are measured at fair value. Unrealized gains and losses arising from the changes in the fair value of financial assets available for sale with fixed maturity and certain cash flow are recognised at "marketable securities valuation fund" under the shareholders' equity. The interest income which is calculated with the effective interest rate method is recognised in the income statement. When these securities are disposed of, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement. Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value and mentioned valuation differences are recognised at "marketable securities" valuation fund. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

c. Loans and receivables:

Financial assets that are originated by the Group by providing money, services or goods to borrowers are categorized as loans and receivables. Loans and receivables originated by the Group are recognised at the amortised cost value calculated using the effective interest rate method.

The Group makes risk assessment for the loans and receivables on the consumer and portfolio basis and provides specific provisions for the non performing loans not less than the determined minimum rates according to the ("Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside") published in the Official Gazette dated 1 November 2006 and numbered 26333. In addition to the non-performing loans, the Group provides general loan loss provisions for the loans and receivables which are defined in the same communiqué. The interests and accruals of the non-performing loans are derecognised from the financial statement and provision expense is recognized in the income statement . Releases of current period provisions are made by the reversal of the amount from the "Provision for Impairment of Loans and Other Receivables" account.

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

d. Investment securities held-to-maturity:

Investment securities held-to-maturity are financial assets that are not classified under loans and receivables and have fixed maturities and fixed or pre-determined payments where management has the intent and ability to hold the financial assets until maturity. Investment securities held-to-maturity are initially recognised at cost, and subsequently carried at amortized cost using the effective interest rate method; interest earned whilst holding investment securities held-to-maturity is reported as interest income and impairment for these financial assets recognised in the income statement. As of 31 March 2014 and 31 December 2013, the Group has no investment securities held-to-maturity.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

In each balance sheet date, the Group assesses if there is an objective evidence of the impairment of financial assets or financial asset groups. Impairment loss incurs if and only if, there is an objective evidence that the expected future cash flows of financial assets of group of financial assets are adversely affected by an event "loss event" incurred subsequent to recognition. In case the loans could not be collected; loans and other receivables are classified in order to provide specific and general provisions in accordance with the Communiqué on "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside" published in the Official Gazette No. 26333 dated 1 November 2006 and these provisions are changed against the income for the year.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS

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 recognised amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

Securities subject to repurchase agreements are classified as "Financial assets at fair value difference through profit or loss" and "Available-for-sale securities" in the balance sheet according to the investment purposes and measured according to the portfolio of the Group to which they belong. The interest expense rediscount for funds obtained under repurchase agreement which is calculated with the effective interest rate method are recognised in the income statement. As of 31 March 2014 and 31 December 2013, funds given against securities purchased under agreements to resell ("Reverse repos") are accounted under "Receivables from reverse repurchase agreements" 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 Group has no securities lending transactions. The Bank has amounting to USD 25.000 cash as of 31 March 2014 that the Bank has given as guarantees to Istanbul Stock Exchange Bond Market on behalf of its subsidiary, HSBC Yatırım Menkul Değerler A.Ş. (As of 31 December 2013 the Parent Bank has given government bonds as guarantees to Istanbul Stock Exchange Bond Market on behalf of its subsidiary, HSBC Yatırım Menkul Değerler A.Ş TL 50.000 nominal).

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

As of 31 March 2014 and 31 December 2013, the Group has no discontinued operations. Property and equipment held-for-sale consist of tangible assets that were acquired due to nonperforming receivables, and are accounted in the consolidated financial statements in accordance with "Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal" published in the Official Gazette dated 1 November 2006, No.26333 and classified as assets held for sale.

XII. 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.

The Parent Bank purchased Benkar in the year 2002. The useful life of the goodwill arising out of the merger of Benkar with the Parent Bank on 26 December 2002 is determined as 10 years. Therefore, it is amortised until the end of October 2006 and, amortised with 10% of amortization rate using the straight-line method. With Article 4 of the "Communiqué on Principles and Procedure of Accounting Principles of Banks and Preservation of Documents" which was published by BRSA in the Official Gazette No. 26333 dated 1 November 2006, the financial statements are prepared based on the Turkish Accounting Standards. Goodwill is tested annually or more frequently when there are indicators for impairment and carried at cost less accumulated impairment losses, if any, in line with "Turkish Accounting Standard for Impairment on Assets" ("TAS 36").

Amortization of the other intangible fixed assets are based on the useful lives and amortised between the rates of 10 % and 33,3 % using the straight-line method.

XIII. 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 recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value impairment. The costs of the property and equipment purchased before 31 December 2004 or subject to inflation indexation until 31 December 2004. Property and equipment 31 December 2004 are recognised with their purchase cost in the financial statements. Property and equipment are amortised by using the straight line method based on their useful lives, such as buildings depreciated at rate 2%, transportation vehicles at rates 15% - 20%, furnitures at rate 20%, 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 recognised as expenses. There are no mortgages, pledges or similar precautionary measures on tangible fixed assets.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under finance lease agreements are capitalized in accordance with "Leases Standard" ("TAS 17") at the inception of the lease at the "Lower of the fair value of the leased asset or the present value of the lease installments to be paid for the leased asset". 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 recognised. Liabilities arising from the leasing transactions are included in "Finance 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". Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

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XV. 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.

XVI. 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 recognised 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 recognised in the financial statements of the period in which the change occurs.

XVII. 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 Labor Law. The Group provides provision for retirement and termination liabilities by estimating the net present value of future payments of the Group 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 4,62% (31 December 2013: 4,18%)

As of 31 March 2014, actuarial difference amounted to TL 1.347 (31 December 2013: 1.823) is recognized under prior years' income in the financial statements.

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

XVIII. EXPLANATIONS ON TAXATION

a. Current Tax:

According to the article no. 32 of "Corporate Tax Law" No. 5520 was published in the Official Gazette, No. 26205 dated 21 June 2006, the corporate tax rate is 20%. Corporate tax is calculated on the total income of the Group after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed. Dividends paid to non-resident corporations, which have a place of business in Turkey or are resident corporations, are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the corporate tax rate of the related years. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Companies file their tax returns until the 25th day of the following forth month after the closing of the accounting year to which they relate.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

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XVIII. EXPLANATIONS ON TAXATION (Continued)

The tax applications for foreign branches;

Turkish Republic of Northern Cyprus ("KKTC")

According to the Corporate Tax Law of the Turkish Republic of Northern Cyprus no.41/1976 as amended, the corporate earnings (including foreign corporations) are subject to a 10% corporate tax and 15% income tax. This tax is calculated based on the income that the taxpayers earn in an accounting period. Tax base is determined by modifying accounting income for certain exclusions and allowances for tax purposes. The corporations cannot benefit from the rights of offsetting losses, investment incentives and amortisation unless they prepare and have certified their balance sheets, income statements and accounting records used for tax calculations by an auditor authorized by the Ministry of Finance. In cases where it is revealed that the earnings of a corporation were not subject to taxation in prior years or the tax paid on such earnings are understated, additional taxes can be charged in the next twelve years following that the related taxation period. The corporate tax returns are filed in the tax administration office in April after following the end of the accounting year to which they relate. The corporate taxes are paid in two equal installments in May and October.

b. Deferred Tax Asset/Liability:

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these consolidated 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 consolidated financial statements in accordance with TAS 12.

c. Transfer Pricing:

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

XIX. EXPLANATIONS ON BORROWING

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 counter buying exchange rate. Interest expenses of the current period regarding the borrowing amounts are recognised in the consolidated financial statements. As of 31 March 2014 and 31 December 2013, the Group has no marketable securities and convertible bonds.

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

As of 31 March 2014 and 31 December 2013, the Group has no issued share certificates.

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XXI. 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.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

As of 31 March 2014 and 31 December 2013, the Group has no government grants.

XXIII. EXPLANATIONS ON OPERATING SEGMENTS

Segment reporting is presented in Note X of Section Four.

XXIV. PROFIT RESERVES AND PROFIT DISTRIBUTION

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

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

XXV. EARNINGS PER SHARE

Earnings per share disclosed in the income statement is calculated by dividing net profit for the year to the number of shares.

	Current Period 31 March 2014	Prior Period 31 March 2013
Net Profit for the Period	(29.461)	48.186
Number of Shares	65.229.000.000	65.229.000.000
Earnings per Share (*)	(0,000452)	0,000739

(*)Amounts are expressed in full TL.

XXVI. 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; and cash equivalents include interbank money market placements, reserve deposit average accounts, time deposits at banks with original maturity periods of less than three months.

XXVII. RELATED PARTIES

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

XXVIII. RECLASSIFICATIONS

There are no adjustments to the prior year consolidated financial statements other than reclassifications which have been made on comparative figures, to conform to changes in presentation in the 31 March 2014 and 31 December 2013 financials.

XXIX. OTHER MATTERS

None.

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO

- a. As of 31 March 2014, the Group's and the Parent Bank's capital adequacy ratios are orderly 14,72 % (31 December 2013: 15,06 %) and 14,65 % (31 December 2013: 14,92 %). This rate is higher than the minimum rate required by the related regulation.

- b. Risk measurement methods for the calculation of the consolidated capital adequacy ratio:

The method used for risk measurement in determining consolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with "Communiqué on Measurement and Assessment of Capital Adequacy of Banks", "Communiqué on Credit Risk Mitigation Techniques", "Communiqué on Calculation of Risk Weighted Amounts for Securitizations" published in the Official Gazette dated 28 June 2012 numbered 28337 and the "Communiqué on Equities of Banks" published on 1 November 2006 in the Official Gazette numbered 26333. Standard method is used for the calculation of market risk and basic indicator method is used for the calculation of operational risk.

Capital adequacy ratio is calculated based on total capital requirements needed for credit risk, market risk and operational risk. Credit risk is calculated by holding risk-weighted assets and non-cash loans subject to risk-weights in the relevant legislation and taking risk mitigation techniques into account; the standard method is used to calculate market risk and the basic indicator approach is used to calculate operational risk. The following tables show the details of risk-weighted assets which constitute the basis for the Group's and the Parent Bank's capital adequacy ratio and equity calculations.

As of 31 December 2013, Comprehensive Financial Collateral method was introduced instead of Simple Financial Collateral method.

- c. Information related to consolidated capital adequacy ratio:

	31 March 2014									
	Consolidated - Risk Weights									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	
Credit Risk Based Amount	5.214.533	-	1.099.460	3.019.101	6.159.847	11.916.341	1.174.984	1.991.283	28.301	
Risk Classes										
Claims on sovereigns and Central Banks	4.467.946	-	-	193.618	-	-	124.438	-	-	
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	
Claims on international organizations	-	-	-	-	-	-	-	-	-	
Claims on banks and intermediary institutions	-	-	1.099.460	1.003.250	-	233.858	3.592	-	-	
Claims on corporates	195.234	-	-	-	-	10.161.567	-	-	-	
Claims included in the regulatory retail portfolios	66.293	-	-	-	6.159.847	1.060.018	-	-	-	
Claims secured by residential property	-	-	-	1.818.022	-	-	-	-	-	
Past due loan	109	-	-	4.211	-	265.966	80.403	-	-	
Higher risk categories decided by the Board	45.708	-	-	-	-	-	966.551	1.991.283	28.301	
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	
Securitization positions	-	-	-	-	-	-	-	-	-	
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	
Other receivables	439.243	-	-	-	-	194.932	-	-	-	

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I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)
 31 December 2013
 Consolidated - Risk Weights

	0%	10%	20%	50%	75%	100%	150%	200%	250%
Credit Risk Based Amount	6.358.555	-	950.371	3.477.785	5.888.332	12.046.546	1.119.870	2.109.883	60.113
Risk Classes									
Claims on sovereigns and Central Banks	5.561.087	-	-	-	-	-	109.479	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	950.348	1.685.901	-	203.862	1.414	-	-
Claims on corporates	249.563	-	-	-	-	10.171.927	-	-	-
Claims included in the regulatory retail portfolios	40.117	-	-	-	5.888.332	1.217.410	-	-	-
Claims secured by residential property	-	-	-	1.786.684	-	-	-	-	-
Past due loan	150	-	-	5.200	-	273.818	75.020	-	-
Higher risk categories decided by the Board	45.557	-	-	-	-	-	933.957	2.109.883	60.113
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Other receivables	462.081	-	23	-	-	179.529	-	-	-

31 March 2014
 The Parent's Bank - Risk Weights

	0%	10%	20%	50%	75%	100%	150%	200%	250%
Credit Risk Based Amount	5.214.533	-	1.099.460	3.019.101	6.156.992	11.932.370	1.174.984	1.991.283	28.301
Risk Classes									
Claims on sovereigns and Central Banks	4.467.946	-	-	193.618	-	-	124.438	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	1.099.460	1.003.250	-	223.519	3.592	-	-
Claims on corporates	195.234	-	-	-	-	10.161.567	-	-	-
Claims included in the regulatory retail portfolios	66.293	-	-	-	6.156.992	1.060.018	-	-	-
Claims secured by residential property	-	-	-	1.818.022	-	-	-	-	-
Past due loan	109	-	-	4.211	-	265.966	80.403	-	-
Higher risk categories decided by the Board	45.708	-	-	-	-	-	966.551	1.991.283	28.301
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Other receivables	439.243	-	-	-	-	221.300	-	-	-

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I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

	31 December 2013								
	The Parent's Bank - Risk Weights								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Credit Risk Based Amount	6.358.555	-	950.371	3.477.785	5.883.598	12.068.009	1.119.870	2.109.883	60.113
Risk Classes									
Claims on sovereigns and Central Banks	5.561.087	-	-	-	-	-	109.479	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	950.348	1.685.901	-	194.943	1.414	-	-
Claims on corporates	249.563	-	-	-	-	10.171.927	-	-	-
Claims included in the regulatory retail portfolios	40.117	-	-	-	5.883.598	1.217.410	-	-	-
Claims secured by residential property	-	-	-	1.786.684	-	-	-	-	-
Past due loan	150	-	-	5.200	-	273.818	75.020	-	-
Higher risk categories decided by the Board	45.557	-	-	-	-	-	933.957	2.109.883	60.113
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Other receivables	462.081	-	23	-	-	209.911	-	-	-

d. Summary information related to consolidated capital adequacy ratio:

	Current Period 31 March 2014 Consolidated	Current Period 31 March 2014 The Parent's Bank
Capital obligation for credit risk (Amount subject to credit risk * 0,08) (I)	1.926.517	1.927.628
Capital obligation for market risk (II)	94.275	94.402
Capital obligation for operational risk (III)	254.042	245.937
Shareholders' Equity	4.185.542	4.153.994
Shareholders' Equity / ((I+II+III)*12,5*100)	14,72	14,65
Core Capital/((I+II+III) *12,5*100)	10,28	10,20
Tier I Capital/((I+II+III) *12,5*100)	10,28	10,20

	Current Period 31 December 2013 Consolidated	Prior Period 31 December 2013 The Parent's Bank
Capital obligation for credit risk (Amount subject to credit risk * 0,08) (I)	1.955.329	1.956.762
Capital obligation for market risk (II)	90.022	90.220
Capital obligation for operational risk (III)	229.154	222.947
Shareholders' Equity	4.282.776	4.232.559
Shareholders' Equity / ((I+II+III)*12,5*100)	15,06	14,92
Core Capital/((I+II+III) *12,5*100)	(*)	(*)
Tier I Capital/((I+II+III) *12,5*100)	(*)	(*)

(*) As of 1 January 2014, Bank has calculated shareholders' equity in accordance with the "Regulation Regarding Shareholders' Equity of Banks" published in the Official Gazette No. 28756 dated 5 September 2013 and has calculated capital adequacy ratio accordingly. This ratios are not disclosed comparatively as it is suggested at the "Regulation on Publicly Announced Financial Statements to be made in the Banks and Explanations and Notes Related to This" dated 26 April 2014.

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I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

e. Information about shareholders' equity items:

	Current Period
TIER I CAPITAL	
Paid-in Capital to be Entitled for Compensation after All Creditors	652.290
Share Premium	-
Share Cancellation Profits	-
Legal Reserves	2.443.118
Other Comprehensive Income according to TAS	(13.913)
Profit	(29.461)
Net Current Period Profit	(29.461)
Prior Period Profit	-
Provisions for Possible Losses	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I Capital Before Deductions	3.052.034
Deductions From Tier I Capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	-
Leasehold Improvements on Operational Leases (-)	17.273
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	112.743
Net Deferred tax assets / liabilities (-)	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Investments in own common equity (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
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 (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
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 not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Total regulatory adjustments to Tier I capital	130.016
Tier I capital	2.922.018
ADDITIONAL CORE CAPITAL	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-

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Additional Core Capital before Deductions	-
Deductions from Additional Core Capital	-
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
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 (-)	-
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 (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total Deductions from Additional Core Capital	-
Total Additional Core Capital	-
Deductions from Core Capital	-
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 (-)	-
Total Core Capital	2.922.018
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued Or Obtained before 1.1.2014)	-
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	1.031.465
General Provisions	301.018
Tier II Capital before Deductions	1.332.483
Deductions from Tier II Capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
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 (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core 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 (-)	67.972
Total Deductions from Tier II Capital	67.972
Total Tier II Capital	1.264.511
CAPITAL	4.186.529
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	490
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 (-)	147
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	350
Other items to be Defined by the BRSA (-)	-

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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 Core 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 Core 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 (-) -

EQUITY

4.185.542

Amounts lower than Excesses as per 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 Tier I Capital -

Remaining Mortgage Servicing Rights -

Net Deferred Tax Assets arising from Temporary Differences -

Net Deferred Tax Assets arising from Temporary Differences -

**Prior Period
31 December 2013**

CORE CAPITAL

Paid-in Capital 652.290

Nominal Capital 652.290

Capital Commitments (-) -

Adjustment to Paid-in Capital -

Share Premium -

Share Cancellation Profit -

Legal Reserves 2.125.546

Adjustments to Legal Reserves 272.693

Profit 44.403

Net Current Period Profit 44.403

Prior Period Profit -

Provision for Possible Losses up to 25% of Core Capital -

Gain on sale of associates, subsidiaries and buildings -

Primary Subordinated Loans -

Loss that is not covered with reserves (-) -

Net Current Period Loss -

Prior Period Loss -

Development cost of operating lease (-) 18.386

Intangible Assets (-) 107.386

Deferred-Asset for tax which exceeds 10% of core capital (-) -

Excess Amount expressed in the Law (Article 56, 3rd paragraph) (-) -

Total Core Capital 2.969.160

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I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (Continued)

	Prior Period 31 December 2013
SUPPLEMENTARY CAPITAL	
General provisions	347.299
45% of increase in revaluation fund of securities	-
45% of increase in revaluation fund of real estate	-
Bonus shares from associates, subsidiaries and joint ventures that is not recognized in profit	-
Amounts not included in core capital for primary subordinated loans	-
Secondary subordinated loans	994.084
45% of value increase fund of financial assets available for sale and associates and subsidiaries	(27.513)
Adjustment to paid-in capital, profit reserves and previous years losses (except adjustment to legal reserves)	-
Total Supplementary Capital	1.313.870
CAPITAL	4.283.030
DEDUCTIONS FROM CAPITAL	254
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-
Investment in Banks and Financial Institutions that are not consolidated but accounted under equity accounting	-
Loans extended being noncompliant with articles 50 and 51 of the Law	99
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	149
Securitisation positions that is deducted -preferably- from the shareholders' equity	-
Other	6
TOTAL SHAREHOLDERS' EQUITY	4.282.776

(* In prior period, in case marketable securities value increase fund was positive 45%; if it was negative, all of them were included in calculation.

As of 1 January 2014, Bank has calculated shareholders' equity in accordance with the "Regulation Regarding Shareholders' Equity of Banks" published in the Official Gazette No. 28756 dated 5 September 2013 and has calculated capital adequacy ratio accordingly. Comparative disclosure of shareholders' equity table is not presented in accordance with the "Regulation on Publicly Announced Financial Statements to be made in the Banks and Explanations and Notes Related to This" dated 26 April 2014.

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

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".

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK

- a. In credit risk, there are no specific limitations for a specific geographical region. However, if there will be a risk which is affecting a specific region then the necessary limitation shall be applied and the necessary action shall be taken in order to reevaluation of the risk. Risk monitoring and sectoral based customer group limitations are conducted. The limitations which are determined for a specific risk group are determined in accordance with Banking Regulation and other relevant regulations. Loan usages are monitored instantly by the system. The credits depending on a risk group are also evaluated in the consolidated financial tables. Loan proposal are considered once in a year, however, for the loans under follow-up are considered in every 3 or 6 months.

According to HSBC Group standards, in all banking transactions approval and control mechanisms and systematical limit and risk control mechanisms are available. In assigning loan limits, extending credit, derivative and other future delivery derivative transactions are conducted depending to management's authorization, approval and control processes. Customer's and bank's treasury department staff based monitoring is conducted on determining daily risk limits and risk allocations with risk concentrations regarding the balance sheet and off-balance transactions conducted. Product based risk parameters are considered when allocating limits for the derivative products.

- b. When evaluated together with the financial operations of other financial institutions as an active participant in international banking market and when it is considered that a significant portion of the loan portfolio of the Bank consists of retail loans, it is thought that there is no significant level of loan risk concentration.
- c. The Parent Bank provided a general provision amounting to TL 369.375 (31 December 2013: TL 347.299).

III. EXPLANATIONS ON CONSOLIDATED MARKET RISK

- a. **Whether the Group within the financial risk management objectives hedges itself against market risk, the precautions taken by the Parent's Bank Board of Directors for market risk, the methods used for measuring market risk and time intervals for measurement of market risk:**

The Parent's Bank applies the advanced methods applied by the HSBC Group daily in order to manage and control the market risk. For risk measurement and limit determination, Value at Risk approach with historical simulation method is used. For the portfolios that are subject to market risk product and portfolio based on monthly and daily maximum loss limits regarding the interest rate, currency and stock certificate price risks, Value at Risk limits, prompt limits and size limits are applied. The usage of limits are monitored through various control points and reported to the top management daily. Risk monitoring and control activities are conducted by independent departments.

Sensitivity to volatility in the interest rates of the assets and liabilities which are sensitive to interest rates is analyzed by "Present Value Basis Point" method and interest risks are managed accordingly with related limits.

Beside controlling market risk, in regard to monitoring and managing the market risk, product and portfolio based yield curve scenarios, stress scenarios, liquidity, gap and volatility analysis are conducted. Through these analyses, it is aimed to be prepared and making fast decisions in regard to the targeted profitability and potential risks.

Operation limits is calculated considering change of price-ratio (Currency risk, Interest risk), volatility, present value basis points ("PVPB"), correlation risk and market liquidity risk which are main components of market risk. VaR analyses, stress tests and scenario tests are implemented continuously. These tests aim to determine that intended profit and potential risk parameters are matching.

Market potentials are overseen continuously for risk reducing positions, protective operations against risk and insurance operations if necessary. Foreign currency and total liquidity ratio, VaR and PVPB limits and excess of limit, internal capital requirement and results of stress test are reported monthly to Top Management and Market Risk Committee.

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III. EXPLANATIONS ON CONSOLIDATED MARKET RISK (Continued)

b. Information on Consolidated Market Risk:

	31 March 2014 Amount	31 December 2013 Amount
(I) Capital obligation for General Market Risk - Standard Method	27.954	28.296
(II) Capital obligation for Specific Risk - Standard Method	4.386	4.194
Capital obligation for specific risk in securitisation positions- Standard Method	-	-
(III) Capital obligation for Currency Risk - Standard Method	6.561	5.348
(IV) Capital obligation for Commodity Risk - Standard Method	-	-
(V) Capital obligation for Exchange Risk - Standard Method	-	-
(VI) Capital obligation for Market Risk Due to Options - Standard Method	55	85
(VII) Capital obligation for counterparty credit risk - Standard Method	55.319	52.099
(VIII) Total Capital obligation for Market Risk for Banks Applying Risk Measurement Model	-	-
(IX) Total Capital obligation for Market Risk (I+II+III+IV+V+VI+VII)	94.275	90.022
(X) Amount Subject to Market Risk (12,5xVIII) or (12,5xVII)	1.178.438	1.125.275

c. Average market risk table related to consolidated market risk calculated by the end of month in current period:

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".

d. Information related to counterparty 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".

IV. EXPLANATIONS ON CONSOLIDATED OPERATIONAL RISK

The Group is monitoring operational risks through area of activity basis and generating a loss database. Reporting mechanism regarding the operational risks has been generated and business units have adopted the loss reporting concept where the losses realized or fixed when noticed. Therefore, key risk indicators are generated and new control points about the processes can be determined.

The amount subject to the operational risk is calculated through the use of the gross income of the Bank in 2013, 2012, and 2011 in accordance to the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio" published in the Official Gazette No.28337 dated 28 June 2012. In the scope of "Capital adequacy ratio" stated in Note I of this section, amount subjected to operational risk is TL 3.175.525 represented risk weighted assets for operational risk and 8% of that amount is TL 254.042 represented related capital requirement.

V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK

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

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

- b. **Hedge against foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if material:**

The Group, as a general principle does not carry any foreign currency position by hedging its foreign currency positions with derivative products. Foreign exchange bid rate of important foreign currencies are indicated in the table below.

- c. **Management policy for foreign currency risk:**

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

- d. **Current foreign exchange bid rates of the Group 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 reporting date and for the last five days prior to that date are presented below:

Current Period - 31 March 2014	USD (\$)	Euro (€)
Balance Sheet Date		
Parent's Bank Evaluation Rate	2,1510	2,9671
Before Balance Shee Date		
28 March 2014	2,1888	3,0108
27 March 2014	2,1845	3,0058
26 March 2014	2,1948	3,0267
25 March 2014	2,2282	3,0736
24 March 2014	2,2390	3,0847

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V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued)

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

The Parent Bank's simple arithmetic average foreign exchange rates for USD is TL 2,2133 (December 2013: TL 2,0659) and exchange rates for Euro TL 3,0609 (December 2013: TL 2,8312).

- f. Information related to Group's Currency Risk:

Current Period - 31 March 2014	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank	1.126.642	1.429.303	582.813	3.138.758
Banks	23.747	817.731	32.196	873.674
Financial Assets at Fair Value through Profit or Loss (Net)	153.129	1.161.234	11.710	1.326.073
Interbank Money Market Placements	-	193.592	-	193.592
Available-for-sale Financial Assets (Net)	-	-	-	-
Loans (*)	2.725.642	3.435.823	55.787	6.217.252
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments (Net)	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets (**)	4.591	421.176	312	426.079
Total Assets	4.033.751	7.458.859	682.818	12.175.428
Liabilities				
Bank Deposits	10	43.064	35	43.109
Foreign Currency Deposits	2.208.645	5.096.597	994.115	8.299.357
Funds from Interbank Money Market	-	-	-	-
Borrowings	2.017.233	5.247.477	460.329	7.725.039
Issued Marketable Securities (Net)	-	-	-	-
Miscellaneous Payables	1.215	4.353	676	6.244
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	142.857	1.205.143	39.169	1.387.169
Total Liabilities	4.369.960	11.596.634	1.494.324	17.460.918
Net on Balance Sheet Position	(336.209)	(4.137.775)	(811.506)	(5.285.490)
Net Off-Balance Sheet Position				
Financial Derivative Assets	3.561.027	31.624.586	1.650.706	36.836.319
Financial Derivative Liabilities	3.232.114	27.526.305	559.980	31.318.399
Non-cash Loans	400.373	2.537.883	62.717	3.000.973
Prior Period - 31 December 2013				
Total Assets	4.434.095	7.331.076	658.335	12.423.506
Total Liabilities	4.922.906	9.975.847	1.528.354	16.427.107
Net on-Balance Sheet Position	(488.811)	(2.644.771)	(870.019)	(4.003.601)
Net off-Balance Sheet Position	463.517	2.672.452	878.232	4.014.201
Financial Derivative Assets	4.560.759	24.745.972	1.764.437	31.071.168
Financial Derivative Liabilities	4.097.242	22.073.520	886.205	27.056.967
Non-cash Loans	390.831	2.763.199	66.839	3.220.869

(*) As of 31 March 2014, loans consists of foreign indexed loans amounting to TL 1.656.141 (31 December 2013: TL 1.728.042) and foreign factoring receivables amounting to TL 14.497 (31 December 2013: TL 8.752).

(**) As of 31 March 2014, other assets does not consist of prepaid expenses amounting to TL 1.033 (31 December 2013: TL 1.108).

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V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued)

As of 31 March 2014 and 31 December 2013, if bank's foreign currency position had depreciated by 10% against TL with all other variables held constant, the changes in profit before tax and equity mainly as a result of foreign exchange losses are disclosed as following:

	Current Period – 31 March 2014		Prior Period – 31 December 2013	
	Income Statement	Equity (*)	Income Statement	Equity (*)
USD	(3.949)	(3.949)	2.768	2.768
Euro	(730)	(730)	(2.529)	(2.529)
Other	27.922	27.922	821	821
Total	23.243	23.243	1.060	1.060

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

As of 31 March 2014, as a result of 10% appreciation of TL currency against other foreign currencies with all other variables held constant, the changes in the assets and liabilities have occurred in accordance with the table above but effects will be reverse.

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK

There is interest sensitive short in short-term in the Banks' balance sheet due to obligation of funding of long-term actives which are structural risk of Banking sector with very short-term deposits. Derivative transactions are used and, interest futures and interest swap transactions which reduces on-balance sheet and off-balance sheet interest rate risk are implemented against possible interest rate risk of interest sensitive assets and liabilities.

The Group has used derivative instruments effectively considering utility cost analyses in order to manage interest rate of mortgages in current period and other long-term loans and, early payment risk and has reduced the risk against fluctuations in global and local markets.

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

Current Period - 31 March 2014	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank Banks	-	-	-	-	-	3.372.365	3.372.365
	1.463.140	-	20.916	-	-	121.963	1.606.019
Financial Assets at Fair Value Through Profit or Loss (Net)	569.130	484.971	340.680	48.818	6.551	10.792	1.460.942
Interbank Money Market Placements	7.338.081	-	-	-	-	-	7.338.081
Financial Assets Available-for-Sale (Net)	424.069	309.698	697.091	-	-	4.225	1.435.083
Loans (*)	6.766.338	1.553.767	5.348.024	3.949.055	1.273.451	348.253	19.238.888
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	997.038	997.038
Total Assets	16.560.758	2.348.436	6.406.711	3.997.873	1.280.002	4.854.636	35.448.416
Liabilities							
Bank Deposits	66.974	-	6.218	-	-	92.245	165.437
Other deposits	4.631.502	8.978.269	981.486	193.987	-	3.274.320	18.059.564
Funds from Interbank Money Market	1.259.678	-	-	-	-	-	1.259.678
Miscellaneous Payables	-	-	-	-	-	573.205	573.205
Issued Marketable Securities (Net)	-	-	-	-	-	-	-
Funds Borrowed	4.866.311	1.881.287	2.875.268	220.191	-	-	9.843.057
Other Liabilities (**)	701.532	380.175	247.971	745.841	9.834	3.462.122	5.547.475
Total Liabilities	11.525.997	11.239.731	4.110.943	1.160.019	9.834	7.401.892	35.448.416
Balance Sheet Long Position	5.034.761	-	2.295.768	2.837.854	1.270.168	-	11.438.551
Balance Sheet Short Position	- (8.891.295)	-	-	-	-	(2.547.256)	(11.438.551)
Off Balance Sheet Long Position	-	-	-	4.958	-	-	4.958
Off Balance Sheet Short Position	(178.280)	(54.432)	(20.887)	-	-	-	(253.599)
Total Position	4.856.481	(8.945.727)	2.274.881	2.842.812	1.270.168	(2.547.256)	(248.641)

(*) Loans consist of factoring transactions amounting to TL 51.819.

(**) Shareholders' equity is presented under "Other liabilities" item in "Non interest bearing".

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period - 31 December 2013	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	-	-	-	-	-	3.699.273	3.699.273
Banks	447.669	1.035.753	22.644	-	-	160.423	1.666.489
Financial Assets at Fair Value Through Profit or Loss (Net)	718.431	552.898	647.910	38.756	10.528	10.313	1.978.836
Interbank Money Market Placements	6.787.257	-	-	-	-	-	6.787.257
Financial Assets Available-for-Sale (Net)	463.858	1.024.165	757.083	-	-	4.225	2.249.331
Loans (*)	6.586.215	3.777.988	3.080.286	4.042.951	1.316.803	351.869	19.156.112
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	721.394	721.394
Total Assets	15.003.430	6.390.804	4.507.923	4.081.707	1.327.331	4.947.497	36.258.692
Liabilities							
Bank Deposits	594.337	2.111	6.125	-	-	69.282	671.855
Other deposits	11.172.421	2.096.684	448.296	18.971	-	3.171.203	16.907.575
Funds from Interbank Money Market	2.025.576	-	-	-	-	-	2.025.576
Miscellaneous Payables	-	-	-	-	-	536.126	536.126
Issued Marketable Securities (Net)	-	-	-	-	-	-	-
Funds Borrowed	4.524.409	1.774.937	4.171.351	211.566	-	-	10.682.263
Other Liabilities (**)	288.617	495.664	492.859	701.751	4.388	3.452.018	5.435.297
Total Liabilities	18.605.360	4.369.396	5.118.631	932.288	4.388	7.228.629	36.258.692
Balance Sheet Long Position	-	2.021.408	-	3.149.419	1.322.943	-	6.493.770
Balance Sheet Short Position	(3.601.930)	-	(610.708)	-	-	(2.281.132)	(6.493.770)
Off Balance Sheet Long Position	108.797	-	-	497	-	-	109.294
Off Balance Sheet Short Position	-	(135.942)	(122.029)	-	-	-	(257.971)
Total Position	(3.493.133)	1.885.466	(732.737)	3.149.916	1.322.943	(2.281.132)	(148.677)

(*) Loans consist of factoring receivables amounting to TL 55,099.

(**) Shareholders' equity is presented under "Other liabilities" item in "Non interest bearing".

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

b. Effective average interest rates for monetary financial instruments:

Current Period - 31 March 2014	Euro	US Dollar	Yen	TL
Assets	%	%	%	%
Cash Equivalents and Central Bank	-	-	-	-
Banks	-	1,30	-	11,65
Financial Assets at Fair Value Through Profit or Loss (Net)	4,64	6,76	-	7,48
Interbank Money Market Placements	-	1,75	-	11,97
Financial Assets Available-for-Sale (Net)	-	-	-	8,77
Loans	4,62	3,87	-	11,57
Investments Held-to-Maturity (Net)	-	-	-	-
Liabilities				
Bank Deposits	-	0,25	-	8,50
Other Deposits	1,70	1,79	1,95	10,48
Funds From Interbank Money Market	-	-	-	10,26
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities (Net)	-	-	-	-
Funds Borrowed	1,66	0,61	-	13,51
Prior Period - 31 December 2013	Euro	US Dollar	Yen	TL
Assets	%	%	%	%
Cash Equivalents and Central Bank	-	-	-	-
Banks	-	1,20	-	7,64
Financial Assets at Fair Value Through Profit or Loss (Net)	5,83	7,58	-	7,42
Interbank Money Market Placements	1,40	1,55	-	7,75
Financial Assets Available-for-Sale (Net)	-	-	-	8,29
Loans	4,52	3,85	-	11,65
Investments Held-to-Maturity (Net)	-	-	-	-
Liabilities				
Bank Deposits	-	0,37	-	8,27
Other Deposits	1,57	1,84	1,94	8,12
Funds From Interbank Money Market	-	-	-	4,29
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities (Net)	-	-	-	-
Funds Borrowed	1,24	0,61	2,00	8,49

VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

c. Interest rate risk on banking book:

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

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

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

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

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

31 March 2014	Shocks Applied (+/- x basis point)	Gains / Losses	Gains / Equity - Losses / Equity
Type of Currency			
1. TRY	500	(382.128)	(9,20)%
2. TRY	(400)	391.187	9,42%
3. EURO	200	16.539	0,40%
4. EURO	(200)	(3.024)	(0,07)%
5. USD	200	2.306	0,06%
6. USD	(200)	6.338	0,15%
Total (of negative shocks)		394.501	9,50%
Total (of positive shocks)		(363.283)	(8,74)%

31 December 2013	Shocks Applied (+/- x basis point)	Gains / Losses	Gains / Equity - Losses / Equity
Type of Currency			
1. TRY	500	(414.036)	(9,78)%
2. TRY	(400)	427.651	10,10%
3. EURO	200	18.440	0,44%
4. EURO	(200)	(3.419)	(0,08)%
5. USD	200	(700)	(0,02)%
6. USD	(200)	6.984	0,17%
Total (of negative shocks)		431.216	10,19%
Total (of positive shocks)		(396.296)	(9,36)%

d. Position risk of equity securities in banking book:

- (i) Comparison of carrying, fair and market values of equity shares

Equity securities which are not publicly traded are booked as their cost value, if calculation of fair value cannot be determined properly.

- (ii) Realised gains/losses, unrealised gains/losses on revaluation surpluses from equity securities and amounts included in core and supplementary capitals

None.

VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK

- a. Basis for the current liquidity risk of the Group and the necessary measures taken, limitations imposed by the Group's Board of Directors on fund sources that can be used in payment of matured debts and can meet the immediate liquidity need:**

Liquidity risk is managed through considering factors such as, cash flows expected at the relevant period of time, credit quality of the assets in the balance sheet, deposit extensity/quality and various loss possibilities. As a principle conservative liquidity reserve is maintained.

For various liquidity crisis scenarios, liquidity crisis management methods are prepared as ready to use.

- b. Consistency of payments with the assets and liabilities and the interest rates, and the probable effects of the actual inconsistency on profitability:**

Since the Group is pricing its liabilities faster than its assets, net interest margin is positively affected from the decreases in the general rate of interests and negatively affected from increases in the general rate of interests. These effects are managed through the pre-determined limits.

- c. Internal and external sources for short and long-term liquidity needs of the Group, unused significant liquidity sources:**

The Group acts conservative on foreign currency liquidity management and in order to meet liquidity needs completely, maintains adequate reserves. When uncertainty in the markets increases the conservativeness level increases as well. For using in various crisis scenarios the Group maintains its borrowing potential and examining its borrowing potential from both domestic and abroad financial institutions.

- d. Evaluation of amount and sources of the Group's cash flows:**

As mentioned above, the Group has sufficient cash and cash inflow to supply its cash outflow literally and on time.

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VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

g. Explanations on credit risk mitigation techniques:

Bank does not perform net-off of balance sheet and off-balance sheet items in credit risk mitigation.

The monetary collaterals are included in the process of credit risk mitigation with their current value as of reporting date. The legal validity of the real estate mortgages are provided with timely and duly registry of the collaterals. The changes in market conditions that will be important, are monitored.

In terms of credit risk mitigation bank uses cash, government and treasury bonds and debt instrument with high credit quality as collateral type. Mortgages on dwelling and commercial real estate reported under different risk class are other main types of collaterals.

The volatility adjustments regarding the receivables, collaterals and currency mismatch of the collaterals are made as per the standard volatility-adjustment approach defined in the article 37 of the above mentioned regulation.

Risk Classifications- 31 March 2014	Balance	Financial Guaranties	Other/Physical Guaranties	Guaranties And Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	4.786.002	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	2.648.926	-	-	-
Conditional and unconditional receivables from Corporates	11.466.304	206.772	-	-
Conditional and unconditional retail receivables	13.460.376	81.396	-	-
Conditional and unconditional receivables secured by Mortgages	1.854.896	-	-	-
Past due receivables	350.689	109	-	-
Receivables defined in high risk category by BRSA	3.031.843	45.708	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	660.543	-	-	-
Total	38.259.579	333.985	-	-

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VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

Risk Classifications- 31 December 2013	Balance	Financial Guaranties	Other/Physical Guaranties	Guaranties And Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	5.671.300	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	3.171.335	-	-	-
Conditional and unconditional receivables from Corporates	11.403.379	264.372	-	-
Conditional and unconditional retail receivables	13.174.990	48.466	-	-
Conditional and unconditional receivables secured by Mortgages	1.820.378	-	-	-
Past due receivables	354.188	150	-	-
Receivables defined in high risk category by BRSA	3.149.526	45.557	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	672.016	-	-	-
Total	39.417.112	358.545	-	-

h. Risk management objectives and policies:

The principal aim of Risk Management Policy is that requirement and functional of Risk Management Policy are explained and applied effectively which are the establishment of a risk management in accordance with legal regulations and carrying out risk management activities in an integrated manner banking activities.

Risk Management is an integral part of banking activities. Risk Management Policy has determined responsibilities that are related to risks for HSBC employee and aimed to create awareness against the risks.

Risk Management Policy has aimed to identify activities related to risk management principles and procedures and organization within the Bank.

The objective of the Risk Management system is to provide with risk-return structure of future cash flows that is depend on following, controlling, and changing as if qualification and level of activities, to be defined, measured, monitored and controlled through policies, procedures and limits established within consolidated and unconsolidated basis.

This policy is evaluated to adapt to sufficiency of changing conditions by Board of Directors and Audit Committee and reflected necessary changes to policy.

Board of Directors approve policy that related to risk management activities, examine implementation of it as periodically and take measures to set up and continue the establishment of a risk management system in accordance with the Bank's regulations.

Market, Credit, Operational risks and related other all risks are evaluated by Risk Management Committee. The Committee makes the evaluation Capital Plan and Limits of Risk. The Committee determines policy that contains risk policy and guides the solution of problems. It evaluates current and potential risks according to environmental impact that changing rapidly.

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VII. EXPLANATIONS ON CONSOLIDATED LIQUIDTY RISK (Continued)

Risk Classifications- 31 December 2013	Balance	Financial Guaranties	Other/Physical Guaranties	Guaranties And Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	5.671.300	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	3.180.255	-	-	-
Conditional and unconditional receivables from Corporates	11.403.379	264.372	-	-
Conditional and unconditional retail receivables	13.179.724	48.466	-	-
Conditional and unconditional receivables secured by Mortgages	1.820.378	-	-	-
Past due receivables	354.188	150	-	-
Receivables defined in high risk category by BRSA	3.149.526	45.557	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	641.633	-	-	-
Total	39.400.383	358.545	-	-

h. Risk management objectives and policies:

The principal aim of Risk Management Policy is that requirement and functional of Risk Management Policy are explained and applied effectively which are the establishment of a risk management in accordance with legal regulations and carrying out risk management activities in an integrated manner banking activities.

Risk Management is an integral part of banking activities. Risk Management Policy has determined responsibilities that are related to risks for HSBC employee and aimed to create awareness against the risks.

Risk Management Policy has aimed to identify activities related to risk management principles and procedures and organization within the Bank.

The objective of the Group Risk Management system is to provide with risk-return structure of future cash flows that is depend on following, controlling, and changing as if qualification and level of activities, to be defined, measured, monitored and controlled through policies, procedures and limits established within consolidated and unconsolidated basis.

This policy is evaluated to adapt to sufficiency of changing conditions by Board of Directors and Audit Committee and reflected necessary changes to policy.

Board of Directors approve policy that related to risk management activities, examine implementation of it as periodically and take measures to set up and continue the establishment of a risk management system in accordance with the Bank's regulations.

Market, Credit, Operational risks and related other all risks are evaluated by Risk Management Committee. The Committee makes the evaluation Capital Plan and Limits of Risk. The Committee determines policy that contains risk policy and guides the solution of problems. It evaluates current and potential risks according to environmental impact that changing rapidly.

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VIII. EXPLANATIONS REGARDING THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PERSONS

None.

IX. EXPLANATIONS ON OPERATING SEGMENTS

The Parent Bank operates in retail banking, corporate and commercial banking, SME banking, private banking, financial services, investment banking, treasury and capital markets.

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

	Retail Banking	Corporate And Investment Banking	Treasury and Capital Markets	Other	Group's Total Activities
Current Period – 31 March 2014					
Operating Income	318.868	142.477	29.054	-	490.399
Other	-	-	-	-	-
Operating Income	318.868	142.477	29.054	-	490.399
Segment Net Profit	-	-	-	-	-
Undistributed Cost	-	-	-	-	-
Operating Profit	(77.769)	40.756	6.265	-	(30.748)
Profit before Tax	(77.769)	40.756	6.265	-	(30.748)
Corporate Tax Provision(*)	-	-	-	1.287	1.287
Profit after Tax	(77.769)	40.756	6.265	1.287	(29.461)
Non-Controlling Interest	-	-	-	-	-
Net Profit for the Period	(77.769)	40.756	6.265	1.287	(29.461)
Segment Assets	10.424.662	9.424.711	15.598.773	-	35.448.146
Associates and Subsidiaries	-	-	-	270	270
Undistributed Assets	-	-	-	-	-
Total Assets	10.424.662	9.424.711	15.598.773	270	35.448.416
Segment Liabilities	18.045.790	6.696.487	10.706.139	-	35.448.416
Undistributed Liabilities	-	-	-	-	-
Total Liabilities	18.045.790	6.696.487	10.706.139	-	35.448.416
Other Segment Items	(205.065)	(1.729)	(5.591)	-	(212.385)
Capital Investment	-	-	-	-	-
Amortization	(9.783)	(1.729)	(536)	-	(12.048)
Impairment	-	-	(5.055)	-	(5.055)
Non-Cash Other Income-Expense(**)	(195.282)	-	-	-	(195.282)

(*) Corporate tax provision is not distributed.

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

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IX. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

	Retail Banking	Corporate And Investment Banking	Treasury and Capital Markets	Other	Group's Total Activities
Prior Period – 31 December 2013					
Operating Income (**)	287.852	123.430	83.825	-	495.107
Other (**)	-	-	-	-	-
Operating Income (**)	287.852	123.430	83.825	-	495.107
Segment Net Profit (**)	-	-	-	-	-
Undistributed Cost (**)	-	-	-	-	-
Operating Profit (**)	(28.268)	31.113	67.459	-	70.304
Profit before Tax (**)	(28.268)	31.113	67.459	-	70.304
Corporate Tax Provision (*)	-	-	-	(22.118)	(22.118)
Profit after Tax (**)	(28.268)	31.113	67.459	(22.118)	48.186
Non-Controlling Interest (**)	-	-	-	-	-
Net Profit for the Period (**)	(28.268)	31.113	67.459	(22.118)	48.186
Segment Assets	10.371.792	10.944.349	14.942.281	-	36.258.422
Associates and Subsidiaries	-	-	-	270	270
Undistributed Assets	-	-	-	-	-
Total Assets	10.371.792	10.944.349	14.942.281	270	36.258.692
Segment Liabilities	16.753.976	6.566.962	12.937.754	-	36.258.692
Undistributed Liabilities	-	-	-	-	-
Total Liabilities	16.753.976	6.566.962	12.937.754	-	36.258.692
Other Segment Items(**)					
Capital Investment	-	-	-	-	-
Amortization	(10.197)	(2.795)	(830)	-	(13.822)
Impairment	-	-	(3.429)	-	(3.429)
Non-Cash Other Income-Expense(***)	(121.084)	-	-	-	(121.084)

(*) Corporate tax provision is not distributed.

(**) Items of income and expense are the amounts for the three month period ended 31 March 2013.

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

SECTION FIVE

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

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

1. Information on cash equivalents and the account of the CBRT:

	Current Period 31 March 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Cash/Foreign Currency	212.899	109.529	227.581	142.946
The CBRT	20.708	3.016.407	67.313	3.248.491
Other (*)	-	12.822	22	12.920
Total	233.607	3.138.758	294.916	3.404.357

(*) As of 31 March 2014, account of Precious Metal is amounting to TL 12.186, Money in Transit is amounting to TL 636 respectively (31 December 2013: Precious metal TL 12.920, Money in Transit: None, respectively).

2. Information related to the account of the CBRT:

	Current Period 31 March 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Unrestricted Demand Deposit	20.708	26	67.313	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirements	-	3.016.381	-	3.248.491
Total	20.708	3.016.407	67.313	3.248.491

3. Explanations on reserve requirements:

The banks operating in Turkey are subject to the Central Bank of the Republic of Turkey's Communiqué numbered 2005/1 "deposits" and are required to keep a deposit at the CBRT for their Turkish Lira, USD and/or Euro and standard gold.

As of 31 March 2014, the reserve deposit rates vary according to their maturity structure; the reserve deposit rates are realized between 5% - 11,50% (31 December 2013: 5% - 11,50%), for TL deposits and other liabilities, and between 6% - 13% for FC deposits (31 December 2013: 6% - 13%).

I. EXPLANATIONS AND NOTES RELATED TO THE 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:

As of 31 March 2014, the Group has financial assets at fair value through profit or loss given as collateral/blocked amounting to TL 21.718 (31 December 2013: TL 35.081).

As of 31 March 2014, the Group has financial assets at fair value through profit or loss subject to repurchase agreement amounting to TL 7.933 (31 December 2013: TL 392.839).

As of 31 March 2014, the Group has financial assets at fair value through profit or loss in unrestricted account amounting to TL 68.204 (31 December 2013: TL 143.954).

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

	Current Period 31 March 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Forward Transactions	8.574	171.703	6.610	194.630
Swap Transactions	34.383	1.092.253	60.440	1.037.613
Futures Transactions	-	3	-	16
Options	-	56.171	-	107.653
Other	-	-	-	-
Total	42.957	1.320.130	67.050	1.339.912

c. Information on banks:

1. Information on banks and other financial institutions:

	Current Period 31 March 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Banks				
Domestic	676.820	807.249	470.264	1.035.814
Foreign	55.525	66.425	40.864	119.547
Foreign Head Office and Branches	-	-	-	-
Total	732.345	873.674	511.128	1.155.361

2. Information on foreign banks account:

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".

d. Information on financial assets available-for-sale, net values:

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

As of 31 March 2014, the Group has financial assets available for sale given as collateral/blocked amount to TL 2.229 (31 December 2013: TL 501.618).

As of 31 March 2014 the Group has financial assets available for sale amounting to TL 1.265.979 subject to repurchase agreement (31 December 2013: 1.659.680).

As of 31 March 2014 the Group has financial assets available for sale in unrestricted account amounting to TL 166.875 (31 December 2013: TL 88.033).

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

2. Information on available-for-sale financial assets:

	Current Period 31 March 2014	Prior Period 31 December 2013
Debt Securities	1.457.112	2.268.948
Quoted to Stock Exchange	1.457.112	2.268.948
Not Quoted	-	-
Share Certificate	4.225	4.225
Quoted to Stock Exchange	-	-
Not Quoted (*)	4.225	4.225
Impairment Provision (-)	26.254	23.842
Total	1.435.083	2.249.331

(*) The balance of Kredi Garanti Fonu and Borsa İstanbul is security representing a capital share and classified in financial assets available for sale.

c. Information related to loans:

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

	Current Period 31 March 2014		Prior Period 31 December 2013	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	171.349	2.532	199.765
Corporate Shareholders	-	171.349	2.532	199.765
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	43.163	422.082	11.984	460.588
Loans Granted to Employees	29.770	-	31.931	-
Total	72.933	593.431	46.447	660.353

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

2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled:

	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables	Agreement Terms Modified	Payment Plan Extentions	Loans and Other Receivables	Agreement Terms Modified	Other
Non-specialised Loans	17.128.440	784.439	-	822.712	155.044	-
Commercial Loans	6.481.304	603.334	-	364.204	136.700	-
Export Loans	1.018.433	93.355	-	66.382	3.943	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	146.723	-	-	-	-	-
Consumer Loans	4.823.674	39.942	-	105.744	11.467	-
Credit Cards	4.032.308	-	-	237.410	-	-
Other (*)	625.998	47.808	-	48.972	2.934	-
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Non-specialized Loans	17.128.440	784.439	-	822.712	155.044	-

(*)Includes the factoring receivables amounting to TL 51.819.

Number of Modifications Made to Extend Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
	Extended by 1 or 2 times	780.729
Extended by 3, 4 or 5 times	1.828	1.013
Extended by more than 5 times	1.882	-

Extended period of time	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
	0 – 6 Months	93.369
6 – 12 Months	329.094	17.126
1 – 2 Years	134.796	86.103
2 – 5 Years	211.880	46.399
5 years or more	15.300	2.910

3. Breakdown of loans according to their maturities:

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

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

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

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	89.704	4.602.584	4.692.288
Mortgage Loans	484	1.640.006	1.640.490
Automotive Loans	-	10.591	10.591
Consumer Loans	89.220	2.951.987	3.041.207
Other	-	-	-
Consumer Loans- Indexed to FC	-	10.951	10.951
Mortgage Loans	-	10.927	10.927
Automotive Loans	-	-	-
Consumer Loans	-	24	24
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	3.938.275	282.133	4.220.408
Installment	1.752.586	282.133	2.034.719
None Installment	2.185.689	-	2.185.689
Individual Credit Cards-FC	8.655	-	8.655
Installment	-	-	-
None Installment	8.655	-	8.655
Personnel Loans-TL	1.093	19.873	20.966
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	1.093	19.873	20.966
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	8.771	-	8.771
Installment	4.607	-	4.607
None Installment	4.164	-	4.164
Personnel Credit Cards-FC	33	-	33
With Instalment	-	-	-
Without Instalment	33	-	33
Overdraft Account-TL (Individual)	256.622	-	256.622
Overdraft Account-FC (Individual)	-	-	-
Total Consumer Loans	4.303.153	4.915.541	9.218.694

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1. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED ASSETS (Continued)

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

	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	39.445	588.704	628.149
Mortgage Loans	-	5.272	5.272
Automotive Loans	89	16.957	17.046
Consumer Loans	39.356	566.475	605.831
Other	-	-	-
Commercial Installment Loans- Indexed to FC	23.315	324.502	347.817
Mortgage Loans	-	16.053	16.053
Automotive Loans	-	5.814	5.814
Consumer Loans	23.315	302.635	325.950
Other	-	-	-
Commercial Installment Loans-FC	3.034	-	3.034
Mortgage Loans	-	-	-
Automotive loans	-	-	-
Consumer Loans	3.034	-	3.034
Other	-	-	-
Corporate Credit Cards-TL	30.694	24	30.718
Installment	11.965	24	11.989
None Installment	18.729	-	18.729
Corporate Credit Cards-FC	1.133	-	1.133
With Installment	-	-	-
None Installment	1.133	-	1.133
Overdraft Account-TL (Commercial)	88.456	-	88.456
Overdraft Account-FC (Commercial)	-	-	-
Total	186.077	913.230	1.099.307

6. Loans according to types of borrowers:

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".

7. Distribution of domestic and foreign loans:

	Current Period 31 March 2014	Prior Period 31 December 2013
Domestic Loans	18.509.078	18.408.727
Foreign Loans	381.557	395.516
Total (*)	18.890.635	18.804.243

(*) Includes the factoring receivables amounting to TL 51.819 (31 December 2013: TL 55.099).

8. Loans granted to investments in associates and subsidiaries:

	Current Period 31 March 2014	Prior Period 31 December 2013
Direct Loans Granted to Associates and Subsidiaries	-	28
Indirect Loans Granted to Associates and Subsidiaries	-	-
Total	-	28

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9. Specific provisions for loans:

	Current Period 31 March 2014	Prior Period 31 December 2013
Loans and Receivables with Limited Collectability	30.116	26.964
Loans and Receivables with Doubtful Collectability	108.210	110.370
Uncollectible Loans and Receivables	788.281	717.194
Total	926.607	854.528

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

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period: 31 March 2014	837	13.491	17.060
(Gross Amounts Before Specific Provisions)			
Restructured Loans and Other Receivables	837	13.491	17.060
Rescheduled Loans and Other Receivables	-	-	-
Prior Period: 31 December 2013	7.130	7.644	17.910
(Gross Amounts Before Specific Provisions)			
Restructured Loans and Other Receivables	7.130	7.644	17.910
Rescheduled Loans and Other Receivables	-	-	-

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Balance at the end of the Prior Period: 31 December 2013	151.285	254.591	800.521
Additions (+)	153.474	12	9.963
Transfers from Other Categories of Non-Performing Loans (+)	767	131.590	128.673
Transfers to Other Categories of Non-Performing Loans (-)	133.415	126.315	1.300
Collections (-)	10.964	18.935	10.782
Write-offs (*) (-)	-	-	54.305
Corporate and Commercial Loans	-	-	54.305
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period: 31 March 2014	161.147	240.943	872.770
Specific Provisions (-)	30.116	108.210	788.281
Net Balance on Balance Sheet	131.031	132.733	84.489

(*) As at first week of April, The Group has completed to write off Individual loans amounting to TL 197.692 and Corporate – Commercial follow-up loans amounting to TL 31.530, which are sold, from its assets.

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period: 31 March 2014			
Balance at the End of the Period	-	-	14.129
Specific Provisions (-)	-	-	13.809
Net Balance on Balance Sheet	-	-	320
Prior Period: 31 December 2013			
Balance at the End of the Period	-	-	14.088
Specific Provisions (-)	-	-	14.088
Net Balance on Balance Sheet	-	-	-

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period (Net) : 31 March 2014			
Loans granted to corporate entities and real persons (Gross)	161.147	240.943	861.315
Specific Provisions Amount (-)	30.116	108.210	776.826
Loans granted to corporate entities and real persons (Net)	131.031	132.733	84.489
Banks (Gross)	-	-	11.455
Specific Provisions Amount (-)	-	-	11.455
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-
Prior Period (Net): 31 December 2013			
Loans granted to corporate entities and real persons (Gross)	151.285	254.591	788.778
Specific Provisions Amount (-)	26.964	110.370	705.451
Loans granted to corporate entities and real persons (Net)	124.321	144.221	83.327
Banks (Gross)	-	-	11.743
Specific Provisions Amount (-)	-	-	11.743
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-

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

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

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

12. Explanations on the write-off policy of :

The general policy of the Parent Bank is oriented to the collection, whereas written off is applied exceptionally.

f. Held-to-maturity Investments:

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

As of 31 March 2014 and 31 December 2013, the Group has no investment held to maturity given as collateral/blocked and subject to repurchase agreements.

2. Information on government debt securities held-to-maturity:

As of 31 March 2014 and 31 December 2013 the Group has no investments as government debt securities held to maturity

3. Information on nvestment held-to-maturity is:

As of 31 March 2014 and 31 December 2013, the Group has no investments held to maturity.

4. The movement of investment securities Held-to-maturity:

As of 31 March 2014 and 31 December 2013, the Group has no investments of held to maturity movement.

g. Information on investments in associates (Net):

The Bank has no investments in associates as of 31 March 2014 and 31 December 2013.

h. Information on subsidiaries (Net):

1. Information on unconsolidated/subsidiaries:

a) Unconsolidated subsidiaries:

Title	Address (City/Country)	The Parent Bank's share percentage – If different voting percentage (%)	Bank's risk group share percentage (%)
1 HSBC Ödeme Sistemleri ve Bilgisayar Teknolojileri Basın Yayın ve Müşteri Hizmetleri A.Ş.	Esentepe Mahallesi Büyükdere Caddesi No:128 Şişli 34394, İSTANBUL	100,00	-
2 HSBC İnternet ve Telekomunikasyon Hizmetleri A.Ş.	Esentepe Mahallesi Büyükdere Caddesi No:128 Şişli 34394, İSTANBUL	96,00	4,00

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1. EXPLANATIONS AND NOTES TO RELATED THE CONSOLIDATED ASSETS (Continued)

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	6.609	6.418	81	121	-	1.320	1.084	-
2	59	58	-	-	-	(19)	(14)	-

(*) Prepared with audited financial statements as of 31 December 2013.

(**) Prior period amount is the amount as of 31 December 2012.

2. Information on the consolidated subsidiaries:

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

a) Consolidated subsidiaries:

Title	Address (City / Country)	Bank's share percentage - If different voting percentage (%)	Bank's risk group share percentage (%)
1 HSBC Yatırım ve Menkul Değerler A.Ş.	Esentepe Mahallesi Büyükdere Caddesi No:128 Şişli 34394, İSTANBUL	99,87	0,13

b) Main financial figures of subsidiaries, in the order of the below 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	84.813	68.640	4	1.359	787	6.055	5.389	-

(*) Prepared with audited financial statements as of 31 March 2014.

(**) Prior period amount is the amount as of 31 March 2013.

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3. Movement schedule of the consolidated subsidiaries:

	Current Period 31 March 2014	Prior Period 31 December 2013
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	-	-
Increase /decrease of valuation	-	-
Balance at the End of the Period	34.753	34.753
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	99,87	99,87

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

Subsidiaries	Current Period 31 March 2014	Prior Period 31 December 2013
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	34.753	34.753

5. Subsidiaries quoted on a stock exchange:

The Bank has no subsidiaries quoted on a stock exchange as of 31 March 2014 and 31 December 2013.

i. Information on jointly controlled entities:

1. The Group has no jointly controlled entities as of 31 March 2014 and 31 December 2013.
2. As of 31 March 2014 and 31 December 2013, the accounting method is not determined since the Bank has no jointly controlled entities.

j. Information on leasing receivables (Net):

As of 31 March 2014 and 31 December 2013, the Bank has no finance lease.

k. Explanations on hedging derivative financial assets:

As of 31 March 2014 and 31 December 2013, the Group has no hedging derivative financial assets.

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

l. Explanations on property and equipment:

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".

m. Explanations on intangible assets:

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".

n. Explanations on the investment properties:

As of 31 March 2014 and 31 December 2013, the Group has no investment properties.

o. Explanations on deferred tax asset:

As of 31 March 2014 deferred tax asset of the Group is TL 55.506 (31 December 2013: TL 46.654). Amount of deferred tax which is calculated on the temporary differences arising between applicable accounting policies and valuation principles and tax legislation, has been accounted in the financial statements as net deferred tax assets.

There are no temporary differences which were not subject to deferred tax assets and do not recognised in balance sheet.

There is no impairment provision for deferred tax.

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

As of 31 March 2014, assets held for sale of the Bank is TL 4.480 (31 December 2013: TL 4.394).

r. Information on other assets:

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

2. Other assets of the balance sheet consist of the debited suspense accounts amounting to TL 146.521 (31 December 2013: TL 120.311), the prepaid expenses amounting to TL 82.465 (31 December 2013: TL 63.194), other rediscount income amounting to TL 39.811 (31 December 2013: TL 21.729), miscellaneous receivables amounting to TL 418.705 (31 December 2013: TL 223.108), and other assets amounting to TL 6.985 (31 December 2013: TL 4.221).

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

As of 31 March 2014 and 31 December 2013, the Group has no receivables from forward sale of the assets classified in the miscellaneous receivables.

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II. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED LIABILITIES

a. Information on deposits

1. Information on maturity structure of the deposits:

There are no deposits on 7 days notification and cumulative deposits.

1(i). Current Period - 31 March 2014:

	Demand	With 7 Days Maturity	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	597.537	-	1.427.450	4.745.383	607.464	102.795	69.086	-	7.549.715
Foreign Currency Deposits	1.890.347	-	2.145.157	3.273.214	326.346	132.932	224.708	-	7.992.704
Residents in Turkey	1.559.794	-	2.057.751	2.732.624	240.792	77.648	135.921	-	6.804.530
Residents Abroad	330.553	-	87.406	540.590	85.554	55.284	88.787	-	1.188.174
Public Sector Deposits	131.591	-	45	-	-	-	-	-	131.636
Commercial Deposits	364.677	-	1.006.903	428.355	181.691	24.299	9.628	-	2.015.553
Other Institutions Deposits	13.168	-	11.698	24.340	13.889	128	80	-	63.303
Precious Metal Deposit	277.000	-	-	23.143	4.224	2.286	-	-	306.653
Bank Deposits	92.245	-	66.974	-	4.174	2.044	-	-	165.437
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	19	-	45.093	-	4.174	2.044	-	-	51.330
Foreign Banks	92.226	-	21.881	-	-	-	-	-	114.107
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3.366.565	-	4.658.227	8.494.435	1.137.788	264.484	303.502	-	18.225.001

1(ii). Prior Period - 31 December 2013:

	Demand	With 7 Days Maturity	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	606.109	-	1.312.181	4.562.799	363.814	137.308	77.930	-	7.060.141
Foreign Currency Deposits	1.536.074	-	1.662.428	2.806.446	327.557	105.074	233.004	-	6.670.583
Residents in Turkey	1.296.344	-	1.562.464	2.304.453	227.925	48.986	144.342	-	5.584.514
Residents Abroad	239.730	-	99.964	501.993	99.632	56.088	88.662	-	1.086.069
Public Sector Deposits	96.604	-	44	-	-	-	-	-	96.648
Commercial Deposits	538.847	-	1.669.099	386.923	10.725	16.669	3.155	-	2.625.418
Other Institutions Deposits	10.618	-	16.631	10.877	146	131	3.622	-	42.025
Precious Metal Deposit	382.951	-	-	22.819	4.091	2.899	-	-	412.760
Bank Deposits	69.282	-	594.337	2.111	2.035	4.090	-	-	671.855
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	543	-	587.961	2.111	2.035	4.090	-	-	596.740
Foreign Banks	68.739	-	6.376	-	-	-	-	-	75.115
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3.240.485	-	5.254.720	7.791.975	708.368	266.171	317.711	-	17.579.430

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2. Information on saving deposits insurance:

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

	Covered by Insurance		Exceeding Deposit Insurance Limit	
	Current Period 31 March 2014	Prior Period 31 December 2013	Current Period 31 March 2014	Prior Period 31 December 2013
Saving Deposits	4.100.978	3.906.478	3.253.008	2.958.546
Foreign Currency Saving Deposits	1.583.549	1.308.845	3.462.069	2.613.550
Other Deposits in the Form of Saving Deposits	26.469	87.189	88.854	270.009
Foreign Branches' Deposits under Foreign Authorities' Insurance Coverage	214.728	207.860	251.525	225.306
Off-Shore Banking Regions' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-
Total	5.925.724	5.510.372	7.055.456	6.067.411

(*) The amount of the deposit insurance limit was increased from TL 50.000 (exact value) to TL 100.000 (exact value) by decision published in the Official Gazette No. 28560 dated 15 February 2013.

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

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

	Current Period 31 March 2014	Prior Period 31 December 2013
Foreign Branches' Deposits and other accounts	251.525	225.306
Saving Deposits and Other Accounts of Major Shareholders and Deposits of their Mother, Father, Spouse, Children under their wordship	-	-
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 wordship	7.709	6.503
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 Solely	-	-

b. Information on trading derivative financial liabilities:

Table of negative differences for trading derivative financial liabilities:

	Current Period 31 March 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Forward Transactions	-	62.247	-	110.518
Swap Transactions	62.996	1.188.348	15.903	1.073.901
Future Transactions	-	14	-	20
Options	-	56.612	-	108.034
Other	-	-	-	-
Total	62.996	1.307.221	15.903	1.292.473

c. Information on repurchase agreements:

As of 31 March 2014, the Bank has repurchase agreements amounting to TL 1.259.678 (31 December 2013: TL 2.025.576).

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

d. Information on funds borrowed:

1. Information on banks and other financial institutions:

	Current Period 31 March 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Bank and Institutions	16.839	2.404	11.950	2.160
From Foreign Banks, Institutions and Funds	2.101.179	6.677.867	2.867.727	6.773.077
Total	2.118.018	6.680.271	2.879.677	6.775.237

2. Information on maturity structure of funds borrowed:

	Current Period 31 March 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Short-term	241.107	3.228.019	1.051.729	4.033.348
Medium and Long-term	1.876.911	3.452.252	1.827.948	2.741.889
Total	2.118.018	6.680.271	2.879.677	6.775.237

3. Further information is disclosed for the areas of liability concentrations:

The Group has been diversifying its funding sources with customer deposits and borrowing from abroad.

e. Information on other liabilities:

Other liabilities of the Group do not exceed 10% of the total liabilities.

f. Information on leasing agreements:

a. Explanations on obligations under financial leases:

None (31 December 2013: None).

b. Explanations on operational lease:

The Parent Bank makes a contract which is operating lease agreement for its some branches and ATMs. Lease agreements are made on an annual basis and annual lease payment is paid in advance. In accordance with that payment is accounted under prepaid expenses of "Other Assets" account.

Leasing debts due to operational lease transactions presented below.

	Current Period 31 March 2014	Prior Period 31 December 2013
Less Than 1 Year	59.356	68.694
Between 1-4 Years	96.018	131.350
More Than 4 Years	26.480	14.415
Total	181.854	214.459

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

g. Information on derivative financial liabilities for hedging purposes:

As of 31 March 2014 and 31 December 2013, the Group has no derivative financial liabilities for hedging purposes.

1. Negative differences on derivative financial liabilities for hedging purposes:

None.

h. Information on provisions:

1. Information on general provisions:

	Current Period 31 March 2014	Prior Period 31 December 2013
General Provisions	369.375	347.299
Provisions for First Group Loans and Receivables	268.036	258.374
- Additional Provision for Loans and Receivables with Extended Maturities	26.892	27.798
Provisions for Second Group Loans and Receivables	29.141	18.616
- Additional Provision for Loans and Receivables with Extended Maturities	6.746	2.581
Provisions for Non-Cash Loans	36.972	37.958
Other	1.588	1.972

2. Information on provisions related to foreign currency difference of foreign indexed loans and finance lease receivables

As of 31 March 2014, the provision related to foreign currency difference on the principles of foreign currency indexed loans, amounting to TL 11.358 (31 December 2013: TL 42.839), is offset with the balance of foreign currency indexed loans.

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

As of 31 March 2014, provision for non-cash loans that are non-funded and non-transformed into cash is amounting to TL 896 (31 December 2013: TL 3.126).

4. Information on other provisions:

4 (i). Information on general provisions for possible risks:

As of 31 March 2014 and 31 December 2013, the Group has no general provisions for possible risks.

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

Provision for overdraft checks that are submitted in time amounting to TL 26.995 (31 Aralık 2013: 26.036 TL), provision for accumulated credit card bonus amounting to TL 13.079 (31 December 2013: TL 16.408), provisions for checks under follow-up amounting to TL 4.049 (31 December 2013: TL 3.203), specific provision for non-cash loans that are non-funded and non-transformed into cash amounting to TL 896 (31 December 2013: TL 3.126), and other provision amounting to TL 13.969 (31 December 2013: TL 29.415) are classified under other provisions.

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

i. Explanations on tax liability:

1. Explanations on current tax liability:

The tax calculation of the Group is explained in Note XVIII of Section Three.

1(i). Information on taxes payable:

	Current Period 31 March 2014	Prior Period 31 December 2013
Corporate Taxes Payable	1.711	252
Taxation on Marketable Securities	17.489	12.354
Taxation on Real Estates Income	1.763	1.115
Banking Insurance Transaction Tax (BITT)	12.633	12.628
Foreign Exchange Transaction Tax	14	14
Value Added Tax Payable	1.645	1.130
Other (*)	19.878	10.499
Total	55.133	37.992

(*) As of 31 March 2014, consists of payroll tax amounting to TL 16.684 (31 December 2013: TL 8.582), self-employed income tax amounting to TL 22 (31 December 2013: TL 8), stamp tax amounting to TL 570 (31 December 2013: TL 295) and other taxes amounting to TL 2.602 (31 December 2013: TL 1.614).

1(ii). Information on premium payables:

	Current Period 31 March 2014	Prior Period 31 December 2013
Social Security Premiums – Employee Share	3.984	3.417
Social Security Premiums – Employer Share	4.281	3.649
Bank Social Aid Pension Fund Premium – Employee Share	-	-
Bank Social Aid Pension Fund Premium – Employer Share	-	-
Pension Fund Membership Fees and Provisions – Employee Share	-	-
Pension Fund Membership Fees and Provisions – Employer Share	-	-
Unemployment Insurance – Employee Share	270	225
Unemployment Insurance – Employer Share	550	454
Other	-	-
Total	9.085	7.745

2. Information on deferred tax liability:

As of 31 March 2014, the Bank has no deferred tax liability (31 December 2013: None). Amount of deferred tax which is calculated on the temporary differences arising between applicable accounting policies and valuation principles and tax legislation, has been accounted in the financial statements as net deferred tax assets.

j. Information on liabilities for asset held for sale and related to discontinued operations:

As of 31 March 2014 and 31 December 2013, the Bank has no liabilities for asset held for sale and related to discontinued operations.

k. Explanations on the number, maturity, interest rate, provider organization of subordinated loans used by the Group and if exists option for convertible to shares:

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

II. EXPLANATIONS AND NOTES RELATED TO THE CONDOLIDATED LIABILITIES (Continued)

i. Information on shareholder's equity:

1. Presentation of paid-in capital:

	Current Period 31 March 2014	Prior Period 31 December 2013
Common Stock Provision	-	-
Preferred Stock Provision	652.290	652.290

Amount of paid-in capital has presented in notional amount. As of 31 March 2014, the Parent Bank has TL 272.693 capital reserve due to adjustment of the paid-in capital for inflation.

According to the statement published by BRSA dated 28 April 2005, capital reserve due to adjustment of the paid-in capital for inflation amounting to TL 272.693 has been classified under the other capital reserve sub-account.

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 and other informations:

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

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

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

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

The Group has no capital commitments.

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 accounting standards changes.

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

All shares of the Bank consisting of Group "A" and "B" are held by foreign shareholder and all members of the Board of Directors are selected from among the candidates to be suggested by the Group "A" share certificate holders.

II. EXPLANATIONS AND NOTES RELATED TO THE CONDOLIDATED LIABILITIES (Continued)

8. Information on marketable securities value increase fund:

	Current Period 31 March 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(13.913)	-	(27.513)	-
Foreign Currency Difference	-	-	-	-
Total	(13.913)	-	(27.513)	-

9. Information on revaluation value increase fund:

As of 31 March 2014 and 31 December 2013, the Group has no revaluation value increase fund.

10. Information on legal reserves:

	Current Period	Prior Period
	31 March 2014	31 December 2013
First Legal Reserve	136.114	134.170
Second Legal Reserve	59.888	67.263
Legal Reserves according to Special Legislation	-	-
Total	196.002	201.433

11. Information on extraordinary reserves:

	Current Period	Prior Period
	31 March 2014	31 December 2013
Reserves Allocated per General Assembly Minutes	1.877.570	1.860.707
Undivided Profit	98.200	65.229
Accumulated Loss	-	-
Translation Difference	-	-
Total	1.975.770	1.925.936

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

The whole capital of the Parent Bank belongs to HSBC Bank plc, a bank established according to the laws of the United Kingdom, whose headquarters is located in the United Kingdom.

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

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments:

As of 31 March 2014, the Bank has amounting to irrevocable commitments TL 20.680.080 (31 December 2013: TL 23.517.446).

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

The Group 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:

As of 31 March 2014, the Bank has letter of credit amounting to TL 1.158.158 (31 December 2013: TL 1.139.939), acceptances amounting to TL 1.133.181 (31 December 2013: TL 1.212.692) and commitments and contingencies due to letter of credit amounting to TL 817.285 (31 December 2013: TL 775.010) as of 31 March 2014. Also the Bank has other commitments and contingencies amounting to TL 391.576 (31 December 2013: TL 518.130).

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

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

3. Explanations on the non-cash loans:

3 (i). Total non-cash loans:

	Current Period 31 March 2014	Prior Period 31 December 2013
Non-Cash Given For Cash Loan Risks	3.395	3.383
With Original Maturity of One Year or Less	3.395	3.383
With Original Maturity of More than One Year	-	-
Other Non-Cash Loans	3.496.805	3.642.388
Total	3.500.200	3.645.771

3 (ii). Information on sectoral risk concentrations of non-cash loans:

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".

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

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".

b. Explanations on derivative transactions:

As of 31 March 2014, the Bank has forward transactions amounting to TL 9.463.464 (31 December 2013: TL 7.950.019), currency swap amounting to TL 101.887.444 (31 December 2013: TL 71.991.730), currency option amounting to TL 6.190.518 (31 December 2013: TL 8.324.340), interest rate swap amounting to TL 7.956.896 (31 December 2013: TL 7.463.656), precious metal option amounting to TL 65.388 (31 December 2013: TL 295.646), interest rate future amounting to TL 481.824 (31 December 2013: 6.853.314). As of 31 March 2014 and 31 December 2013, the Bank has no interest rate option. Also Bank has other derivative financial instruments amounting to TL 273.792 as of 31 March 2014 (31 December 2013: None). Transactions to decrease foreign currency and interest rate risk have been classified trading derivative financial instrument and valued with their fair value by the Bank.

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

c. Explanations on credit derivatives and risk arising due to them:

Contingent assets, are recognised if the probability of occurrence is almost virtullay certain, whereas they are disclosed in the notes, if the probability of occurrence is probable. As of 31 March 2014 and 31 December 2013, there is no contingent asset to be disclosed.

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

The Group has certain contingent liabilities relating to various lawsuits due to the transactions it performed in the scope of banking operations. As of 31 March 2014, the total amount of these lawsuits filed against the Bank is TL 19.926 (31 December 2013: TL 15.070). A provision of TL 3.623 (31 December 2013: TL 2.630) has been made for those lawsuits as the probability of being concluded against the bank is higher than the probability of their concluding in its favor.

d. Explanations on fiduciary services rendered on behalf of third parties

The Group gets as an investment agent fort he trading of marketable securities and provides custodian services on behalf of its customer.

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IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED INCOME STATEMENT

a. Information on interest income:

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

	Current Period 31 March 2014		Prior Period 31 March 2013	
	TL	FC	TL	FC
Short-term Loans	211.776	12.271	239.589	9.653
Medium and Long-Term Loans	194.560	36.341	173.204	25.996
Interest on Loans Under Follow-Up	6.522	-	4.628	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
Total	412.858	48.612	417.421	35.649

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

2. Information on interest income received from banks:

	Current Period 31 March 2014		Prior Period 31 March 2013	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	21.674	2.326	12.147	148
From Foreign Banks	186	253	260	83
Headquarters and Branches Abroad	-	-	-	-
Total	21.860	2.579	12.407	231

3. Information on interest income on marketable securities:

	Current Period 31 March 2014		Prior Period 31 March 2013	
	TL	FC	TL	FC
Financial Assets Held For Trading	6.513	108	8.082	118
Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
Financial Assets Available For Sale	39.975	-	81.518	-
Investments Held to Maturity	-	-	-	-
Total	46.488	108	89.600	118

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

As of 31 March 2014 and 31 March 2013, the Bank has no interest income received from investments in associates and subsidiaries.

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

b. Information on interest expense:

1. Information on interest expense on fund borrowed (*):

	Current Period 31 March 2014		Prior Period 31 March 2013	
	TL	FC	TL	FC
Banks	49.508	35.028	46.080	22.244
The CBRT	-	-	-	-
Domestic Banks	376	27	438	52
Foreign Banks	49.132	35.001	45.642	22.192
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	49.508	35.028	46.080	22.244

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

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

None

3. Information on interest expense given on securities issued:

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".

4. Maturity structure of the interest expense on deposits:

Current Period: 31 March 2014	Time Deposit						Total
	Demand Deposit	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More Than 1 year	
Turkish Lira							
Interbank deposits	-	2.386	-	-	599	-	2.985
Saving deposits	-	33.950	106.654	11.250	2.110	1.235	155.199
Public sector deposits	-	1	-	-	-	-	1
Commercial deposits	-	54.182	16.335	3.594	497	192	74.800
Other Deposit	-	778	1.986	241	3	1	3.009
Total	-	91.297	124.975	15.085	3.209	1.428	235.994
Foreign Currency							
Foreign currency deposits	-	5.087	15.879	2.010	523	1.174	24.673
Interbank Deposits	-	108	-	-	-	-	108
Precious metal deposits	-	-	61	15	20	-	96
Total	-	5.195	15.940	2.025	543	1.174	24.877
Grand Total	-	96.492	140.915	17.110	3.752	2.602	260.871

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(Continued)

Current Period: 31 March 2013	Demand Deposit	Time Deposit					More Than 1 year	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year			
Turkish Lira								
Interbank deposits	-	711	161	-	161	-	1.033	
Saving deposits	-	4.841	64.523	14.357	5.325	1.925	90.971	
Public sector deposits	-	1	2	-	-	-	3	
Commercial deposits	-	24.039	1.942	275	4	78	26.338	
Other Deposit	-	317	123	12	5	-	457	
Total		29.909	66.751	14.644	5.495	2.003	118.802	
Foreign Currency								
Foreign currency deposits	-	4.765	14.002	2.125	641	966	22.499	
Interbank Deposits	-	154	-	-	-	-	154	
Precious metal deposits	-	-	-	-	-	-	-	
Total		4.919	14.002	2.125	641	966	22.653	
Grand Total		34.828	80.753	16.769	6.136	2.969	141.455	

5. Information on interest given on repurchase agreement:

The Bank has interest given on repurchase agreement amounting to TL 19.504 (31 March 2013: TL 3.556) during the period ended on 31 March 2014.

6. Information on financial lease expense:

The Bank has no finance lease expense as of 31 March 2014 and 31 March 2013.

7. Information on interest expenses given on factoring payables:

The Bank has no interest given on factoring payables as of 31 March 2014 and 31 March 2013.

c. Explanations on dividend income:

As of 31 March 2014 and 31 March 2013, the Group has no dividend income.

d. Explanations on trading income/loss (net):

	Current Period 31 March 2014	Prior Period 31 March 2013
Profit	18.445.472	4.598.189
Income from Capital Market Transactions	11.447	9.845
Derivative Financial Transactions Income	252.975	41.816
Foreign Exchange Gains	18.181.050	4.546.528
Loss (-)	18.484.250	4.619.311
Capital Market Transactions Loss	19.711	473
Loss on Derivative Financial Transactions	279.542	72.258
Foreign Exchange Loss	18.184.997	4.546.580
Total (Net)	(38.778)	(21.122)

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

2. Explanations on derivative instruments gain/loss:

	Current Period 31 March 2014	Prior Period 31 March 2013
Effect of the change in exchange rates on profit/loss	60.247	(350)
Effect of the change in interest rates on profit/loss	(86.814)	(30.092)
Total (Net)	(26.567)	(30.442)

c. Explanations on other operating income:

As of 31 March 2014, other operating income consists of reversal of the previous year provision amounting to TL 42.147 (31 March 2013: TL 2.645), gain on sale of non-performing loan and other receivables amounting to TL 28.751 (31 March 2013: None), telecommunication income amounting to TL 676 (31 March 2013: TL : 864), gain on sale of assets amounting to TL 182 (31 March 2013: TL 540) and other income amounting to TL 4.864 (31 March 2013: TL 7.998).

f. Provision expenses related to loans and other receivables of the Bank:

	Current Period 31 March 2014	Prior Period 31 March 2013
Specific Provisions for Loans and Other Receivables	143.169	84.315
III. Group Loans and Receivables	29.196	1.427
IV. Group Loans and Receivables	33.179	5.482
V. Group Loans and Receivables	80.794	77.406
General Provision Expenses	22.076	27.085
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	5.055	3.429
Financial Assets at Fair Value Through Profit or Loss	172	55
Available-for-sale Financial Assets	4.883	3.374
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Jointly Controlled Entities (Joint Ventures)	-	-
Investments Held-to-maturity:	-	-
Other	3.203	3.708
Total	173.503	118.537

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

g. Information related to other operating expenses:

	Current Period 31 March 2014	Prior Period 31 March 2013
Personnel Expenses	157.355	142.527
Reserve for Employee Termination Benefits	4.568	2.231
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Property and Equipment	-	-
Depreciation Expenses of Property and Equipment	9.311	12.694
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	2.710	1.101
Impairment Expenses on Equity Accounted Investees	-	-
Impairment Expenses on Assets Held for Sale	-	-
Depreciation Expenses on Assets Held for Sale	26	27
Impairment Expenses on Non-Current Assets Held for Sale and discontinued operations	-	-
Operational Lease Expenses	105.760	116.851
Maintenance Expenses	33.454	31.682
Advertisement Expenses	9.104	4.792
Other Expenses	15.678	11.688
Loss on Sales of Assets	47.524	68.689
Other	5	65
Other	67.909	30.770
Total	347.644	306.266

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

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.

i. Explanation on tax provision for continuing and discontinued operations:

As of 31 March 2014, the Bank has corporate tax provision expense amounting to TL 7.684 (31 March 2013: TL 18.614) and deferred tax income amounting to TL 8.971 (31 March 2013 deferred tax expense: TL 3.504).

The total amount of deferred tax income, amounting to TL 8.971 (31 March 2013 deferred tax expense: TL 3.504), stated in the financial statements of the Bank in the current period consists of the temporary differences calculated over the timing differences between the accounting policies applied and valuation principles and the tax legislation.

j. Explanation on net income/loss for the period for continued and discontinued operations:

There is nothing to disclose related to operating profit/loss after tax.

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

k. Explanations on net profit and loss:

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

Net interest income, amounting to TL 284.617 (31 March 2013: TL 359.458), and net wage and commission income amounting to TL 167.940 (31 March 2013: TL 144.724) have an important role among the income items in the interim accounting period ending on 31 March 2014. The wage and commission income received from cash loans are presented in the net interest income. Considering the distribution in interest income, the most important sources of the Group's interest income are the interests received from loans, securities and interbank money market. The main portion of the interest expenses consists of the interests paid for deposits and loans received. The most important portion of the commission income consists of the commissions received from credit card transactions and other banking transactions.

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

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

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

"Other fee and commissions" in the income statement, mainly consist of commissions received from credit card transactions and investment fund.

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

- a. Information on the current year adjustments made in accordance with the requirements of the accounting Standard on Financial Instruments:**
- 1. Increases after the revaluation of available-for-sale investments:**
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".
 - 2. Information on increases in cash flow hedges:**
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".
- b. Information on adjustments made for the application of Standard on Accounting for Financial Instruments in the current year:**
- 1. Information on available-for-sale investments:**
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".
 - 2. Information on cash flow hedges:**
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".
- c. Explanations on dividend distribution:**
None.
- d. Explanations on issuance of common stock:**
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".
- e. Effects of the adjustments to prior periods on the opening balance sheets:**
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".
- f. Offsetting prior period's losses:**
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".

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

- a. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:**
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".
- b. Information on cash flows arising from acquisition of associates, subsidiaries and other investments:**
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".
- c. Information on disposals of associates, subsidiaries or other investments:**
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".
- d. Information on cash and cash equivalents:**
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".
- e. Additional information:**
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".

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 TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2014

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

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

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

1. Current Period - 31 March 2014:

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables	-	-	-	-	-	-
Opening Balance	28	-	14.460	660.353	26	53
Closing Balance	-	-	43.163	593.431	16	53
Interest and Commissions Income	-	-	74	358	-	-

2. Prior Period - 31 December 2013:

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables	-	-	-	-	-	-
Opening Balance	-	-	12.104	356.225	15	-
Closing Balance	28	-	14.460	660.353	26	53
Interest and Commissions Income(*)	-	-	276	219	-	-

(*) The prior period balances present amounts of 31 March 2013.

3. Deposits held by the Bank's risk group:

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period 31 March 2014	Prior Period 31 December 2013	Current Period 31 March 2014	Prior Period 31 December 2013	Current Period 31 March 2014	Prior Period 31 December 2013
Deposit						
Opening Balance	4.044	3.808	50.715	33.834	376	4.527
Closing Balance	1.911	4.044	32.024	50.715	6.422	376
Interest expense on deposits(*)	-	-	-	-	68	-

(*) The prior period balances present amounts of 31 March 2013.

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

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Individuals and Legal Entities in the Risk Group	
	Current Period 31 March 2014	Prior Period 31 December 2013	Current Period 31 March 2014	Prior Period 31 December 2013	Current Period 31 March 2014	Prior Period 31 December 2013
The Fair Value Differences Through Profit and Loss						
Opening Balance						
Closing Balance	-	-	88.076.697	30.887.791	-	-
Total Profit/Loss	-	-	114.974.722	88.076.697	-	-
Transactions for Hedging Purposes						
Opening Balance						
Closing Balance	-	-	(18.969)	(36.291)	-	-
Total Profit/Loss	-	-	-	-	-	-

(*) The prior period balances present amounts of 31 March 2013.

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

As of 31 March 2014, payment is made to top executives of the Bank amounting to TL 31.471 (31 March 2013: TL 24.826).

VIII. INFORMATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK

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

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".

IX. EXPLANATIONS AND NOTES TO THE SUBSEQUENT EVENTS

1. Transactions that have not been finalized and their effect on the consolidated financial statements:

None.

2. Information about the effect on foreign currency transactions and financial statements of significant changes in foreign exchange rates after the balance sheet date and foreign operations of the Parent Bank:

There is no significant change appeared after balance sheet date and needed to be explained in foreign currency rates.

SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE GROUP’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT

As of 31 March 2014, consolidated financial statements and explanatory notes disclosed herein were reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a Turkish member of KPMG International Cooperative, a Swiss entity) and review report dated 23 Mayıs 2014 is presented before to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

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