

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
AND REVIEW REPORT AT 30 JUNE 2017,
SEE NOTE I OF SECTION THREE**

HSBC BANK A.Ş.

**PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT AT 30 JUNE 2017**



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's review report originally issued in Turkish,
See Note I of Section Three)

To the Board of Directors of HSBC Bank A.Ş.;

Introduction

We have reviewed the unconsolidated balance sheet of HSBC Bank A.Ş. ("the Bank") at 30 June 2017 and the related unconsolidated income statement, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Accounting and Reporting Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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



Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of HSBC Bank A.Ş. at 30 June 2017 and of the results of its operations and its cash flows for the six-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying 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.

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

A handwritten signature in blue ink, appearing to read "Zeynep Uras", is written over the printed name and title.

Zeynep Uras, SMMM
Partner

Istanbul, 4 August 2017



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

UNCONSOLIDATED FINANCIAL REPORT OF HSBC BANK A.S.
AS OF AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

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

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

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

David Gordon Eldon
Chairman

Süleyman Selim Kervancı
General
Manager

Burçin Ozan
Financial Reporting
Assistant General
Manager

Yerliozan Kül
Group Head

Ian Simon Jenkins
Head of
Audit Committee

Lütfiye Yeşim Uçtum
Member of
Audit Committee

Information about the responsible personnel whom questions may be asked:

Name-Surname/Title : Zeynep Terzioğlu/Senior Manager
Tel : (0212) 376 4308
Fax : (0212) 376 4912

HSBC Bank A.Ş.

Sicil Numarası: İstanbul Ticaret Sicil Müdürlüğü - 268376

Ticaret Ünvanı: HSBC Bank A.Ş.

Şirket Merkezi: Esentepe Mah. Büyükdere Cad. No: 128 Şişli 34394 İstanbul

Sicile Kayıtlı Olduğu Yer: Esentepe Mah. Büyükdere Cad. No: 128 Şişli 34394 İstanbul - İstanbul Ticaret Sicil Md.

Web Adresi: www.hsbc.com.tr

İrtibat Bilgileri Tel: 0212 376 40 00 Fax: 0212 336 29 39 / 336 26 38 / 336 21 41 / 336 22 60

	Page
SECTION ONE	
General Information About the Bank	
I. Bank's foundation date, start-up status, history regarding the changes in this status	1
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	1
III. Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, if available, shares of the Bank they possess, and their areas of responsibilities	2
IV. Information on individuals or institutions owning the preferred shares of the Bank	3
V. Summary information on the Bank's activities and services	3
VI. Other matters	3
VII. Differences between the Communiqué 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	3
VIII. The existing or potential, actual or legal obstacles on the transfer of shareholders' equity between the Parent Bank and its subsidiaries or reimbursement of liabilities	3
SECTION TWO	
Unconsolidated Financial Statements of the Bank	
I. Balance sheet	5
II. Statement of off-balance sheet commitments	7
III. Statement of income	8
IV. Statement of profit and loss items recognised under shareholders' equity	9
V. Statement of changes in shareholders' equity	10
VI. Statement of cash flows	12
SECTION THREE	
Explanations on Accounting Policies	
I. Explanations on basis of presentation	13
II. Explanations on strategy of using financial instruments and explanations on foreign currency transactions	14
III. Explanations on investments in associates and subsidiaries	14
IV. Explanations on forward transactions, options and derivative instruments	15
V. Explanations on interest income and expenses	15
VI. Explanations on fee and commission income and expenses	15
VII. Explanations on financial assets	16
VIII. Explanations on impairment of financial assets	17
IX. Explanations on offsetting financial instruments	17
X. Explanations on sales and repurchase agreements and securities' lending transactions	17
XI. Explanations on property and equipment held for sale purpose and related to discontinued operations and explanations on liabilities related with these assets	18
XII. Explanations on goodwill and other intangible assets	18
XIII. Explanations on property and equipment	18
XIV. Explanations on leasing transactions	19
XV. Explanations on provisions and contingent liabilities	19
XVI. Explanations on contingent assets	19
XVII. Explanations on obligations related to employee rights	19
XVIII. Explanations on taxation	20
XIX. Explanations on borrowings	21
XX. Explanations on issuance of share certificates	21
XXI. Explanations on avalized drafts and acceptances	21
XXII. Explanations on government incentives	21
XXIII. Explanations on operating segments	22
XXIV. Profit reserves and profit distribution	22
XXV. Earnings/loss per share	22
XXVI. Cash and cash equivalents	22
XXVII. Related parties	22
XXVIII. Reclassifications	22
XXIX. Other matters	22
SECTION FOUR	
Explanations Related to Financial Structure and Risk Management	
I. Explanations related to components of shareholders' equity	23
II. Explanations on credit risk	29
III. Explanations on counter cyclical capital buffer ratio calculation	29
IV. Explanations on currency risk	29
V. Explanations on interest rate risk	32
VI. Explanations on position risk of equity securities in Banking book	34
VII. Explanations on liquidity risk	34
VIII. Explanations on leverage ratio	41
IX. Explanations on risk management	41
X. Explanations on the presentation of financial assets and liabilities at fair values	46
XI. Explanations on the activities carried out on behalf and account of other people	46
XII. Explanations on operating segments	47
SECTION FIVE	
Explanations and Notes Related to Unconsolidated Financial Statements	
I. Explanations and notes related to assets	49
II. Explanations and notes related to liabilities	62
III. Explanations and notes related to off-balance sheet accounts	69
IV. Explanations and notes related to income statement	71
V. Explanations and notes related to changes in shareholders' equity	77
VI. Explanations and notes related to statement of cash flows	78
VII. Explanations and notes related to Bank's risk group	78
VIII. Explanations and notes related to domestic, foreign, off-shore branches or affiliates and foreign representatives of the Bank	79
IX. Explanations and notes related to subsequent events	79
SECTION SIX	
Explanations on Independent Auditor's Review Report	
I. Explanations on independent auditor's review report	80
II. Explanations and notes prepared by the independent auditor	80
SECTION SEVEN	
Interim Activity Report	
I. Interim activity report which will include evaluations from chairman of the board of directors and chief executive officer related to activities in the interim period	81

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

HSBC BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

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

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

As of 30 June 2017, 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. The share capital of the Bank has been fully paid and registered. Based on the approval of the Banking Regulation and Supervision Agency dated 21 June 2017, 10,01% share of HSBC Bank Plc.’s 100% ownership of the Bank’s capital was transferred to HSBC Bank Middle East Limited and remaining 89,99% share of HSBC Bank Plc. was transferred to HSBC Middle East Holdings B.V. through share transfer agreement dated 29 June 2017. As of 30 June 2017 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.

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

HSBC BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

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

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board:	David Gordon ELDON	Chairman	Undergraduate
Deputy Chairman of the Board:	Hamit AYDOĞAN	Deputy Chairman	Undergraduate
Board of Directors :	Süleyman Selim KERVANCI	Member and CEO	Graduate
	Paul HAGEN	Member	Graduate
	David Anthony HARTNETT	Member	Undergraduate
	Mehmet Gani SÖNMEZ	Member	Undergraduate
	Ian Simon JENKINS	Member	Graduate
	Edward Michael FLANDERS	Member	Undergraduate
	Lütfiye Yeşim UÇTUM	Member	Undergraduate
	James Alasdair EMMETT	Member	Graduate
CEO:	Süleyman Selim KERVANCI	CEO	Graduate
Head of Internal Audit:	Umut PASİN	Head of Internal Audit	Undergraduate
Deputy CEO:	Necdet Murat ŞARSEL	Risk	Graduate
	Rüçhan ÇANDAR	Operations Service and Technology	Graduate
Executive Vice Presidents:	Necdet Murat ŞARSEL	Risk	Graduate
	Sait Burak ZEYLAN(*)	Commercial Banking	Undergraduate
	Hulusi HOROZOĞLU	Corporate Investment Banking	Graduate
	Ayşe YENEL	Retail Banking	Undergraduate
	Ali Batu KARAALI	Treasury and Capital Markets	Graduate
	Burçin OZAN	Finance	Undergraduate
	Rüçhan ÇANDAR	Technology and Services	Graduate
Audit Committee:	Ian Simon JENKINS	Head of the Audit Committee	Graduate
	Lütfiye Yeşim UÇTUM	Member of the Audit Committee	Undergraduate
	Paul HAGEN	Member of the Audit Committee	Graduate

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

(*) Per the Board Decision no.13890 dated 16 June 2017, Sait Burak Zeylan resigned from his duty as of 1 August 2017.

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

HSBC BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

(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 Middle East Holdings B.V	586.995.771	89,99%	586.995.771	-
HSBC Bank Middle East Limited	65.294.226	10,01%	65.294.226	-

(*) The amounts are expressed in full TL.

V. 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 order transmissons brokerage, transactions brokerage, portfolios brokerage, restricted custody and general custody activities in accordance with Capital Markets 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 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, Allianz Hayat ve Emeklilik, Allianz Sigorta, AIG Sigorta, Euler Hermes, and Anadolu Hayat Emeklilik through its branches and investment intermediary services as an agency of HSBC Yatırım.

As of 30 June 2017, the Bank has 85 branches dispersed throughout the country and 4 branches operating abroad (31 December 2016: 86 branches and 4 branches operating abroad).

As of 30 June 2017, the number of employees of the Bank is 2.819 (31 December 2016: 3.188).

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 Telekomunikasyon Hizmetleri A.Ş.in Liquidation are not consolidated in the consolidated financial statements prepared in accordance with TAS based on line-by-line method. The Bank’s subsidiary 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 PARENT BANK AND ITS SUBSIDIARIES OR REIMBURSEMENT OF LIABILITIES

None.

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

HSBC BANK A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet - Assets**
- I. Balance Sheet - Liabilities**
- II. Statement of Off - Balance Sheet Commitments**
- III. Statement of Income**
- IV. Statement of Profit and Loss Items Recognised Under Shareholders’ Equity**
- V. Statement of Changes in Shareholders’ Equity**
- VI. Statement of Cash Flows**

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

HSBC BANK A.Ş.

**UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2017 AND 31 DECEMBER 2016
(STATEMENT OF FINANCIAL POSITION)**

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

**SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. BALANCE SHEET	Note (Section Five I)	Reviewed Current Period (30.06.2017)			Audited Prior Period (31.12.2016)		
		TL	FC	Total	TL	FC	Total
		ASSETS					
I. CASH BALANCES WITH THE CENTRAL BANK	(I-a)	4,949,157	1,873,784	6,822,941	179,737	1,589,183	1,768,920
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	(I-b)	416,627	513,161	929,788	641,948	337,824	979,772
2.1 Trading Financial Assets		416,627	513,161	929,788	641,948	337,824	979,772
2.1.1 Government Debt Securities		245,725	23,181	268,906	39,006	24,551	63,557
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		167,300	489,980	657,280	594,535	313,273	907,808
2.1.4 Other Marketable Securities		3,602	-	3,602	8,407	-	8,407
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)	338,788	189,858	528,646	42,060	877,827	919,887
IV. MONEY MARKETS		1,390,466	-	1,390,466	-	4,372,998	4,372,998
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		1,390,466	-	1,390,466	-	4,372,998	4,372,998
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(I-d)	1,331,439	3,395	1,334,834	1,260,694	2,435	1,263,129
5.1 Share Certificates		4,225	3,395	7,620	4,225	2,435	6,660
5.2 Government Debt Securities		1,327,214	-	1,327,214	1,256,469	-	1,256,469
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	(I-e)	10,696,809	4,018,188	14,714,997	10,181,534	3,973,211	14,154,745
6.1 Loans		10,337,318	4,018,153	14,355,471	9,732,005	3,973,112	13,705,117
6.1.1 Loans to Bank's Risk Group	(VII)	-	10,442	10,442	-	7,404	7,404
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		10,337,318	4,007,711	14,345,029	9,732,005	3,965,708	13,697,713
6.2 Non Performing Loans		1,422,529	79	1,422,608	1,430,741	165	1,430,906
6.3 Specific Provisions (-)		1,063,038	44	1,063,082	981,212	66	981,278
VII. FACTORING RECEIVABLES		501,377	-	501,377	476,308	-	476,308
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 Associates 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)	-	-	-	69,454	-	69,454
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	69,454	-	69,454
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(I-l)	75,985	-	75,985	81,598	-	81,598
XV. INTANGIBLE ASSETS (Net)	(I-m)	134,754	-	134,754	127,701	-	127,701
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		134,754	-	134,754	127,701	-	127,701
XVI. INVESTMENT PROPERTIES (Net)	(I-n)	-	-	-	-	-	-
XVII. TAX ASSET		12,647	-	12,647	3,743	-	3,743
17.1 Current Tax Asset		12,647	-	12,647	3,743	-	3,743
17.2 Deferred Tax Asset	(I-o)	-	-	-	-	-	-
XVIII. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-p)	2,797	-	2,797	2,742	-	2,742
18.1 Held for sale Purposes		2,797	-	2,797	2,742	-	2,742
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(I-r)	88,488	186,025	274,513	96,885	16,511	113,396
TOTAL ASSETS		19,974,357	6,784,411	26,758,768	13,199,427	11,169,989	24,369,416

The accompanying explanations and notes set out on pages 13 to 80 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

**UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2017 AND 31 DECEMBER 2016
(STATEMENT OF FINANCIAL POSITION)**

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

I. BALANCE SHEET	Note (Section Five II)	Reviewed Current Period (30.06.2017)			Audited Prior Period (31.12.2016)		
		TL	FC	Total	TL	FC	Total
		LIABILITIES					
I. DEPOSITS	(II-a)	4.656.085	14.679.696	19.335.781	6.009.798	9.140.222	15.150.020
1.1 Deposits of Bank's risk group	(VII)	79.467	10.316	89.783	159.308	7.914	167.222
1.2 Other		4.576.618	14.669.380	19.245.998	5.850.490	9.132.308	14.982.798
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(II-b)	156.789	491.757	648.546	24.587	642.671	667.258
III. BORROWINGS	(II-d)	765.664	932.881	1.698.545	212.631	2.128.378	2.341.009
IV. MONEY MARKETS		-	-	-	531.938	-	531.938
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)	-	-	-	531.938	-	531.938
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		260.967	3.690	264.657	338.026	4.337	342.363
VIII. OTHER LIABILITIES	(II-e)	181.920	18.881	200.801	236.802	20.605	257.407
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)	711.236	872	712.108	774.225	900	775.125
12.1 General Loan Loss Provisions		459.896	-	459.896	481.729	-	481.729
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		61.958	-	61.958	54.752	-	54.752
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		189.382	872	190.254	237.744	900	238.644
XIII. TAX LIABILITY	(II-i)	39.249	-	39.249	43.317	-	43.317
13.1 Current Tax Liability		39.249	-	39.249	43.317	-	43.317
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(II-j)	-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(II-k)	-	1.486.447	1.486.447	-	1.983.954	1.983.954
XVI. SHAREHOLDERS' EQUITY	(II-l)	2.372.026	608	2.372.634	2.277.025	-	2.277.025
16.1 Paid-in Capital		652.290	-	652.290	652.290	-	652.290
16.2 Capital Reserves		279.850	608	280.458	274.811	-	274.811
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		1.043	608	1.651	(2.317)	-	(2.317)
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)		6.114	-	6.114	4.435	-	4.435
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		1.346.857	-	1.346.857	1.706.522	-	1.706.522
16.3.1 Legal Reserves		184.141	-	184.141	183.104	-	183.104
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		1.191.037	-	1.191.037	1.548.672	-	1.548.672
16.3.4 Other Profit Reserves		(28.321)	-	(28.321)	(25.254)	-	(25.254)
16.4 Profit or Loss		93.029	-	93.029	(356.598)	-	(356.598)
16.4.1 Prior Years' Profit/(Loss)		-	-	-	-	-	-
16.4.2 Current Year Profit/(Loss)		93.029	-	93.029	(356.598)	-	(356.598)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9.143.936	17.614.832	26.758.768	10.448.349	13.921.067	24.369.416

The accompanying explanations and notes set out on pages 13 to 80 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS
AS OF 30 JUNE 2017 AND 31 DECEMBER 2016**

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

II. OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Reviewed Current Period (30.06.2017)			Audited Prior Period (31.12.2016)		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		39.765.974	73.905.530	113.671.504	21.037.034	49.809.290	70.846.324
I. GUARANTEES AND WARRANTIES	(III-a-2,3)	865.696	1.449.538	2.315.234	828.722	1.821.849	2.650.571
1.1 Letters of Guarantee		861.806	535.091	1.396.897	828.632	939.267	1.767.899
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		15.918	2.134	18.052	9.806	1.973	11.779
1.1.3 Other Letters of Guarantee		845.888	532.957	1.378.845	818.826	937.294	1.756.120
1.2 Bank Acceptances		-	111.930	111.930	-	58.547	58.547
1.2.1 Import Letter of Acceptance		-	111.930	111.930	-	58.547	58.547
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	542.326	542.326	-	476.016	476.016
1.3.1 Documentary Letters of Credit		-	445.207	445.207	-	410.417	410.417
1.3.2 Other Letters of Credit		-	97.119	97.119	-	65.599	65.599
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		3.890	260.191	264.081	90	348.019	348.109
1.9 Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(III-a-1)	9.371.431	4.492.201	13.863.632	7.089.287	4.634.919	11.724.206
2.1 Irrevocable Commitments		9.371.431	4.492.201	13.863.632	7.089.287	4.634.919	11.724.206
2.1.1 Asset Purchase and Sale Commitments		3.489.517	4.395.415	7.884.932	497.440	4.634.513	5.131.953
2.1.2 Forward Deposit Purchase and Sales Commitments		-	96.473	96.473	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		400.369	-	400.369	481.649	-	481.649
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		510.493	-	510.493	489.020	-	489.020
2.1.8 Tax and Fund Liabilities from Export Commitments		3.998	-	3.998	4.962	-	4.962
2.1.9 Commitments for Credit Card Limits		4.328.654	-	4.328.654	4.797.889	-	4.797.889
2.1.10 Commitments for Credit Cards and Banking Services Promotions		16.639	-	16.639	17.609	-	17.609
2.1.11 Receivables From Short Sale Commitments of Marketable Securities		-	-	-	26.939	49	26.988
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	26.939	49	26.988
2.1.13 Other Irrevocable Commitments		621.761	313	622.074	746.840	308	747.148
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(III-b)	29.528.847	67.963.791	97.492.638	13.119.025	43.352.522	56.471.547
3.1 Hedging Derivative Financial Instruments		-	-	-	242.340	317.363	559.703
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	242.340	317.363	559.703
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Transactions		29.528.847	67.963.791	97.492.638	12.876.685	43.035.159	55.911.844
3.2.1 Forward Foreign Currency Buy/Sell Transactions		4.154.827	5.684.054	9.838.881	2.600.298	4.018.683	6.618.981
3.2.1.1 Forward Foreign Currency Transactions-Buy		2.982.672	1.986.649	4.969.321	1.635.326	1.643.719	3.279.045
3.2.1.2 Forward Foreign Currency Transactions-Sell		1.172.155	3.697.405	4.869.560	964.972	2.374.964	3.339.936
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		19.053.557	51.146.791	70.200.348	6.774.122	33.254.460	40.028.582
3.2.2.1 Foreign Currency Swap-Buy		2.836.074	23.119.209	25.955.283	2.918.562	7.517.014	10.435.576
3.2.2.2 Foreign Currency Swap-Sell		16.217.483	9.950.778	26.168.261	3.855.560	6.285.948	10.141.508
3.2.2.3 Interest Rate Swap-Buy		-	9.038.402	9.038.402	-	9.725.749	9.725.749
3.2.2.4 Interest Rate Swap-Sell		-	9.038.402	9.038.402	-	9.725.749	9.725.749
3.2.3 Foreign Currency, Interest rate and Securities Options		6.320.463	10.977.777	17.298.240	3.502.265	5.727.374	9.229.639
3.2.3.1 Foreign Currency Options-Buy		3.158.530	5.490.497	8.649.027	1.749.825	2.865.145	4.614.970
3.2.3.2 Foreign Currency Options-Sell		3.161.933	5.487.280	8.649.213	1.752.440	2.862.229	4.614.669
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	155.169	155.169	-	34.642	34.642
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		23.979.602	58.123.990	82.103.502	27.083.657	63.538.727	90.622.384
IV. ITEMS HELD IN CUSTODY		7.674.078	1.547.499	9.221.577	7.734.946	1.637.076	9.372.022
4.1 Customer Fund and Portfolio Balances		1.308.147	-	1.308.147	1.105.508	-	1.105.508
4.2 Investment Securities Held in Custody		3.828.473	1.390.846	5.219.319	4.202.009	1.472.204	5.674.213
4.3 Checks Received for Collection		986.877	44.717	1.031.594	1.053.137	66.521	1.119.658
4.4 Commercial Notes Received for Collection		135.377	-	135.377	134.247	-	134.247
4.5 Other Assets Received for Collection		-	7.766	7.766	-	9.613	9.613
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		1.415.204	104.170	1.519.374	1.240.045	88.738	1.328.783
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		9.697.813	12.707.876	22.405.689	12.294.107	13.802.990	26.097.097
5.1 Marketable Securities		71.915	1.051	72.966	665.475	1.328	666.803
5.2 Guarantee Notes		185.396	398.424	583.820	220.950	644.988	865.938
5.3 Commodity		240	467	707	240	7.743	7.983
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable Properties		5.389.269	3.143.056	8.532.325	6.060.167	3.197.090	9.257.257
5.6 Other Pledged Items		4.050.993	9.164.878	13.215.871	5.347.275	9.951.841	15.299.116
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		6.607.711	43.868.525	50.476.236	7.054.604	48.098.661	55.153.265
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		63.745.576	132.029.430	195.775.006	48.120.691	113.348.017	161.468.708

The accompanying explanations and notes set out on pages 13 to 80 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

**UNCONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED
30 JUNE 2017 AND 2016**

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

III. STATEMENT OF INCOME		Reviewed			
		Current Period (01.01.2017 – 30.06.2017)	Prior Period (01.01.2016 – 30.06.2016)	Current Period (01.04.2017- 30.06.2017)	Prior Period (01.04.2016- 30.06.2016)
	INCOME AND EXPENSE ITEMS				
I.	INTEREST INCOME	1.031.063	1.064.839	560.144	507.111
1.1	Interest on Loans	762.790	959.991	393.945	462.636
1.2	Interest Received from Reserve Requirements	11.384	7.530	5.539	3.611
1.3	Interest Received from Banks	93.796	5.375	91.335	2.337
1.4	Interest Received from Money Market Transactions	86.962	4.303	33.645	1.022
1.5	Interest Received from Marketable Securities Portfolio	74.812	85.513	35.050	36.419
1.5.1	Trading Financial Assets	5.281	41.948	1.086	14.678
1.5.2	Financial Assets at Fair Value through Profit or (Loss)	-	-	-	-
1.5.3	Available-for-sale Financial Assets	69.531	43.565	33.964	21.741
1.5.4	Held to Maturity Investments	-	-	-	-
1.6	Financial Lease Income	-	-	-	-
1.7	Other Interest Income	1.319	2.127	630	1.086
II.	INTEREST EXPENSE (-)	420.727	584.222	199.349	276.661
2.1	Interest on Deposits (-)	284.078	419.418	139.717	196.372
2.2	Interest on Funds Borrowed (-)	111.692	127.156	56.630	62.238
2.3	Interest Expense on Money Market Transaction (-)	18.247	27.785	793	13.706
2.4	Interest on Securities Issued (-)	-	-	-	-
2.5	Other Interest Expense (-)	6.710	9.863	2.209	4.345
III.	NET INTEREST INCOME (I + II)	610.336	480.617	360.795	230.450
IV.	NET FEES AND COMMISSIONS INCOME	172.274	197.302	85.958	94.302
4.1	Fees and Commissions Received	192.233	218.106	95.069	104.540
4.1.1	Non-cash Loans	10.629	10.114	5.006	5.338
4.1.2	Other	181.604	207.992	90.063	99.202
4.2	Fees and Commissions Paid (-)	19.959	20.804	9.111	10.238
4.2.1	Non-cash Loans (-)	394	338	192	193
4.2.2	Other (-)	19.565	20.466	8.919	10.045
V.	DIVIDEND INCOME	42.539	19.869	-	-
VI.	TRADING INCOME/(LOSS) (Net)	(191.078)	66.015	(157.064)	38.762
6.1	Trading Gains/(Losses) on Securities	10.502	40.362	9.887	26.590
6.2	Derivative Financial Transactions Gains/(Losses)	(315.796)	(39.852)	(401.269)	(4.754)
6.3	Foreign Exchange Gains/(Losses)	114.216	65.505	234.318	16.926
VII.	OTHER OPERATING INCOME	157.076	187.628	51.288	122.896
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)	791.147	951.431	340.977	486.410
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	218.554	316.331	73.971	100.741
X.	OTHER OPERATING EXPENSES (-)	479.363	659.406	233.183	345.714
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)	93.230	(24.306)	33.823	39.955
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	-	-	-	-
XIII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES	-	-	-	-
	CONSOLIDATED BASED ON EQUITY METHOD	-	-	-	-
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION	-	-	-	-
XV.	INCOME/EXPENSE BEFORE TAXES FROM CONTINUING	-	-	-	-
	OPERATIONS (XI+XII+XIII+XIV)	93.230	(24.306)	33.823	39.955
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING	-	-	-	-
	OPERATIONS (±)	(201)	(4.108)	889	(3.039)
16.1	Current Tax Provision	-	(1.197)	1.135	(579)
16.2	Deferred Tax Provision	(201)	(2.911)	(246)	(2.460)
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	93.029	(28.414)	34.712	36.916
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)	93.029	(28.414)	34.712	36.916
	Earnings/ Loss per Share (The amounts are expressed in full TL)	0,001426	(0,000436)	0,000532	0,000566

The accompanying explanations and notes set out on pages 13 to 80 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

**UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ITEMS RECOGNISED UNDER
SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED 30 JUNE 2017 AND 2016**

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

IV. STATEMENTS OF PROFIT AND LOSS ITEMS RECOGNISED UNDER SHAREHOLDERS' EQUITY		
PROFIT AND LOSS ITEMS RECOGNISED UNDER SHAREHOLDERS' EQUITY	Reviewed Current Period (30.06.2017)	Reviewed Prior Period (30.06.2016)
I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	4.960	12.694
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 Fair Value Differences)	2.099	(13.430)
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS Effective Part of Fair Value Changes)	-	-
VII. THE EFFECT OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	(3.834)	(1.126)
IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES	(645)	372
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	2.580	(1.490)
XI. CURRENT YEAR PROFIT/LOSS	93.029	(28.414)
11.1 Net change in Fair Value of Marketable Securities (Transfer to Profit-Loss)	(2.234)	-
11.2 Reclassification of Cash Flow Hedge Transactions and Presentation of the Related Under Income Statement	1.157	(190)
11.3 Reclassification of Foreign Net Investment Hedge Transactions and Presentation of the Related Part Under Income Statement	-	-
11.4 Other	94.106	(28.224)
XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)	95.609	(29.904)

The accompanying explanations and notes set out on pages 13 to 80 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
Reviewed 30 June 2016	Note	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancell. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operat.	Total Equity
I.	Balances at the Beginning of the Period-31 December 2015	652.290	-	-	-	181.738	-	1.881.494	251.963	(331.456)	-	16.138	-	-	7.439	-	2.659.606
II.	Corrections According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Balance (I+II)	652.290	-	-	-	181.738	-	1.881.494	251.963	(331.456)	-	16.138	-	-	7.439	-	2.659.606
	Changes in the Period																
IV.	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	10.155	-	-	-	-	10.155
VI.	Hedging Transactions Funds (Effective Parts)	-	-	-	-	-	-	-	-	-	-	-	-	-	(10.744)	-	(10.744)
6.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(10.744)	-	(10.744)
6.2	Foreign Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible Fixed Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid in-Capital Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	(901)	-	-	-	-	-	-	-	(901)
XIX.	Current Year Income or Loss	-	-	-	-	-	-	-	-	(28.414)	-	-	-	-	-	-	(28.414)
XX.	Profit Distribution	-	-	-	-	1.366	-	(332.822)	-	331.456	-	-	-	-	-	-	-
20.1	Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to Reserves	-	-	-	-	1.366	-	(332.822)	-	331.456	-	-	-	-	-	-	-
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the end of the period-30 June 2016 (III+IV+V+.....+XVIII+XIX+XX)	652.290	-	-	-	183.104	-	1.548.672	251.062	(28.414)	-	26.293	-	-	(3.305)	-	2.629.702

The accompanying explanations and notes set out on pages 13 to 80 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
Reviewed 30 June 2017	Note	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancell. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Fangible Held for Sale/Disc. Operat.	Total Equity
I.		652.290	-	-	-	183.104	-	1.548.672	247.439	(356.598)	-	(2.317)	-	-	4.435	-	2.277.025
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	3.968	-	-	-	-	3.968
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	1.679	-	1.679
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	1.679	-	1.679
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	(3.067)	-	-	-	-	-	-	-	(3.067)
XVII.		-	-	-	-	-	-	-	-	93.029	-	-	-	-	-	-	93.029
XVIII.		-	-	-	-	1.037	-	(357.635)	-	356.598	-	-	-	-	-	-	-
18.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2		-	-	-	-	1.037	-	(357.635)	-	356.598	-	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		652.290	-	-	-	184.141	-	1.191.037	244.372	93.029	-	1.651	-	-	6.114	-	2.372.634

The accompanying explanations and notes set out on pages 13 to 80 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 30 JUNE 2017 AND 31 DECEMBER 2016

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five VI)	Reviewed Current Period (30.06.2017)	Reviewed Prior Period (30.06.2016)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		701.561	694.885
1.1.1 Interest Received		1.120.903	1.150.015
1.1.2 Interest Paid		(462.429)	(627.981)
1.1.3 Dividend Received		42.539	19.869
1.1.4 Fees and Commissions Received		204.268	219.715
1.1.5 Other Income		120.439	187.628
1.1.6 Collections From Previously Written-Off Loans and Other Receivables		152.348	135.220
1.1.7 Payments to Personnel and Service Suppliers		(229.170)	(304.707)
1.1.8 Taxes Paid		(12.647)	(440)
1.1.9 Other		(234.690)	(84.434)
1.2 Changes in Operating Assets and Liabilities		1.285.000	(814.339)
1.2.1 Net (Increase)/Decrease in Trading Securities		(198.070)	267.256
1.2.2 Net (Increase)/Decrease in Fair Value Through Profit/Loss Financial Assets		-	-
1.2.3 Net (Increase)/Decrease in Banks		-	(5)
1.2.4 Net (Increase)/Decrease in Loans		(1.000.000)	2.430.209
1.2.5 Net (Increase)/Decrease in Other Assets		108.892	120.230
1.2.6 Net Increase/(Decrease) in Bank Deposits		5.018.656	442.009
1.2.7 Net Increase/(Decrease) in Other Deposits		(839.304)	(2.499.706)
1.2.8 Net Increase/(Decrease) in Funds Borrowed		(1.092.092)	(1.274.559)
1.2.9 Net Increase/(Decrease) in Matured Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		(713.082)	(299.773)
I. Net Cash Provided From Banking Operations		1.986.561	(119.454)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided From Investing Activities		(27.328)	(413.916)
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		(3.870)	(3.384)
2.4 Disposals of Property And Equipment		9.429	11.909
2.5 Cash Paid for Purchase of Investments Available-for-Sale		(1.310.627)	(698.585)
2.6 Cash Obtained From Sale of Investments Available-for-Sale		1.258.574	280.723
2.7 Cash Paid for Purchase of Investment Securities		-	-
2.8 Cash Obtained From Sale of Investment Securities		-	-
2.9 Other		19.166	(4.579)
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		3.537	(11.437)
V. Net (Decrease)/Increase in Cash and Cash Equivalents (I+II+III+IV)		1.962.770	(544.807)
VI. Cash and Cash Equivalents at Beginning of the Period		5.611.066	4.939.401
VII. Cash and Cash Equivalents at End of the Period		7.573.836	4.394.594

The accompanying explanations and notes set out on pages 13 to 80 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

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

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Financial Reporting Standards (“TFRS”) and related appendices and interpretations (referred as “Turkish Accounting Standards” or “TAS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) (all referred as “Reporting Standards”). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

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 estimations and projections used are explained in corresponding disclosures.

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.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

I. EXPLANATIONS ON BASIS OF PRESENTATION (Continued)

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.

**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 equivalences.

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

Various stress scenarios, liquidity, gap, and volatility 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.

Analyses that are conducted related to determined risks are being tracked by committees such as the Asset-Liability committee and the Market Risk Committee and value adding decisions are made. The foreign exchange gains and losses from the foreign exchange transactions are being recorded at the date of transactions conducted. 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 June 2017. 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. in Liquidation. 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. in Liquidation was established on 13 January 2005 in order to provide information and telecommunication services.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

In order to reduce the foreign exchange position risk the Bank conducts currency forward purchase and sale transaction agreements, currency swap purchase and sale transaction agreements and option purchase and sale agreements. In order to reduce the interest risk, the Bank conducts interest futures and forward interest rate agreements. 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.

If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortized cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts. Fair value adjustments are recognized directly in the income statement in an event of repayment and/or unwinding and/or derecognition of the hedged item. As of 30 June 2017 hedge accounting is not applied.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

Interest income and expenses are recognised on an accrual basis using the effective interest rate method. In accordance with the related regulation, realized and unrealized interest accruals of the non performing loans are reversed. The interest income related to these loans are recorded as interest income only when collected.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

All fees and commission income are recognised on an accrual basis in accordance with the matching principle or “Effective Rate Method (Internal Rate of Return Method)”, 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.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

The Bank categorizes its financial assets as “Fair value through profit/loss”, “Available-for-sale”, and “Loans and receivables”. The appropriate classification of financial assets of the Bank is determined at 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 weighted 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.

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 Differences” 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 Differences”. 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 booked”) 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.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

d. Investment securities held-to-maturity:

Investment securities held-to-maturity are financial assets that are not classified under loans and receivables and have fixed maturities and fixed or pre-determined payments where management has the intent and ability to hold the financial assets until maturity. Investment securities held-to-maturity are initially 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 June 2017 and 31 December 2016, the Bank has no investment securities held-to-maturity.

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. If such an indicator exists, the Bank will perform the calculations. 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 booked by Banks and to the Provisions to be Booked” 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 INSTRUMENTS

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the 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 June 2017 and 31 December 2016, funds given against securities purchased under agreements to resell (“Reverse repurchase agreements”) are accounted under “Receivables from money market - 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. “Transactions Related to Foreign Currency Deposits in Turkish Lira Deposits” published by the Central Bank of the Republic of Turkey as of 17 January 2017 are recorded in the balance sheet under cash assets and deposit accounts.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

HSBC Bank A.Ş signed the share transfer agreement regarding to the Board of directors decision on selling all banking activities of Cyprus Branches of HSBC Bank A.Ş and initiated the required legal process. Non-financial assets of the branches were recognized in accordance with the TFRS 5 and financial assets were recognized in accordance with TAS 39 (Non-financial and financial assets of the branches were recognized in accordance with TFRS 5 and TAS 39, respectively.). Operations regarding to these branches are classified as ongoing activities in 30 June 2017 financial statement and consolidated under the financial statement of assets and liabilities of the branches. Summary financial information related to branches is presented under explanations and notes related to assets.

As of 30 June 2017 and 31 December 2016, 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.

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 Tüketici Finansmanı A.Ş. 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 using the straight-line method. Regarding 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 Bank’s financial statements are prepared based on the Turkish Accounting Standards. Goodwill is tested annually or more frequently if the changes in environment indicates impairment, in line with “Turkish Accounting Standard for Impairment on Assets” (“TAS 36”). There is no net book value of goodwill as of 30 June 2017 (31 December 2016: None).

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.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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 “Financial lease payables” in the balance sheet. Interest and foreign exchange expenses regarding lease transactions are presented the income statement. The Bank does not provide finance lease services as a “Lessor”. Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

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 2,78% (31 December 2016: 3,93%).

As of 30 June 2017, actuarial loss amounted to TL 28.321 (31 December 2016: TL 25.254 loss) is recognized under other income reserves in the financial statements.

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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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 there is a profit distribution.

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 fourth 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.

The tax applications for foreign branches:

Turkish Republic of Northern Cyprus (“TRNC”)

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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

XVIII. EXPLANATIONS ON TAXATION (Continued)

Based on its best projections and budget and within the framework of TAS 12’s relevant procedures, the Bank has limited its deferred tax assets with its deferred tax liabilities. The Bank has not recognized deferred tax receivables amounting to TL 135.519 as assets as of 30 June 2017 (31 December 2016: TL 151.679). Aforementioned assesment will be reevaluated and reperformed on every following reporting date.

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

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 BORROWINGS

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 convertible bonds as of 30 June 2017 and 31 December 2016.

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

As of 30 June 2017 and 31 December 2016, 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 INCENTIVES

As of 30 June 2017 and 31 December 2016, the Bank has no government incentives.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

XXIII. EXPLANATIONS ON OPERATING SEGMENTS

Segment reporting is presented in Note XII 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/LOSS PER SHARE

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

	Current Period 30 June 2017	Prior Period 30 June 2016
Net Profit / (Loss) for the Period	93.029	(28.414)
Number of Shares	65.229.000.000	65.229.000.000
Earnings / (Loss) per Share (*)	0,001426	(0,000436)

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

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 June 2017 and 31 December 2016 financials.

XXIX. OTHER MATTERS

None.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

SECTION FOUR

EXPLANATIONS RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. EXPLANATIONS RELATED TO COMPONENTS OF SHAREHOLDERS’ EQUITY

Equity and Capital Adequacy Standard Ratio of the Bank is calculated in accordance with "Communiqué on Measurement and Assessment of Capital Adequacy of Banks", and "Communiqué on Equities of Banks". As of 30 June 2017, equity of the Bank is amounting to TL 3.869.704, and the Bank's capital adequacy ratio is 19,11%. As of 31 December 2016, equity of the Bank is amounting to TL 4.246.289 and the Banks's capital adequacy ratio is 20,38%. Capital adequacy ratio of the Bank is higher than the minimum rate required by the related regulation.

a. Information about shareholders’ equity items:

	Current Period 30 June 2017	Amount as per the regulation before 01.01.2014 (*)
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	652.290	
Share Premium	-	
Reserves	1.647.872	
Other Comprehensive Income according to TAS	1.651	
Profit	93.029	
Current Period Profit	93.029	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
Common Equity Tier I Capital Before Deductions	2.394.842	
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	28.321	
Leasehold Improvements on Operational Leases	6.540	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	107.803	134.754
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined benefit plans	-	
Direct and Indirect Investments of the Bank on its own Tier I Capital	-	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank owns more than 10% of the issued share capital (amount above 10% threshold)	-	
Mortgage Servicing Rights exceeding the 10% Threshold of Tier I Capital	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amounts exceeding 15% of Tier I Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	
Total Deductions from Common Equity Tier I Capital	142.664	
Total Common Equity Tier I Capital	2.252.178	

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

	Current Period 30 June 2017	Amount as per the regulation before 01.01.2014 (*)
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-	
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank’s Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	
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	-	
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	26.951	
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	
Total Deductions from Additional Tier I Capital	26.951	
Total Additional Tier I Capital		
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	2.225.227	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.457.363	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	205.743	
Total Deductions from Tier II Capital	1.663.106	
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank’s Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the issued share capital exceeding the 10% Threshold of Common Equity Tier I Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	
Other items to be defined by the BRSA (-)	155	
Total Deductions from Tier II Capital	155	
Total Tier II Capital	1.662.951	
Total Equity (Total Tier I and Tier II Capital)	3.888.178	
Amounts Deducted from Equity		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be Defined by the BRSA	18.474	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

	Current Period 30 June 2017	Amount as per the regulation before 01.01.2014 (*)
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	3.869.704	
Total Risk Weighted Assets	20.250.608	
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	11,12	
Tier I Capital Ratio (%)	10,99	
Capital Adequacy Ratio (%)	19,11	
BUFFERS		
Bank-specific total CET1 Capital Ratio (%)	5,75	
Capital Conservation Buffer Ratio (%)	1,25	
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,00	
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	5,39	
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 Issued Share Capital		-
Remaining Mortgage Servicing Rights		-
Net Deferred Tax Assets arising from Temporary Differences		-
Limits for Provisions Used in Tier II Capital Calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	459.896	
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	205.743	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation		-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation		-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4		-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4		-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4		-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4		-

(*) Amounts to be recognized under transition regulations

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

	Prior Period 31 December 2016	Amount as per the regulation before 01.01.2014 (*)
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	652.290	
Share Premium	-	
Reserves	1.647.872	
Other Comprehensive Income according to TAS	-	
Profit	-	
Current Period Profit	-	
Prior Period Profit	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
Common Equity Tier I Capital Before Deductions	2.300.162	
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	27.571	
Leasehold Improvements on Operational Leases	6.613	
Goodwill Netted with Deferred Tax Liabilities	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	75.341	125.569
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined benefit plans	-	
Direct and Indirect Investments of the Bank on its own Tier I Capital	-	
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank owns more than 10% of the issued share capital (amount above 10% threshold)	-	
Mortgage Servicing Rights exceeding the 10% Threshold of Tier I Capital	-	
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amounts exceeding 15% of Tier I Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
Amounts related to mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	
Total Deductions from Common Equity Tier I Capital	109.525	
Total Common Equity Tier I Capital	2.190.637	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	
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 (-)	-	
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	50.228	
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	
Total Deductions from Additional Tier I Capital	50.228	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	2.140.409	

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

	Prior Period 31 December 2016	Amount as per the regulation before 01.01.2014 (*)
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.905.804	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	210.387	
Total Deductions from Tier II Capital	2.116.191	
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank’s Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the issued share capital exceeding the 10% Threshold of Common Equity Tier I Capital (-)	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	
Other items to be defined by the BRSA (-)	214	
Total Deductions from Tier II Capital	214	
Total Tier II Capital	2.115.977	
Total Equity (Total Tier I and Tier II Capital)	4.256.386	
Amounts Deducted from Equity		
Loans Granted against the Articles 50 and 51 of the Banking Law	5	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	146	
Other items to be Defined by the BRSA	9.946	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

	Prior Period 31 December 2016	Amount as per the regulation before 01.01.2014 (*)
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	4.246.289	
Total Risk Weighted Assets	20.832.390	
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	10,52	
Tier I Capital Ratio (%)	10,27	
Capital Adequacy Ratio (%)	20,38	
BUFFERS		
Bank-specific total CET1 Capital Ratio (%)	5,13	
Capital Conservation Buffer Ratio (%)	0,63	
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0,00	
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	5,39	
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 Issued Share Capital	-	
Remaining Mortgage Servicing Rights	-	
Net Deferred Tax Assets arising from Temporary Differences	-	
Limits for Provisions Used in Tier II Capital Calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	481.729	
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	210.387	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	

(*) Amounts to be recognized under transition regulations

b. Items included in capital calculation:

None.

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

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

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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

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

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

II. EXPLANATIONS ON CREDIT RISK

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

III. EXPLANATIONS ON COUNTER CYCLICAL CAPITAL BUFFER RATIO CALCULATION

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

IV. EXPLANATIONS ON 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 article.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

IV. EXPLANATIONS ON CURRENCY RISK (Continued)

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 June 2017	USD (\$)	Euro (€)
Balance Sheet Date		
Bank Evaluation Rate	3,5202	4,0197
Prior Balance Sheet Date		
29 June 2017	3,5210	4,0139
28 June 2017	3,5185	3,9991
27 June 2017	3,5070	3,9261
26 June 2017	3,5070	3,9261
23 June 2017	3,5070	3,9261
Prior Period - 31 December 2016	USD (\$)	Euro (€)
Balance Sheet Date		
Bank Evaluation Rate	3,5263	3,7161
Prior Balance Sheet Date		
30 December 2016	3,5263	3,7161
29 December 2016	3,5313	3,6926
28 December 2016	3,5435	3,6821
27 December 2016	3,5130	3,6702
26 December 2016	3,5130	3,6702

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 June 2017, the Bank’s simple arithmetic average foreign exchange rate for USD is TL 3,5198 (December 2016: TL 3,5018) and exchange rate for Euro is TL 3,9505 (December 2016: TL 3,6881).

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

IV. EXPLANATIONS ON CURRENCY RISK (Continued)

f. Information related to Bank’s currency risk:

Current Period – 30 June 2017	Euro	USD	Other FC	Total
Assets				
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	541.061	1.049.681	283.042	1.873.784
Banks	33.592	128.037	28.229	189.858
Financial Assets at Fair Value through Profit or Loss (Net)	161.646	345.072	6.443	513.161
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale (Net)	3.395	-	-	3.395
Loans (*)	2.861.939	2.454.251	6.854	5.323.044
Investments in Associates, Subsidiaries and Joint Ventures (Business Partners)	-	-	-	-
Investments Held-to-Maturity (Net)	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets (**)	173.562	6.593	2.641	182.796
Total Assets	3.775.195	3.983.634	327.209	8.086.038
Liabilities				
Bank Deposits	-	4.840.320	-	4.840.320
Foreign Currency Deposits	2.621.602	6.173.999	1.043.775	9.839.376
Funds from Interbank Money Market	-	-	-	-
Fund Borrowed	337	2.418.093	898	2.419.328
Issued Marketable Securities (Net)	-	-	-	-
Miscellaneous Payables	183	3.299	208	3.690
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	302.473	194.784	14.861	512.118
Total Liabilities	2.924.595	13.630.495	1.059.742	17.614.832
Net on Balance Sheet Position	850.600	(9.646.861)	(732.533)	(9.528.794)
Net Off-Balance Sheet Position	(1.018.212)	9.840.351	758.605	9.580.744
Financial Derivative Assets	14.587.182	24.971.465	1.396.441	40.955.088
Financial Derivative Liabilities	15.605.394	15.131.114	637.836	31.374.344
Non-cash Loans	566.175	773.728	109.635	1.449.538
Prior Period - 31 December 2016				
Total Assets	3.514.009	8.739.366	402.483	12.655.858
Total Liabilities	3.439.833	9.415.266	1.065.968	13.921.067
Net on-Balance Sheet Position	74.176	(675.900)	(663.485)	(1.265.209)
Net off-Balance Sheet Position	(173.984)	488.176	655.357	969.549
Financial Derivative Assets	5.470.827	7.841.499	1.067.640	14.379.966
Financial Derivative Liabilities	5.644.811	7.353.323	412.283	13.410.417
Non-cash Loans	714.430	996.915	110.504	1.821.849

(*) As of 30 June 2017, total loans amount consists foreign indexed loans amounting to TL 1.304.856 (31 December 2016: TL 1.485.916).

(**) As of 30 June 2017, other assets do not consist of prepaid expenses amounting to TL 3.229 (31 December 2016: TL 47).

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

V. EXPLANATIONS ON INTEREST RATE RISK

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

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

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

Current Period – 30 June 2017	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the CBRT	6.112.367	-	-	-	-	710.574	6.822.941
Banks	404.274	-	-	-	-	124.372	528.646
Financial Assets at Fair Value Through Profit or Loss (Net)	157.398	223.745	261.707	274.488	8.848	3.602	929.788
Interbank Money Market Placements	1.390.466	-	-	-	-	-	1.390.466
Financial Assets Available-for-Sale (Net)	-	257.454	308.408	690.186	71.166	7.620	1.334.834
Loans (*)	6.656.784	550.242	3.477.061	3.271.399	901.362	359.526	15.216.374
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-
Other Assets	1.299	-	4.946	26.860	-	502.614	535.719
Total Assets	14.722.588	1.031.441	4.052.122	4.262.933	981.376	1.708.308	26.758.768
Liabilities							
Bank Deposits	5.130.763	-	-	-	-	65.880	5.196.643
Other Deposits	9.076.364	1.983.423	171.941	732	-	2.906.678	14.139.138
Funds from Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	182.084	43.103	38.757	713	-	-	264.657
Issued Marketable Securities (Net)	-	-	-	-	-	-	-
Funds Borrowed	920.729	352.980	1.329.118	570.357	-	11.808	3.184.992
Other Liabilities (**)	159.925	78.942	254.502	585.258	226	2.894.485	3.973.338
Total Liabilities	15.469.865	2.458.448	1.794.318	1.157.060	226	5.878.851	26.758.768
Balance Sheet Long Position	-	-	2.257.804	3.105.873	981.150	-	6.344.827
Balance Sheet Short Position	(747.277)	(1.427.007)	-	-	-	(4.170.543)	(6.344.827)
Off Balance Sheet Long Position	8.758	20.595	3.405	42.796	-	-	75.554
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(738.519)	(1.406.412)	2.261.209	3.148.669	981.150	(4.170.543)	75.554

(*) Loans consist of factoring transactions amounting to TL 501.377 (31 December 2016: TL 476.308).

(**) Shareholders' equity is presented under "Other Liabilities" item in "Non- Interest Bearing".

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

V. EXPLANATIONS ON INTEREST RATE RISK (Continued)

Prior Period - 31 December 2016	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the CBRT	1.233.919	-	-	-	-	535.001	1.768.920
Banks	767.006	-	-	-	-	152.881	919.887
Financial Assets at Fair Value Through Profit or Loss (Net)	142.037	276.297	345.609	201.784	5.638	8.407	979.772
Interbank Money Market Placements	4.372.998	-	-	-	-	-	4.372.998
Financial Assets Available-for-Sale (Net)	-	320.306	397.132	530.243	8.788	6.660	1.263.129
Loans (*)	6.113.996	690.428	2.251.159	4.262.436	863.406	449.628	14.631.053
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-
Other Assets	41.045	28.409	-	2.136	-	362.067	433.657
Total Assets	12.671.001	1.315.440	2.993.900	4.996.599	877.832	1.514.644	24.369.416
Liabilities							
Bank Deposits	44.488	-	-	-	-	123.171	167.659
Other Deposits	10.514.105	1.174.485	190.529	256	-	3.102.986	14.982.361
Funds from Interbank Money Market	531.938	-	-	-	-	-	531.938
Miscellaneous Payables	-	-	-	-	-	342.363	342.363
Issued Marketable Securities (Net)	-	-	-	-	-	-	-
Funds Borrowed	2.514.000	1.593.155	3.516	211.121	-	3.171	4.324.963
Other Liabilities (**)	78.125	142.145	269.401	785.884	546	2.744.031	4.020.132
Total Liabilities	13.682.656	2.909.785	463.446	997.261	546	6.315.722	24.369.416
Balance Sheet Long Position	-	-	2.530.454	3.999.338	877.286	-	7.407.078
Balance Sheet Short Position	(1.011.655)	(1.594.345)	-	-	-	(4.801.078)	(7.407.078)
Off Balance Sheet Long Position	107.330	190.020	68.378	-	-	-	365.728
Off Balance Sheet Short Position	-	-	-	(9.500)	-	-	(9.500)
Total Position	(904.325)	(1.404.325)	2.598.832	3.989.838	877.286	(4.801.078)	356.228

(*) Loans consist of factoring transactions amounting to TL 476.308.

(**) Shareholders' equity is presented under "Other Liabilities" item in "Non- Interest Bearing".

b. Effective average interest rates for monetary financial instruments:

Current Period – 30 June 2017	Euro	USD	Yen	TL
Assets				
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	1,25	-	12,24
Banks	0,25	1,14	-	11,57
Financial Assets at Fair Value Through Profit or Loss (Net)	5,72	6,47	-	6,83
Interbank Money Market Placements	-	-	-	12,25
Financial Assets Available-for-Sale (Net)	-	-	-	8,95
Loans	4,11	4,60	-	13,78
Liabilities				
Bank Deposits	-	1,25	-	9,65
Other Deposits	1,61	2,25	1,40	10,46
Funds From Interbank Money Market	-	-	-	-
Funds Borrowed	1,50	5,20	-	14,01

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

V. EXPLANATIONS ON INTEREST RATE RISK (Continued)

Prior Period - 31 December 2016	Euro	USD	Yen	TL
Assets				
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	0,75	-	3,31
Banks	-	1,07	-	-
Financial Assets at Fair Value Through Profit or Loss (Net)	5,16	7,21	-	6,38
Interbank Money Market Placements	-	0,81	-	-
Financial Assets Available-for-Sale (Net)	-	-	-	9,29
Loans	3,93	4,47	-	15,04
Liabilities				
Bank Deposits	-	-	-	3,94
Other Deposits	1,45	1,67	1,40	9,50
Funds From Interbank Money Market	-	-	-	8,14
Funds Borrowed	4,50	4,10	-	16,40

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

a. Position risk of equity securities in banking book

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

The Bank’s equity securities which are not publicly traded are booked as their cost value, if calculation of fair value cannot be determined properly.

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

None.

VII. EXPLANATIONS ON LIQUIDITY RISK

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

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

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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

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

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

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

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

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

Liquidity and funding management of the Bank adopts funding illiquid assets with core funding instruments and funds in the need of to be always available as a principle. Core funding instruments consist of core deposit and long term non-deposit debt instruments. Within this context, liquidity and funding management is primarily based on the stability of Banks’ deposit base and considers total core deposits as primary measurement. Deposits of retail banking customers is the primary component of funding management because they are more stable and cost-efficient compared to other line of businesses. Moreover, other debt instruments with maturities of medium and long term are also used because of diversifying and balancing funding base in terms of maturity, currency, fund resource and cost; and because their average deposit maturity is less compared to the assets.

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

Almost all of Banks’ total liabilities are in TL, USD and EURO. Liabilities in TL are generally consists of deposits, repurchase agreements and Shareholder’s Equity. Liabilities in FC consists of deposits in FC and other debt instruments in FC.

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

Information on liquidity risk mitigation techniques:

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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

Explanation of the usage of stress test:

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

General Information on liquidity emergency and contingency plans:

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

a. Liquidity coverage rate:

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

Liquidity coverage rate is calculated by dividing high quality liquid assets that Bank owns to net cash outflows with maturity of 1 month. Reserve requirements kept by CBRT, reverse repurchase agreements, securities that are not subject to repurchase/collateral held for providing liquidity, corporate and bank deposits that may cause high cash outflows, non-deposit borrowings that are became due and receivables from banks form the most important components which affect the results of liquidity coverage rate due to the liquidity of the assets, having high volume in net cash outflows and having high rate of consideration.

Since the internal liquidity limits of the bank is more conservative compared to liquidity coverage rate, bank liquidity coverage rate is greater than legal and internal limits. The ratio may fluctuate periodically due to reasons listed below;

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

Explanation regarding the components of high quality liquid assets:

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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

Components density of fund resources in all funds:

The Bank’s founding sources are consisted of real person and retail deposit, corporate bank deposits, repurchas agreements and borrowings. Deposits that are used for founding consists 72% of total liabilities.

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

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

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

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

Exposed liquidity risk in the need of funding based on the bank itself, foreign brances and consolidated subsidiaries while considering operational and legal factors hampering liquidity transfer:

Liquidity risks of the Bank’s foreign brances are managed in compliance with the regulations of related country.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

	Total value to which the consideration ratio is not applied (*)		Total value to which the consideration ratio is applied (*)	
	TL+FC	FC	TL+FC	FC
Current Period – 30 June 2017				
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			4.347.954	1.260.970
Cash Outflows				
Real person and retail deposits	10.788.683	7.555.127	890.717	664.949
Stable deposits	3.763.022	1.811.291	188.151	90.565
Less stable deposits	7.025.661	5.743.836	702.566	574.384
Unsecured debts other than real person and retail deposits	4.451.379	5.423.453	2.383.630	2.312.188
Operational deposits	101.415	-	5.071	-
Non-operational deposits	848.896	436.670	664.171	300.504
Other unsecured debts	3.501.068	4.986.783	1.714.388	2.011.684
Secured debts	-	-	-	-
Other cash outflows	508.288	1.999.102	508.288	1.999.102
Derivative liabilities and collateral completion liabilities	508.288	1.999.102	508.288	1.999.102
Debts related to the structured financial products	-	-	-	-
Payment commitments for debts to financial markets and other off-the-balance sheet liabilities	-	-	-	-
Other off-the-balance sheet and revocable (without contingency) liabilities and other contractual liabilities	6.931.469	372.131	706.858	122.145
Other irrevocable or revocable (based on conditions) off-the-balance sheet debts	-	-	-	-
TOTAL CASH OUTFLOWS			4.489.493	5.098.384
Cash inflows				
Secured liabilities	-	-	-	-
Unsecured liabilities	3.670.391	506.454	2.139.161	448.133
Other cash inflows	211.799	8.974.800	211.799	8.974.800
TOTAL CASH INFLOWS	3.882.190	9.481.254	2.350.960	9.422.933
			Values to which the upper limit is applied	
TOTAL HIGH QUALITY LIQUID ASSETS INVENTORY			4.347.954	1.260.970
TOTAL NET CASH OUTFLOWS			2.138.533	1.274.596
LIQUIDITY COVERAGE RATIO (%)			203,31	98,93

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

Table below represents lowest, highest and average liquidity coverage rates for the last three month period of 2017.

	Current Period – 30 June 2017	
	TL+FC	FC
Highest (%)	240,12	189,22
Date	10.04.2017	03.04.2017
Lowest (%)	174,57	74,88
Date	02.05.2017	24.04.2017
Average (%)	203,31	98,93

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

Prior Period – 31.12.2016	Total value to which the consideration ratio is not applied (*)		Total value to which the consideration ratio is applied (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			4.744.678	2.405.799
Cash Outflows				
Real person and retail deposits	11.243.309	6.356.303	909.105	557.065
Stable deposits	4.304.520	1.571.316	215.226	78.566
Less stable deposits	6.938.789	4.784.987	693.879	478.499
Unsecured debts other than real person and retail deposits	6.053.621	2.951.921	3.776.813	1.675.952
Operational deposits	87.153	-	4.358	-
Non-operational deposits	1.887.949	896.778	1.700.554	773.454
Other unsecured debts	4.078.519	2.055.143	2.071.901	902.498
Secured debts	-	-	-	-
Other cash outflows	43.917	1.869.809	43.917	1.869.809
Derivative liabilities and collateral completion liabilities	43.917	1.869.809	43.917	1.869.809
Debts related to the structured financial products	-	-	-	-
Payment commitments for debts to financial markets and other off-the-balance sheet liabilities	-	-	-	-
Other off-the-balance sheet and revocable (without contingency) liabilities and other contractual liabilities	6.495.663	422.034	324.783	21.102
Other irrevocable or revocable (based on conditions) off-the-balance sheet debts	892.245	3.858	267.674	1.158
TOTAL CASH OUTFLOWS			5.322.291	4.125.085
Cash inflows				
Secured liabilities	-	-	-	-
Unsecured liabilities	6.796.816	4.617.483	5.688.954	4.496.029
Other cash inflows	234.374	2.309.554	234.374	2.309.554
TOTAL CASH INFLOWS	7.031.190	6.927.037	5.923.328	6.805.583
			Values to which the upper limit is applied	
TOTAL HIGH QUALITY LIQUID ASSETS INVENTORY			4.744.678	2.405.799
TOTAL NET CASH OUTFLOWS			1.330.573	1.031.271
LIQUIDITY COVERAGE RATIO (%)			356,59	233,28

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

Table below represents lowest, highest and average liquidity coverage rates for year 2016.

	Prior Period - 31.12.2016	
	TL+FC	FC
Highest (%)	318,78	435,68
Date	12.12.2016	05.12.2016
Lowest (%)	219,80	115,68
Date	31.10.2016	07.11.2016
Average (%)	356,59	233,28

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

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

Current Period – 30 June 2017	Demand	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Unallocated	Total
Assets								
Cash Equivalents (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the CBRT Banks	710.574	6.112.367	-	-	-	-	-	6.822.941
Financial Assets at Fair Value through Profit or Loss (Net)	3.602	96.197	65.326	210.850	513.449	40.364	-	929.788
Interbank Money Market Placements	-	1.390.466	-	-	-	-	-	1.390.466
Financial Assets Available-for-Sale (Net)	-	-	257.454	308.408	690.186	71.166	7.620	1.334.834
Loans (*)	-	5.164.122	1.977.161	3.623.042	3.192.689	899.834	359.526	15.216.374
Investments Held-to-maturity (Net)	-	-	-	-	-	-	-	-
Other Assets (**)	-	1.299	-	4.946	26.860	-	502.614	535.719
Total Assets	838.548	13.168.725	2.299.941	4.147.246	4.423.184	1.011.364	869.760	26.758.768
Liabilities								
Bank Deposits	65.880	5.130.763	-	-	-	-	-	5.196.643
Other Deposits	2.906.678	9.076.364	1.983.423	171.941	732	-	-	14.139.138
Funds from Interbank Money Market	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	182.084	43.103	38.757	713	-	-	264.657
Issued Marketable Securities (Net)	-	-	-	-	-	-	-	-
Funds Borrowed	11.808	38.723	335	195.301	1.452.378	1.486.447	-	3.184.992
Other Liabilities (***)	-	109.156	60.486	444.256	444.567	20.388	2.894.485	3.973.338
Total Liabilities	2.984.366	14.537.090	2.087.347	850.255	1.898.390	1.506.835	2.894.485	26.758.768
Net Liquidity Excess / (Gap)	(2.145.818)	(1.368.365)	212.594	3.296.991	2.524.794	(495.471)	(2.024.725)	-
Net Off Balance Sheet Position	-	44.531	35.575	17.270	78.637	-	-	176.013
Derivative Financial Assets	-	22.843.304	4.362.884	7.767.458	4.822.277	-	-	39.795.923
Derivative Financial Liabilities	-	22.798.773	4.327.309	7.750.188	4.743.640	-	-	39.619.910
Non-cash Loans	847.638	-	-	-	-	1.467.596	-	2.315.234
Prior Period - 31 December 2016								
Total Assets	479.515	11.154.590	2.927.485	3.015.018	5.117.784	907.428	767.596	24.369.416
Total Liabilities	3.229.328	11.375.562	1.366.154	820.965	2.823.727	2.009.649	2.744.031	24.369.416
Net Liquidity Excess / (Gap)	(2.749.813)	(220.972)	1.561.331	2.194.053	2.294.057	(1.102.221)	(1.976.435)	-
Net Off-Balance Sheet Position	-	46.809	31.092	171.498	160.308	-	-	409.707
Derivative Financial Assets	-	5.384.002	3.654.131	6.126.558	3.550.187	-	-	18.714.878
Derivative Financial Liabilities	-	5.337.193	3.623.039	5.955.060	3.389.879	-	-	18.305.171
Non-cash Loans	876.962	-	-	-	-	1.773.609	-	2.650.571

(*) Loans include the factoring receivables amounting to TL 501.377 (31 December 2016; TL 476.308).

(**) 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 non-performing loans, are classified in this column.

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

c. Information on securitization positions:

None.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

VIII. EXPLANATIONS ON LEVERAGE RATIO

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

	Current Period 30.06.2017 (*)	Prior Period 31.12.2016 (*)
Assets On the Balance Sheet		
Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	24.767.859	23.927.346
(Assets deducted from core capital)	(138.287)	(133.576)
Total risk amount for assets on the balance sheet	24.629.572	23.793.770
Derivative Financial Instruments and Loan Derivatives		
Renewal cost of derivative financial instruments and loan derivatives	596.173	875.210
Potential credit risk amount of derivative financial instruments and loan derivatives	524.173	380.549
Total risk amount of derivative financial instruments and loan derivatives	1.120.346	1.255.759
Financing Transactions With Securities Or Goods Warranties		
Risk amount of financial transactions with securities or goods warranties (excluding those in the balance sheet)	29.966	69.590
Risk amount arising from intermediated transactions	-	-
Total risk amount of financing transactions with securities or goods warranties	29.966	69.590
Off-the-Balance Sheet Transactions		
Gross nominal amount of the off-the-balance sheet transactions	17.977.387	24.613.308
Adjustment amount arising from multiplying by the credit conversion rate	-	-
Total risk amount for off-the-balance sheet transactions	17.977.387	24.613.308
Capital and Total Risk		
Core capital	2.216.261	2.238.933
Total risk amount	43.757.271	49.732.427
Leverage Ratio		
Leverage Ratio (%)	5,06	4,50

(*) Table represents three month average amounts.

IX. EXPLANATIONS ON RISK MANAGEMENT

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following required tables have not been presented on 30 June 2017:

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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

a. Explanations on Risk Management and Risk Weighted Amount:

1. Overview of Risk Weighted Amounts:

	Risk Weighted Amounts		Minimum Capital Requirements
	Current Period 30 June 2017	Prior Period 31 December 2016	Current Period 30 June 2017
Credit risk (excluding counterparty credit risk) (CCR)	15.449.778	15.911.886	1.235.982
Standardised approach (SA)	15.449.778	15.911.886	1.235.982
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	1.009.646	919.077	80.772
Standardised approach for counterparty credit risk (SA-CCR)	1.009.646	919.077	80.772
Internal model method (IMM)	-	-	-
Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
Equity investments in funds – look-through approach	-	-	-
Equity investments in funds – mandate-based approach	-	-	-
Equity investments in funds – 1250% risk weighting approach	-	-	-
Settlement risk	-	-	-
Securitisation exposures in banking book	-	-	-
IRB ratings-based approach (RBA)	-	-	-
IRB supervisory formula approach (SFA)	-	-	-
SA/simplified supervisory formula approach (SSFA)	-	-	-
Market risk	791.087	739.075	63.287
Standardised approach (SA)	791.087	739.075	63.287
Internal model approaches (IMM)	-	-	-
Operational risk	3.000.097	3.262.352	240.008
Basic indicator approach	3.000.097	3.262.352	240.008
Standardised approach	-	-	-
Advanced measurement approach	-	-	-
Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
Floor adjustment	-	-	-
TOTAL	20.250.608	20.832.390	1.620.049

b. Credit Quality of Assets

Provisions for defaulted exposures made in accordance with related ratios after considering collaterals presented in "Comminique of Provision". There is no differences for the bank between the definitons of past due and provision made loans.

Current Period 30 June 2017	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Non-defaulted Exposures		
Loans	1.422.608	14.856.848	1.063.082	15.216.374
Debt Securities	-	1.599.839	117	1.599.722
Off-balance sheet exposure	797	16.178.257	188	16.178.866
Total	1.423.405	32.634.944	1.063.387	32.994.962

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

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

	Current Period 30 June 2017
I. Defaulted Loans and debt securities at period end	1.431.235
II. Loans and debt securities that have defaulted since the last reporting period	212.360
III. Returned to non-defaulted status	6.245
IV. Amounts written-off from asset	67.171
V. Other Changes	(146.774)
VI. Defaulted Loans and debt securities at current period end (I+II-III-IV±V)	1.423.405

d. Credit Risk Mitigation Techniques:

	Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Current Period 30 June 2017							
Loans	14.130.689	1.085.685	812.572	109.698	107.308	-	-
Debt Securities	1.599.722	-	-	-	-	-	-
Total	15.730.411	1.085.685	812.572	109.698	107.308	-	-
Defaulted	1.415.942	7.225	-	238	238	-	-

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

Current Period 30 June 2017	Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		Risk Weighted Amount and Risk Weighted Amount density	
	On-balance sheet amount	Off- balance sheet amount	On-balance sheet amount	Off- balance sheet amount	Risk Weighted Amount	Risk Weighted Amount density
Asset classes						
Exposures to central governments or central banks	8.250.480	6	8.250.480	1	454.831	6%
Exposures to regional governments or local authorities	-	-	-	-	-	-
Exposures to public sector entities	-	333	-	67	67	100%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to institutions	1.382.316	1.249.564	1.382.321	1.024.720	972.326	40%
Exposures to corporates	8.976.360	3.195.298	8.961.897	1.929.231	10.891.128	100%
Retail exposures	4.175.876	5.073.525	4.082.947	244.598	3.265.620	75%
Exposures secured by residential property	481.042	2.059	481.043	682	168.604	35%
Exposures secured by commercial real estate	243.209	9.313	243.209	3.808	123.509	50%
Past-due loans	373.819	-	373.581	-	395.757	106%
Higher-risk categories by the Agency Board	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-
Other assets	452.794	51.852	452.787	14.646	187.581	40%
Investment in equities	-	-	-	-	-	-
Total	24.335.896	9.581.950	24.228.265	3.217.753	16.459.423	60%

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

HSBC BANK A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

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

IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

f. Standardised Approach-Exposures by asset classes and risk weights :

Current Period											Total credit risk exposure amount (After CCF and CRM)	
30 June 2017												
Asset Classes/ Risk Weight	0%	10%	20%	50% (secured by real estate)	75%	100%	150%	200%	35%	50%	Other Risk Weights	
Exposures to central governments or central banks	7.795.650	-	-	-	-	454.831	-	-	-	-	-	8.250.481
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	67	-	-	-	-	-	67
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and financial intermediaries	-	-	1.105.834	-	-	201.033	40	-	-	1.100.134	-	2.407.041
Exposures to corporates	-	-	-	-	-	10.891.128	-	-	-	-	-	10.891.128
Retail exposures	-	-	-	-	4.252.652	72.419	2.474	-	-	-	-	4.327.545
Exposures secured by residential property	-	-	-	-	-	-	-	-	481.725	-	-	481.725
Exposures secured by commercial real estate	-	-	-	247.017	-	-	-	-	-	-	-	247.017
Past-due loans	-	-	-	-	-	177.215	120.359	-	-	76.007	-	373.581
Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	279.412	-	550	-	-	187.471	-	-	-	-	-	467.433
Total	8.075.062	-	1.106.384	247.017	4.252.652	11.984.164	122.873	-	481.725	1.176.141	-	27.446.018

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

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

Current Period 30 June 2017	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	Risk Weighted Amount
Standardised Approach - CCR (For Derivatives)	657.256	631.210		1,4	1.288.467	784.038
Internal Model Method (for derivatives, repo transactions , marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Simple Approach for Credit Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
Comprehensive Approach for Credit Risk Mitigation (for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					1.731	1.121
VaR for repo transactions, marketable securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					1.731	1.121
Total						785.159

h. Credit valuation adjustment (CVA) capital charge:

Current Period 30 June 2017	Exposure at default post CRM	Risk Weighted Amount
Total portfolios subject to the Advanced CVA capital charge		
(i) VaR component (Including the 3 x multiplier)		
(ii) Stressed VaR component (Including the 3 x multiplier)		
All portfolios subject to the Standardised CVA capital charge	1.288.467	224.487
Total subject to the CVA capital charge	1.288.467	224.487

**i. Standard Approach - Counterparty Credit Risk(CCR) Exposures by Regulatory Portfolio
and Risk Weights:**

Current Period 30 June 2017	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Exposures(*)
Regulatory Portfolio / Risk weights									
Exposures to central governments or central banks	-	-	-	-	-	-	-	-	-
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to International organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and financial intermediaries	-	-	627.345	6.428	-	26.735	-	-	660.508
Exposures to corporates	-	-	-	-	-	603.609	-	-	603.609
Retail exposures	-	-	-	-	-	26.131	-	-	26.131
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Exposures secured by commercial real estate	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	627.345	6.428	-	656.475	-	-	1.290.248

(*) The amount is relevant for the capital requirements calculation after applying the CCR techniques.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

j. Composition of collateral for CCR exposure:

Current Period 30 June 2017	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair Value of Collateral Received		Fair Value of Posted Collateral		Fair Value of Collateral Received	Fair Value of Posted Collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	-	-	-	-	-	1.390.467
Cash – other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	1.463.721	-
Government agency bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	-	-	-	-	1.463.721	1.390.467

k Standardised Approach Related to Market Risk:

Current Period 30 June 2017	Risk Weighted Amount
Outright Products	
Interest Rate Risk (general and specific)	454.088
Equity Risk (general and specific)	3.613
Foreign Exchange Risk	328.173
Commodity Risk	-
Options	
Simplified Approach	-
Delta-plus Method	5.213
Scenario Approach	-
Securitisation	-
Total	791.087

**X. 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”.

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

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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

XII. 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, 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 – 30 June 2017					
Operating Income	384.696	249.266	157.185	-	791.147
Other	-	-	-	-	-
Operating Income	384.696	249.266	157.185	-	791.147
Segment Net Profit	-	-	-	-	-
Undistributed Cost	-	-	-	-	-
Operating Profit/(Loss)	(83.401)	97.553	115.372	(36.294)	93.230
Profit before Tax	(83.401)	97.553	115.372	(36.294)	93.230
Corporate Tax Provision (*)	-	-	-	(201)	(201)
Profit after Tax	(83.401)	97.553	115.372	(36.495)	93.029
Non-Controlling Interest	-	-	-	-	-
Net Profit for the Period	(83.401)	97.553	115.372	(36.495)	93.029
Segment Assets	4.862.889	11.901.611	9.959.245	-	26.723.745
Associates and Subsidiaries	-	-	34.753	270	35.023
Undistributed Assets	-	-	-	-	-
Total Assets	4.862.889	11.901.611	9.993.998	270	26.758.768
Segment Liabilities	10.289.852	6.515.402	5.108.086	4.845.428	26.758.768
Undistributed Liabilities	-	-	-	-	-
Total Liabilities	10.289.852	6.515.402	5.108.086	4.845.428	26.758.768
Other Segment Items	(245.341)	(3.481)	(1.855)	-	(250.677)
Capital Investment	-	-	-	-	-
Amortization	(14.289)	(3.481)	(1.855)	-	(19.625)
Impairment	-	-	-	-	-
Non-Cash Other Income-Expense (**)	(231.052)	-	-	-	(231.052)

(*) Corporate tax provision is not distributed.

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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

XII. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

	Retail Banking	Corporate and Investment Banking	Treasury and Capital Markets	Other	Bank's Total Activities
Prior Period - 31 December 2016 (***)					
Operating Income	526.548	265.463	159.420	-	951.431
Other	-	-	-	-	-
Operating Income	526.548	265.463	159.420	-	951.431
Segment Net Profit	-	-	-	-	-
Undistributed Cost	-	-	-	-	-
Operating Profit/(Loss)	(165.051)	53.933	124.145	(37.333)	(24.306)
Profit before Tax	(165.051)	53.933	124.145	(37.333)	(24.306)
Corporate Tax Provision (*)	-	-	-	(4.108)	(4.108)
Profit after Tax	(165.051)	53.933	124.145	(41.441)	(28.414)
Non-Controlling Interest	-	-	-	-	-
Net Profit for the Period	(165.051)	53.933	124.145	(41.441)	(28.414)
Segment Assets	6.165.504	12.676.924	5.491.965	-	24.334.393
Associates and Subsidiaries	-	-	34.753	270	35.023
Undistributed Assets	-	-	-	-	-
Total Assets	6.165.504	12.676.924	5.526.718	270	24.369.416
Segment Liabilities	11.703.019	8.150.144	81.301	4.434.952	24.369.416
Undistributed Liabilities	-	-	-	-	-
Total Liabilities	11.703.019	8.150.144	81.301	4.434.952	24.369.416
Other Segment Items	(280.179)	(4.601)	(2.927)	-	(287.707)
Capital Investment	-	-	-	-	-
Amortization	(19.191)	(4.601)	(1.752)	-	(25.544)
Impairment	-	-	(1.175)	-	(1.175)
Non-Cash Other Income-Expense (**)	(260.988)	-	-	-	(260.988)

(*) Corporate tax provision is not distributed.

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

(***) Items of income and expense are the amounts for the period ended 30 June 2016.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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 June 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Cash/Foreign Currency	95.327	163.376	133.024	118.411
The CBRT	4.853.280	1.699.067	46.713	1.452.877
Other (*)	550	11.341	-	17.895
Total	4.949.157	1.873.784	179.737	1.589.183

(*) As of 30 June 2017, account of Precious Metal is amounting to TL 11.341 (31 December 2016: TL 17.895). As of 30 June 2017, account of Bank money in transits is amounting to TL 550 (31 December 2016: None).

2. Information related to balances with the CBRT:

	Current Period 30 June 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Unrestricted Demand Deposit	8.265	431.715	46.713	2.184
Unrestricted Time Deposit	4.845.015	99.183	-	-
Restricted Time Account	-	-	-	-
Reserve Requirements	-	1.168.169	-	1.450.693
Total	4.853.280	1.699.067	46.713	1.452.877

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 and are required to keep a deposit at the CBRT for their Turkish Lira, U.S. Dollar and/or Euro and standard gold.

As of 30 June 2017, the reserve deposit rates vary according to their maturity structure; the reserve deposit rates are realized between 4% - 10,50% (31 December 2016: 4% - 10,50%), for TL deposits and other liabilities, and between 4% - 24% for FC deposits (31 December 2016: 4,5% - 24,50%).

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

	Current Period 30 June 2017	Prior Period 31 December 2016
Collateral/Blocked	197.399	-
Repurchase Agreement	-	-
Unrestricted	75.109	71.964
Total	272.508	71.964

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

	Current Period 30 June 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Forward Transactions	26.843	96.897	69.443	16.269
Swap Transactions	140.457	182.743	525.092	142.442
Futures Transactions	-	-	-	-
Options	-	210.340	-	154.562
Other	-	-	-	-
Total	167.300	489.980	594.535	313.273

c. Information on banks:

1. Information on banks and other financial institutions:

	Current Period 30 June 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Banks				
Domestic	300.101	-	-	1
Foreign	38.687	189.858	42.060	877.826
Foreign Head Office and Branches	-	-	-	-
Total	338.788	189.858	42.060	877.827

2. Information on foreign bank accounts:

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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

	Current Period 30 June 2017	Prior Period 31 December 2016
Collateral/Blocked	1.306.517	683.332
Repurchase Agreement	-	536.123
Unrestricted	28.317	43.674
Total	1.334.834	1.263.129

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

	Current Period 30 June 2017	Prior Period 31 December 2016
Debt Securities	1.327.315	1.257.091
Quoted to Stock Exchange	1.327.315	1.257.091
Not Quoted	-	-
Share Certificate	7.620	6.660
Quoted to Stock Exchange	-	-
Not Quoted	7.620	6.660
Impairment Provision (-)	101	622
Total	1.334.834	1.263.129

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 June 2017		Prior Period 31 December 2016	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	73.955	-	81.777
Corporate Shareholders	-	73.955	-	81.777
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	10.442	337.901	7.404	463.715
Loans Granted to Employees	13.058	-	14.478	-
Total	23.500	411.856	21.882	545.492

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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	Loans and other receivables with revised contract terms	Other	Loans and Other Receivables	Loans and other receivables with revised contract terms	Other
		Restructured or Rescheduled	Other		Restructured or Rescheduled	Other
Non-specialised Loans	13.546.354	431.575	-	404.307	474.612	-
Commercial Loans	7.778.490	360.284	-	226.687	415.003	-
Export Loans	109.870	-	-	-	-	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	258.587	-	-	-	-	-
Consumer Loans	1.892.067	784	-	97.769	2.056	-
Credit Cards	2.346.257	70.302	-	68.713	56.538	-
Other (*)	1.161.083	205	-	11.138	1.015	-
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	13.546.354	431.575	-	404.307	474.612	-

(*) Includes the factoring receivables amounting to TL 501.377.

Number of Extensions	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended by 1 or 2 times	431.575	473.734
Extended by 3, 4 or 5 times	-	878
Extended by more than 5 times	-	-
Total	431.575	474.612

Extended period of time	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
0 – 6 Months	8.269	4.113
6 – 12 Months	11.071	6.272
1 – 2 Years	212.308	97.857
2 – 5 Years	199.157	189.603
5 years or more	770	176.767
Total	431.575	474.612

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”.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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	37.642	1.702.256	1.739.898
Mortgage Loans	-	848.657	848.657
Automotive Loans	-	3.692	3.692
Consumer Loans	37.642	844.519	882.161
Other	-	5.388	5.388
Consumer Loans- Indexed to FC	-	510	510
Mortgage Loans	-	510	510
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	2.402.320	123.926	2.526.246
Instalment	771.583	123.926	895.509
Non Instalment	1.630.737	-	1.630.737
Individual Credit Cards-FC	7.288	-	7.288
Instalment	-	-	-
Non Instalment	7.288	-	7.288
Personnel Loans-TL	550	7.548	8.098
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	550	7.548	8.098
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	4.886	-	4.886
Instalment	2.029	-	2.029
Non Instalment	2.857	-	2.857
Personnel Credit Cards-FC	74	-	74
Instalment	-	-	-
Non Instalment	74	-	74
Overdraft Account-TL (Individual)	244.170	-	244.170
Overdraft Account-FC (Individual)	-	-	-
Total Consumer Loans	2.696.930	1.834.240	4.531.170

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	Short-term	Medium and Long-term	Total
Commercial Instalment Loans-TL	2.487	163.724	166.211
Mortgage Loans	-	1.748	1.748
Automotive Loans	-	1.633	1.633
Consumer Loans	2.487	160.343	162.830
Other	-	-	-
Commercial Instalment Loans- Indexed to FC	11.827	107.459	119.286
Mortgage Loans	-	3.305	3.305
Automotive Loans	-	3.085	3.085
Consumer Loans	11.827	101.069	112.896
Other	-	-	-
Commercial Instalment Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	2.896	-	2.896
Instalment	233	-	233
Non Instalment	2.663	-	2.663
Corporate Credit Cards-FC	420	-	420
Instalment	-	-	-
Non Instalment	420	-	420
Overdraft Account-TL (Commercial)	11.260	-	11.260
Overdraft Account-FC (Commercial)	-	-	-
Total	28.890	271.183	300.073

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 June 2017	Prior Period 31 December 2016
Domestic Loans	14.453.800	13.721.791
Foreign Loans	403.048	459.634
Total (*)	14.856.848	14.181.425

(*) Includes the factoring receivables amounting to TL 501.377 (31 December 2016: TL 476.308).

8. Loans granted to investments in associates and subsidiaries:

As of 30 June 2017 and 31 December 2016, the Bank has no loans granted to investments in associates and subsidiaries.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

9. Specific provisions provided against loans:

	Current Period 30 June 2017	Prior Period 31 December 2016
Loans and Receivables with Limited Collectability	18.380	28.491
Loans and Receivables with Doubtful Collectability	89.259	111.688
Uncollectible Loans and Receivables	955.443	841.099
Total	1.063.082	981.278

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 June 2017	1.294	38.483	14.516
(Gross Amounts Before Specific Provisions)			
Restructured Loans and Other Receivables	1.294	38.483	14.516
Rescheduled Loans and Other Receivables	-	-	-
Prior Period: 31 December 2016	28.986	8.396	11.437
(Gross Amounts Before Specific Provisions)			
Restructured Loans and Other Receivables	28.986	8.396	11.437
Rescheduled Loans and Other Receivables	-	-	-

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Balance at the end of Prior Period: 31 December 2016	186.475	257.235	987.196
Additions (+)	206.190	2.790	2.954
Transfers from Other Categories of Non-Performing Loans (+)	1.395	256.884	220.062
Transfers to Other Categories of Non-Performing Loans (-)	256.702	222.352	-
Collections (-)	35.374	68.363	48.611
Write-offs (-) (*)	-	-	67.171
Corporate and Commercial Loans	-	-	67.171
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period: 30 June 2017	101.984	226.194	1.094.430
Specific Provisions (-)	18.380	89.259	955.443
Net Balance in Balance Sheet	83.604	136.935	138.987

(*) The bank has concluded the sale of non performing corporate and commercial loans amounting to TL 67.171 for TL 16.797 in 27 March 2017.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period: 30 June 2017			
Balance at the End of the Period	-	-	79
Specific Provisions (-)	-	-	44
Net Balance on Balance Sheet	-	-	35
Prior Period: 31 December 2016			
Balance at the End of the Period	-	-	165
Specific Provisions (-)	-	-	66
Net Balance on Balance Sheet	-	-	99

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net): 30 June 2017			
Loans granted to corporate entities and real persons (Gross)	83.604	136.935	138.987
Specific Provisions Amount (-)	101.984	226.194	1.094.430
Loans granted to corporate entities and real persons (Net)	18.380	89.259	955.443
Banks (Gross)	83.604	136.935	138.987
Specific Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-
Prior Period (Net): 31 December 2016	157.984	145.547	146.097
Loans granted to corporate entities and real persons (Gross)	186.475	257.235	987.196
Specific Provisions Amount (-)	28.491	111.688	841.099
Loans granted to corporate entities and real persons (Net)	157.984	145.547	146.097
Banks (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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 judgement are taken. In case of obtaining no result in consequence of these actions, liquidation subject to requirements within the framework of legal regulations designated by the Bank's top management occurs.

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 June 2017 and 31 December 2016, 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 June 2017 and 31 December 2016, the Bank has no investments as government debt securities held to maturity.

3. Information on investments held-to-maturity:

As of 30 June 2017 and 31 December 2016, the Bank has no investments held to maturity.

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

As of 30 June 2017 and 31 December 2016, the Bank has no investments of held to maturity movement.

g. Information on associates (Net):

The Bank has no associates as of 30 June 2017 and 31 December 2016.

h. Information on subsidiaries (Net):

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

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. in Liquidation	Esentepe Mahallesi Büyükdere Caddesi No:128 Şişli 34394, İSTANBUL	96,00	4,00

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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	2.212	1.473	-	-	-	706	1.319	-
2	15	4	-	-	-	(4)	(13)	-

(*) Prepared with the non-audited financial statements as of 30 June 2017.

(**) Prepared with the non-audited financial statements as of 31 December 2016.

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 (%)
1 HSBC Yatırım ve Menkul Değerler A.Ş.	Esentepe Mahallesi Büyükdere Caddesi No:128 Şişli 34394, İSTANBUL	99,87	0,13

b) Main financial figures of 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	108.074	95.196	1.113	5.883	2.525	21.802	10.540	-

(*) Prepared with the audited financial statements as of 31 December 2016.

(**) The prior period balances represent the non-reviewed amounts as of 30 June 2016.

3. Movement schedule of the consolidated subsidiaries:

	Current Period 30 June 2017	Prior Period 31 December 2016
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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	Current Period 30 June 2017	Prior Period 31 December 2016
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 June 2017 and 31 December 2016.

i. Information on jointly controlled entities:

- The Bank has no jointly controlled entities as of 30 June 2017 and 31 December 2016.
- As of 30 June 2017 and 31 December 2016, the accounting method is not determined since the Bank has no jointly controlled entities.

j. Information on financial lease receivables (Net):

As of 30 June 2017 and 31 December 2016, the Bank has no finance leases.

k. Information on hedging derivative financial assets:

	Current Period 30 June 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	-	-	69.454	-
Foreign Net Investment Hedge	-	-	-	-
Total	-	-	69.454	-

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”.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

n. Information on the investment properties

As of 30 June 2017 and 31 December 2016, the Bank has no investment properties.

o. Explanations on deferred tax asset:

The Bank’s deferred tax assets as of 30 June 2017 are explained in Note XVIII of Section Three.

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

HSBC Bank A.Ş signed the share transfer agreement regarding to the Board of directors decision on selling all banking activities of Cyprus Branches of HSBC Bank A.Ş and initiated the required legal process. Non-financial assets of the branches werere recognized in accordance with the TFRS 5 and financial assets were recognized in accordance with TAS 39 (Non-financial and financial assets of the branches were recognized in accordance with TFRS 5 and TAS 39, respectively.). Operations regarding to these branches are classified as ongoing activities in 30 June 2017 financial statement and consolidated under the financial statement of assets and liabilities of the branches. The table below represents the summary financial information on the branches as of 30 June 2017.

	Net Amount
Banks	115.044
Securities Portfolio	150.951
Loans and Receivables (Net)	76.991
Other Assets	137.592
Total Assets	480.578
	Net Amount
Deposit	295.364
Borrowings	117.967
Provisions	3.429
Other Liabilities	63.818
Total Liabilities	480.578
	Net Amount
Interest Income	16.085
Interest Expenses	10.437
Fees and Commisions Income/Loss (Net)	1.823
Exchange Profit / Loss (Net)	236
Specific Provisions for Non Performing Loans (-)	2.631
Other Non-Interest Income	2.286
Other Operating Expenses (-)	6.061
Tax Provisions	40
Net Profit	1.261

As of 30 June 2017, Fixed assets that held for sale of the Bank is TL 2.797 (31 December 2016: TL 2.742).

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

q. Information on other assets:

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

	Current Period 30 June 2017	Prior Period 31 December 2016
Debited Suspence Accounts	173.593	6.004
Prepaid Expenses	60.082	37.394
Other Rediscount Income	20.461	12.312
Miscellaneous Receivables	20.025	57.308
Other Assets	352	378
Total	274.513	113.396

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

As of 30 June 2017 and 31 December 2016, the Bank has no receivables from forward sale of the assets classified in the miscellaneous receivables.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits

1. Information on maturity structure of the deposits:

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

1 (i). Current Period – 30 June 2017:

	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	352.452	-	552.844	1.971.944	89.110	31.161	23.766	-	3.021.277
Foreign Currency Deposits		-	2.274.758	4.689.200		108.713	52.446	-	9.485.831
Residents in Turkey		-	2.166.068	4.112.348		93.199	17.435	-	8.357.367
Residents Abroad	339.411	-	108.690	576.852	52.986	15.514	35.011	-	1.128.464
Public Sector Deposits	117.916	-	-	-	-	-	-	-	117.916
Commercial Deposits	341.339	-	676.050	30.211		441	1.410	-	1.150.087
Other Institutions Deposits	6.510	-	1.360	3.159		-	-	-	11.029
Precious Metal Deposit	281.535	-	2.154	65.143	794	3.372	-	-	352.998
Bank Deposits	65.881	-	5.130.762					-	5.196.643
The CBRT	-	-	5.066.324					-	5.066.324
Domestic Banks		-	-					-	-
Foreign Banks	65.881	-	64.438					-	130.319
Participation Banks		-	-					-	-
Other		-	-					-	-
Total	2.972.558	-	8.637.928	6.759.657	744.329	143.687	77.622	-	-19.335.781

1 (ii). Prior Period - 31 December 2016:

	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	415.452	-	1.053.445	2.991.576	115.186	39.997	24.754	-	4.640.410
Foreign Currency Deposits	1.986.054	-	2.108.789	4.166.221	349.110	101.985	51.285	-	8.763.444
Residents in Turkey	1.665.892	-	1.769.199	3.582.843	303.834	74.175	17.790	-	7.413.733
Residents Abroad	320.162	-	339.590	583.378	45.276	27.810	33.495	-	1.349.711
Public Sector Deposits	19.967	-	-	-	-	-	-	-	19.967
Commercial Deposits	378.363	-	775.099	14.156	704	1.631	174	-	1.170.127
Other Institutions Deposits	5.917	-	1.228	4.055				-	11.200
Precious Metal Deposit	297.233	-	5.623	69.462	1.795	3.100	-	-	377.213
Bank Deposits	123.171	-	44.488					-	167.659
The CBRT	-	-	-					-	-
Domestic Banks		-	-					-	-
Foreign Banks	123.171	-	44.488					-	167.659
Participation Banks		-	-					-	-
Other		-	-					-	-
Total	3.226.157	-	3.988.672	7.245.470	466.795	146.713	76.213	-	-15.150.020

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 June 2017	Prior Period 31 December 2016	Current Period 30 June 2017	Prior Period 31 December 2016
Saving Deposits	1.855.522	2.477.436	1.107.370	2.090.596
Foreign Currency Saving Deposits	1.792.095	1.492.801	5.707.462	4.691.126
Other Deposits in the Form of Saving Deposits	13.961	14.779	60.549	67.541
Foreign Branches' Deposits under Foreign Authorities' Insurance Coverage	128.871	138.418	123.202	145.670
Off-Shore Banking Regions' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-
Total	3.790.449	4.123.434	6.998.583	6.994.933

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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 June 2017	Prior Period 31 December 2016
Foreign Branches' Deposits and other accounts	123.202	145.670
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	12.316	-
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law No:5237 dated 26/09/2004	-	-
Saving Deposits in Deposit Bank Which Established in Turkey in Order to Engage in Off-shore Banking Activities	-	-

b. Information on trading derivative financial liabilities:

Table of negative differences for trading derivative financial liabilities:

	Current Period 30 June 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Forward Transactions	9.646	37.230	295	136.791
Swap Transactions	147.143	242.209	24.292	351.152
Future Transactions	-	-	-	-
Options	-	212.318	-	154.728
Other	-	-	-	-
Total	156.789	491.757	24.587	642.671

c. Information on funds provided under repurchase agreements:

As of 30 June 2017, the Bank has no funds provided under repurchase agreements (31 December 2016: TL 531.938).

d. Information on funds borrowed:

1. Information on banks and other financial institutions:

	Current Period 30 June 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
Domestic Bank and Institutions	-	337	1.524	4.166
Foreign Banks and Institutions and Funds	765.664	932.544	211.107	2.124.212
Total	765.664	932.881	212.631	2.128.378

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

2. Information on maturity structure of funds borrowed:

	Current Period 30 June 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
Short-term	-	50.868	1.524	7.337
Medium and Long-term	765.664	882.013	211.107	2.121.041
Total	765.664	932.881	212.631	2.128.378

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

Bank diversifies its funding sources by customer deposits and loans from foreign countries.

e. Information on other liabilities:

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

f. Information on financial leasing agreements:

i. Information on obligations under financial leases:

None (31 December 2016: None).

ii. Explanations on operational lease:

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

Maturity structure of prepaid rents due to operational lease transactions is presented below:

	Current Period 30 June 2017	Prior Period 31 December 2016
Less Than 1 Year	18.019	16.196
Between 1- 4 Years	10.351	5.963
More Than 4 Years	2.403	2.743
Total	30.773	24.902

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

g. Information on derivative financial liabilities for hedging purposes:

As of 30 June 2017, the Bank has no derivative financial liabilities for hedging purposes (31 December 2016: None).

h. Information on provisions:

1. Information on general provisions:

	Current Period 30 June 2017	Prior Period 31 December 2016
General Provisions	459.896	481.729
Provisions for First Group Loans and Receivables	298.779	305.364
Provisions for Second Group Loans and Receivables	46.829	58.356
Provisions for Non-Cash Loans	23.227	22.096
Other	91.061	95.913

2. Information on employee benefit provisions:

As of 30 June 2017 the Bank has employee termination benefit provision amounting to TL 52.524(31 December 2016: TL 48.491), and unused vacation provision amounting to TL 9.434 (31 December 2016: TL 6.261).

In accordance with existing Turkish Labour Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation.

The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as of 30 June 2017 is TL 4.426,16 (full TL) (31 December 2016: TL 4.297,21 (full TL)). Employee termination benefit liability is not legally dependent on any kind of funding, and there is no requirement on funding.

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

The assumption is that retirement pay ceiling is expected to increase as per the inflation rate every year. Thus discount rate applied shall represent real rate, net of inflation. Since retirement pay ceiling amount is determined once every six months, employee benefit liability of the Bank is calculated from the ceiling amount valid from 1 January 2017, TL 4.426,16 (full TL) (31 December 2016: TL 4.297,21 (full TL)).

	Current Period 30 June 2017	Prior Period 31 December 2016
As of January 1	48.491	54.125
Service Cost	4.007	26.639
Interest Cost	2.518	4.857
Actuarial Gain / (Loss)	3.834	5.655
Paid in Current Period	(6.326)	(42.785)
Total	52.524	48.491

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

As of 30 June 2017, the provision related to foreign currency difference on the principles of foreign currency indexed loans, amounting to TL 17.121 (31 December 2016: TL 47), is offset with the balance of foreign currency indexed loans.

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

As of 30 June 2017, provision for non-cash loans that are non-funded and non-transformed into cash is amounting to TL 188 (31 December 2016: TL 15.142).

5. Information on other provisions:

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

As of 30 June 2017, the Bank has no free provisions for possible risks (31 December 2016: None).

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

	Current Period	Prior Period
	30 June 2017	31 December 2016
Provision for lawsuits	29.859	26.419
Unpaid cheques received on time	11.520	16.562
Provision for accumulated credit card bonus	4.492	6.200
Return provision of case file expenses	2.651	3.047
Specific provision for non-cash loans that are non-funded and non-transformed into cash	188	15.142
Other Provisions (*)	141.544	171.274
Total	190.254	238.644

(*) The Bank recognized a provision of TL 106.396 as of 30 June 2017 for the predicted restructuring costs associated with the restructuring plan (31 December 2016: TL 127.051).

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

i. Explanations on tax liability:

1. Explanations on current tax liability:

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

1 (i). Information on taxes payable:

	Current Period 30 June 2017	Prior Period 31 December 2016
Banking Insurance Transaction Tax (BITT)	9.983	11.321
Taxation on Marketable Securities	8.379	10.957
Capital Gains Tax on Property	529	805
Corporate Taxes Payable	254	884
Value Added Tax Payable	1.444	1.336
Foreign Exchange Transaction Tax	6	13
Other (*)	8.466	11.214
Total	29.061	36.530

(*) As of 30 June 2017, other taxes payable amount consists of payroll tax amounting to TL 6.023 (31 December 2016: TL 9.836), stamp tax amounting to TL 206 (31 December 2016: TL 280) and other taxes amounting to TL 2.237 (31 December 2016: TL 1.096).

1 (ii). Information on premium payables:

	Current Period 30 June 2017	Prior Period 31 December 2016
Social Security Premiums – Employee	4.355	2.896
Social Security Premiums – Employer	4.885	3.249
Bank Social Aid Pension Fund Premium – Employee	-	-
Bank Social Aid Pension Fund Premium – Employer	-	-
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	318	214
Unemployment Insurance – Employer	630	428
Other	-	-
Total	10.188	6.787

2. Information on deferred tax liability:

Information on the Bank’s deferred tax liability as of 30 June 2017 is explained in Note XVIII of Section Three.

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

As of 30 June 2017 and 31 December 2016, the Bank has no liabilities regarding assets held for sale and discontinued operations.

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

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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

1. Information on shareholder’s equity:

1. Presentation of paid-in capital:

	Current Period 30 June 2017	Prior Period 31 December 2016
Common Stock Provision	-	-
Preferred Stock Provision	652.290	652.290

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 (31 December 2016: TL 272.693).

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

Registered share capital system is not applied.

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

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

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

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

5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent 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 changes in the accounting standards.

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

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

8. Information on valuation differences of marketable securities:

	Current Period 30 June 2017		Prior Period 31 December 2016	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-
Valuation Difference	1.043	608	(2.317)	-
Foreign Currency Differences	-	-	-	-
Total	1.043	608	(2.317)	-

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

9. Information on revaluation value increase fund:

As of 30 June 2017 and 31 December 2016, the Bank has no revaluation value increase fund.

10. Information on legal reserves:

	Current Period 30 June 2017	Prior Period 31 December 2016
First Legal Reserve	138.697	137.660
Second Legal Reserve	45.444	45.444
Legal Reserves according to Special Legislation	-	-
Total	184.141	183.104

11. Information on extraordinary reserves:

	Current Period 30 June 2017	Prior Period 31 December 2016
Reserves Allocated per General Assembly Minutes	1.093.193	1.450.828
Retained Earnings	97.844	97.844
Accumulated Loss	-	-
Foreign Currency Differences	-	-
Total	1.191.037	1.548.672

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

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

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

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments:

	Current Period 30 June 2017	Prior Period 31 December 2016
Asset Purchase and Sale Commitments	7.884.932	5.131.953
Commitments for Credit Card Limits	4.328.654	4.797.889
Commitments for Cheques	510.493	489.020
Loan Granting Commitments	400.369	481.649
Time Deposit Purchase and Sale Commitments	96.473	-
Short Sale Commitments	-	53.976
Commitments for Credit Cards and Banking Services Promotions	16.639	17.609
Tax and Fund Liabilities from Export Commitments	3.998	4.962
Other Irrevocable Commitments	622.074	747.148
Total	13.863.632	11.724.206

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

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

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

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

	Current Period 30 June 2017	Prior Period 31 December 2016
Letters of Guarantee	1.396.897	1.767.899
Letters of Credit	542.326	476.016
Bank Acceptances	111.930	58.547
Other Guarantees	264.081	348.109
Total	2.315.234	2.650.571

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

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

3. Information on the non-cash loans:

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

	Current Period 30 June 2017	Prior Period 31 December 2016
Non-Cash Loans Given for Cash Loan Risks		
Non-Cash Loans	659	1.325
With Original Maturity of One Year or Less	-	-
With Original Maturity of More Than One Year	659	1.325
Other Non-cash Loans	2.314.575	2.649.246
Total	2.315.234	2.650.571

3 (ii). Information on sectoral risk concentration within the 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:

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

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

None.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

d. Explanations on contingent liabilities and assets:

Contingent assets are recognised if the probability of occurrence is almost virtually certain, whereas they are disclosed in the notes, if the probability of occurrence is probable. As of 30 June 2017, there are no contingent assets to be disclosed.

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

The Bank has certain contingent liabilities relating to various lawsuits due to the transactions it performed in the scope of banking operations. As of 30 June 2017, the total amount of these lawsuits filed against the Bank is TL 31.621 (31 December 2016: TL 39.143). A total provision of TL 32.510 (31 December 2016: TL 29.466) 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, with TL 2.651 (31 December 2016: TL 3.047) being for provisions for refunds related to case document charges.

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

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

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

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

	Current Period 30 June 2017		Prior Period 30 June 2016	
	TL	FC	TL	FC
Short-term Loans	426.671	3.427	510.269	19.412
Medium and Long-Term Loans	225.738	89.676	316.216	96.833
Interest on Loans Under Follow-Up	17.278	-	17.261	-
Total	669.687	93.103	843.746	116.245

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

2. Information on interest income received from banks:

	Current Period 30 June 2017		Prior Period 30 June 2016	
	TL	FC	TL	FC
From the CBRT	91.013	-	-	-
From Domestic Banks	1.142	-	1.874	1.407
From Foreign Banks	1.385	256	1.658	436
Headquarters and Branches Abroad	-	-	-	-
Total	93.540	256	3.532	1.843

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

3. Information on interest income on marketable securities:

	Current Period 30 June 2017		Prior Period 30 June 2016	
	TL	FC	TL	FC
Financial Assets Held For Trading	4.958	323	41.669	279
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Financial Assets Available for Sale	69.531	-	43.565	-
Investments Held to Maturity	-	-	-	-
Total	74.489	323	85.234	279

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

As of 30 June 2017 and 30 June 2016, the Bank has no interest income received from investments in associates and subsidiaries.

b. Information on interest expense:

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

	Current Period 30 June 2017		Prior Period 30 June 2016	
	TL	FC	TL	FC
Banks				
The CBRT	-	-	-	-
Domestic Banks	48	49	468	82
Foreign Banks	36.290	75.305	43.062	83.544
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	36.338	75.354	43.530	83.626

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

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

	Current Period 30 June 2017	Prior Period 30 June 2016
Interest Expenses Given to Subsidiaries and Associates	1.181	1.844

3. Information on interest expense paid on securities issued:

The Bank has no interest expense paid on securities issued during the period ended on 30 June 2017 and 30 June 2016.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

4. Maturity structure of the interest expense on deposits:

Current Period: 30 June 2017	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More Than 1 year		
Turkish Lira								
Interbank deposits	-	14.331	-	-	-	-	-	14.331
Saving deposits	-	38.493	119.723	5.132	1.531	1.029	-	165.908
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	30.824	1.384	569	7	58	-	32.842
Other deposits	-	15	24	-	-	-	-	39
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Total	-	83.664	121.131	5.701	1.538	1.087	-	213.120
Foreign Currency								
Foreign currency deposits	-	15.675	39.857	5.208	940	354	-	62.034
Interbank deposits	-	8.466	-	-	-	-	-	8.466
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	423	15	20	-	-	458
Total	-	24.141	40.280	5.223	960	354	-	70.958
Grand Total	-	107.805	161.411	10.924	2.498	1.441	-	284.078

Prior Period: 30 June 2016	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More Than 1 year		
Turkish Lira								
Interbank deposits	-	11.246	-	-	-	-	-	11.246
Saving deposits	-	61.921	224.061	9.148	2.523	1.850	-	299.503
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	35.793	19.521	144	177	112	-	55.747
Other deposits	-	82	495	4	-	3	-	584
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Total	-	109.042	244.077	9.296	2.700	1.965	-	367.080
Foreign Currency								
Foreign currency deposits	-	11.600	37.988	1.177	696	331	-	51.792
Interbank deposits	-	263	-	-	-	-	-	263
Deposits with 7 days maturity	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	248	15	20	-	-	283
Total	-	11.863	38.236	1.192	716	331	-	52.338
Grand Total	-	120.905	282.313	10.488	3.416	2.296	-	419.418

5. Information on interest given on repurchase agreements:

As of 30 June 2017, the Bank has interest given on repurchase agreements amounting to TL 18.247 (30 June 2016: TL 27.189).

6. Information on finance lease expenses:

The Bank has no finance lease expenses during the periods ended on 30 June 2017 and 30 June 2016.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

7. Information on interest given on factoring payables:

The Bank has no interest given on factoring payables during the period ended on 30 June 2017 and 30 June 2016.

c. Explanations on dividend income:

As of 30 June 2017, the share of the Bank in the dividend distribution of its subsidiaries is TL 42.539 (30 June 2016: TL 19.869).

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

1. Trading income/loss (net):

	Current Period 30 June 2017	Prior Period 30 June 2016
Profit	62.118.485	41.561.539
Capital Market Transactions Income	17.244	50.991
Gain on Derivative Financial Transactions	2.771.323	2.945.745
Foreign Exchange Gains	59.329.918	38.564.803
Loss (-)	62.309.563	41.495.524
Capital Market Transactions Loss	6.742	10.629
Loss on Derivative Financial Transactions	3.087.119	2.985.597
Foreign Exchange Loss	59.215.702	38.499.298
Total (Net)	(191.078)	66.015

2. Information on derivative instruments gain/loss:

	Current Period 30 June 2017	Prior Period 30 June 2016
Effect of the change in exchange rates on profit/loss	(598.112)	(182.311)
Effect of the change in interest rates on profit/loss	282.316	142.459
Total (Net)	(315.796)	(39.852)

e. Information on other operating income:

	Current Period 30 June 2017	Prior Period 30 June 2016
Reverse of previous years expenses	125.307	100.915
Gain on sale of non-performing loan (*)	16.797	41.327
Gain on sale of assets	701	615
Gain on Visa valuaition	760	31.843
Provision for telecommunication expense	2.126	1.424
Other income	11.385	11.504
Total	157.076	187.628

(*) Includes the amount from the sale of non performing corporate and commercial loans amounting to TL 67.171 for TL 16.797 in 2017.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

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

	Current Period 30 June 2017	Prior Period 30 June 2016
Specific Provisions for Loans and Other Receivables	213.803	289.210
III. Group Loans and Receivables	17.949	41.435
IV. Group Loans and Receivables	67.283	86.159
V. Group Loans and Receivables	128.571	161.616
General Provision Expenses	-	-
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	-	1.175
Financial Assets at Fair Value Through Profit or Loss	-	97
Available-for-sale Financial Assets	-	1.078
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	4.751	25.946
Total	218.554	316.331

g. Information related to other operating expenses:

	Current Period 30 June 2017	Prior Period 30 June 2016
Personnel Expenses	218.961	295.198
Reserve for Employee Termination Benefits	3.493	12.654
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Property and Equipment	-	-
Depreciation Expenses of Property and Equipment	11.038	15.350
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	8.554	10.157
Impairment Expenses on Equity Accounted	-	-
Impairment Expenses on Assets Held for Sale Investees	-	-
Depreciation Expenses on Assets Held for Sale	33	38
Impairment Expenses on Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	143.176	181.583
Operational Lease Expenses	51.142	80.752
Maintenance License Expenses	17.840	15.777
Maintenance Expenses	14.270	16.838
Communication Expenses	11.246	14.231
Advertisement Expenses	5.609	5.383
Other Expenses	43.069	48.602
Loss on Sales of Assets	2.547	3.750
Tax, Duties, Charges and Funds Expenses	17.155	28.331
Saving Deposit Insurance Fund Expenses	15.677	21.928
Other (*)	58.729	90.417
Total	479.363	659.406

(*) Amount of TL 58.729 (30 June 2016: TL 90.417) consists of audit fee amounting to TL 13.920 (30 June 2016: TL 8.562), arbitration committee expenses amounting to TL 4.589 (30 June 2016: TL 15.740) and remaining TL 40.220 of other expenses (30 June 2016: TL 66.115)

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

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 June 2017, the Bank has no corporate tax provision expense (30 June 2016: TL 1.197 expense) and deferred tax income amounting to TL 201 (30 June 2016: TL 2.911 TL expense).

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

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

k. Explanation on net profit and loss for the period:

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

Net interest income, amounting to TL 610.336 (30 June 2016: TL 480.617), net wage and commission income amounting to TL 172.274 TL (30 June 2016: TL 197.302) have an important role among the income items in the accounting period ending on 30 June 2017. 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 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:

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

	Current Period 30 June 2017	Prior Period 30 June 2016
Credit Card Transactions	115.894	145.524
Insurance Commissions	20.088	25.505
Commissions Received from Banking Transactions	15.144	19.406
Tefas Fund Platform	4.796	5.589
Other Fee and Commissions	25.682	11.968
Total	181.604	207.992

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

- 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 and decreases occurred 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 investments available-for-sale:**
- 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”.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

(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:

None.

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

1. 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:

Current Period – 30 June 2017:

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	-	171	7.404	545.492	-	-
Closing Balance	-	174	10.442	411.856	-	-
Interest and Commissions Income	-	1	2.139	2.614	-	-

Prior Period - 31 December 2016:

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	-	168	20.399	738.493	-	-
Closing Balance	-	171	7.404	545.492	-	-
Interest and Commissions Income (*)	-	1	1.593	484	-	-

(*) The prior period balances present amounts of 30 June 2016.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

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

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

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Individuals and Legal Entities in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Deposit						
Opening Balance	29.999	40.335	123.094	49.079	14.129	9.252
Closing Balance	11.619	29.999	65.808	123.094	12.356	14.129
Interest expense on deposits (*)	963	1.844	-	-	192	320

(*) The prior period balances present amounts of 30 June 2016.

3. 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 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	-	34.002.552	61.011.511	-	-
Closing Balance	-	-	65.624.194	34.002.552	-	-
Total Profit/Loss(*)	-	-	10.521	317.186	-	-
Transactions for Hedging Purposes						
Opening Balance	-	-	559.703	1.003.370	-	-
Closing Balance	-	-	-	559.703	-	-
Total Profit/Loss (*)	-	-	-	190	-	-

(*) The prior period balances present amounts of 30 June 2016.

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

As of 30 June 2017, payment is made to the Board of Directors and top executives of the Bank amounting to TL 11.158 TL (30 June 2016 : TL 12.538).

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

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

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 RELATED TO SUBSEQUENT EVENTS

None.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

SECTION SIX

EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT

As of 30 June 2017, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and review report dated 4 August 2017 is presented before to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

SECTION SEVEN

INTERIM ACTIVITY REPORT

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

GENERAL INFORMATION

1. Summary information about HSBC Bank A.Ş.

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

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

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

HSBC Bank acquired the biggest credit card institution, Benkar Tüketici Finansmanı ve Kart Hizmetleri A.Ş.'yi (Benkar) that falls outside the banking sector, with Advantage brand in September 2002 and merged Benkar with HSBC Bank legal entity in December 2002.

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

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

2. Capital and shareholding structure

HSBC's Chairman of the Board of Directors, its members, and general manager and his/her assistants' shares of ownership are insignificant. As of 30 June 2017 HSBC Bank's paid-in capital is TRY 652.290 thousand and its capital structure is as follows:

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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

3. Information on Branches and Personnel

As of 30 June 2017, the Bank has 85 branches dispersed throughout the country and 4 branches operating abroad (31 December 2016: 86 branches and 4 branches operating abroad). As of 30 June 2017, the number of employees of the Bank is 2.819 (31 December 2016: 3.188).

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

HSBC Bank's Articles of Association had no changes in 1 January – 30 June 2017 period.

5. Chairman and Members of the Board of Directors

HSBC Bank A.Ş. Board of Directors as of 30 June 2017:

Name	Title
David Gordon Eldons	Chairman
Hamit Aydoğan	Chairman Deputy
Süleyman Selim Kervancı	Member and CEO
Mehmet Gani Sönmez	Member
Paul Hagen	Member
Ian Simon Jenkins	Member
Edward Micheal Flanders	Member
Lütfiye Yeşim Uçtum	Member
David Anthony Hartnett	Member
James Alasdair Emmett	Member

6. Audit Committee

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

Name	Title
Ian Simon Jenkins	Head of the Audit Committee
Lütfiye Yeşim Uçtum	Member of the Audit Committee
Paul Hagen	Member of the Audit Committee

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

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

7. Executive Management

HSBC Bank A.Ş. Executive Management as of 30 June 2017:

Name and Surname	Title	Area of Responsibility
Süleyman Selim Kervancı	CEO	HSBC Bank A.Ş.
Necdet Murat Şarsel	Deputy CEO	Credit and Risk
Rüçhan Çandar	Deputy CEO	Technology and Services
Ayşe Yenal	Executive Vice President	Retail Banking
Ali Dündar Parlar	Executive Vice President	Internal Systems and Regulations
Ali Batu Karaali	Executive Vice President	Treasury and Capital Markets
Burçin Ozan	Executive Vice President	Finance
Sait Burak Zeylan (*)	Executive Vice President	Commercial Banking
Hulusi Horozoğlu	Executive Vice President	Global and Investment Banking
Tolga Tüzüner	Head Legal Advisor	Legal
Hale Ökmen Ataklı (**)	Head of Group	Human Resources

(*) Per the Board Decision no.13890 dated 16 June 2017, Sait Burak ZEYLAN, resigned from his duty as of 1 August 2017.

(**) Per the Board Decision no.13910 dated 24 June 2017, Hale ÖKMEN ATAKLI, resigned from her duty as of 4 August 2017.

8. HSBC Bank's Financial Power Rating

According to Moody's Credit Rating Institution's evaluations, HSBC Bank A.Ş.'s rating as of 30 June 2017 is as follows:

Definitions	Rating
Baseline Credit Assessment	b2
Outlook	Negative
Long-term foreign currency deposit rating	Ba3
Long-term TRY deposit rating	Ba3
Short-term foreign currency deposit rating	NP
Short-term TRY deposit rating	NP
Long-term national scale TRY deposit	A2.tr

According to Standard & Poor's' assessment, HSBC Bank A.Ş.'s ratings as of 30 June 2017 were as follows:

Definitions	Rating
Long-term foreign currency	BB
Short-term foreign currency	B
Long-term TRY	BB
Short-term TRY	B
Long-term national scale rating	trAA-
Short-term national scale rating	trA-1

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

9. Summary of consolidated financial information for the period

According to unconsolidated financial statements, for the period ending on 30 June 2017 HSBC Bank's total assets realised at 26,8 billion TL increasing by 9,8% compared to the end of 2016. Credits, which form nearly 54% of the assets, seem to be around 15 billion TL gross. Deposits, which are the balance sheet's biggest funding source, have been realised at around 19 billion TL and formed 72% of liabilities. The balance sheet's unconsolidated items groups' period-end balances on the relevant dates and quarterly changes are shown below.

ASSETS (Thousand TL)	30.06.2017	31.12.2016	Variance
Cash balances with central bank	6.822.941	1.768.920	285,7%
Financial assets at fair value through profit or loss	929.788	979.772	(5,1%)
Banks	528.646	919.887	(42,5%)
Money markets	1.390.466	4.372.998	(68,2%)
Available-for-sale financial assets (net)	1.334.834	1.263.129	5,7%
Loans and receivables (net)	14.714.997	14.154.745	4,0%
Factoring receivables	501.377	476.308	5,3%
Subsidiaries (net)	35.023	35.023	-
Hedging derivative financial assets	-	69.454	(100,0%)
Property and equipment (net)	75.985	81.598	(6,9%)
Intangible assets (net)	134.754	127.701	5,5%
Tax asset	12.647	3.743	237,9%
Assets held for resale and related to discontinued operations (net)	2.797	2.742	2,0%
Other assets	274.513	113.396	142,1%
Total	26.758.768	24.369.416	9,8%
LIABILITIES (Thousand TL)	30.06.2017	31.12.2016	Variance
Deposits	19.335.781	15.150.020	27,6%
Trading derivative financial liabilities	648.546	667.258	(2,8%)
Borrowings	1.698.545	2.341.009	(27,4%)
Money markets	-	531.938	(100,0%)
Miscellaneous payables	264.657	342.363	(22,7%)
Other liabilities	200.801	257.407	(22,0%)
Hedging derivative financial liabilities	-	-	-
Provisions	712.108	775.125	(8,1%)
Tax liability	39.249	43.317	(9,4%)
Subordinated loans	1.486.447	1.983.954	(25,1%)
Shareholders' equity	2.372.634	2.277.025	4,2%
Total	26.758.768	24.369.416	9,8%

Information related to HSBC Bank's unconsolidated income statement for 30 June 2017 and 30 June 2016 were shown below with the changes.

STATEMENT OF INCOME (Thousand TL)	30.06.2017	30.06.2016	Variance
Net interest income	610.336	480.617	27,0%
Other operating income	180.811	470.814	(61,6%)
Total operating income/expense	791.147	951.431	(16,8%)
Other operating expenses (-)	479.363	659.406	(27,3%)
Provision for loan losses and other receivables (-)	218.554	316.331	(30,9%)
Net operating income/loss	93.230	(24.306)	483,6%
Tax provision (-)	201	4.108	(95,1%)
NET PROFIT/LOSS FOR THE PERIOD	93.029	(28.414)	427,4%

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

Message from David Eldon, Chairman

Global economic activity has strengthened in the second quarter of 2017. In the United States, economic growth accelerated to 2,6% in Q2 following a relatively weak growth of 1,2% in Q1. Meanwhile, core CPI inflation has declined well below the Fed's 2% target. In the Eurozone, manufacturing and service sectors have gained momentum, while deflation risks have notably diminished. In China, first half GDP growth announced at 6,9%, was above both market consensus and the country's growth target of 6,5%.

Given these developments, HSBC has edged up its global growth forecasts. More specifically we have revised upwards our global growth forecast for 2017 by 0,1 ppt to 2,7%, largely reflecting stronger-than-expected growth already delivered in the first quarter of this year in the Eurozone, Latin America and China. We have kept our 2018 global growth forecast unchanged at 2,7%. Whilst the developed world is projected to grow by 2,0% in 2017 and 1,8% in 2018, we expect emerging markets to grow by 4,5% and 4,8% in 2017 and 2018, respectively.

Turning to Turkey, HSBC expects that the country's economy will grow by 3,0% in 2017 (up from our previous forecast of 2,3%) and 2,5% in 2018. Strong growth figures in Q1 and strong monthly economic activity figures for Q2 led us to revise upwardly our 2017 forecast. Although these forecasts are well below our projected emerging market averages, HSBC believes Turkey has the potential to deliver growth over the long-term.

In Turkey annual CPI inflation rose to 11,9% in April mainly due to the lira depreciation and a sharp rise in food prices. This was the highest level since November 2008. Inflation eased to 10,9% in June. The base effects and deterioration in pricing behaviour will likely prevent notable declines in inflation during the remainder of the year. We expect annual inflation to end the year at 9,1%, followed by 8,5% in 2018, both well above the 5% official target.

As Turkey continues to develop, HSBC Turkey remains well positioned to support the country's businesses, whether they seek expansion capital, access to trade corridors, payments cash management solutions, derivatives products or M&A/IPO advisory services. We will also continue to serve our premium retail clients through Retail Banking and Wealth Management, helping them to achieve their personal financial goals.

I would like to thank the Board, the Management Team, our Colleagues and our Clients for their continuing commitment to HSBC.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

Message from Süleyman Selim Kervancı , CEO

Exceeding the market expectations of 3,5%, GDP increased by 5% in 1Q17 compared with the same quarter of the previous year. The largest contribution (3,1 pps) came from the private consumption, rising 5,1% over a year ago. Net exports, benefiting from the weakened TL, made the second largest contribution (2,2 pps) to GDP growth. The third major contribution (1,3 pps) came from government spending with a surge of 9,4%, followed by the small contribution (0,6 pps) from Gross Fixed Capital Formation rising 2,2% YoY. Meanwhile, sales from stocks erased 2.3 pps from the growth in 1Q. Several government stimulus measures, including tax cuts, incentives for private sector job creation, and a Credit Guarantee Fund to encourage bank lending made a very positive impact to navigating a challenging period.

During 6M17 the banking sector in Turkey achieved a net income of TL25,4 bn, with a robust growth of 33,2% yoy, reflecting the large expansion in the loans' volume by 17,6% yoy (FX-adjusted). Net asset growth realised as 20% for the same term. The improvement in the banking sector's earnings is driven by the loan growth, lower net cost of risk, and positive fee growth, despite increasing NIM pressure and operating expense growth. However, nearly 80% of the government's TRY250bn credit guarantee facility (CGF) has now been utilised and lira borrowing by corporates has started to decelerate. Whilst increasing the interest rate for late liquidity window facility by 50 bps to 12,25 % in April, Turkey's central bank kept all its main interest rates unchanged in June and July and maintained the focus on a tight monetary policy stance until the outlook for consumer inflation improves.

At HSBC, we aim to contribute to the ongoing success of the Turkish economy and banking industry, primarily by leveraging our global connectivity and expertise to offer a unique value proposition to our customers. In recent months, we have continued to execute landmark transactions for a wide range of private and public sector clients through our core Wholesale business lines and product areas, including Global Banking & Markets, Commercial Banking, Global Trade and Receivables Finance, and Global Liquidity Cash Management. Meanwhile, driven by strong client-relationship management in Retail Banking and Wealth, we have continued to grow and develop our premium and wealth management propositions. We are delighted to announce that as a result of our changing retail banking and asset management strategies, the AUM (assets under management) by AMG Turkey increased by 15% growth from TL3,966 million TL4,561 million during 6M2107.

2016 has been a restructuring year whereas strategic restructuring programme that was undertaken in 2016 has laid a strong foundation for sustainable, long-term profitability. In 2017, as an investment year, we focused on strengthening system architecture being widely utilised throughout the whole enterprise, as well as on optimising asset portfolio by risk-based approach to ensure that risks are managed more effectively. We can already observe positive impacts of our successfully implemented strategies on our 6M2017 results, building strong prospects for more profitable years looking forward from 2018 onwards. Year on year comparisons to the 2016 financials show a business which turned to profitability, with operating income falling 16,8 % from 2Q16, to TRY791m and total operating expenses falling 27,3 % from 2Q16, to TRY 479m, with a positive jaws despite ongoing restructuring costs, HSBC Turkey recorded a profit before tax of TRY93,2m as of 2Q17. Our cost/income ratio was 60,6 %.

The business has also started to grow since the start of 2017, with the 2Q17 loan portfolio showing a rise of 4,3 % over YE16 balances, to TRY16,3bn, and deposits rising 27,6% over YE16 balances, to TRY19,4bn. The capital adequacy ratio was 19,11%, above the Banking Regulation and Supervision Agency target minimum ratio of 12% and also above the sector average of 16,87% as of June 2017.

In closing, I would like to thank my management team and all of our colleagues for their commitment and dedication, as well as our clients for giving us their confidence and trust.

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

HSBC BANK A.Ş.

**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2017**

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

10. Additional Information on Period Between 01.01.2017-30.06.2017

None.

.....