



**(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH, SEE NOTE 3.I)**

HSBC BANK A.Ş.

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS TOGETHER WITH
INDEPENDENT AUDITOR'S REVIEW REPORT
AS AT AND FOR THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2014**

**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi**

13 November 2014

*This report consists of 1 page Independent Auditors'
Review Report and 76 pages interim financial
statements and related disclosures and footnotes.*



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**

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**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH (SEE NOTE 3.I)**

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors of HSBC Bank Anonim Şirketi

We have reviewed the unconsolidated balance sheet of HSBC Anonim Şirketi (the "Bank") as at 30 September 2014, the unconsolidated statements of income, cash flows and changes in shareholders' equity for the nine-month period then ended. These 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 unconsolidated financial statements do not present fairly, the financial position of HSBC Anonim Şirketi as at 30 September 2014, and of the results of its operations and its cash flows for the nine-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 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
13 November 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 unconsolidated financial statements are not intended to present the financial position of the Bank and the results of its operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

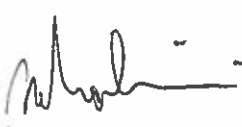
UNCONSOLIDATED FINANCIAL REPORT OF HSBC BANK A.S. AS OF 30 SEPTEMBER 2014

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The unconsolidated 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 THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION
- INFORMATION AND DISCLOSURES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND DISCLOSURES
- LIMITED INDEPENDENT AUDITOR'S REPORT

The unconsolidated 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.



Brian Robertson
Chairman



James Emmett
General
Manager



Neslihan Erkazancı
Financial Reporting
Assistant General
Manager



Yerhozan Kül
Group Head



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

HSBC BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2014

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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 shareholder HSBC Bank Plc. According to this agreement the required procedures shall be completed by 31 October 2001 and all shares of the Demirbank T.A.Ş., together with a part of the assets and liabilities shall be transferred to HSBC Bank Plc on 31 October 2001. In 14 December 2001, Demirbank T.A.Ş. and the 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 BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THAT THE BANK BELONGS TO

As of 30 September 2014, the 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 TL. 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 30 September 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 Bank comprises 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
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN
TURKISH, SEE IN NOTE 3.1

HSBC BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 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:	Martin SPURLING (*)	Chairman Deputy	Undergraduate
Board of Directors:	James EMMETT	Member and CEO	Graduate
	Kevin Peter SAWLE	Member	Associate Degree
	Hamit AYDOĞAN (**)	Member	Undergraduate
	Mehmet Gani SÖNMEZ (***)	Member	Undergraduate
	Leyla ETKER	Member	Graduate
	Gilles Paul Marie DENOYEL	Member	Graduate
	Edward Michael FLANDERS	Member	Undergraduate
CEO:	James EMMETT	CEO	Graduate
Head of Internal Audit:	Tolunay KANŞAY	Head of Internal Audit	Undergraduate
Chief Assistant General Managers:	Necdet Murat ŞARSEL	Credit and Risk	Graduate
	Ranjit GOKARN	Technology and Service Groups	Graduate
Executive Vice Presidents:	Necdet Murat ŞARSEL	Credit and Risk	Graduate
	Virna SÖKMEN	Corporate and Commercial Banking	Undergraduate
	Süleyman Selim KERVANCI	Global and Investment Banking	Graduate
	Taylan TURAN	Retail Banking	Graduate
	Ali Batu KARAALI	Treasury and Capital Markets	Graduate
	Neslihan ERKAZANCI	Financial Control	Undergraduate
	Ali Dündar PARLAR	Internal Systems and Regulations	Undergraduate
	Ranjit GOKARN	Technology and Service Groups	Graduate
	Şengül DEMİRCAN	Human Resources	Undergraduate
Audit Committee:	Gilles Paul Marie DENOYEL	Head of the Audit Committee	Graduate
	Hamit AYDOĞAN	Member of the Audit Committee	Undergraduate
	Leyla ETKER	Member of the Audit Committee	Graduate

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

(*) Martin Spurling appointed as a Chairman Deputy by the Board Decision which under date of 30 June 2014 and Board Decision no. 13152. He took Office at 1 September 2014.

(**) Hamit Aydoğan appointed as a Board Member by the Board Decision which under date of 30 June 2014 and Board Decision no. 13153. He took Office at 1 September 2014.

(***) Mehmet Gani Sönmez appointed as a Board Member by the Board Decision which under date of 30 June 2014 and Board Decision no. 13153. He took Office at 1 September 2014.

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

HSBC BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2014

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

IV. INFORMATION 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 BANK'S ACTIVITIES AND SERVICES

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

- To accept all kinds of deposits both in Turkish Lira and in foreign currency,
- To provide funds in Turkish Lira and foreign exchange, for own use or as an intermediary,
- To launch cash and non-cash loans to 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 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 forfeiting 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 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 and investment intermediary services as an agency of HSBC Yatırım.

As of 30 September 2014, the Bank has 307 branches dispersed throughout the country and 4 branches operating abroad (31 December 2013: 311 branches and 4 branches operating abroad).

As of 30 September 2014, the number of employees of the Bank is 5.649 (31 December 2013: 6.148).

VI. OTHER MATTERS

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

VII. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND 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 the 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 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.

VIII. 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.

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

HSBC BANK A.Ş.
NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2014
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL".))

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheets - Assets
- I. Balance Sheets - Liabilities
- II. Statements of Off-Balance Sheet Commitments
- III. Income Statements
- IV. Statements of Income and Expense Items Recognised Under Shareholders' Equity
- V. Statements of Changes in Shareholders' Equity
- VI. Statements of Cash Flows

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

HSBC BANK A.Ş.
UNCONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 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 l)	Current Period (30/09/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. CASH BALANCES WITH CENTRAL BANK	(I-a)	322.169	3.018.273	3.340.442	294.916	3.404.357	3.699.273
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(I-b)	484.051	165.701	649.752	585.284	1.349.134	1.934.418
2.1 Trading Financial Assets		484.051	165.701	649.752	585.284	1.349.134	1.934.418
2.1.1 Government Debt Securities		66.705	11.122	77.827	507.921	9.222	517.143
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		409.906	154.579	564.485	67.050	1.339.912	1.406.962
2.1.4 Other Marketable Securities		7.440	-	7.440	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)	485.285	1.306.568	1.791.853	502.208	1.155.361	1.657.569
IV. MONEY MARKETS		7.702.371	135.931	7.838.302	6.660.942	126.315	6.787.257
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	135.931	135.931	-	126.315	126.315
4.3 Receivables from Reverse Repurchase Agreements		7.702.371	-	7.702.371	6.660.942	-	6.660.942
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(I-d)	484.738	-	484.738	2.249.331	-	2.249.331
5.1 Share Certificates		4.225	-	4.225	4.225	-	4.225
5.2 Government Debt Securities		480.513	-	480.513	2.245.106	-	2.245.106
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	(I-e)	14.059.883	4.258.992	18.318.875	14.677.457	4.418.822	19.096.279
6.1 Loans		13.648.193	4.258.672	17.906.865	14.325.588	4.418.822	18.744.410
6.1.1 Bank's Risk Group	(VII)	-	5.904	5.904	2.612	11.929	14.541
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		13.648.193	4.252.768	17.900.961	14.322.976	4.406.893	18.729.869
6.2 Loans Under Follow-Up		1.343.766	13.908	1.357.674	1.192.249	14.088	1.206.337
6.3 Specific Provisions (-)		932.076	13.588	945.664	840.380	14.088	854.468
VII. FACTORING RECEIVABLES		113.435	7.588	121.023	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)	35.023	-	35.023	35.023	-	35.023
10.1 Unconsolidated Financial Subsidiaries		34.753	-	34.753	34.753	-	34.753
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)	49.144	-	49.144	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		49.144	-	49.144	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(I-l)	108.947	-	108.947	130.076	-	130.076
XV. INTANGIBLE ASSETS (Net)	(I-m)	111.129	-	111.129	105.022	-	105.022
15.1 Goodwill		83.450	-	83.450	83.450	-	83.450
15.2 Other		27.679	-	27.679	21.572	-	21.572
XVI. INVESTMENT PROPERTY (Net)	(I-n)	-	-	-	-	-	-
XVII. TAX ASSET		92.948	-	92.948	45.773	-	45.773
17.1 Current Tax Asset		52.131	-	52.131	46	-	46
17.2 Deferred Tax Asset	(I-o)	40.817	-	40.817	45.727	-	45.727
XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-p)	3.603	-	3.603	4.394	-	4.394
18.1 Held for sale Purposes		3.603	-	3.603	4.394	-	4.394
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(I-r)	243.643	13.474	257.117	195.432	233.692	429.124
TOTAL ASSETS		24.296.369	8.906.527	33.202.896	25.532.205	10.696.433	36.228.638

The accompanying explanations and notes set out on pages 13 to 76 form an integral part of these financial statements

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

HSBC BANK A.Ş.
UNCONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 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 (30/09/2014)			Prior Period (31/12/2013)					
		LIABILITIES			TL	FC	Total	TL	FC	Total
		TL	FC	Total	TL	FC	Total	TL	FC	Total
I. DEPOSITS	(II-a)	10.622.565	7.895.247	18.517.812	10.331.638	7.276.794	17.608.432			
1.1 Deposits of Bank's risk group	(VII)	58.734	2.646	61.380	83.859	278	84.137			
1.2 Other		10.563.831	7.892.601	18.456.432	10.247.779	7.276.516	17.524.295			
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(II-b)	71.928	319.071	390.999	15.903	1.292.473	1.308.376			
III. BORROWINGS	(II-d)	2.899.443	5.431.957	8.331.400	2.879.677	6.775.237	9.654.914			
IV. MONEY MARKETS		95.807	-	95.807	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)	95.807	-	95.807	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		460.978	203.556	664.534	528.110	7.935	536.045			
VIII. OTHER LIABILITIES	(II-e)	494.838	90.659	585.497	511.877	45.040	556.917			
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)	458.949	3.160	462.109	449.858	2.306	452.164			
12.1 General Loan Loss Provision		374.831	-	374.831	347.299	-	347.299			
12.2 Restructuring Provisions		-	-	-	-	-	-			
12.3 Reserve for Employee Rights		33.266	-	33.266	30.885	-	30.885			
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-			
12.5 Other Provisions		50.852	3.160	54.012	71.674	2.306	73.980			
XIII. TAX LIABILITY	(II-i)	46.489	-	46.489	44.006	-	44.006			
13.1 Current Tax Liability		46.489	-	46.489	44.006	-	44.006			
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)	-	1.103.915	1.103.915	-	1.027.349	1,027,349			
XVI. SHAREHOLDERS' EQUITY	(II-l)	3,004,334	-	3,004,334	3,014,859	-	3,014,859			
16.1 Paid-in Capital		652.290	-	652.290	652.290	-	652.290			
16.2 Capital Reserves		280.963	-	280.963	245.180	-	245.180			
16.2.1 Share Premium		-	-	-	-	-	-			
16.2.2 Share Cancellation Profits		-	-	-	-	-	-			
16.2.3 Marketable Securities Valuation Differences		(1.543)	-	(1.543)	(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)		9.813	-	9.813	-	-	-			
16.2.9 Value increase in property and equipment 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		2,118,214	-	2,118,214	2,087,605	-	2,087,605			
16.3.1 Legal Reserves		179,957	-	179,957	178,013	-	178,013			
16.3.2 Status Reserves		-	-	-	-	-	-			
16.3.3 Extraordinary Reserves		1,939,200	-	1,939,200	1,911,360	-	1,911,360			
16.3.4 Other Profit Reserves		(943)	-	(943)	(1,768)	-	(1,768)			
16.4 Income or (Loss)		(47,133)	-	(47,133)	29,784	-	29,784			
16.4.1 Prior Years' Income or (Loss)		-	-	-	-	-	-			
16.4.2 Current Year Income or (Loss)		(47,133)	-	(47,133)	29,784	-	29,784			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		18,155,331	15,047,565	33,202,896	19,801,504	16,427,134	36,228,638			

The accompanying explanations and notes set out on pages 13 to 76 form an integral part of these financial statements.

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

HSBC BANK A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS
AS AT 30 SEPTEMBER 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 (30/09/2014)			Prior Period (31/12/2013)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		50.110.696	70.433.412	120.544.108	53.034.610	77.007.722	130.042.332
I. GUARANTEES AND WARRANTIES	(III-a-2,3)	787.055	2.405.662	3.192.717	425.174	3.220.896	3.646.070
I.1 Letters of Guarantee		787 055	636 684	1 423 739	423 474	716 764	1 140 238
I.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
I.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
I.1.3 Other Letters of Guarantee		787 055	636 684	1 423 739	423 474	716 764	1 140 238
I.2 Bank Acceptances		-	734 437	734 437	-	-	1 212 692
I.2.1 Import Letter of Acceptance		-	719 598	719 598	-	1 206 906	1 206 906
I.2.2 Other Bank Acceptances		-	14 839	14 839	-	5 786	5 786
I.3 Letters of Credit		-	676 152	676 152	1 700	773 310	775 010
I.3.1 Documentary Letters of Credit		-	463 852	463 852	-	545 307	545 307
I.3.2 Other Letters of Credit		-	212 300	212 300	1 700	228 003	229 703
I.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
I.5 Endorsements		-	-	-	-	-	-
I.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
I.5.2 Other Endorsements		-	-	-	-	-	-
I.6 Securities Issue Purchase Guarantees		-	-	-	-	-	-
I.7 Factoring Guarantees		-	-	-	-	-	-
I.8 Other Guarantees		-	355 041	355 041	-	510 061	510 061
I.9 Other Collaterals		-	3 348	3 348	-	8 069	8 069
II. COMMITMENTS	(III-a-1)	21.389.694	19.522.579	40.912.273	14.138.233	9.379.324	23.517.557
II.1 Irrevocable Commitments		21 389 694	19 522 579	40 912 273	14 138 233	9 379 324	23 517 557
II.1.1 Asset Purchase and Sale Commitments		12 739 912	17 676 076	30 415 988	5 868 259	8 886 247	14 754 506
II.1.2 Deposit Purchase and Sales Commitments		-	1 826 360	1 826 360	-	492 890	492 890
II.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
II.1.4 Loan Granting Commitments		626 193	1 141	627 334	296 202	-	296 202
II.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
II.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
II.1.7 Commitments for Cheques		580 430	-	580 430	609 967	-	609 967
II.1.8 Tax and Fund Liabilities from Export Commitments		5 157	-	5 157	3 931	-	3 931
II.1.9 Commitments for Credit Card Limits		6 336 198	-	6 336 198	6 469 537	-	6 469 537
II.1.10 Commitments for Credit Cards and Banking Services Promotions		16 978	-	16 978	15 465	-	15 465
II.1.11 Receivables From Short Sale Commitments of Marketable Securities		33 804	9 401	43 205	-	-	-
II.1.12 Payables for Short Sale Commitments of Marketable Securities		33 804	9 401	43 205	-	-	-
II.1.13 Other Irrevocable Commitments		1 017 218	200	1 017 418	874 872	187	875 059
II.2 Revocable Commitments		-	-	-	-	-	-
II.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
II.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(III-b)	27.933.947	48.505.171	76.439.118	38.471.203	64.407.502	102.878.705
III.1 Hedging Derivative Financial Instruments		1 205 019	1 250 399	2 455 418	-	-	-
III.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
III.1.2 Transactions for Cash Flow Hedge		1 205 019	1 250 399	2 455 418	-	-	-
III.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
III.2 Trading Transactions		26 728 928	47 254 772	73 983 700	38 471 203	64 407 502	102 878 705
III.2.1 Forward Foreign Currency Buy/Sell Transactions		2 533 431	3 373 285	5 906 716	2 638 403	5 311 616	7 950 019
III.2.1.1 Forward Foreign Currency Transactions-Buy		1 487 167	1 432 987	2 940 154	1 048 572	2 957 750	4 006 322
III.2.1.2 Forward Foreign Currency Transactions-Sell		1 046 264	1 920 298	2 966 562	1 589 831	2 353 866	3 943 697
III.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		22 380 935	34 823 559	57 204 494	32 483 040	46 972 346	79 455 386
III.2.2.1 Foreign Currency Swap-Buy		9 717 974	14 082 184	23 800 158	14 666 978	21 348 422	36 015 400
III.2.2.2 Foreign Currency Swap-Sell		12 662 961	10 700 061	23 363 022	17 816 062	18 160 268	35 976 310
III.2.2.3 Interest Rate Swap-Buy		-	5 020 657	5 020 657	-	3 731 828	3 731 828
III.2.2.4 Interest Rate Swap-Sell		-	5 020 657	5 020 657	-	3 731 828	3 731 828
III.2.3 Foreign Currency, Interest rate and Securities Options		1 814 562	2 313 550	4 128 112	3 349 760	4 974 580	8 324 340
III.2.3.1 Foreign Currency Options-Buy		907 281	1 156 775	2 064 056	1 674 880	2 487 290	4 162 170
III.2.3.2 Foreign Currency Options-Sell		907 281	1 156 775	2 064 056	1 674 880	2 487 290	4 162 170
III.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
III.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
III.2.3.5 Securities Options-Buy		-	-	-	-	-	-
III.2.3.6 Securities Options-Sell		-	-	-	-	-	-
III.2.4 Foreign Currency Futures		-	-	-	-	-	-
III.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
III.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
III.2.5 Interest Rate Futures		-	6 457 644	6 457 644	-	6 853 314	6 853 314
III.2.5.1 Interest Rate Futures-Buy		-	3 228 822	3 228 822	-	3 426 657	3 426 657
III.2.5.2 Interest Rate Futures-Sell		-	3 228 822	3 228 822	-	3 426 657	3 426 657
III.2.6 Other		-	286 734	286 734	-	295 646	295 646
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		41.725.033	77.349.203	119.074.236	47.450.381	69.795.710	117.246.091
IV. ITEMS HELD IN CUSTODY		12.066.819	1.512.630	13.579.449	16.477.369	1.527.811	18.005.180
IV.1 Customer Fund and Portfolio Balances		1 390 728	1 390 728	1 390 728	1 402 913	1 402 913	1 402 913
IV.2 Investment Securities Held in Custody		7 448 977	1 223 527	8 672 504	11 593 752	1 039 432	12 633 184
IV.3 Checks Received for Collection		1 956 095	212 122	2 168 217	2 148 173	257 636	2 405 809
IV.4 Commercial Notes Received for Collection		81 083	-	81 083	67 060	-	67 060
IV.5 Other Assets Received for Collection		-	5 944	5 944	-	6 673	6 673
IV.6 Assets Received for Public Offering		-	-	-	-	-	-
IV.7 Other Items Under Custody		1 189 936	71 037	1 260 973	1 265 471	224 070	1 489 541
IV.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		12.306.640	13.367.629	25.674.269	14.064.235	11.687.630	25.751.873
V.1 Marketable Securities		204 466	9 833	214 299	2 131 837	13 661	2 145 498
V.2 Guarantee Notes		685 730	1 811 073	2 496 803	722 091	1 739 020	2 461 111
V.3 Commodity		240	5 010	5 250	1 340	4 703	6 043
V.4 Warranty		-	-	-	-	-	-
V.5 Immovable		8 745 055	2 730 340	11 475 395	8 530 128	3 151 276	11 681 404
V.6 Other Pledged Items		2 671 149	8 811 373	11 482 522	2 678 839	6 778 978	9 457 817
V.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		17.351.574	62.468.944	79.820.518	16.908.777	56.580.261	73.489.038
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		91.835.729	147.782.615	239.618.344	100.484.991	146.803.432	247.288.423

The accompanying explanations and notes set out on pages 13 to 76 form an integral part of these financial statements.

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

HSBC BANK A.Ş.
UNCONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED
30 SEPTEMBER 2014 AND 30 SEPTEMBER 2013
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

III. STATEMENT OF INCOME					
	Note (Section Five IV)	Current Period (01/01/2014 - 30/09/2014)	Prior Period (01/01/2013 - 30/09/2013)	Current Period (01/07/2014 - 30/09/2014)	Prior Period (01/07/2013 - 30/09/2013)
INCOME AND EXPENSE ITEMS					
I. INTEREST INCOME	(IV-a)	1.928.516	1.678.381	609.309	542.593
1 1 Interest on Loans	(IV-a-1)	1.407.414	1.332.487	474.969	439.804
1 2 Interest Received from Reserve Requirements		-	-	-	-
1 3 Interest Received from Banks	(IV-a-2)	71.690	36.679	16.779	13.967
1 4 Interest Received from Money Market Transactions		335.756	80.489	89.165	25.430
1 5 Interest Received from Marketable Securities Portfolio	(IV-a-3)	76.494	196.826	15.394	52.189
1 5 1 Trading Financial Assets		11.906	25.518	3.194	12.527
1 5 2 Financial Assets at Fair Value through Profit or (Loss)		-	-	-	-
1 5 3 Available-for-sale Financial Assets		64.588	171.308	12.200	39.662
1 5 4 Held to Maturity Investments		-	-	-	-
1 6 Financial Lease Income		-	-	-	-
1 7 Other Interest Income		37.162	31.900	13.002	11.203
II. INTEREST EXPENSE (-)	(IV-b)	1.034.567	678.867	319.908	240.227
2 1 Interest on Deposits (-)	(IV-b-4)	756.004	439.997	243.325	161.230
2 2 Interest on Funds Borrowed (-)	(IV-b-1)	241.235	214.719	72.171	69.024
2 3 Interest Expense on Money Market Transaction (-)	(IV-b-5)	31.792	19.838	2.985	9.914
2 4 Interest on Securities Issued (-)	(IV-b-3)	-	-	-	-
2 5 Other Interest Expense (-)		5.536	4.313	1.427	59
III. NET INTEREST INCOME (I + II)		893.949	999.514	289.401	302.366
IV. NET FEES AND COMMISSIONS INCOME		482.287	427.029	165.501	153.431
4 1 Fees and Commissions Received		520.273	468.444	176.713	167.245
4 1 1 Non-cash Loans		15.222	14.841	4.737	5.545
4 1 2 Other		505.051	453.603	171.976	161.700
4 2 Fees and Commissions Paid (-)		37.986	41.415	11.212	13.814
4 2 1 Non-cash Loans (-)		420	433	132	149
4 2 2 Other (-)		37.566	40.982	11.080	13.665
V. DIVIDEND INCOME	(IV-c)	24.385	14.343	-	15
VI. TRADING INCOME/(LOSS) (Net)	(IV-d)	(142.047)	(49.739)	12.595	(24.751)
6 1 Trading Gains/(Losses) on Securities		10.218	6.661	3.992	(2.066)
6 2 Derivative Financial Transactions Gains/(Losses)		72.461	(58.016)	219.367	(26.315)
6 3 Foreign Exchange Gains/(Losses)		(224.726)	1.616	(210.764)	3.630
VII. OTHER OPERATING INCOME	(IV-e)	128.558	26.970	26.152	6.485
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.387.132	1.418.117	493.649	437.546
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (+)	(IV-f)	440.538	356.215	146.269	103.602
X. OTHER OPERATING EXPENSES (-)	(IV-g)	986.661	943.217	318.892	320.999
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		(40.067)	118.685	28.488	12.945
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+...+XIV)		(40.067)	118.685	28.488	12.945
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(IV-h)	(7.066)	(47.198)	(17.865)	(2.597)
16 1 Current Tax Provision	(IV-i)	(3.690)	(25.719)	(1.405)	5.612
16 2 Deferred Tax Provision		(3.376)	(21.479)	(16.460)	(8.209)
XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(IV-j)	(47.133)	71.487	10.623	10.348
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)	(IV-k)	(47.133)	71.487	10.623	10.348
Earnings/ Loss per Share		(0,00072)	0,00110	0,00016	0,00016

The accompanying explanations and notes set out on pages 13 to 76 form an integral part of these financial statements.

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

HISBC BANK A.Ş.

UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNISED UNDER SHAREHOLDERS' EQUITY AS
AT 30 SEPTEMBER 2014 AND 30 SEPTEMBER 2013

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

IV. STATEMENT OF PROFIT AND LOSS ITEMS RECOGNISED UNDER SHAREHOLDERS' EQUITY		
PROFIT AND LOSS ITEMS RECOGNISED UNDER SHAREHOLDERS' EQUITY	Current Period (30/09/2014)	Prior Period (30/09/2013)
I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	32.463	(75.135)
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)	12.266	-
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	1.031	-
IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES	(9.152)	15.027
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	36.608	(60.108)
XI. CURRENT YEAR PROFIT/LOSS	(47.133)	71.487
11.1 Net change in Fair Value of Marketable Securities (Transfer to Profit-Loss)	(2.066)	(12.005)
11.2 Reclassification of Cash Flow Hedge Transactions and Presentation of the Related Under Income Statement	231	-
11.3 Reclassification of Foreign Net Investment Hedge Transactions and Presentation of the Related Part Under Income Statement	-	-
11.4 Other	(45.298)	83.492
XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)	(10.525)	11.379

The accompanying explanations and notes set out on pages 13 to 76 form an integral part of these financial statements.

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HSBC BANK A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2013
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

30 September 2013	Note Section (Page)	Paid-in Capital	Adjustments to Paid-in Capital	Share Premium	Share Cost Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/(Loss)	Marketable Securities Valuation Differences	Ret. D/E in Tangible and Intangible Assets	Shares from Investments	Hedging Funds	Ret. D/E in Tangible and Intangible Assets	Total Equity
		652,290	-	-	-	175,911	-	1,732,664	272,693	188,798	35,769	-	-	-	-	3,064,125
I.	Balance at the Beginning of the Period															
II.	Corrections According to Turkish Accounting Standard No 8															
2.1	Corrections of Errors															
2.2	Effects of the Changes in Accounting Policies															
III.	Adjusted Balance (I+II)	652,290	-	-	-	175,911	-	1,732,664	272,693	188,798	35,769	-	-	-	-	3,064,125
	Changes in the Period															
IV.	Increase/Decrease due to the Merger															
V.	Marketable Securities Valuation Differences										(68,100)					(68,100)
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.	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 Revaluation of Assets															
XIII.	Effect of the Changes in Investment in Associates' Equity on the Bank's Equity															
XIV.	Capital Increase															
14.1	Cash Increase															
14.2	Internal Reserves															
XV.	Share Premium															
XVI.	Share Contribution Profits															
XVII.	Paid-in-Capital Adjustment Difference															
XVIII.	Other															
XIX.	Current Year Income or Loss					2,102		178,696		71,487						71,487
XX.	Profit Distribution									(186,798)						
20.1	Dividend Paid															
20.2	Transfers to Reserves					2,102		178,696		(186,798)						
20.3	Other															
	Balance at the end of the period (III+IV+V+...+XVIII+XIX+XX)	652,290	-	-	-	178,013	-	1,911,360	272,693	71,487	(68,139)	-	-	-	-	3,064,564

The accompanying explanations and notes set out on pages 13 to 76 form an integral part of these financial statements.

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UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED AT 30 SEPTEMBER 2014
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
	30 September 2014	Note (Section Para)	Paid-in Capital (Para)	Adjustment of Public Capital	Share Premium	Share Cost Profit	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Marketable Securities Valuation Differences	Res. Diff. in Tangible Intang. Assets	Seen Shares from Investments	Hedging Held for Sub/Other Operat.	Res. Diff. in Tangible Intang. Assets	Total Equity
I	Balance at the Beginning of the Period		652,298				178,813		1,911,368	278,925	29,784	(27,513)					3,014,659
II	Changes in the Period																
III	Increase/Decrease due to the Merger																
IV	Marketable Securities Valuation Differences											25,978					25,978
V	Hedging Transactions Funds (Effective Parts)												9,813			9,813	9,813
VI	Cash Flow Hedge																9,813
VII	Foreign Investment Hedge																
VIII	Valuation Differences due to Revaluation of Property and Equipment																
IX	Valuation Differences due to Revaluation of Intangible Assets																
X	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures																
XI	Foreign Exchange Differences																
XII	Changes due to the Disposal of Assets																
XIII	Changes due to the Reclassification of Assets																
XIV	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity																
XV	Capital Increase																
XVI	Cash Increase																
XVII	Intangible Resources																
XVIII	Share Premium																
XIX	Share Cancellation Profits																
XX	Paid in-Capital Adjustment Difference																
XXI	Other																
XXII	Current Year Income or Loss										(47,131)						(47,131)
XXIII	Profit Distribution										(29,784)						(29,784)
XXIV	Dividend Paid																
XXV	Transfers to Reserves																
XXVI	Other																
	Balance at the end of the period (I+II+III+IV+V+VI+VII+VIII)		652,298				179,957		1,939,269	271,759	(47,131)	(1,543)			9,813		3,063,324

The accompanying explanations and notes set out on pages 13 to 76 form an integral part of these financial statements.

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HSBC BANK A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
30 SEPTEMBER 2014 AND 30 SEPTEMBER 2013
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

VI. STATEMENT OF CASH FLOWS			
	Note (Section Five VI)	Current Period (30/09/2014)	Prior Period (30/09/2013)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	149 575	430 397
1.1.1	Interest received	1 967 629	1 635 509
1.1.2	Interest paid	(910 939)	(604 675)
1.1.3	Dividend received	24 385	14 343
1.1.4	Fees and commissions received	520 273	468 444
1.1.5	Other income	128 558	26 970
1.1.6	Collections from previously written-off loans and other receivables	144 395	78 753
1.1.7	Payments to personnel and service suppliers	(446 819)	(430 088)
1.1.8	Taxes paid	(51 789)	(58 488)
1.1.9	Other	(1 226 118)	(700 371)
1.2	Changes in operating assets and liabilities	(714 780)	4 868 985
1.2.1	Net (decrease)/increase in trading securities	512 485	298 604
1.2.2	Net increase/(decrease) in fair value through profit/loss financial assets	-	-
1.2.3	Net increase/(decrease) in banks	15 998	135 933
1.2.4	Net increase/(decrease) in loans	405 540	(3 549 881)
1.2.5	Net increase/(decrease) in other assets	451 558	(970 448)
1.2.6	Net increase/(decrease) in bank deposits	(552 050)	118 530
1.2.7	Net (decrease)/increase in other deposits	1 448 298	3 007 843
1.2.8	Net (decrease)/increase in funds borrowed	(1 357 612)	4 413 032
1.2.9	Net increase/(decrease) in payables	-	-
1.2.10	Net (decrease)/increase in other liabilities	(1 638 997)	1 415 372
L	Net cash provided from banking operations	(565.205)	5.299.382
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities	1.723.677	(378.169)
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	(9 698)	(30 635)
2.4	Disposals of property and equipment	4 380	10 856
2.5	Cash paid for purchase of investments available-for-sale	(3 619 585)	(6 841 203)
2.6	Cash obtained from sale of investments available-for-sale	5 363 673	6 482 813
2.7	Cash paid for purchase of investment securities	-	-
2.8	Cash obtained from sale of investment securities	-	-
2.9	Other	(15 093)	-
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	69.387	(88)
V.	Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	1.227.859	4.921.125
VI.	Cash and cash equivalents at beginning of the period	8.875.532	3.191.816
VII.	Cash and cash equivalents at end of the period	10.103.391	8.112.941

The accompanying explanations and notes set out on pages 13 to 76 form an integral part of these financial statements.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2014
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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

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

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

The Preparation of the unconsolidated financial statements in conformity with 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 01 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 financial statements:**

The accounting policies and valuation principles applied in the preparation of 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 complying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated 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.

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HSBC BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2014

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

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

The main sources of the Bank are customer deposits and borrowings from abroad. The Bank's liquidity structure covers the financing of all liabilities at due date. This liquidity structure of the Bank has been established by diversifying fund resources and keeping sufficient cash and cash equivalents.

The Bank 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 is 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 developing decisions are being made. 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 exchange rates prevailing. 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. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

The Bank has no investments in associates as of 30 September 2014. Investments in subsidiaries are accounted in accordance with the "Turkish Accounting Standard on Financial Instruments: Recognition and Measurement" ("TAS 39") in the unconsolidated financial statements. Investments in subsidiaries that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost less provision for impairment. Non-financial subsidiaries of the Bank are "HSBC Ödeme Sistemleri ve Bilgisayar Teknolojileri Basın Yayın ve Müşteri Hizmetleri A.Ş." and "HSBC İnternet ve Telekomünikasyon Hizmetleri A.Ş.". HSBC Ödeme Sistemleri ve Bilgisayar Teknolojileri Basın Yayın ve Müşteri Hizmetleri A.Ş. was established on 10 December 1999 to provide VIP services either for its clients or the clients of the legal entities, and in this respect, to provide transfer, hospitality, pass port, catering, housing, parking, private waiting room and transportation services in railroad, land, sea, airport passenger lounges either to its clients or all real or legal persons. HSBC İnternet ve Telekomünikasyon Hizmetleri A.Ş. was established on 13 January 2005 in order to provide information and telecommunication services.

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IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

In order to reduce the foreign exchange position risk the Bank conducts currency forward purchase and sale transaction agreements, currency swap purchase and sale transaction agreements and option purchase and sale agreements. In order to reduce the interest risk, the Bank conducts interest futures, interest swaps and forward interest rate agreements. According to TAS 39 the transactions which are classified as hedging or trading and recognised at fair value. The fair value of derivative instruments are recorded on the market value or discounted cash flow value is taken in the account. 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" or "hedging derivative financial assets" and if the fair value difference is negative, it is disclosed in "trading derivative financial liabilities" or "hedging derivative financial liabilities". The fair value changes of the trading derivatives are recognized under "derivative financial transactions gains/(losses)" at income statement. The Bank applies cash flow hedge accounting by cross currency swap transactions in order to hedge itself from the changes in the interest rates of the fixed-rate time deposits which have maturity of 1-3 month. While the effective portions are accounted under hedging reserves in shareholders' equity as described in TAS 39, the ineffective portion is recognized at income statement.

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 COMMISSIONS 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 Bank categorizes its financial assets as "Fair value through profit/loss", "Available-for-sale", "Held-to-maturity" and "Loans and receivables". Financial assets mentioned above are recognised at the transaction date. The appropriate classification of financial assets of the Bank 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 consist 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 recognised 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.

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

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

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

The Bank 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 Bank 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 derecognized 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.

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 recognized 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 recognized in the income statement. As of 30 September 2014 and 31 December 2013, the Bank has no investment securities held-to-maturity.

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VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

In each balance sheet date, the Bank 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 objective evidence that the expected future cash flows of financial assets or group of financial asset 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 Bank 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 Bank 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 30 September 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 Bank has no securities lending transactions. The Bank has amounting to USD 50.000 cash as of 30 September 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 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 PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

As of 30 September 2014 and 31 December 2013, the Bank 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 financial statements in accordance with the "Communiqué Regarding the Principles and Procedures for the Disposals of Immovable 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.

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XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

The Bank purchased Benkar in the year 2002. The useful life of the goodwill arising out of the merger of Benkar with the 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 purchased after 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%, furniture at rate 20%, and other tangible assets at rates ranging from 2% to 33%. The depreciation charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item will remain in property and equipment. Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its net sales revenue. Repair and maintenance expenses in order to increase the useful life of the property and equipment are capitalized, other repair and maintenance costs are 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 instalments 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 Bank 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 Bank has a present legal or constructive obligation as a result of past events and a reliable estimate of the amount of the obligation can be made. When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Bank, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

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 Bank. 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 Bank has become probable, then the contingent asset is disclosed in the footnotes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are 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 Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The Bank provides provision for retirement and termination liabilities by estimating the net present value of future payments of the Bank arising from the retirement of employees and reflects this provision amount in the financial statements. For employee termination benefit provision calculation, future liability amounts are calculated and yearly discount rate is 4,76% (31 December 2013: 4,18%).

As of 30 September 2014, actuarial difference amounted to TL 943 (31 December 2013: TL 1.768) is recognized under prior years' loss in the financial statements.

All actuarial gains and losses are 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 Bank 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 non-resident 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

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 seven 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 instalments in May and October.

b. Deferred Tax Asset/Liability:

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Income Taxes Standard" ("IAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. Deferred tax assets and liabilities are presented as net in the financial statements in accordance with IAS 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. Bank 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 financial statements enclosed, foreign currency borrowings are translated according to the Bank's period end exchange rate. Interest expenses of the current period regarding the borrowing amounts are recognised in the financial statements. The Bank has no marketable securities issued and issued convertible bonds as of 30 September 2014 and 31 December 2013.

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XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

As of 30 September 2014 and 31 December 2013, the Bank has no issued share certificates.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

As of 30 September 2014 and 31 December 2013, the Bank 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 are calculated by dividing net profit for the year to the number of shares.

	Current Period 30 September 2014	Prior Period 30 September 2013
Net Profit/(Loss) for the Period	(47.133)	71.487
Number of Shares	65.229.000.000	65.229.000.000
Earnings per Share (*)	(0,00072)	0,00110

(*) 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 and investments at marketable securities with original maturity periods of less than three months.

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XXVII. RELATED PARTIES

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

XXVIII. RECLASSIFICATIONS

There are no adjustments to the prior year financial statements other than reclassifications which have been made on comparative figures, to conform to changes in presentation in the 30 September 2014 and 31 December 2013 financials.

XXIX. OTHER MATTERS

None.

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SECTION FOUR

EXPLANATIONS RELATED TO FINANCIAL POSITION

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO

a. As of 30 September 2014, the Bank's capital adequacy ratio is 15,68 % (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 capital adequacy ratio:

The method used for risk measurement in determining 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 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 capital adequacy ratio:

	30 September 2014									
	Risk Weights									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	
Credit Risk Based Amount	4.244.159	-	865.549	3.280.668	6.104.458	11.155.704	1.375.476	1.586.048	159	
Risk Classes										
Claims on sovereigns and Central Banks	3.510.364	-	-	10	-	-	122.594	-	-	
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	-	-	850.091	1.487.752	-	184.128	15.797	-	-	
Claims on corporate	175.316	-	-	-	-	9.708.766	-	-	-	
Claims included in the regulatory retail portfolios	69.245	-	-	-	6.104.458	743.793	-	-	-	
Claims secured by residential property	-	-	-	1.787.826	-	-	-	-	-	
Past due loan	192	-	-	5.080	-	317.376	94.480	-	-	
Higher risk categories decided by the Board	54.522	-	-	-	-	-	1.142.605	1.586.048	159	
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	434.520	-	15.458	-	-	201.641	-	-	-	

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I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (Continued)

	31 December 2013								
	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 corporate	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 unconsolidated capital adequacy ratio:

	Current Period 30 September 2014	Prior Period 31 December 2013
Capital obligation for credit risk (Amount subject to credit risk * 0,08) (I)	1.822.656	1.956.762
Capital obligation for market risk (II)	73.870	90.220
Capital obligation for operational risk (III)	245.937	222.947
Shareholders' Equity	4.199.128	4.232.559
Shareholders' Equity / ((I+II+III)*12,5*100)	15,68	14,92
Core Capital/((I+II+III) *12,5*100)	10,75	(*)
Tier I Capital/((I+II+III) *12,5*100)	10,75	(*)

(*) Equity calculation has been changed with "Regulation on Equity of Banks" which has become effective as of 1 January 2014. The information which presented as prior period calculated in accordance with the abrogated Regulation.

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I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (Continued)

e. Information about shareholders' equity items (*):

TIER I CAPITAL	Current Period
	652 290
Paid-in Capital to be Entitled for Compensation after All Creditors	
Share Premium	-
Share Cancellation Profits	-
Legal Reserves	2 391 850
Other Comprehensive Income according to TAS	7 327
Profit	(47 133)
Net Current Period Profit	(47 133)
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	3.004.334
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 (-)	14 974
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	111 129
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 (-)	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deduction (-)	-
Total regulatory adjustments to Tier I capital	126.103
Tier I capital	2.878.231
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)	-

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Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
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	2.878.231
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	1.062.248
General Provisions	284.790
Tier II Capital before Deductions	1.347.038
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 (-)	16.063
Total Deductions from Tier II Capital	16.063
Total Tier II Capital	1.330.975
CAPITAL	
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	203
Net Book Values of Movables and Immovable 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 (-)	-
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 (-)	-

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Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	9 875
Other items to be Defined by the BRSA (-)	-
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	4.199.128
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	-

(*) Equity calculation has been changed with "Regulation on Equity of Banks" which has become effective as of 1 January 2014. The information which presented as prior period calculated in accordance with the abrogated Regulation.

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I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (Continued)

e. Information about shareholders' equity items (Continued)

	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	2.087.605
Adjustments to Legal Reserves	272.693
Profit	29.784
Net Current Period Profit	29.784
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 (-)	18.380
Intangible Assets (-)	105.022
Deferred-Asset for tax which exceeds 10% of core capital (-)	-
Excess Amount expressed in the Law (Article 56, 3 rd paragraph) (-)	-
Total Core Capital	2.918.970

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I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (Continued)

e. Information about shareholders' equity items (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	994.057
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	1.313.843
CAPITAL	4.232.813
DEDUCTIONS FROM CAPITAL	
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	-
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	4.232.559

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

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 Relate Disclosures and Footnotes to be Announced to Public by Banks".

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II. EXPLANATIONS ON CREDIT RISK

- a. In credit risks there are no specific limitations for a specific geographical region. However, if there will be a risk which is effecting a specific region then the necessary limitation shall be applied and the necessary action shall be taken in order to revaluation 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.

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 Bank provided a general provision amounting to TL 374.831 (31 December 2013: TL 347.299).

III. EXPLANATION ON MARKET RISK

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

The 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 are analyzed by "Present Value Basis Point" method and interest risks are managed accordingly with related limits.

Besides 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 this analysis, 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 MARKET RISK (Continued)

b. Information on Market Risk:

	30 September 2014	31 December 2013
	Balance	Balance
(I) Capital obligation for general market risk - Standard Method	30.344	28.494
(II) Capital obligation for specific risk - Standard Method	3.099	4.194
Capital obligation for specific risk in securitisation positions - Standard Method	-	-
(III) Capital obligation for currency risk - Standard Method	14.133	5.348
(IV) Capital obligation for stocks - Standard Method	-	-
(V) Capital obligation for clearing risk - Standard Method	-	-
(VI) Total capital obligation for market risk because of options - Standard Method	61	85
(VII) Capital obligation for counterparty credit risk - Standard Method	26.233	52.099
(VIII) Capital obligation for Market Risks of Banks Applying Risk Measurement Models	-	-
(IX) Total capital obligation for market risk (I+II+III+IV+V+VI+VII)	73.870	90.220
(X) Amount subject to market risk (12,5 x VIII) or (12,5 x IX)	923.375	1.127.750

c. Average market risk table related to unconsolidated 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. Informations on counterparty risks:

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 OPERATIONAL RISK

The Bank 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 realised 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 3.074.214 represented risk weighted assets for operational risk and 8% of that amount is TL 245.937 represented related capital requirement.

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V. EXPLANATIONS ON CURRENCY RISK

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

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

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

The Bank, 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 Bank for the last five business days prior to the financial statement date:

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

Current Period - 30 September 2014	USD (\$)	Euro (€)
Balance Sheet Date		
Bank Evaluation Rate	2.2829	2.8783
29 September 2014	2.2810	2.8980
26 September 2014	2.2639	2.8740
25 September 2014	2.2598	2.8774
24 September 2014	2.2400	2.8645
23 September 2014	2.2350	2.8785

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V. EXPLANATIONS ON CURRENCY RISK (Continued)

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

As of September 2014, the 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 2,8528 (December 2013: TL 2,8312).

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

Current Period - 30 September 2014	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank	426.279	1.987.575	604.419	3.018.273
Banks	36.953	1.238.301	31.314	1.306.568
Financial Assets at Fair Value through Profit or Loss (Net)	112.673	47.954	5.074	165.701
Interbank Money Market Placements	-	135.931	-	135.931
Financial Assets Available-for-Sale (Net)	-	-	-	-
Loans (*)	2.475.977	3.399.584	52.994	5.928.555
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Investments Held-to-Maturity (Net)	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets (**)	4.216	6.015	2.165	12.396
Total Assets	3.056.098	6.815.360	695.966	10.567.424
Liabilities				
Bank Deposits	67	68.515	362	68.944
Foreign Currency Deposits	2.161.816	4.602.791	1.061.696	7.826.303
Funds from Interbank Money Market Borrowings	-	-	-	-
Issued Marketable Securities (Net)	1.751.114	4.772.624	12.134	6.535.872
Miscellaneous Payables	196.157	6.351	1.048	203.556
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	69.528	289.591	53.771	412.890
Total Liabilities	4.178.682	9.739.872	1.129.011	15.047.565
Net on Balance Sheet Position	(1.122.584)	(2.924.512)	(433.045)	(4.480.141)
Net Off-Balance Sheet Position				
Financial Derivative Assets	1.151.012	2.789.522	687.891	4.628.425
Financial Derivative Liabilities	3.402.578	21.729.589	1.091.690	26.223.857
Non-cash Loans	2.251.566	18.940.067	403.799	21.595.432
	288.024	2.050.689	66.949	2.405.662
Prior Period - 31 December 2013				
Total Assets	4.434.095	7.330.937	658.335	12.423.367
Total Liabilities	4.922.906	9.975.874	1.528.354	16.427.134
Net on-Balance Sheet Position	(488.811)	(2.644.937)	(870.019)	(4.003.767)
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	2.763.226	66.839	3.220.896

(*) As of 30 September 2014, loans consists of foreign indexed loans amounting to TL 1.661.975 (31 December 2013: TL 1.728.042) and foreign factoring receivables amounting to TL 7.588 (31 December 2013: TL 8.752).

(**) As of 30 September 2014, other assets do not consist of prepaid expenses amounting to TL 1.078 (31 December 2013: TL 1.108).

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V. EXPLANATIONS ON CURRENCY RISK (Continued)

As of 30 September 2014 and 31 December 2013, if bank's foreign currency position had depreciated by 10% against TL with all other variables held constant, the expected changes in profit before tax and equity mainly as a result of foreign exchange losses are disclosed as following:

	Current Period – 30 September 2014		Prior Period – 31 December 2013	
	Income Statement	Equity (*)	Income Statement	Equity (*)
USD	(13.499)	(13.499)	2.752	2.752
Euro	2.843	2.843	(2.529)	(2.529)
Other	25.485	25.485	821	821
Total	14.829	14.829	1.044	1.044

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

As of 30 September 2014 and 31 December 2013, 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 INTEREST RATE RISK

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

Current Period - 30 September 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	-	-	-	-	-	3.340.442	3.340.442
Banks	1.656.179	-	2.142	-	-	133.532	1.791.853
Financial Assets at Fair Value Through Profit or Loss (Net)	162.116	274.824	153.969	36.538	14.865	7.440	649.752
Interbank Money Market Placements	7.838.302	-	-	-	-	-	7.838.302
Financial Assets Available-for-Sale (Net)	155	228.147	252.211	-	-	4.225	484.738
Loans (*)	5.612.126	2.185.633	5.215.430	3.787.744	1.226.955	412.010	18.439.898
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	657.911	657.911
Total Assets	15.268.878	2.688.604	5.623.752	3.824.282	1.241.820	4.555.560	33.202.896
Liabilities							
Bank Deposits	68.980	-	2.141	-	-	48.497	119.618
Other deposits	4.391.616	9.966.016	938.026	91.450	-	3.011.086	18.398.194
Funds from Interbank Money Market	95.807	-	-	-	-	-	95.807
Miscellaneous Payables	-	-	-	-	-	664.534	664.534
Issued Marketable Securities (Net)	-	-	-	-	-	-	-
Funds Borrowed	4.789.082	3.593.214	849.996	203.023	-	-	9.435.315
Other Liabilities (**)	125.037	145.860	102.976	698.880	4.244	3.412.431	4.489.428
Total Liabilities	9.470.522	13.705.090	1.893.139	993.353	4.244	7.136.548	33.202.896
Balance Sheet Long Position	5.798.356	-	3.730.613	2.830.929	1.237.576	-	13.597.474
Balance Sheet Short Position	-	(11.016.486)	-	-	-	(2.580.988)	(13.597.474)
Off Balance Sheet Long Position	-	19.809	38.768	618	-	-	59.195
Off Balance Sheet Short Position	(43.536)	-	-	-	-	-	(43.536)
Total Position	5.754.820	(10.996.677)	3.769.381	2.831.547	1.237.576	(2.580.988)	15.659

(*) Loans consist of factoring transactions amounting to TL 121.023.

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

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VI. EXPLANATIONS ON 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	438 749	1 035 753	22 644	-	-	160 423	1 657 569
Financial Assets at Fair Value Through Profit or Loss (Net)	718 431	508 480	647 910	38 756	10 528	10 313	1 934 418
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 (*)	6 581 481	3 777 988	3 080 286	4 042 951	1 316 803	351 869	19 151 378
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	749 412	749 412
Total Assets	14 989 776	6 346 386	4 507 923	4 081 707	1 327 331	4 975 515	36 228 638
Liabilities							
Bank Deposits	594 337	2 111	6 125	-	-	69 282	671 855
Other deposits	11 201 423	2 096 684	448 296	18 971	-	3 171 203	16 936 577
Funds from Interbank Money Market	2 025 576	-	-	-	-	-	2 025 576
Miscellaneous Payables	-	-	-	-	-	536 045	536 045
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	3 393 043	5 376 322
Total Liabilities	18 634 362	4 369 396	5 118 631	932 288	4 388	7 169 573	36 228 638
Balance Sheet Long Position	-	1 976 990	-	3 149 419	1 322 943	-	6 449 352
Balance Sheet Short Position	(3 644 586)	-	(610 708)	-	-	(2 194 058)	(6 449 352)
Off Balance Sheet Long Position	108 797	-	-	497	-	-	109 294
Off Balance Sheet Short Position	-	(135 942)	(122 029)	-	-	-	(257 971)
Total Position	(3 535 789)	1 841 048	(732 737)	3 149 916	1 322 943	(2 194 058)	(148 677)

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

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

b. Effective average interest rates for monetary financial instruments:

Current Period – 30 September 2014	Euro	US Dollar	Yen	TL
Assets				
Cash Equivalents and Central Bank	%	%	%	%
Banks	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss (Net)	-	1,10	-	9,42
Interbank Money Market Placements	5,33	6,44	-	7,57
Financial Assets Available-for-Sale (Net)	-	1,10	-	11,24
Loans	-	-	-	7,61
Investments Held-to-Maturity (Net)	4,55	3,77	-	11,08
Liabilities				
Bank Deposits	-	0,30	-	9,60
Other Deposits	1,76	1,84	1,98	9,17
Funds From Interbank Money Market	-	-	-	8,25
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities (Net)	-	-	-	-
Funds Borrowed	2,53	1,73	-	10,05

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VI. EXPLANATIONS ON INTEREST RATE RISK (Continued)

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	2,10	1,67	2,00	9,52

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 card, 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.

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VI. EXPLANATIONS ON INTEREST RATE RISK (Continued)

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

30 September 2014	Shocks Applied (+/- x basis point)	Gains / Losses	Gains / Equity - Losses / Equity
Type of Currency			
1. TL	500	(287.261)	% (6,84)
%2. TL	(400)	303.569	%7,23
3. EUR	200	19.442	%0,46
4. EUR	(200)	(1.267)	% (0,03)
5. USD	200	(26.210)	% (0,62)
6. USD	(200)	18.053	%0,43
Total (of negative shocks)		320.355	%7,63
Total (of positive shocks)		(294.029)	% (7,00)

31 December 2013	Shocks Applied (+/- x basis point)	Gains / Losses	Gains / Equity - Losses / Equity
Type of Currency			
1. TL	500	(414.036)	% (9,78)
2. TL	(400)	427.651	%10,10
3. EUR	200	18.440	%0,44
4. EUR	(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.

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VII. EXPLANATIONS ON LIQUIDTY RISK

- a. **Basis for the current liquidity risk of the Bank and the necessary measures taken, limitations imposed by the Bank'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 Bank is pricing its liabilities faster than its assets, the Bank 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 Bank, unused significant liquidity sources:**

The Bank 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 Bank maintains its borrowing potential and examining its borrowing potential from both domestic and abroad financial institutions.

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

As mentioned above, the Bank 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)

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

Current Period - 30 September 2014	Demand	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Unallocated (*)	Total
Assets								
Cash Equivalents and Central Bank Banks	477.505	2.862.937	-	-	-	-	-	3.340.442
Financial Assets at Fair Value through Profit or Loss (Net)	7.440	65.963	161.399	94.912	123.162	196.876	-	649.752
Interbank Money Market Placements	-	7.838.302	-	-	-	-	-	7.838.302
Financial Assets Available-for-Sale (Net)	-	-	-	197.780	282.586	147	4.225	484.738
Loans (*)	-	4.943.402	2.341.182	3.999.599	5.181.530	1.562.175	412.010	18.439.898
Investments Held-to-maturity (Net)	-	-	-	-	-	-	-	-
Other Assets (**)	-	129.451	-	11.643	87.659	2.145	427.013	657.911
Total Assets	618.477	17.496.234	2.502.581	4.306.076	5.674.937	1.761.343	843.248	33.202.896
Liabilities								
Bank Deposits	48.497	68.980	-	2.141	-	-	-	119.618
Other Deposits	3.011.086	4.391.616	9.966.016	938.026	91.450	-	-	18.398.194
Funds Borrowed	-	3.737.524	799.080	1.683.754	2.111.039	1.103.918	-	9.435.315
Funds from Interbank Money Market	-	95.807	-	-	-	-	-	95.807
Issued Marketable Securities (Net)	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	504.248	93.037	67.097	152	-	-	664.534
Other Liabilities (***)	-	111.003	124.666	172.826	622.784	45.718	3.412.431	4.489.428
Total Liabilities	3.059.583	8.909.178	10.982.799	2.863.844	2.825.425	1.149.636	3.412.431	33.202.896
Net Liquidity Gap	(2.441.106)	8.587.056	(8.480.218)	1.442.232	2.849.512	611.707	(2.569.183)	-
Prior Period - 31 December 2013								
Total Assets	621.518	16.981.689	4.574.948	5.108.662	6.032.371	1.936.577	972.873	36.228.638
Total Liabilities	3.240.485	17.622.545	3.438.349	4.128.286	3.372.186	1.033.744	3.393.043	36.228.638
Net Liquidity Gap	(2.618.967)	(640.856)	1.136.599	980.376	2.660.185	902.833	(2.420.170)	-

(*) As of 30 September 2014, loans include the factoring receivables amounting to TL 121.023 (31 December 2013: TL 55.099).

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

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

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VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

f. Explanations on securitization positions:

None.

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- 30 September 2014	Balance	Financial Guaranties	Other/Physical Guaranties	Guaranties And Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	3 633 758	-	-	-
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	2 868 961	-	-	-
Conditional and unconditional receivables from Corporates	11 062 499	190 738	-	-
Conditional and unconditional retail receivables	12 984 158	81 740	-	-
Conditional and unconditional receivables secured by Mortgages	1 821 115	-	-	-
Past due receivables	417 128	192	-	-
Receivables defined in high risk category by BRSA	2 783 350	54 522	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	651 619	-	-	-
Total	36 222 588	327 192	-	-

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VIII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

g. Explanations on credit risk mitigation techniques (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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VIII. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES

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 ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PERSONS

None.

X. EXPLANATIONS ON OPERATING SEGMENTS

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

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

	Retail Banking	Corporate and Investment Banking	Treasury and Capital Markets	Other	Bank's Total Activities
Current Period					
Operating Income	867.854	373.609	145.669	-	1.387.132
Other	-	-	-	-	-
Operating Income	867.854	373.609	145.669	-	1.387.132
Segment Net Profit	-	-	-	-	-
Undistributed Cost	-	-	-	-	-
Operating Profit	(201.674)	70.637	90.970	-	(40.067)
Profit before Tax	(201.674)	70.637	90.970	-	(40.067)
Corporate Tax Provision (*)	-	-	-	(7.066)	(7.066)
Profit after Tax	(201.674)	70.637	90.970	(7.066)	(47.133)
Non-Controlling Interest	-	-	-	-	-
Net Profit for the Period	(201.674)	70.637	90.970	(7.066)	(47.133)
Segment Assets	10.183.947	8.379.361	14.604.565	-	33.167.873
Associates and Subsidiaries	-	-	34.753	270	35.023
Undistributed Assets	-	-	-	-	-
Total Assets	10.183.947	8.379.361	14.639.318	270	33.202.896
Segment Liabilities	18.996.316	5.796.192	8.410.388	-	33.202.896
Undistributed Liabilities	-	-	-	-	-
Total Liabilities	18.996.316	5.796.192	8.410.388	-	33.202.896
Other Segment Items	(107.347)	(5.651)	(4.792)	-	(117.790)
Capital Investment	-	-	-	-	-
Amortization	(28.669)	(5.651)	(2.032)	-	(36.352)
Impairment	-	-	(2.760)	-	(2.760)
Non-Cash Other Income-Expense (**)	(78.678)	-	-	-	(78.678)

(*) Corporate tax provision is not distributed.

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

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X. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

	Retail Banking	Corporate and Investment Banking	Treasury and Capital Markets	Other	Bank's Total Activities
Prior Period					
Operating Income (**)	837.602	357.777	222.738	-	1.418.117
Other (**)	-	-	-	-	-
Operating Income (**)	837.602	357.777	222.738	-	1.418.117
Segment Net Profit (**)	-	-	-	-	-
Undistributed Cost (**)	-	-	-	-	-
Operating Profit (**)	(125.487)	80.845	163.327	-	118.685
Profit before Tax (**)	(125.487)	80.845	163.327	-	118.685
Corporate Tax Provision (*) (**)	-	-	-	(47.198)	(47.198)
Profit after Tax (**)	(125.487)	80.845	163.327	(47.198)	71.487
Non-Controlling Interest (**)	-	-	-	-	-
Net Profit for the Period (**)	(125.487)	80.845	163.327	(47.198)	71.487
Segment Assets	10.306.985	10.944.349	14.942.281	-	36.193.615
Associates and Subsidiaries	-	-	34.753	270	35.023
Undistributed Assets	-	-	-	-	-
Total Assets	10.306.985	10.944.349	14.977.034	270	36.228.638
Segment Liabilities	16.723.922	6.566.962	12.937.754	-	36.228.638
Undistributed Liabilities	-	-	-	-	-
Total Liabilities	16.723.922	6.566.962	12.937.754	-	36.228.638
Other Segment Items (**)	196.236	(4.451)	(5.303)	-	186.482
Capital Investment	-	-	-	-	-
Amortization	(39.071)	(4.451)	(845)	-	(44.367)
Impairment	-	-	(4.458)	-	(4.458)
Non-Cash Other Income-Expense(***)	235.307	-	-	-	235.307

(*) Corporate tax provision is not distributed.

(**) Items of income and expense are the amounts for the three month period ended 30 September 2013.

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

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED
FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

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

	Current Period 30 September 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Cash/Foreign Currency	294.652	127.740	227.581	142.946
The CBRT	27.517	2.862.948	67.313	3.248.491
Other (*)	-	27.585	22	12.920
Total	322.169	3.018.273	294.916	3.404.357

(*) As of 30 September 2014, account of Precious Metal is amounting to TL 12.127, Money in Transit is amounting to TL 15.458 respectively (31 December 2013: Precious metal TL 12.920, Money in Transit: None).

2. Information related to balances with the CBRT:

	Current Period 30 September 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Unrestricted Demand Deposit	27.517	10	67.313	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Account	-	-	-	-
Reserve Requirements	-	2.862.938	-	3.248.491
Total	27.517	2.862.948	67.313	3.248.491

3. Explanation on reserve deposits:

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 30 September 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%).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

As of 30 September 2014, the Bank has financial assets at fair value through profit or loss given as collateral/blocked amounting to TL 37.379 (31 December 2013: None).

As of 30 September 2014, the Bank has no financial assets at fair value through profit or loss subject to repurchase agreement. (31 December 2013: TL 392.839).

As of 30 September 2014, the Bank has financial assets at fair value through profit or loss in unrestricted account amounting to TL 47.888 (31 December 2013: TL 134.617).

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

	Current Period 30 September 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Forward Transactions	27.450	24.337	6.610	194.630
Swap Transactions	382.456	113.285	60.440	1.037.613
Futures Transactions	-	47	-	16
Options	-	16.910	-	107.653
Other	-	-	-	-
Total	409.906	154.579	67.050	1.339.912

c. Information on banks:

1. Information on banks and other financial institutions:

	Current Period 30 September 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Banks				
Domestic	419.792	1.204.298	461.344	1.035.814
Foreign	65.493	102.270	40.864	119.547
Foreign Head Office and Branches	-	-	-	-
Total	485.285	1.306.568	502.208	1.155.361

2. Information on foreign banks balances:

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 30 September 2014, the Bank has financial assets available for sale given as collateral/blocked amount to TL 382.720 (31 December 2013: TL 501.618).

As of 30 September 2014 the Bank has financial assets available for sale amounting to TL 95.983 subject to repurchase agreement (31 December 2013: TL 1.659.680).

As of 30 September 2014 the Bank has financial assets available for sale in unrestricted account amounting to TL 6.035 (31 December 2013: TL 88.033).

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	Current Period 30 September 2014	Prior Period 31 December 2013
Debt Securities	494.874	2.268.948
Quoted to Stock Exchange	494.874	2.268.948
Not Quoted	-	-
Share Certificate	4.225	4.225
Quoted to Stock Exchange	-	-
Not Quoted (*)	4.225	4.225
Impairment Provision (-)	14.361	23.842
Total	484.738	2.249.331

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

e. Information related to loans:

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

	Current Period 30 September 2014		Prior Period 31 December 2013	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	179.588	2.532	199.765
Corporate Shareholders	-	179.588	2.532	199.765
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	5.904	466.242	11.984	460.588
Loans Granted to Employees	27.729	-	31.931	-
Total	33.633	645.830	46.447	660.353

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I. EXPLANATIONS AND NOTES RELATED TO 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	Other	Loans and Other Receivables	Agreement Terms Modified	
				Payment Plan Extensions	Other	Payment Plan Extensions
Non-specialised Loans	16.523.706	852.860	-	531.137	120.185	-
Commercial Loans	6.475.842	649.319	-	188.877	89.758	-
Export Loans	1.007.494	115.140	-	36.804	462	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	66.418	-	-	-	-	-
Consumer Loans	4.787.122	44.386	-	95.799	21.419	-
Credit Cards	3.500.144	-	-	174.663	-	-
Other (*)	686.686	44.015	-	34.994	8.546	-
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
	16.523.706	852.860	-	531.137	120.185	-

(*) Includes the factoring receivables amounting to TL 121.023.

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	838.182
Extended by 3, 4 or 5 times	14.648	1.148
Extended by more than 5 times	30	-

Extended period of time	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
	0 – 6 Months	103.911
6 – 12 Months	449.188	10.814
1 – 2 Years	156.855	70.489
2 – 5 Years	126.914	33.244
5 years or more	15.992	603

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 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	114.897	4.512.588	4.627.485
Mortgage Loans	864	1.523.835	1.524.699
Automotive Loans	-	7.077	7.077
Consumer Loans	114.033	2.981.676	3.095.709
Other	-	-	-
Consumer Loans- Indexed to FC	-	7.969	7.969
Mortgage Loans	-	7.905	7.905
Automotive Loans	-	-	-
Consumer Loans	-	64	64
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	3.533.959	98.686	3.632.645
Instalment	1.294.271	98.686	1.392.957
Non Instalment	2.239.688	-	2.239.688
Individual Credit Cards-FC	9.165	-	9.165
Instalment	-	-	-
Non Instalment	9.165	-	9.165
Personnel Loans-TL	2.273	17.162	19.435
Mortgage Loans	-	6	6
Automotive Loans	-	-	-
Consumer Loans	2.015	17.156	19.171
Other	258	-	258
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	8.235	-	8.235
Instalment	3.504	-	3.504
Non Instalment	4.731	-	4.731
Personnel Credit Cards-FC	59	-	59
Instalment	-	-	-
Non Instalment	59	-	59
Overdraft Account-TL (Individual)	293.837	-	293.837
Overdraft Account-FC (Individual)	-	-	-
Total Consumer Loans	3.962.425	4.636.405	8.598.830

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	Short-term	Medium and Long-term	Total
Commercial Instalment Loans-TL	29.605	595.625	625.230
Mortgage Loans	-	5.463	5.463
Automotive Loans	-	9.592	9.592
Consumer Loans	29.605	580.570	610.175
Other	-	-	-
Commercial Instalment Loans- Indexed to FC	19.443	328.706	348.149
Mortgage Loans	-	14.509	14.509
Automotive Loans	-	8.143	8.143
Consumer Loans	19.443	306.054	325.497
Other	-	-	-
Commercial Instalment Loans-FC	12.508	-	12.508
Mortgage Loans	-	-	-
Automotive loans	-	-	-
Consumer Loans	12.508	-	12.508
Other	-	-	-
Corporate Credit Cards-TL	23.561	12	23.573
Instalment	7.461	12	7.473
Non Instalment	16.100	-	16.100
Corporate Credit Cards-FC	1.130	-	1.130
Instalment	-	-	-
Non Instalment	1.130	-	1.130
Overdraft Account-TL (Commercial)	76.215	-	76.215
Overdraft Account-FC (Commercial)	-	-	-
Total	162.462	924.343	1.086.805

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. Domestic and foreign loans:

	Current Period 30 September 2014	Prior Period 31 December 2013
Domestic Loans	17.659.064	18.403.993
Foreign Loans	368.824	395.516
Total	18.027.888	18.799.509

(*) Includes the factoring receivables amounting to TL 121.023 (31 December 2013: TL 55.099).

8. Loans granted to investments in associates and subsidiaries:

	Current Period 30 September 2014	Prior Period 31 December 2013
Direct Loans Granted to Associates and Subsidiaries	-	55
Indirect Loans Granted to Associates and Subsidiaries	-	-
Total	-	55

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1. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

9. Specific provisions for loans:

	Current Period 30 September 2014	Prior Period 31 December 2013
Loans and Receivables with Limited Collectability	38.198	26.964
Loans and Receivables with Doubtful Collectability	139.357	110.370
Uncollectible Loans and Receivables	768.109	717.134
Total	945.664	854.468

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: 30 September 2014	686	679	20.238
(Gross Amounts Before Specific Provisions)			
Restructured Loans and Other Receivables	686	679	20.238
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
Prior Period Balances at the End of the 31 December 2013	151.285	254.591	800.461
Additions (+)	542.396	2.147	28.087
Transfers from Other Categories of Non-Performing Loans (+)	1.770	450.620	358.317
Transfers to Other Categories of Non-Performing Loans (-)	453.485	354.708	2.514
Collections (-)	34.110	58.932	51.353
Write-offs (*) (-)	-	-	276.898
Corporate and Commercial Loans	-	-	85.161
Retail Loans	-	-	47.895
Credit Cards	-	-	143.842
Other	-	-	-
Balance at the End of the Period: 30 September 2014	207.856	293.718	856.100
Specific Provisions (-)	38.198	139.357	768.109
Net Balance on Balance Sheet	169.658	154.361	87.991

(*) It also includes individual loans amounting to TL 191.612 and Corporate – Commercial loans under follow-up amounting to TL 85.161 which are sold.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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: 30 September 2014			
Balance at the End of the Period	-	-	13.908
Specific Provisions (-)	-	-	13.588
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): 30 September 2014			
Loans granted to corporate entities and real persons (Gross)	207.856	293.718	844.645
Specific Provisions Amount (-)	38.198	139.357	756.654
Loans granted to corporate entities and real persons (Net)	169.658	154.361	87.991
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	788.718
Specific Provisions Amount (-)	26.964	110.370	705.391
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.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

f. Investments Held-to-maturity:

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

As of 30 September 2014 and 31 December 2013, the Bank 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 30 September 2014 and 31 December 2013 the Bank has no investments as government debt securities held to maturity

3. Information on investments held-to-maturity:

As of 30 September 2014 and 31 December 2013, the Bank has no investments held to maturity.

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

As of 30 September 2014 and 31 December 2013, the Bank has no investments of held to maturity movement.

g. Information on investments in associates (Net):

The Bank has no investments in associates as of 30 September 2014 and 31 December 2013.

h. Information on subsidiaries (Net):

1. Information on unconsolidated/subsidiaries:

a) Unconsolidated subsidiaries:

Title	Address (City / Country)	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	0,00
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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I. EXPLANATIONS AND NOTES RELATED TO 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 the audited financial statements as of 31 December 2013.

(**) The prior period balances represent the amounts 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 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 (%)
I 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 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	94 599	79 782	1 819	2 881	2 554	16 879	14 249	-

(*) Prepared with the unaudited financial statements as of 30 September 2014.

(**) The prior period balances represent the amounts as of 30 September 2013.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

3. Movement schedule of the consolidated subsidiaries:

	Current Period 30 September 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 30 September 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 30 September 2014 and 31 December 2013.

i. Information on jointly controlled entities:

1. The Bank has no jointly controlled entities as of 30 September 2014 and 31 December 2013.
2. As of 30 September 2014 and 31 December 2013, the accounting method is not determined since the Bank has no jointly controlled entities.

j. Information on finance lease(Net):

As of 30 September 2014 and 31 December 2013, the Bank has no finance lease.

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

k. Information on hedging derivative financial assets:

	Current Period 30 September 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	49.144	-	-	-
Foreign Net Investment Hedge	-	-	-	-
Total	49.144	-	-	-

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. Information 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. Information on the investment properties:

As of 30 September 2014 and 31 December 2013, the Bank has no investment properties.

o. Information on deferred tax asset:

As of 30 September 2014 deferred tax asset of the Bank is TL 40.817 (31 December 2013: TL 45.727). 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 recognized in balance sheet.

There is no impairment provision for deferred tax.

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

As of 30 September 2014, assets held for resale of the Bank is TL 3.603 (31 December 2013: TL 4.394).

r. Information on other assets:

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

2. Other assets of the balance sheet consist of the debited suspense accounts amounting to TL 164.922 (31 December 2013: TL 120.311), the prepaid expenses amounting to TL 72.645 (31 December 2013: TL 63.194), other rediscount income amounting to TL 10.599 (31 December 2013: TL 21.729), miscellaneous receivables amounting to TL 8.289 (31 December 2013: TL 223.108), and other assets amounting to TL 662 (31 December 2013: TL 782).

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

As of 30 September 2014 and 31 December 2013, the Bank has no receivables from forward sale of the assets classified in the miscellaneous receivables.

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II. EXPLANATIONS AND NOTES TO THE 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 - 30 September 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	594.836	-	1.798.069	5.135.507	408.084	308.171	78.059	-	8.322.726
Foreign Currency Deposits	1.584.655	-	1.378.400	4.074.004	256.537	101.529	116.925	-	7.512.050
Residents in Turkey	1.269.606	-	1.272.503	3.512.616	184.786	52.327	47.859	-	6.339.697
Residents Abroad	315.049	-	105.897	561.388	71.751	49.202	69.066	-	1.172.353
Public Sector Deposits	118.720	-	-	-	-	-	-	-	118.720
Commercial Deposits	442.944	-	1.170.594	432.761	8.391	10.007	3.413	-	2.068.110
Other Institutions Deposits	11.111	-	5.969	41.875	3.245	65	70	-	62.335
Precious Metal Deposit	258.820	-	2.657	45.536	4.543	2.697	-	-	314.253
Bank Deposits	48.497	-	68.980	-	2.141	-	-	-	119.618
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	69	-	68.980	-	2.141	-	-	-	71.190
Foreign Banks	48.428	-	-	-	-	-	-	-	48.428
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3.059.583	-	4.424.669	9.729.683	682.941	422.469	198.467	-	18.517.812

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	-	1.698.101	386.923	10.725	16.669	3.155	-	2.654.420
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	-	5.283.722	7.791.975	708.368	266.171	317.711	-	17.608.432

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2. Information on saving deposits insurance:

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

	Covered by Deposit Insurance Fund		Exceeding Deposit Insurance Limit	
	Current Period 30 September 2014	Prior Period 31 December 2013	Current Period 30 September 2014	Prior Period 31 December 2013
Saving Deposits	4.462.546	3.906.478	3.660.584	2.958.546
Foreign Currency Saving Deposits	1.586.834	1.308.845	3.592.620	2.613.550
Other Deposits in the Form of Saving Deposits	27.397	87.189	84.876	270.009
Foreign Branches' Deposits under Foreign Authorities' Insurance Coverage	213.945	207.860	252.289	225.306
Off-Shore Banking Regions' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-
Total	6.290.722	5.510.372	7.590.369	6.067.411

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

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

	Current Period 30 September 2014	Prior Period 31 December 2013
Foreign Branches' Deposits and other accounts	252.289	225.306
Saving Deposits and Other Accounts of Major Shareholders and Deposits of their Mother, Father, Spouse, Children under their worship	-	-
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 worship	8.632	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	-	-

b. Information on trading derivative financial liabilities:

Table of negative differences for trading derivative financial liabilities:

	Current Period 30 September 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Forward Transactions	14.691	56.712	-	110.518
Swap Transactions	57.237	245.100	15.903	1.073.901
Future Transactions	-	16	-	20
Options	-	17.243	-	108.034
Other	-	-	-	-
Total	71.928	319.071	15.903	1.292.473

c. Information on repurchase agreements:

As of 30 September 2014, the Bank has repurchase agreements amounting to TL 95.807 (31 December 2013: 2.025.576).

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

d. Information on funds borrowed:

1. Information on banks and other financial institutions:

	Current Period 30 September 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
Domestic Bank and Institutions	9.558	355	11.950	2.160
Foreign Banks, Institutions and Funds	2.889.885	5.431.602	2.867.727	6.773.077
Total	2.899.443	5.431.957	2.879.677	6.775.237

2. Information on maturity structure of funds borrowed:

	Current Period 30 September 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
Short-term	1.465.498	2.377.047	1.051.729	4.033.348
Medium and Long-term	1.433.945	3.054.910	1.827.948	2.741.889
Total	2.899.443	5.431.957	2.879.677	6.775.237

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

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. Information on other liabilities:

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

f. Information on financial leasing agreements:

a) Information on obligations under financial leases:

None (31 December 2013: None).

b) Information on financial lease:

The 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	Prior Period
	30 September 2014	31 December 2013
Less Than 1 Year	50.844	68.694
Between 1-4 Years	69.160	131.350
More Than 4 Years	18.251	14.415
Total	138.255	214.459

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

g. Information on derivative financial liabilities for hedging purposes:

As of 30 September 2014 and 31 December 2013, the Bank has no derivative financial liabilities for hedging purposes.

h. Information on provisions:

1. Information on general provisions:

	Current Period 30 September 2014	Prior Period 31 December 2013
General Provisions	374.831	347.299
Provisions for First Group Loans and Receivables	257.279	258.374
- Additional Provision for Loans and Receivables with Extended Maturities	31.902	27.798
Provisions for Second Group Loans and Receivables	20.085	18.616
- Additional Provision for Loans and Receivables with Extended Maturities	7.107	2.581
Provisions for Non-Cash Loans	56.441	37.958
Other	2.017	1.972

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

As of 30 September 2014, the provision related to foreign currency difference on the principles of foreign currency indexed loans, amounting to TL 4.471 (31 December 2013: TL 42.839), is offset with the balance of foreign currency indexed loans.

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

As of 30 September 2014, provision for non-cash loans that are non-funded and non-transformed into cash is amounting to TL 798 (31 December 2013: TL 3.126).

4. Information on other provisions:

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

As of 30 September 2014 and 31 December 2013, the Bank 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 24.056 (31 Aralık 2013: TL 26.036), provision for accumulated credit card bonus amounting to TL 10.542 (31 December 2013: TL 16.408), provisions for checks under follow-up amounting to TL 5.460 (31 December 2013: TL 3.203), specific provision for non-cash loans that are non-funded and non-transformed into cash amounting to TL 798 (31 December 2013: TL 3.126), and other provision amounting to TL 13.156 (31 December 2013: TL 25.207) are classified under other provisions.

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

i. Explanations on tax liability:

1. Explanations on current tax liability:

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

1(i). Information on taxes payable:

	Current Period 30 September 2014	Prior Period 31 December 2013
Corporate Taxes Payable	-	-
Taxation on Marketable Securities	14.183	12.354
Capital Gains Tax on Property	2.770	1.115
Banking Insurance Transaction Tax (BITT)	11.780	12.459
Foreign Exchange Transaction Tax	18	14
Value Added Tax Payable	1.465	951
Other (*)	8.646	9.473
Total	38.862	36.366

(*) As of 30 September 2014, consists of payroll tax amounting to TL 7.671 (31 December 2013: TL 8.582), self-employed income tax amounting to TL 23 (31 December 2013: TL 8), stamp tax amounting to TL 252 (31 December 2013: TL 295) and other taxes amounting to TL 700 (31 December 2013: TL 588).

1(ii). Information on premium payables:

	Current Period 30 September 2014	Prior Period 31 December 2013
Social Security Premiums – Share	3.379	3.367
Social Security Premiums – Share	3.581	3.594
Bank Social Aid Pension Fund Premium – Share	-	-
Bank Social Aid Pension Fund Premium – Share	-	-
Pension Fund Membership Fees and Provisions – Share	-	-
Pension Fund Membership Fees and Provisions – Share	-	-
Unemployment Insurance – Share	202	225
Unemployment Insurance – Share	465	454
Other	-	-
Total	7.627	7.640

2. Information on deferred tax liability:

As of 30 September 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 30 September 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, borrower of subordinated loans used by the Bank 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".

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II. EXPLANATIONS AND NOTES TO LIABILITIES (Continued)

I. Information on shareholder's equity:

1. Presentation of paid-in capital:

	Current Period 30 September 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 30 September 2014, the 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, their sources and other informations:

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

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

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

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

The Bank has no capital commitments.

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

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

7. 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.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

8. Information on marketable securities value increase fund:

	Current Period 30 September 2014		Prior Period 31 December 2013	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Jointly Controlled Entities	-	-	-	-
Valuation Difference	(1.543)	-	(27.513)	-
Translation Difference	-	-	-	-
Total	(1.543)	-	(27.513)	-

9. Information on revaluation value increase fund:

As of 30 September 2014 and 31 December 2013, the Bank has no revaluation value increase fund.

10. Information on legal reserves:

	Current Period 30 September 2014	Prior Period 31 December 2013
First Legal Reserve	134.513	132.569
Second Legal Reserve	45.444	45.444
Legal Reserves according to Special Legislation	-	-
Total	179.957	178.013

11. Information on extraordinary reserves:

	Current Period 30 September 2014	Prior Period 31 December 2013
Reserves Allocated per General Assembly Minutes	1.841.356	1.846.131
Retained Earnings	97.844	65.229
Accumulated Loss	-	-
Translation Difference	-	-
Total	1.939.200	1.911.360

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

All shares of the Bank are held by HSBC Bank Plc, a bank established according to the laws of the United Kingdom, whose headquarters is located in the United Kingdom.

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

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments:

As of 30 September 2014, the Bank has amounting to irrevocable commitments TL 40.912.273 (31 December 2013: TL 23.517.557).

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

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

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

As of 30 September 2014, the Bank has letter of credit amounting to TL 1.423.739 (31 December 2013: TL 1.140.238), acceptances amounting to TL 734.437 (31 December 2013: TL 1.212.692) and commitments and contingencies due to letter of credit amounting to TL 676.152 (31 December 2013: TL 775.010). Also the Bank has other commitments and contingencies amounting to TL 358.389 (31 December 2013: TL 518.130).

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

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

3. Information on the non-cash loans:

3 (i). Total non-cash loans:

	Current Period 30 September 2014	Prior Period 31 December 2013
Non-Cash Loans Given for Cash Loan Risks	3.604	3.383
With Original Maturity of One Year or Less	3.604	3.383
With Original Maturity of More than One Year	-	-
Other Non-Cash Loans	3.189.113	3.642.687
Total	3.192.717	3.646.070

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 30 September 2014, the Bank has forward transactions amounting to TL 5.906.716 (31 December 2013: 7.950.019 TL), currency swap amounting to TL 49.618.598 (31 December 2013: TL 71.991.730), currency option amounting to TL 4.128.112 (31 December 2013: TL 8.324.340), interest rate swap amounting to TL 10.041.314 (31 December 2013: TL 7.463.656), precious metal option amounting to TL 32.336 (31 Aralık 2013: 48.736 TL), interest rate future amounting to TL 6.457.644 (31 December 2013: TL 6.853.314), precious metal swap amounting to TL 254.398 (31 December 2013: 246.910). As of 30 September 2014 and 31 December 2013, the Bank has no interest rate option. Transactions to decrease foreign currency and interest rate risk have been classified trading derivative financial instrument or hedging derivative financial instruments and valued with their fair value by the Bank.

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

I. Cash Flow Hedge Accounting:

The Bank applies cash flow hedge accounting by cross currency swap transactions in order to hedge itself from the changes in the interest rates of the fixed-rate time deposits which have maturity of 1-3 month. The Bank applies effectiveness test in any balance sheet date. While the effective portions are accounted under hedging reserves in shareholders' equity as described in TAS 39, the ineffective portion is recognized at income statement. As of 30 September 2014, swaps amounting to TL 2.455.418 (31 December 2013: None) were subjected to cash flow hedge accounting as hedging instrument. After such hedge accounting, fair value gain before tax amounting to TL 12.266 (31 December 2013: None) are recognized under shareholders' equity in the current period. As of 30 September 2014, the Bank has ineffective portion amounting to TL 289 as a result of effectiveness tests (31 December 2013: None).

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

Contingent assets are recognised if the probability of occurrence is almost virtually certain, whereas they are disclosed in the notes, if the probability of occurrence is probable. As of 30 September 2014, 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 Bank has certain contingent liabilities relating to various lawsuits due to the transactions it performed in the scope of banking operations. As of 30 September 2014, the total amount of these lawsuits filed against the Bank is TL 28.988 (31 December 2013: TL 14.861). A provision of TL 4.816 (31 December 2013: TL 2.536) 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 favour.

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

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

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IV. EXPLANATIONS AND NOTES TO INCOME STATEMENT

a. Information on interest income:

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

	Current Period 30 September 2014		Prior Period 30 September 2013	
	TL	FC	TL	FC
Short-term Loans	663.246	35.307	639.176	32.219
Medium and Long-Term Loans	582.385	110.472	556.861	90.306
Interest on Loans Under Follow-Up Premiums Received from the Resource Utilization Support Fund	15.997	7	13.791	134
	-	-	-	-
Total	1.261.628	145.786	1.209.828	122.659

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

2. Information on interest income received from banks:

	Current Period 30 September 2014		Prior Period 30 September 2013	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	63.267	7.278	31.072	4.410
From Foreign Banks	633	512	858	339
Headquarters and Branches Abroad	-	-	-	-
Total	63.900	7.790	31.930	4.749

3. Information on interest income on marketable securities:

	Current Period 30 September 2014		Prior Period 30 September 2013	
	TL	FC	TL	FC
Financial Assets Held For Trading	11.614	292	25.200	318
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Financial Assets Available for Sale	64.588	-	171.308	-
Investments Held to Maturity	-	-	-	-
Total	76.202	292	196.508	318

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

As of 30 September 2014 and 30 September 2013, the Bank has no interest income received from investments in associates and subsidiaries.

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

b. Information on interest expense:

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

	Current Period 30 September 2014		Prior Period 30 September 2013	
	TL	FC	TL	FC
Banks	140.851	100.384	133.379	81.340
The CBRT	-	-	-	-
Domestic Banks	810	48	642	82
Foreign Banks	140.041	100.336	132.737	81.258
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	140.851	100.384	133.379	81.340

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

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

	Current Period 30 September 2014	Prior Period 30 September 2013
Interest Expenses Given to Subsidiaries and Associates	2.075	908

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: 30 September 2014	Demand Deposit	Time Deposit					More Than 1 year	Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year				
Turkish Lira									
Interbank deposits	-	1.196	-	-	4.870	-	-	6.066	
Saving deposits	-	109.272	356.933	42.206	13.918	4.361	-	526.690	
Public sector deposits	-	2	-	-	-	-	-	2	
Commercial deposits	-	106.843	31.601	5.195	1.262	614	-	145.515	
Other deposits	-	1.124	3.064	477	7	3	-	4.675	
Deposits with 7 days notification	-	-	-	-	-	-	-	-	
Total	-	218.437	391.598	47.878	20.057	4.978	-	682.948	
Foreign Currency									
Foreign currency deposits	-	14.102	49.266	4.742	1.517	2.741	-	72.368	
Interbank deposits	-	344	-	-	-	-	-	344	
Deposits with 7 days notification	-	-	-	-	-	-	-	-	
Precious metal deposits	-	-	309	15	20	-	-	344	
Total	-	14.446	49.575	4.757	1.537	2.741	-	73.056	
Grand Total	-	232.883	441.173	52.635	21.594	7.719	-	756.004	

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

Current Period: 30 September 2013	Demand Deposit	Time Deposit					More Than 1 year	Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year				
Turkish Lira									
Interbank deposits	-	3.176	-	-	100	-	-	-	3.276
Saving deposits	-	18.243	216.181	36.994	13.056	5.323	-	-	289.797
Public sector deposits	-	2	8	-	-	-	-	-	10
Commercial deposits	-	69.476	9.205	1.327	461	205	-	-	80.674
Other deposits	-	635	1.795	41	10	-	-	-	2.481
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	-	91.532	227.189	38.362	13.627	5.528	-	-	376.238
Foreign Currency									
Foreign currency deposits	-	11.788	39.782	5.831	2.028	4.000	-	-	63.429
Interbank deposits	-	326	-	-	-	-	-	-	326
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	2	1	1	-	-	-	4
Total	-	12.114	39.784	5.832	2.029	4.000	-	-	63.759
Grand Total	-	103.646	266.973	44.194	15.656	9.528	-	-	439.997

5. Information on interest given on repurchase agreement:

The Bank has interest given on repurchase agreement amounting to TL 31.792 (30 September 2013: TL 19.838) during the three month period ended on 30 September 2014.

6. Information on finance lease expense:

The Bank has no finance lease expense during the three month period ended on 30 September 2014 and 30 September 2013.

7. Information on interest given on factoring payables:

The Bank has no interest given on factoring payables during the three month period ended on 30 September 2014 and 30 September 2013.

c. Explanations on dividend income:

The share of the Bank in the dividend distribution of HSBC Yatırım is TL 24.385 during the period ended on 30 September 2014 (30 September 2013: TL 14.343).

d. 1. Information on trading income/loss (net):

	Current Period 30 September 2014	Prior Period 30 September 2013
Profit	47.270.320	30.957.693
Capital Market Transactions Income	24.390	40.886
Gain on Derivative Financial Transactions	8.176.767	647.713
Foreign Exchange Gains	39.069.163	30.269.094
Loss (-)	47.412.367	31.007.432
Capital Market Transactions Loss	14.172	34.225
Loss on Derivative Financial Transactions	8.104.306	705.729
Foreign Exchange Loss	39.293.889	30.267.478
Total (Net)	(142.047)	(49.739)

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

2. Information on derivative instruments gain/loss:

	Current Period 30 September 2014	Prior Period 30 September 2013
Effect of the change in exchange rates on profit/loss	183.736	105.642
Effect of the change in interest rates on profit/loss	(111.275)	(163.658)
Total (Net)	72.461	(58.016)

e. Information on other operating income:

As of 30 September 2014, other operating income consists of reversal of the previous year provision amounting to TL 77.344 (30 September 2013: TL 4.593), gain on sale of receivables under follow-up amounting to TL 27.896 (30 September 2013: None), provision for telecommunication expense amounting to TL 1.677 (30 September 2013: TL 2.504), gain on sale of assets amounting to TL 1.150 (30 September 2013: TL 1.867) and other income amounting to TL 20.491 (30 September 2013: TL 18.006).

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

	Current Period 30 September 2014	Prior Period 30 September 2013
Specific Provisions for Loans and Other Receivables	406.296	255.890
III. Group Loans and Receivables	38.674	5.502
IV. Group Loans and Receivables	139.229	42.319
V. Group Loans and Receivables	228.393	208.069
General Provision Expenses	27.532	86.119
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	2.760	4.458
Financial Assets at Fair Value Through Profit or Loss	79	1.495
Available-for-sale Financial Assets	2.681	2.963
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	3.950	9.748
Total	440.538	356.215

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IV. EXPLANATIONS AND NOTES TO INCOME STATEMENT (Continued)

g. Information related to other operating expenses:

	Current Period 30 September 2014	Prior Period 30 September 2013
Personnel Expenses	447.961	432.716
Reserve for Employee Termination Benefits	9.089	6.130
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Property and Equipment	-	-
Depreciation Expenses of Property and Equipment	27.277	35.223
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	8.986	3.762
Impairment Expenses on Equity Accounted	-	-
Impairment Expenses on Assets Held for Sale Investees	-	-
Depreciation Expenses on Assets Held for Sale	89	86
Impairment Expenses on Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	304.641	321.656
Operational Lease Expenses	101.576	95.595
Maintenance Expenses	27.434	18.848
Advertisement Expenses	34.186	37.335
Other Expenses	141.445	169.878
Loss on Sales of Assets	324	245
Other	188.294	143.399
Total	986.661	943.217

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. Information on tax provision for continuing and discontinued operations:

As of 30 September 2014, the Bank has corporate tax provision expense amounting to TL 3.690 (30 September 2013: TL 25.719) and deferred tax expense amounting to TL 3.376 (30 September 2013 deferred tax expense: TL 21.479).

The total amount of deferred tax expense, amounting to TL 3.376 (30 September 2013 deferred tax expense: TL 21.479), 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 profit/loss for the period for continued and discontinued operations:

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

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

k. Explanation 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 893.949 (30 September 2013: TL 999,514), net wage and commission income amounting to TL 482.287 (30 September 2013: TL 427.029), and net trade loss amounting to TL 142.047 (30 September 2013: 49.739) have an important role among the income items in the interim accounting period ending on 30 September 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 Bank'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 Bank, explanation if any effect of these changes in the subsequent periods:

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

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.

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

a. Information on the current year adjustments made in accordance with the requirements of the accounting Standard on Financial Instruments:

1. 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. Information on dividend distribution:

None.

d. Information 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".

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HSBC BANK A.Ş.

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

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

- a. **Explanations about other cash flow items and the effect of changes in foreign exchange rates on cash and cash equivalents:**
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 flow 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".

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

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

1. Current Period – 30 September 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	55	319	14.460	660.353	26	53
Closing Balance	-	123	5.904	645.830	-	7
Interest and Commissions Income	-	1	203	1.072	-	-

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	33	204	12.104	356.225	15	-
Closing Balance	55	319	14.460	660.353	26	53
Interest and Commissions Income(*)	-	2	387	1.109	-	-

(*) The prior period balances present amounts of 30 September 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 Individuals and Legal Entities in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Deposit						
Opening Balance	33.046	28.764	50.715	33.834	376	4.527
Closing Balance	27.076	33.046	27.588	50.715	6.716	376
Interest expense on deposits (*)	2.075	908	-	-	305	-

(*) The prior period balances present amounts of 30 September 2013.

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

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Individuals and Legal Entities in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	-	88.076.697	30.887.791	-	-
Closing Balance	-	-	82.946.447	88.076.697	-	-
Total Profit/Loss(*)	-	-	123.117	(6.112)	-	-
Transactions for Hedging Purposes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	2.455.418	-	-	-
Total Profit/Loss	-	-	289	-	-	-

(*) The prior period balances present amounts of 30 September 2013.

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

As of 30 September 2014, payment is made to top executives of the Bank amounting to TL 50.891 (30 September 2013: TL 42.722).

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

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

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

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

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SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REVIEW REPORT

As of 30 September 2014, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and review report dated 13 November 2014 is presented before to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

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