

**CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS
AND REVIEW REPORT
AT 30 SEPTEMBER 2012,
SEE NOTE I OF SECTION THREE**

HSBC BANK A.Ş.

**PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
AT 30 SEPTEMBER 2012**



**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S
REVIEW REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH**

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

We have reviewed the accompanying consolidated balance sheet of HSBC Bank A.Ş. ("the Bank") and its consolidated subsidiaries at 30 September 2012 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Uniform Chart of Accounts of banks, accounting standards and the independent audit principles in conformity with Banking Law No. 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries concerning the Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of HSBC Bank A.Ş. and its consolidated subsidiaries at 30 September 2012 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of Banking Law No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation:

As explained in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 and 38 of Banking Law No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Haluk Yalçın, SMMM

Istanbul, 14 December 2012



**CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT REPORT OF HSBC
BANK A.S. AND ITS PARTICIPATIONS AS AT 30 SEPTEMBER 2012**

Address of Bank's headquarters : Büyükdere Caddesi No 128 Esentepe, Şişli
34394, İstanbul
Telephone : (0212) 376 40 00
Fax : (0212) 366 33 83
Web-site : www.hsbc.com.tr
Contact e-mail address : muhaberat@hsbc.com.tr

The interim financial report includes the following sections in accordance with "The Financial Statements and Related Explanation and Footnotes that will be made Publicly Available" as sanctioned by the Banking Regulation and Supervision Agency:

- GENERAL INFORMATION ABOUT THE BANK
- CONSOLIDATED FINANCIAL STATEMENTS
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION
- INFORMATION AND DISCLOSURES RELATED TO FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND FOOTNOTES
- EXPLANATIONS ON LIMITED REVIEW REPORT

The accompanying reviewed consolidated financial statements and notes to these financial statements are expressed, unless otherwise stated, in thousand of Turkish Lira ("TL"), have been prepared based on the accounting books of the Bank in accordance with the Accounting Application Regulation and the communiqués on Turkish Accounting Standards and Turkish Financial Reporting Standards.

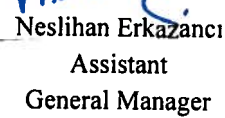
Consolidated participations, subsidiaries and investments in this interim period are as follows:

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

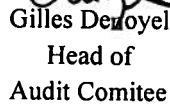
The Special Purpose Entity, HSBC Turkey DPR Finance, which is not subsidiary of the Bank is also consolidated as a result of the bank % 100 control authority.


Peter William Boyles
Chairman


Martin Spurling
General
Manager


Neslihan Erkazancı
Assistant
General Manager


Burçin Ozan
Group Head


Gilles Deroyel
Head of
Audit Comitee


Leyla Etker
Member of
Audit Comitee

Information about the responsible personnel whom questions may be asked:

Name : Burçin Ozan
Tel : (0212) 3764186
Fax : (0212) 3764912

HSBC Bank A.Ş.

Esentepe Mah. Büyükdere Cad. No: 128 34394 Şişli - İSTANBUL
Tel: 0212-376 40 00 Fax: 0212-336 29 39

	Page
SECTION ONE	
General Information about the Parent Bank	
I.	The Parent Banks' foundation date, start-up status, history regarding the changes in the status 1
II.	Explanation about the Parent Bank's capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to 1
III.	Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, if available, shares of the Parent Bank they possess 2
IV.	Information on qualified shareholders 3
V.	Explanation on the Group's service type and fields of operation 3
VI.	Other matters 3
VII.	Information of institutions in consolidation scope 3
VIII.	Differences between the communiqué on preparation of consolidated financial statements of banks and Turkish Accounting Standards and 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 4
IX.	The existing or potential, actual or legal obstacles on the transfer of shareholders' equity between the bank and its subsidiaries or reimbursement of liabilities 4
SECTION TWO	
Consolidated Financial Statements of the Bank	
I.	Balance sheet 6-7
II.	Statement of off-balance sheet commitments 8
III.	Statement of income 9
IV.	Statement of income and expenses items accounted under shareholders' equity 10
V.	Statement of changes in shareholders' equity 11-12
VI.	Statement of cash flow 13
SECTION THREE	
Explanations on Accounting Policies	
I.	Explanations on basis of presentation 14
II.	Explanations on strategy of using financial instruments and explanations on foreign currency transactions 14-15
III.	Explanations on investments in associates and subsidiaries 15
IV.	Explanations on forward transactions, options and derivative instruments 15
V.	Explanations on interest income and expense 15
VI.	Explanations on fee and commission income and expense 16
VII.	Explanations on financial assets 16-17
VIII.	Explanations on impairment of financial assets 17
IX.	Explanations on offsetting financial assets 17
X.	Explanations on sales and repurchase agreements and securities' lending transactions 17
XI.	Explanations on assets and liabilities related to property and equipment held for sale purpose and discontinued operations 17
XII.	Explanations on goodwill and other intangible assets 18
XIII.	Explanations on property and equipment 18
XIV.	Explanations on leasing transactions 18
XV.	Explanations on provisions, contingent liabilities 19
XVI.	Explanations on contingent assets 19
XVII.	Explanations on obligations related to employee rights 19
XVIII.	Explanations on taxation 20-21
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 grants 21
XXIII.	Explanations on operating segment 21
XXIV.	Profit reserves and profit appropriation 21
XXV.	Earnings 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 Position	
I.	Explanations on consolidated capital adequacy ratio 23-26
II.	Explanations on consolidated credit risk 27
III.	Explanations on consolidated market risk 27-28
IV.	Explanations on consolidated operational risk 28
V.	Explanations on consolidated currency risk 29-31
VI.	Explanations on consolidated interest rate risk 32-35
VII.	Explanations on the consolidated liquidity risk 36-39
VIII.	Explanations on the presentation of financial assets and liabilities at their fair values 39
IX.	Explanations regarding the activities carried out on behalf and account of other persons 39
X.	Explanations on operating segments 40-41
SECTION FIVE	
Explanations and Notes to the Consolidated Financial Statements	
I.	Explanations and notes related to the consolidated assets 42-53
II.	Explanations and notes related to the consolidated liabilities 54-60
III.	Explanations and notes related to the consolidated off-balance sheet accounts 61-62
IV.	Explanations and notes related to the consolidated income statement 63-68
V.	Explanations and notes related to the changes in shareholders' equity 69
VI.	Explanations and notes related to the statement of cash flows 70
VII.	Explanations and notes related to the bank's risk group 71
VIII.	Explanations and notes related to the domestic, foreign, off-shore branches or affiliates and foreign representatives of the Bank 72
IX.	Explanations and notes related to the subsequent events 72
SECTION SIX	
Other Explanations and Notes	
I.	Other explanations on the Group's operations 73
SECTION SEVEN	
Explanations on the Independent Auditor's Review Report	
I.	Explanations on independent auditor's review report 73
II.	Explanations and notes prepared by the independent auditor 73

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

**HSBC BANK A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012
(STATEMENT OF FINANCIAL POSITION)**

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

As of 30 September 2012, the Parent Bank’s nominal capital is TL 652.290 dividend in to 65.229.000.000 each with a nominal value of TL 0,01. The share capital of the Bank has been fully paid and registered. The total capital of the Parent Bank is owned by HSBC Bank Plc which is located in England and established in accordance with British Law. As of 30 September 2012 there has been no changes regarding the Parent Banks capital structure, shareholders of the Bank who are in charge of the management or auditing of the Bank directly and indirectly.

Capital structure of the Parent Bank is compose of group “A” and “B” shares. Board of Directors are chosen among the candidates nominated by group “A” share holders.

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

**HSBC BANK A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012
(STATEMENT OF FINANCIAL POSITION)**

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

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman:	Peter William BOYLES	Chairman	High School
Chairman Deputy:	Antonio Pedro Dos Santos SIMOES	Chairman Deputy	Graduate
Board of Directors:	Martin SPURLING	Member and CEO	Graduate
	Kevin Peter SAWLE	Member	Graduate
	Mark John THUNDERCLIFFE	Member	Graduate
	Jonathan James CALLEDINE	Member	Graduate
	Leyla ETKER	Member	Graduate
	Gilles DENOYEL	Member	Graduate
	Edward Michael FLANDERS (*)	Member	Graduate
CEO:	Martin SPURLING	CEO	Graduate
Director of Internal Audit:	Rüçhan ÇANDAR (**)	Head of Internal Audit	Graduate
Chief Assistant General Manager:	Necdet Murat ŞARSEL	Credit and Risk	Graduate
Executive Vice Presidents:	Virma SÖKMEN	Corporate and Commercial Banking	Undergraduate
	Süleyman Selim KERVANCI	Global and Investment Banking	Graduate
	Taylan TURAN	Retail Banking	Graduate
	Ali Batu KARAALİ	Treasury and Capital Markets	Graduate
	Neslihan ERKAZANCI	Financial Control	Undergraduate
	Ali Dündar PARLAR	Internal Systems and Regulations	Undergraduate
	Darren Wayne ROWBOTHAM	Technology and Service Groups	High School
	Şengül DEMİRCAN	Human Resources	Undergraduate
Internal Audit Committee:	Gilles DENOYEL	Head of the Audit Committee	Graduate
	Mark John THUNDERCLIFFE	Member of the Audit Committee	Graduate
	Leyla ETKER	Member of the Audit Committee	Graduate
Auditors:	Hamit Sedat ERATALAR	Auditor	Undergraduate
	Zeki KURTÇU	Auditor	Undergraduate

(*) Edward Michael Flanders has been appointed as a Member of Board of Directors with Extraordinary General Meeting as of 18 September 2012.

(**) Tolunay Kanşay has been appointed as a Director of Internal Audit with Board Resolution No. 13038 and dated 6 November 2012.

There is no owned shares of the above individuals.

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

**HSBC BANK A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012
(STATEMENT OF FINANCIAL POSITION)**

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

IV. INFORMATION ON QUALIFIED SHAREHOLDERS

Name/Commercial Title	Share Amounts (Nominal) (**)	Share Percentages	Paid-in Capital (Nominal) (**)	Unpaid Portion
HSBC Bank Plc (*)	652.289.996	99,99 %	652.289.996	-

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

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

V. EXPLANATION ON THE GROUP’S SERVICE TYPE AND FIELDS OF OPERATION

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

- To accept all kinds of deposits both in Turkish Liras and in foreign currency,
- To provide Turkish Liras and foreign exchange funds, to use these funds by itself or to act as an intermediary,
- To launch cash and non-cash loans to all kind of sectors,
- To perform discount and purchase activities,
- To perform capital and security market transactions, to establish and manage security investment funds in accordance with the relevant regulations,
- To join in both local or foreign companies as founder partner or shareholder, to perform management and auditing process and to purchase equities, bonds and other securities,
- To act as an intermediary in issue of the bonds and other marketable securities,
- To perform factoring and forfaiting activities,
- To establish social and cultural facilities or to help or participate facilities which already exist.

In addition to regular banking operations in accordance to the articles of association, the Group also provides insurance intermediary services as an agency of Axa Sigorta, Ergo İsviçre Sigorta, Zurich Sigorta, Aviva Sigorta, Chartis Sigorta, Allianz Sigorta, Coface Sigorta, Mapfre Sigorta and Anadolu Hayat Emeklilik through its branches.

As of 30 September 2012, the Group has 327 branches dispersed throughout the country and 4 branches operating abroad (31 December 2011: 326 branches and 4 branches operating abroad).

As of 30 September 2012, the Group employed 6.058 (31 December 2011: 6.214) .

VI. OTHER MATTERS

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

VII. INFORMATION OF INSTITUTIONS IN CONSOLIDATION SCOPE

Parent Company “the Bank” and HSBC Yatırım Menkul Değerler A.Ş. (“HSBC Yatırım”) that is owned by the Bank and HSBC Portföy Yönetimi A.Ş. (“HSBC Portföy”) that is the subsidiary of the HSBC Yatırım and HSBC Turkey DPR Limited that is founded to give financial services to the Bank and is not owned by the Bank, are taken into consolidation scope. However, the maturities of securitization loans are matured as of 30 September 2012, the Company was not operational as of the balance sheet date.

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

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

**HSBC BANK A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012
(STATEMENT OF FINANCIAL POSITION)**

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

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

Due to differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Account 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. are accounted in the financial statements prepared in accordance with TAS based on line-by-line method. The Bank’s subsidiaries HSBC Yatırım ve Menkul Değerler A.Ş. is included in the scope of consolidation by line-by-line method.

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

None.

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

**HSBC BANK A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012
(STATEMENT OF FINANCIAL POSITION)**

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

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

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

**HSBC BANK A.Ş.
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2012 AND 31 DECEMBER 2011
(STATEMENT OF FINANCIAL POSITION)**

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

I. BALANCE SHEET	Note (Section Five I)	Current Period (30/09/2012)			Prior Period (31/12/2011)		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. CASH BALANCES WITH CENTRAL BANK	(V-I-a)	218.305	1.973.705	2.192.010	332.912	1.466.657	1.799.569
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(V-I-b)	2.182.779	80.081	2.262.860	363.861	54.235	418.096
2.1 Trading Financial Assets		2.182.779	80.081	2.262.860	363.861	54.235	418.096
2.1.1 Government Debt Securities		2.085.123	8.980	2.094.103	215.499	17.414	232.913
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		97.656	71.101	168.757	131.127	36.821	167.948
2.1.4 Other Marketable Securities		-	-	-	17.235	-	17.235
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	(V-I-c)	774.732	237.644	1.012.376	97.216	269.329	366.545
IV. MONEY MARKETS		1.703.879	35.946	1.739.825	4.152.681	-	4.152.681
4.1 Interbank Money Market Placements		-	35.946	35.946	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		1.703.879	-	1.703.879	4.152.681	-	4.152.681
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(V-I-d)	2.463.814	-	2.463.814	2.257.545	478.755	2.736.300
5.1 Share Certificates		4.000	-	4.000	3.000	-	3.000
5.2 Government Debt Securities		2.459.814	-	2.459.814	2.254.545	478.755	2.733.300
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	(V-I-e)	12.873.130	2.574.017	15.447.147	11.072.409	2.762.891	13.835.300
6.1 Loans		12.655.370	2.574.017	15.229.387	10.902.286	2.762.157	13.664.443
6.1.1 Bank's risk group	(V-VII)	9	7.767	7.776	-	8.861	8.861
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		12.655.361	2.566.250	15.221.611	10.902.286	2.753.296	13.655.582
6.2 Loans under Follow-up		784.681	14.453	799.134	593.195	14.460	607.655
6.3 Specific Provisions (-)		566.921	14.453	581.374	423.072	13.726	436.798
VII. FACTORING RECEIVABLES		105.862	13.159	119.021	205.080	17.891	222.971
VIII. HELD-TO-MATURITY SECURITIES (Net)	(V-I-f)	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(V-I-g)	-	-	-	-	-	-
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	(V-I-h)	270	-	270	270	-	270
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-financial Subsidiaries		270	-	270	270	-	270
XI. JOINT VENTURES (Net)	(V-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)	(V-I-j)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	(V-I-k)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(V-I-l)	116.433	-	116.433	128.630	4	128.634
XV. INTANGIBLE ASSETS (Net)	(V-I-m)	90.132	-	90.132	89.734	-	89.734
15.1 Goodwill		83.450	-	83.450	83.450	-	83.450
15.2 Other		6.682	-	6.682	6.284	-	6.284
XVI. INVESTMENT PROPERTY (Net)	(V-I-n)	-	-	-	-	-	-
XVII. TAX ASSET		31.234	-	31.234	9.126	-	9.126
17.1 Current Tax Asset		-	-	-	8.772	-	8.772
17.2 Deferred Tax Asset	(V-I-o)	31.234	-	31.234	354	-	354
XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(V-I-p)	4.550	-	4.550	7.801	-	7.801
18.1 Held for sale Purposes		4.550	-	4.550	7.801	-	7.801
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(V-I-r)	341.785	16.123	357.908	387.097	11.399	398.496
TOTAL ASSETS		20.906.905	4.930.675	25.837.580	19.104.362	5.061.161	24.165.523

The accompanying explanations and notes set out on pages 14 to 73 form an integral part of these financial statements.

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

**HSBC BANK A.Ş.
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2012 AND 31 DECEMBER 2011
(STATEMENT OF FINANCIAL POSITION)**

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

I. BALANCE SHEET	Note (Section Five II)	Current Period (30/09/2012)			Prior Period (31/12/2011)		
		TL	FC	Total	TL	FC	Total
		LIABILITIES AND EQUITY					
I. DEPOSITS	(V-II-a)	7.841.229	5.619.136	13.460.365	8.068.618	5.162.164	13.230.782
1.1 Deposits of Bank's risk group	(V-VII)	33.932	1.621	35.553	116.543	2.031	118.574
1.2 Other		7.807.297	5.617.515	13.424.812	7.952.075	5.160.133	13.112.208
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(V-II-b)	142.153	56.571	198.724	52.012	66.047	118.059
III. BORROWINGS	(V-II-d)	2.143.339	4.046.323	6.189.662	1.713.728	3.756.608	5.470.336
IV. MONEY MARKETS		835.646	-	835.646	889.994	-	889.994
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements	(V-II-c)	835.646	-	835.646	889.994	-	889.994
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		696.411	228.675	925.086	473.090	7.589	480.679
VIII. OTHER LIABILITIES	(V-II-e)	232.786	72.642	305.428	227.881	100.634	328.515
IX. FACTORING PAYABLES		156	-	156	29	-	29
X. FINANCIAL LEASE PAYABLES (Net)	(V-II-f)	-	-	-	-	1	1
10.1 Financial Lease Payables		-	-	-	-	1	1
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	(V-II-g)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	(V-II-h)	307.535	1.396	308.931	246.323	1.597	247.920
12.1 General Loan Loss Provision		238.379	-	238.379	184.137	-	184.137
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		26.757	-	26.757	23.645	-	23.645
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		42.399	1.396	43.795	38.541	1.597	40.138
XIII. TAX LIABILITY	(V-II-i)	67.004	-	67.004	43.897	-	43.897
13.1 Current Tax Liability		67.004	-	67.004	43.640	-	43.640
13.2 Deferred Tax Liability		-	-	-	257	-	257
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS	(V-II-j)	-	-	-	-	-	-
14.1 Held for sale purpose		-	-	-	-	-	-
14.2 Related to discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(V-II-k)	-	517.100	517.100	-	517.816	517.816
XVI. SHAREHOLDERS' EQUITY	(V-II-l)	3.029.478	-	3.029.478	2.838.095	(600)	2.837.495
16.1 Paid-in Capital		652.290	-	652.290	652.290	-	652.290
16.2 Capital Reserves		292.557	-	292.557	234.836	(600)	234.236
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		19.864	-	19.864	(37.857)	(600)	(38.457)
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Revaluation differences of investment property		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures (business partners)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Value increase in 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		1.950.969	-	1.950.969	1.710.657	-	1.710.657
16.3.1 Legal Reserves		197.558	-	197.558	182.059	-	182.059
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		1.753.411	-	1.753.411	1.528.598	-	1.528.598
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		133.662	-	133.662	240.312	-	240.312
16.4.1 Prior Years' Income or (Loss)		-	-	-	218	-	218
16.4.2 Current Year Income or (Loss)		133.662	-	133.662	240.094	-	240.094
16.5 Profit Reserves		-	-	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		15.295.737	10.541.843	25.837.580	14.553.667	9.611.856	24.165.523

The accompanying explanations and notes set out on pages 14 to 73 form an integral part of these financial statements.

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

**HSBC BANK A.Ş.
CONSOLIDATED OFF-BALANCE SHEET AS OF 30 SEPTEMBER 2012 AND 31 DECEMBER 2011
(STATEMENT OF FINANCIAL POSITION)
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

II.	OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (30/09/2012)			Prior Period (31/12/2011)		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		45.011.488	38.135.368	83.146.856	41.489.931	22.296.386	63.786.317
I.	GUARANTEES AND WARRANTIES	(V-III-a-2,3)	347.210	2.130.597	2.477.807	313.168	2.510.620	2.823.788
1.1	Letters of Guarantee		346.552	573.832	920.384	312.943	613.605	926.548
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		346.552	573.832	920.384	312.943	613.605	926.548
1.2	Bank Acceptances		-	780.164	780.164	225	917.906	918.131
1.2.1	Import Letter of Acceptance		-	778.530	778.530	225	917.906	918.131
1.2.2	Other Bank Acceptances		-	1.634	1.634	-	-	-
1.3	Letters of Credit		658	468.319	468.977	-	738.090	738.090
1.3.1	Documentary Letters of Credit		658	295.878	296.536	-	592.881	592.881
1.3.2	Other Letters of Credit		-	172.441	172.441	-	145.209	145.209
1.4	Refinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantees		-	302.651	302.651	-	239.041	239.041
1.9	Other Collaterals		-	5.631	5.631	-	1.978	1.978
II.	COMMITMENTS	(V-III-a-1)	30.228.498	9.012.092	39.240.590	35.084.012	379.773	35.463.785
2.1	Irrevocable Commitments		11.001.043	9.012.092	20.013.135	7.708.664	379.773	8.088.437
2.1.1	Asset Purchase and Sale Commitments		3.112.270	9.012.020	12.124.290	71.490	379.692	451.182
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	5	5
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	1.000	-	1.000
2.1.4	Loan Granting Commitments		496.937	-	496.937	514.845	-	514.845
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		692.434	-	692.434	604.506	-	604.506
2.1.8	Tax and Fund Liabilities from Export Commitments		4.489	-	4.489	4.778	-	4.778
2.1.9	Commitments for Credit Card Limits		5.845.809	-	5.845.809	5.440.163	-	5.440.163
2.1.10	Commitments for credit cards and banking services promotions		7.049	-	7.049	5.925	-	5.925
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		842.055	72	842.127	1.065.957	76	1.066.033
2.2	Revocable Commitments		19.227.455	-	19.227.455	27.375.348	-	27.375.348
2.2.1	Revocable Loan Granting Commitments		19.227.455	-	19.227.455	27.375.348	-	27.375.348
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(V-III-b)	14.435.780	26.992.679	41.428.459	6.092.751	19.405.993	25.498.744
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		14.435.780	26.992.679	41.428.459	6.092.751	19.405.993	25.498.744
3.2.1	Forward Foreign Currency Buy/Sell Transactions		1.111.233	2.276.591	3.387.824	1.249.556	2.243.857	3.493.413
3.2.1.1	Forward Foreign Currency Transactions-Buy		803.218	904.211	1.707.429	762.560	983.517	1.746.077
3.2.1.2	Forward Foreign Currency Transactions-Sell		308.015	1.372.380	1.680.395	486.996	1.260.340	1.747.336
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		11.152.181	21.202.016	32.354.197	4.318.178	12.175.981	16.494.159
3.2.2.1	Foreign Currency Swap-Buy		3.196.270	9.843.740	13.040.010	418.486	6.289.376	6.707.862
3.2.2.2	Foreign Currency Swap-Sell		7.955.911	5.066.008	13.021.919	3.899.692	2.698.507	6.598.199
3.2.2.3	Interest Rate Swap-Buy		-	3.146.134	3.146.134	-	1.594.049	1.594.049
3.2.2.4	Interest Rate Swap-Sell		-	3.146.134	3.146.134	-	1.594.049	1.594.049
3.2.3	Foreign Currency, Interest rate and Securities Options		2.172.366	3.348.330	5.520.696	525.017	3.269.771	3.794.788
3.2.3.1	Foreign Currency Options-Buy		1.086.183	1.347.665	2.433.848	230.530	535.268	765.798
3.2.3.2	Foreign Currency Options-Sell		1.086.183	1.347.665	2.433.848	294.487	476.115	770.602
3.2.3.3	Interest Rate Options-Buy		-	326.500	326.500	-	1.129.194	1.129.194
3.2.3.4	Interest Rate Options-Sell		-	326.500	326.500	-	1.129.194	1.129.194
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		-	-	-	-	1.716.384	1.716.384
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	767.856	767.856
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	948.528	948.528
3.2.6	Other		-	165.742	165.742	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		97.434.712	1.548.847	98.983.559	88.464.511	1.737.253	90.201.764
IV.	ITEMS HELD IN CUSTODY		93.373.599	1.516.575	94.890.174	84.405.740	1.604.608	86.010.348
4.1	Customer Fund and Portfolio Balances		1.460.733	-	1.460.733	1.626.037	-	1.626.037
4.2	Investment Securities Held in Custody		87.971.450	761.745	88.733.195	78.421.564	816.616	79.238.180
4.3	Checks Received for Collection		2.163.304	286.872	2.450.176	2.536.972	293.114	2.830.086
4.4	Commercial Notes Received for Collection		154.349	-	154.349	183.385	-	183.385
4.5	Other Assets Received for Collection		85	13.990	14.075	-	10.907	10.907
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		1.623.678	453.968	2.077.646	1.637.782	483.971	2.121.753
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		4.061.113	32.272	4.093.385	4.058.771	132.645	4.191.416
5.1	Marketable Securities		352.580	-	352.580	7.835	-	7.835
5.2	Guarantee Notes		147.977	32.272	180.249	179.868	132.645	312.513
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		3.560.556	-	3.560.556	3.871.068	-	3.871.068
5.6	Other Pledged Items		-	-	-	-	-	-
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			142.446.200	39.684.215	182.130.415	129.954.442	24.033.639	153.988.081

The accompanying explanations and notes set out on pages 14 to 73 form an integral part of these financial statement

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

**HSBC BANK A.Ş.
CONSOLIDATED INCOME STATEMENTS FOR PERIOD ENDED
AS OF 30 SEPTEMBER 2012 AND 30 SEPTEMBER 2011**

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

II. INCOME STATEMENTS						
		Note (Section Five IV)	Current Period (01/01/2012- 30/09/2012)	Prior Period (01/01/2011- 30/09/2011)	Current Period (01/07/2012- 30/09/2012)	Current Period (01/07/2011- 30/09/2011)
INCOME AND EXPENSE ITEMS						
I.	INTEREST INCOME	(V-IV-a)	1.893.284	1.385.737	626.851	508.760
1.1	Interest on Loans	(V-IV-a-1)	1.377.074	1.035.148	477.748	380.076
1.2	Interest Received from Reserve Requirements		-	-	-	-
1.3	Interest Received from Banks	(V-IV-a-2)	54.460	22.451	32.951	6.325
1.4	Interest Received from Money Market Transactions		239.970	102.367	31.452	31.921
1.5	Interest Received from Marketable Securities Portfolio	(V-IV-a-3)	197.064	203.236	75.701	81.658
1.5.1	Trading Financial Assets		58.883	19.191	25.687	15.873
1.5.2	Financial Assets at Fair Value through Profit or (Loss)		-	-	-	-
1.5.3	Available-for-sale Financial Assets		138.181	184.045	50.014	65.785
1.5.4	Held to Maturity Investments		-	-	-	-
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income		24.716	22.535	8.999	8.780
II.	INTEREST EXPENSE	(V-IV-b)	852.132	609.695	287.312	231.939
2.1	Interest on Deposits	(V-IV-b-4)	583.822	441.498	192.081	181.744
2.2	Interest on Funds Borrowed	(V-IV-b-1)	236.167	145.827	89.109	43.347
2.3	Interest Expense on Money Market Transactions	(V-IV-b-5)	28.965	14.982	5.834	6.155
2.4	Interest on Securities Issued	(V-IV-b-3)	-	916	-	236
2.5	Other Interest Expenses		3.178	6.472	288	457
III.	NET INTEREST INCOME (I + II)		1.041.152	776.042	339.539	276.821
IV.	NET FEES AND COMMISSIONS INCOME		372.082	322.227	121.439	109.073
4.1	Fees and Commissions Received		410.449	370.565	125.680	124.921
4.1.1	Non-cash Loans		13.530	5.137	4.439	1.741
4.1.2	Other		396.919	365.428	121.241	123.180
4.2	Fees and Commissions Paid		38.367	48.338	4.241	15.848
4.2.1	Non-cash Loans		370	296	130	95
4.2.2	Other		37.997	48.042	4.111	15.753
V.	DIVIDEND INCOME	(V-IV-c)	-	-	-	-
VI.	TRADING INCOME/(LOSS) (Net)	(V-IV-d)	(201.139)	(108.686)	(55.420)	(64.166)
6.1	Trading Gains/(Losses) on Securities		29.244	12.030	17.115	(5.121)
6.2	Derivative Financial Transactions Gains/(Losses)		(234.633)	(105.267)	(70.539)	(8.939)
6.3	Foreign Exchange Gains/(Losses)		4.250	(15.449)	(1.996)	(50.106)
VII.	OTHER OPERATING INCOME	(V-IV-e)	39.467	163.101	15.967	127.901
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.251.562	1.152.684	421.525	449.629
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(V-IV-f)	212.345	106.679	79.819	57.208
X.	OTHER OPERATING EXPENSES (-)	(V-IV-g)	857.634	784.501	278.841	269.350
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		181.583	261.504	62.865	123.071
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)		181.583	261.504	62.865	123.071
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(V-IV-h)	(47.921)	(64.734)	(13.023)	(30.107)
16.1	Current Tax Provision	(V-IV-i)	(79.058)	(54.841)	(24.517)	(25.216)
16.2	Deferred Tax Provision		31.137	(9.893)	11.494	(4.891)
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(V-IV-j)	133.662	196.770	49.842	92.964
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)		133.662	196.770	49.842	92.964
23.1	Group's Profit/Loss		133.662	196.770	49.842	92.964
23.2	Minority Shares Profit/Loss		-	-	-	-
	Earnings/ Loss per Share		0,00205	0,00302	0,00076	0,00142

The accompanying explanations and notes set out on pages 14 to 73 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

**CONSOLIDATED STATEMENT OF INCOME AND EXPENSES ACCOUNTED UNDER
SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2012 AND 30 SEPTEMBER 2011**

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

IV. STATEMENT OF INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY		
INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	Current Period (30/09/2012)	Prior Period (30/09/2011)
I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	83.049	(67.775)
II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences)	-	-
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS	-	-
IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES	(16.610)	13.555
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	66.439	(54.220)
XI. CURRENT YEAR PROFIT/LOSS	(8.118)	463
11.1 Net change in fair value of marketable securities (transfer to profit-loss)	(8.118)	463
11.2 Reclassification of cash flow hedge transactions and presentation of the related under income statement	-	-
11.3 Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement	-	-
11.4 Other	-	-
XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)	58.321	(53.757)

The accompanying explanations and notes set out on pages 14 to 73 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY																				
Prior Period – 30 September 2011		Note	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancel. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operate.	Minority Shares Except Total Equity	Minority Shares	Total Equity
I.	Period Opening Balance		652.290	-	-	-	166.966	-	1.339.541	272.693	240.561	218	70.887	-	-	-	-	2.743.156	-	2.743.156
II.	Changes in Accounting Policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)		652.290	-	-	-	166.966	-	1.339.541	272.693	240.561	218	70.887	-	-	-	-	2.743.156	-	2.743.156
	Changes in the Period																			
IV.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	(53.757)	-	-	-	-	(53.757)	-	(53.757)
VI.	Hedging Transactions Funds (Effective Parts)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current Year Income or Loss		-	-	-	-	-	-	-	-	196.770	-	-	-	-	-	-	196.770	-	196.770
XX.	Profit Distribution		-	-	-	-	15.093	-	189.057	-	(240.561)	-	-	-	-	-	-	(36.411)	-	(36.411)
20.1	Dividend Paid		-	-	-	-	-	-	-	-	(36.411)	-	-	-	-	-	-	(36.411)	-	(36.411)
20.2	Transfers to Reserves		-	-	-	-	15.093	-	189.057	-	(204.150)	-	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period of Balance (III+IV+V+...+XVIII+XIX+XX)		652.290	-	-	-	182.059	-	1.528.598	272.693	196.770	218	17.130	-	-	-	-	2.849.758	-	2.849.758

The accompanying explanations and notes set out on pages 13 to 70 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY																				
Current Period – 30 September 2012		Note	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancel. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/(Loss)	Pre-Period 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. Operate.	Minority Shares Except Total Equity	Minority Shares	Total Equity
I.	Period Opening Balance		652.290	-	-	-	182.059	-	1.528.598	272.693	240.094	218	(38.457)	-	-	-	2.837.495	2.837.495	-	2.837.495
	Changes in Accounting Policies according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)		-	-	-	-	-	-	-	-	-	-	58.321	-	-	-	58.321	58.321	-	58.321
IV.	Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Hedging Transactions Funds (Effective Parts)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Changes due to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Cash increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Internal Resources		-	-	-	-	-	-	218	-	-	(218)	-	-	-	-	-	-	-	-
XVII.	Share Premium		-	-	-	-	-	-	-	-	133.662	-	-	-	-	-	133.662	133.662	-	133.662
XVIII.	Share Cancellation Profits		-	-	-	15.499	-	-	224.595	-	(240.094)	-	-	-	-	-	-	-	-	-
18.1	Paid in-capital Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Other		-	-	-	15.499	-	-	224.595	-	(240.094)	-	-	-	-	-	-	-	-	-
18.3	Current Year Income or Loss		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period of Balance (III+IV+V+...+XVIII+XIX+XX)		652.290	-	-	-	197.558	-	1.753.411	272.693	133.662	-	19.864	-	-	-	3.029.478	3.029.478	-	3.029.478

The accompanying explanations and notes set out on pages 14 to 73 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

VI. STATEMENT OF CASH FLOW			
	Note (Section Five VI)	Current Period (30/09/2012)	Prior Period (30/09/2011)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	612.656	883.114
1.1.1	Interest received	1.949.789	1.233.274
1.1.2	Interest paid	(774.700)	(574.017)
1.1.3	Dividend received	-	-
1.1.4	Fees and commissions received	410.450	370.565
1.1.5	Other income	(165.920)	85.718
1.1.6	Collections from previously written-off loans and other receivables	85.445	164.455
1.1.7	Payments to personnel and service suppliers	(382.636)	(317.402)
1.1.8	Taxes paid	(70.110)	(34.728)
1.1.9	Other	(439.662)	(44.751)
1.2	Changes in operating assets and liabilities	(3.059.629)	(774.995)
1.2.1	Net decrease/(increase) in trading securities	(1.820.762)	(101.142)
1.2.2	Net (increase)/decrease in fair value through profit/loss financial assets	-	-
1.2.3	Net (increase)/decrease in banks	(7.619)	36.288
1.2.4	Net (increase)/decrease in loans	(1.761.166)	(3.825.977)
1.2.5	Net (increase)/decrease in other assets	(763.731)	(258.704)
1.2.6	Net increase/(decrease) in bank deposits	(42)	(68.834)
1.2.7	Net (decrease)/increase in other deposits	224.750	3.446.348
1.2.8	Net (decrease)/increase in funds borrowed	624.657	(212.256)
1.2.9	Net increase/(decrease) in payables	-	-
1.2.10	Net (decrease)/increase in other liabilities	444.284	209.282
I.	Net cash provided from banking operations	(2.446.973)	108.119
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities	302.491	(736.774)
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	(138)	(17.166)
2.4	Disposals of property and equipment	7.512	9.465
2.5	Cash paid for purchase of investments available-for-sale	(1.738.288)	(1.301.880)
2.6	Cash obtained from sale of investments available-for -sale	2.027.914	574.500
2.7	Cash paid for purchase of investment securities	-	-
2.8	Cash obtained from sale of investment securities	-	-
2.9	Other	5.491	(1.693)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities	1	(191.046)
3.1	Cash obtained from funds borrowed and securities issued	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	-	(154.635)
3.3	Issued capital instruments	-	-
3.4	Dividends paid	-	(36.411)
3.5	Payments for finance leases	1	-
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(7.921)	(26.301)
V.	Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	(2.152.402)	(846.002)
VI.	Cash and cash equivalents at beginning of the period	(V-VI)	3.050.941
VII.	Cash and cash equivalents at end of the period	(V-VI)	2.204.939

The accompanying explanations and notes set out on pages 14 to 73 form an integral part of these financial statements.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

Consolidated financial statements other than financial assets and liabilities that are presented with fair values, are prepared in TL and with cost value approach that have been adjusted according to inflation accounting until 31 December 2004.

The preparation of consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, corrections are made and the effects of these corrections are reflected to the income statement.

The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, which have been effective as of reporting date have no impact on the accounting policies, financial condition 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 consolidated financial statements are determined and applied in accordance with the reporting standards. These accounting policies and valuation principles are explained in explanations on accounting policies section.

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

The main sources of the Group are customer deposits and borrowings from abroad. The Group investments at low risk and high yielding financial assets with collaterals. The Group’s liquidity structure covers the financing of all liabilities at due date. This liquidity structure of the Group has been established by diversifying fund resources and keeping sufficient cash and cash equivalents. Maturity structure and yield of liabilities and placements are considered according to market conditions and long term placements on invested in higher yielding financial assets.

The Group applies sophisticated methods of the Group in daily market risk managing and control activities. In measuring the market risk and determining limits, with historical simulation method “Value at Risk” (“VaR”) approach is being applied. For the portfolios which are subject to market risk; product and portfolio based interest rate, daily and monthly maximum loss limits regarding the exchange rate and share price risk, Value at Risk limits, maturity limits and quantity limits are being applied. The limit usages are being monitored through various

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

checkpoints and reported to the top management. Risk monitoring and control activities are being performed by independent units. For the portfolios which are subject to the interest risks, sensitivity of the changes in interest rates are being analyzed by "Present Value Basis Points" method ("PVBP") and relevant limits are being determined.

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

These analyses, limit usages and controls are being discussed in monthly asset-liability committee meetings and decisions are being made in these meetings. The foreign exchange gains and losses from the foreign exchange transactions are being recorded at the date of transactions conducted. Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. 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 Group has no investments in associates as of 30 September 2012.

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

In order to reduce the foreign exchange position risk the Bank conducts currency forward purchase and sale transaction agreements, currency swap purchase and sale transaction agreements and option purchase and sale agreements. In order to reduce the interest risk, the Bank conducts interest futures, interest swaps and forward interest rate agreements. According to TAS 39 the transactions which are not considered as hedging instrument are classified as derivative instruments held for trading and recognised at fair value. The fair value of derivative financial instruments or determined taking into consideration the fair value of the market or calculated using the discounted cash flow model. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "financial assets at fair value through profit or loss" in "trading derivative financial assets" and if the fair value difference is negative, it is disclosed in "trading derivative financial liabilities". As a result of the valuations, fair value changes are recorded under "Derivative Financial Transactions Gains/(Losses)" account in the income statement. As of 30 September 2012 and 31 December 2011, the Group does not have any embedded derivatives. As of 30 September 2012 and 31 December 2011 the Group does not have any derivative financial instruments held for hedging.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses are recognised on an accrual basis using the effective interest rate method. In accordance with the related regulation, realised interest accruals and discounts of the non-performing loans and other receivables are reversed and recognised as interest income only when they are collected.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

Financial assets at fair value through profit or loss consists of trading financial assets and financial assets at fair value through profit or loss and they are initially recognised at cost and subsequently re-measured at their fair value. While determining the fair value, the average price comprising in the active market is used and the profit or loss is reflected to 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 recognised at fair value. Unrealized gains and losses arising from the changes in the fair value of financial assets available for sale with fixed maturity and certain cash flow are recognised at "marketable securities valuation fund" under the shareholders' equity. The interest income which is calculated with the effective interest rate method is recognised in the income statement. When these securities are disposed of, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement. Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value and mentioned valuation differences are recognised at "marketable securities" valuation fund. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

c. Loans and Receivables:

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

For loans in which making risk assessment for the loans and receivables on the basis of consumer and portfolio is non-performing loan, Group provides specific provisions not less than the determined minimum rates according to the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Group's Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette Dated 1 November 2006 and numbered 26333. Apart from the non-performing loans, the Group provides general loan loss provisions for the loans and receivables which are defined in the same communiqué. The interests and accruals of the non-performing loans are derecognised from the financial statement and provision expense is deducted from the net income of the year. 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
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE I OF SECTION THREE**

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

d. Held-to-Maturity Financial Assets:

Held-to-maturity financial assets are financial assets that are not classified under loans and receivables and which have fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognised at cost, and subsequently carried at amortized cost using the effective interest rate method; interest earned whilst holding held-to-maturity securities is reported as interest income and impairment for these financial assets recognised at income statement. There are no financial assets that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to the contradiction of classification principles. There are no held-to-maturity financial assets as of 30 September 2012 and 31 December 2011.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

In each balance sheet date, the Group assesses if there is an objective indication of the impairment of financial assets or financial asset groups. If such indications exist, the Group will determine the amount of impairment. A financial asset or a group of financial assets is subject to impairment loss only if there is an objective indication that the occurrence of one or more than one event (“loss event”) subsequent to the initial recognition of that asset has an effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. 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 “Methods and Principles on Determining the Nature of Loans, Other Receivables, and Allocation of Provisions” published in the Official Gazette No. 26333 dated 1 November 2006 and these provisions are changed against the income for the year.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS

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

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

Securities subject to repurchase agreements are classified as “Financial assets at fair value difference through profit or loss” and “Available-for-sale securities” in the balance sheet according to the investment purposes and measured according to the portfolio of the Group to which they belong. The interest expense discount for funds obtained under repurchase agreement which is calculated with the effective interest rate method are recognised in the income statement. The Group has no financial assets at fair value through profit or loss subject to repurchase agreements as of 30 September 2012 and 31 December 2011. Funds given against securities purchased under agreements to resell (“Reverse repos”) are accounted under “Receivables from reverse repurchase agreements” in the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued evenly over the life of repurchase agreements using the effective interest rate method. The Group has no securities lending transactions. The Group has government bonds amounting to TL 50.000 as of 30 September 2012 that the Group has given as guarantees to Istanbul Stock Exchange Bond Market on behalf of its subsidiary, HSBC Yatırım Menkul Değerler A.Ş (31 December 2011: TL 67.752).

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

The Group has no discontinued operations as of 30 September 2012 and 31 December 2011. Property and equipment held-for-sale purpose 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 Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal” published in the Official Gazette dated 1 November 2006, No.26333 and classified as assets held for sale.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

The Group’s intangible assets are composed of software, goodwill and establishment expenditures. Intangible assets are measured in accordance with “Intangible Assets” (“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 fixed assets purchased before 31 December 2004, end of the high inflation period is accepted as 31 December 2004 or subject to inflation indexation until 31 December 2004. Intangible fixed assets purchased after 31 December 2004 are recognised with their purchase cost in the financial statements.

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

All property and equipment are measured in accordance with “Property, Plant and Equipment” (“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 tangible assets purchased before 31 December 2004 or subject to inflation indexation until 31 December 2004. Tangible assets purchased after 31 December 2004 are recognised with their purchase cost in the financial statements. Tangible assets are amortised by using the straight line method based on their useful lives, such as buildings depreciated at rate 2%, transportation vehicles at rates 15% - 20%, furnitures at rate 20%, other tangible assets at rates ranging from 2% to 33%. The depreciation charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item will remain in property and equipment. Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its net sales revenue. Repair and maintenance expenses in order to increase the useful life of the tangible fixed assets are capitalized, other repair and maintenance costs are recognised as expenses. There are no mortgages, pledges or similar precautionary measures on tangible fixed assets.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under finance lease agreements are capitalized in accordance with “Leases” (“TAS 17”) at the inception of the lease at the “Lower of the fair value of the leased asset or the present value of the lease installments that are going to be paid for the leased asset”. Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a “Provision for value decrease” is recognised. Liabilities arising from the leasing transactions are included in “Finance lease payables” in the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Group does not provide financial leasing services as a “Lessor”. Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

The Competition Board has initiated an investigation in accordance with Law No. 4054 on the Protection of Competition, with its decision dated November 2, 2011 and numbered 11-55/1438 – M, against 12 banks and 2 firms in the financial services industry, including the Bank to determine whether the 4th clause of the aforementioned Law was violated through agreements limiting competition. The investigation is still continuing and the Bank does not foresee any effects on 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 entity. Contingent assets are not recognised in financial statements since this may result in recognition of income that may never be realized. If an inflow of economic benefits to the Group has become probable, then the contingent asset is disclosed in the footnotes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Obligations related to employment termination and vacation rights are accounted for in accordance with “Turkish Accounting Standard for Employee Rights” (“TAS 19”) and are classified under “Reserve for Employee Rights” account in the balance sheet. Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. The Group provides provision for retirement and termination liabilities by estimating the net present value of future payments of the Group arising from the retirement of employees and reflects this provision amount in the financial statements. For employee termination benefit provision calculation, future liability amounts are calculated and yearly discount rate is 3,53%.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

(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 Group after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed. Dividends paid to non-resident corporations, which have a place of business in Turkey or are resident corporations, are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

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

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

The tax applications for foreign branches;

TURKISH REPUBLIC OF NORTHERN CYPRUS

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

b. Deferred Tax Asset/Liability:

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with “Turkish Accounting Standard for Income Taxes” (“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
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE I OF SECTION THREE**

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

XVIII. EXPLANATIONS ON TAXATION (Continued)

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, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. As stated in the “7.1 Annual Documentation” section of this communiqué, the taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization” form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices. Group has filled out the related form and presented it to the tax office.

XIX. EXPLANATIONS ON BORROWING

The funds borrowed are recorded at their purchase costs and discounted by using the effective interest rate method. In the financial statements enclosed, foreign currency borrowings are translated according to the Group’s period end counter buying exchange rate. Interest expenses of the current period regarding the borrowing amounts are recognised in the financial statements. The Group has no marketable securities issued as of 30 September 2012 and 31 December 2011. The Group has no issued convertible bonds as of 30 September 2012 and 31 December 2011.

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

The Group has no issued share certificates as of 30 September 2012 and 31 December 2011.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Avalized drafts and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

The Group has no government grants as of 30 September 2012 and 31 December 2011.

XXIII. EXPLANATIONS ON OPERATING SEGMENTS

Segment reporting is presented in Note X of Section Four.

XXIV. PROFIT RESERVES AND PROFIT APPROPRIATION

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.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

XXV. EARNINGS PER SHARE

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

	Current Period	Prior Period
	30 September 2012	30 September 2011
Net Profit for the Period	133.662	196.770
Number of Shares	65.229.000.000	65.229.000.000
Earnings per Share (*)	0,00205	0,00302

(*) Amounts are expressed in full TL.

XXVI. CASH AND CASH EQUIVALENTS

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

XXVII. RELATED PARTIES

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

XXVIII. RECLASSIFICATIONS

There are no adjustments to the prior year financial statements other than reclassifications which have been made on comparative figures as of 31 December 2011, to conform to changes in presentation in the 30 September 2012 financials.

XXIX. OTHER MATTERS

As of 30 September 2012, TL 66.725 (31 December 2011: TL 43.670) of pre-paid taxes accounted under in “Current Tax Assets” are netted off with “Current Tax Liabilities.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

SECTION FOUR

EXPLANATIONS RELATED TO FINANCIAL POSITION

I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO

a. As of 30 September 2012, the Group's and the Parent Bank's capital adequacy ratios are orderly 16,11% , 15,96%. This rate is above the minimum rate specified by the related regulation.

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

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

c. Information related to capital adequacy ratio:

	30 September 2012									
	Consolidated Risk Weights									
	0%	10 %	20%	50 %	75 %	100 %	150 %	200 %	1250 %	
Credit Risk Based Amount	4.163.789	-	2.083.685	2.894.444	6.508.688	8.355.902	823.915	1.128.601	-	-
Risk classifications										
Claims on sovereigns and Central Banks	1.843.125	-	-	-	-	-	-	-	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	243	-	7.091	-	-	428.085	-	-	-	-
Claims on corporates	163.622	-	1.767.191	867.167	-	6.194.468	-	-	-	-
Claims included in the regulatory retail portfolios	76.330	-	-	432.946	5.915.950	-	-	-	-	-
Claims secured by residential property	-	-	-	1.593.520	592.738	-	-	-	-	-
Past due loans	-	-	-	-	-	217.760	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	823.415	1.128.601	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	308.687	811	-	858.418	500	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Other receivables	2.080.469	-	716	-	-	657.171	-	-	-	-

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (Continued)

	30 September 2012									
	Bank									
	Risk Weights									
	0%	10 %	20%	50 %	75 %	100 %	150 %	200 %	1250 %	
Credit Risk Based Amount	4.160.910	-	2.083.685	2.894.444	6.508.717	8.372.516	823.915	1.128.601		-
Risk classifications										
Claims on sovereigns and Central Banks	1.843.125	-	-	-	-	-	-	-	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	243	-	7.091	-	-	416.924	-	-	-	-
Claims on corporates	163.622	-	1.767.191	867.167	-	6.192.310	-	-	-	-
Claims included in the regulatory retail portfolios	76.330	-	-	432.946	5.915.979	-	-	-	-	-
Claims secured by residential property	-	-	-	1.593.520	592.738	-	-	-	-	-
Past due loans	-	-	-	-	-	217.760	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	823.415	1.128.601	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	308.687	811	-	858.418	500	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Other receivables	2.077.590	-	716	-	-	687.104	-	-	-	-

(*) According to the “Communique Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No. 28337 dated June 28, 2012, informations of prior period that have not presented for 1 year as coming into force date of regulation.

d. Summary information related to consolidated capital adequacy ratio:

Consolidated	Current Period
Capital to be employed for credit risk (Amount subject to credit risk * 0,08) (I)	1.487.556
Capital to be employed for market risk (II)	77.354
Capital to be employed for operational risk (III)	222.723
Shareholders’ Equity	3.599.097
Shareholders’ Equity / ((I+II+III)*12,5*100)	16,11
Bank	Current Period
Capital to be employed for credit risk (Amount subject to credit risk * 0,08) (I)	1.488.887
Capital to be employed for market risk (II)	72.522
Capital to be employed for operational risk (III)	219.436
Shareholders’ Equity	3.553.876
Shareholders’ Equity / ((I+II+III)*12,5*100)	15,96

(*) According to the “Communique Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No. 28337 dated June 28,2012, informations of prior period that have not presented for 1 year as coming into force date of regulation.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

e. Information about shareholders' equity items:

	Current Period 30 September 2012
CORE CAPITAL	
Paid-in-capital	652.290
Nominal Capital	652.290
Capital Commitments (-)	-
Adjustment to Paid-in Capital	-
Share Premium	-
Share repeal	-
Legal Reserves	1.950.969
Adjustments to Legal Reserves	272.693
Profit	133.662
Net Current Period Profit	133.662
Prior Period Profit	-
Provision for Possible Losses up to 25% of Core Capital	-
Profit on sale of associates, subsidiaries and buildings	-
Primary Subordinated Loans ⁽¹⁾	-
Minority Shareholders	-
Loss that is not covered with reserves (-)	-
Net Current Period Loss	-
Prior Period Loss	-
Leasehold Improvements (-)	26.198
Intangible Assets (-)	90.132
Deferred-Asset for tax which exceeds 10% of core capital (-)	-
Excess Amount expressed in the Law (Article 56, 3 rd paragraph) (-)	-
Consolidation Goodwill (Net) (-)	-
Total Core Capital	2.893.284

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (Continued)

	Current Period 30 September 2012
SUPPLEMENTARY CAPITAL	
General Reserves	238.379
45% of increase in revaluation fund of movables	-
45% of the Immovable Revaluation Fund	-
Free shares from investment and associates, subsidiaries and joint ventures that is not recognized in profit	-
Primary subordinated loans which are ignored in the calculation of core capital	-
Secondary subordinated loans	459.119
45% of value increase fund of financial assets available for sale and associates and subsidiaries	8.939
Inflation Adjustment to Capital Reserve, Profit Reserve and Prior Years’ Income or Loss (Except Inflation Adjustment to Legal Reserves, Status Reserves and Extraordinary Reserves)	-
Minority Share	-
Total Supplementary Capital	706.437
CAPITAL	3.599.721
DEDUCTIONS FROM CAPITAL	624
Shares in Unconsolidated Banks and Financial Institutions	-
The Secondary Subordinated Loans Extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments That Have Primary or Secondary Subordinated Loan Nature Purchased from Them	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-
Loans extended being noncompliant with articles 50 and 51 of the Law	188
Net book values of properties owned, exceeding 50% of banks’ equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	159
Securitisation positions that is deducted -preferably- from the shareholders' equity	-
Other	277
TOTAL SHAREHOLDERS’ EQUITY	3.599.097

(*) According to the “Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No. 28337 dated June 28,2012, informations of prior period that have not presented for 1 year as coming into force date of regulation.

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

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

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK

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

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

- b. When evaluated together with the financial operations of other financial institutions as an active participant in international banking market and when it is considered that a significant portion of the loan portfolio of the Bank consists of retail loans, it is thought that there is no significant level of loan risk concentration.
- c. The Group provided a general provision amounting to TL 238.379 (31 December 2011: TL 184.137).

III. EXPLANATIONS ON CONSOLIDATED MARKET RISK

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

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

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

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

Conducted analysis, limit usage and controls are discussed and necessary decisions are made in the weekly Asset-Liability Committee meetings.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

III. EXPLANATIONS ON CONSOLIDATED MARKET RISK (Continued)

b. Information on Consolidated Market Risk:

	30 September 2012
	Balance
(I) Capital to be Employed for General Market Risk - Standard Method	60.317
(II) Capital to be Employed for Specific Risk - Standard Method	543
Capital to be employed for specific risk in securitisation positions- Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	7.817
(IV) Capital to be Employed for Commodity Risk - Standard Method	-
(V) Capital to be Employed for Exchange Risk - Standard Method	-
(VI) Capital to be Employed for Market Risk Due to Options - Standard Method	51
(VII) Capital to be employed for counterparty credit risk - Standard Method	8.626
(VIII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model	-
(IX) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI)	77.354
(X) Amount Subject to Market Risk (12,5xVIII) or (12,5xVII)	966.925

(*) According to the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" published in the Official Gazette No. 28337 dated June 28,2012, informations of prior period that have not presented for 1 year as coming into force date of regulation.

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

The disclosure is not required to be presented in interim review report.

d. Informations on counterparty risks:

The disclosure is not required to be presented in interim review report.

IV. EXPLANATIONS ON CONSOLIDATED OPERATIONAL RISK

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

The capital adequacy standard ratio calculation table has been initiated as of 30 June 2007 and the "Basic indicator method" is used in the operational risk calculation of the Bank. The amount subject to the operational risk is calculated through the use of the gross income of the Bank in 2011, 2010, and 2009 in accordance to the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio" published in the Official Gazette No.28337 dated 28 June 2012. In the scope of "Capital adequacy ratio" stated in Note I of this section, amount subjected to operational risk is TL 2.784.039 represented risk weighted assets for operational risk and 8% of that amount is TL 222.723 represented related capital requirement.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK

- a. Whether the Group is exposed to foreign currency risk, whether the effects of this matter are estimated, whether limits for the daily followed positions are determined by the Board of Directors:**

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

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

The Group, as a general principle is not carrying its foreign currency position, but equilibrating foreign currency positions with derivative products. Foreign exchange bid rate of important foreign currencies are indicated in the table below.

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

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

- d. Current foreign exchange bid rates of the Group for the last five business days prior to the financial statement date:**

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

Current Period - 30 September 2012	USD (\$)	EUR (€)
Balance Sheet Date		
Bank Evaluation Rate	1,79600	2,31693
Before Balance Sheet Date		
1. Day bid rate	1,79600	2,31693
2. Day bid rate	1,79600	2,31693
3. Day bid rate	1,79000	2,30454
4. Day bid rate	1,79430	2,30603
5. Day bid rate	1,79050	2,31807

Prior Period - 31 December 2011	USD (\$)	EUR (€)
Balance Sheet Date		
Bank Evaluation Rate	1,88200	2,43427
Before Balance Sheet Date		
1. Day bid rate	1,88200	2,43427
2. Day bid rate	1,91850	2,47640
3. Day bid rate	1,90725	2,47638
4. Day bid rate	1,89650	2,47958
5. Day bid rate	1,89650	2,47958

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

The Group’s simple arithmetic average foreign exchange rates for US Dollar and Euro are 1,80188, 2,31832 respectively for September 2012 (31 December 2011: TL 1,86732, TL 2,46126).

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued)

f. Information related to Group's Currency Risk:

Current Period – 30 September 2012	EUR	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank	1.124.403	428.981	420.321	1.973.705
Banks	43.122	166.884	27.638	237.644
Financial Assets at Fair Value through Profit or Loss (Net)	12.503	21.511	598	34.612
Interbank Money Market Placements	-	35.946	-	35.946
Available-for-sale Financial Assets (Net)	-	-	-	-
Loans (*)	1.324.997	2.167.018	32.681	3.524.696
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments (Net)	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets (**)	2.273	8.873	1.646	12.792
Total Assets	2.507.298	2.829.213	482.884	5.819.395
Liabilities				
Bank Deposits	39.779	117.117	46	156.942
Foreign Currency Deposits (***)	1.591.021	3.099.206	771.967	5.462.194
Funds from Interbank Money Market	-	-	-	-
Borrowings	1.531.832	3.030.189	1.402	4.563.423
Issued Marketable Securities (Net)	-	-	-	-
Miscellaneous Payables	31.104	191.156	6.415	228.675
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	33.048	51.251	7.702	92.001
Total Liabilities	3.226.784	6.488.919	787.532	10.503.235
Net on Balance Sheet Position	(719.486)	(3.659.706)	(304.648)	(4.683.840)
Net off-Balance Sheet Position				
Net off-Balance Sheet Position	775.541	3.569.986	314.611	4.660.138
Financial Derivative Assets	3.334.252	11.758.665	1.500.017	16.592.934
Financial Derivative Liabilities	2.558.711	8.188.679	1.185.406	11.932.796
Non-cash Loans	329.862	1.697.650	103.085	2.130.597
Prior Period - 31 December 2011				
Total Assets	1.314.118	4.596.784	304.890	6.215.792
Total Liabilities	2.636.474	6.016.553	902.016	9.555.043
Net on-Balance Sheet Position	(1.322.356)	(1.419.769)	(597.126)	(3.339.251)
Net off-Balance Sheet Position	1.396.503	1.384.180	592.516	3.373.199
Financial Derivative Assets	2.167.832	4.935.618	704.711	7.808.161
Financial Derivative Liabilities	771.329	3.551.438	112.195	4.434.962
Non-cash Loans	280.604	2.152.198	77.818	2.510.620

(*) Loans consists of foreign indexed loans amounting to TL 937.520 (31 December 2011: 1.181.045) and foreign factoring receivables amounting to TL 13.159 (31 December 2011: 17.891) as of 30 September 2012.

(**) Shareholder's Equity dose not consist of valuation differences of securities TL 3.331 (31 December 2011: 1.616) as of 30 September 2012.

(***) Foreign Currency Deposits consists of precious metal deposit accounts amounting to TL 252.109 as of 30 September 2012.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

V. EXPLANATIONS ON CURRENCY RISK (Continued)

Fair value of foreign currency buy transactions amounting to TL 45.469 (31 December 2011: TL 24.799) classified under derivative financial assets held for trading and fair value of currency sell transactions amounting to TL 38.608 (31 December 2011: TL 57.413) classified under derivative financial liabilities held for trading are not included on balance sheet position since notional amount of these transactions are included in off balance sheet positions.

As of 30 September 2012 and 31 December 2011, if group's foreign currency position had depreciated by 10% against TL with all other variables held constant, the changes in profit before tax and equity mainly as a result of foreign exchange losses are disclosed as following:

	Current Period – 30 September 2012		Prior Period– 31 December 2011	
	Income Statement	Equity (*)	Income Statement	Equity (*)
US Dollar	(8.972)	(8.972)	(3.499)	(3.559)
EUR	5.606	5.606	7.415	7.415
Other	996	996	(461)	(461)
Total	(2.370)	(2.370)	3.455	3.395

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

As of 30 September 2012 and 31 December 2011, as a result of 10 % appreciation of TL currency against other foreign currencies with all other variables held constant, the changes in the assets and liabilities have occurred in accordance with the table above but effects will be reverse.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK

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

Current Period – 30 September 2012	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years and Over	5 Years and Over	Non Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	-	-	-	-	-	2.192.010	2.192.010
Banks	796.282	36.554	44.377	-	-	135.163	1.012.376
Financial Assets at Fair Value Through Profit or Loss (Net)	74.713	891.582	1.001.356	270.495	24.714	-	2.262.860
Interbank Money Market Placements	1.739.825	-	-	-	-	-	1.739.825
Available-for-sale Financial Assets (Net) (*)	324.792	441.193	1.693.829	-	-	4.000	2.463.814
Held-to-maturity Investments (Net).	5.179.340	1.454.901	3.888.755	3.560.062	1.265.350	217.760	15.566.168
Other Assets	-	-	-	-	-	-	-
Total Assets	8.114.952	2.824.230	6.628.317	3.830.557	1.290.064	3.149.460	25.837.580
Liabilities							
Bank Deposits	225.972	-	10.258	4.304	-	133.992	374.526
Other deposits	7.375.666	3.055.249	261.597	820	-	2.392.507	13.085.839
Funds from Interbank Money Market	835.646	-	-	-	-	-	835.646
Miscellaneous Payables	-	-	-	-	-	925.086	925.086
Issued Marketable Securities (Net)	-	-	-	-	-	-	-
Borrowings	2.742.027	1.344.595	2.415.780	1.304	203.056	-	6.706.762
Other Liabilities (**)	97.603	51.931	40.750	7.954	487	3.710.996	3.909.721
Total Liabilities	11.276.914	4.451.775	2.728.385	14.382	203.543	7.162.581	25.837.580
Balance Sheet Long Position	-	-	3.899.932	3.816.175	1.086.521	-	8.802.628
Balance Sheet Short Position	(3.161.962)	(1.627.545)	-	-	-	(4.013.121)	(8.802.628)
Off Balance Sheet Long Position	302.456	875.445	-	156.163	-	-	1.334.064
Off Balance Sheet Short Position	-	-	(1.288.943)	-	-	-	(1.288.943)
Total Position	(2.859.506)	(752.100)	2.610.989	3.972.338	1.086.521	(4.013.121)	45.121

(*) Loans consist of factoring transactions amounting to TL 119.021.

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

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period – 31 December 2011	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	-	-	-	-	-	1.799.569	1.799.569
Banks	195.108	-	-	-	-	171.437	366.545
Financial Assets at Fair Value Through Profit or Loss (Net)	117.946	58.069	127.085	90.300	12.384	12.312	418.096
Interbank Money Market Placements	4.152.681	-	-	-	-	-	4.152.681
Available-for-sale Financial Assets (Net)	970.633	942.626	816.146	3.895	-	3.000	2.736.300
Loans (*)	3.867.938	1.663.136	4.335.153	3.132.260	888.927	170.857	14.058.271
Held-to-maturity Investments (Net)	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	634.061	634.061
Total Assets	9.304.306	2.663.831	5.278.384	3.226.455	901.311	2.791.236	24.165.523
Liabilities							
Bank Deposits	191.710	6.315	23.084	-	-	154.294	375.403
Other deposits	7.239.582	2.617.087	479.979	6.033	-	2.512.698	12.855.379
Funds from Interbank Money Market	889.994	-	-	-	-	-	889.994
Miscellaneous Payables	-	-	-	-	-	480.679	480.679
Issued Marketable Securities (Net)	-	-	-	-	-	-	-
Borrowings	3.268.592	757.578	1.750.353	510	211.119	-	5.988.152
Other Liabilities (**)	54.738	15.643	44.028	3.650	-	3.457.857	3.575.916
Total Liabilities	11.644.616	3.396.623	2.297.444	10.193	211.119	6.605.528	24.165.523
Balance Sheet Long Position	-	-	2.980.940	3.216.262	690.192	-	6.887.394
Balance Sheet Short Position	(2.340.310)	(732.792)	-	-	-	(3.814.292)	(6.887.394)
Off Balance Sheet Long Position	-	321.623	-	53.589	318.434	-	693.646
Off Balance Sheet Short Position	(113.771)	-	(656.947)	-	-	-	(770.718)
Total Position	(2.454.081)	(411.169)	2.323.993	3.269.851	1.008.626	(3.814.292)	(77.072)

(*) Loans consist of factoring receivables amounting to TL 222.971.

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

b. Effective average interest rates for monetary financial instruments:

Current Period End - 30 September 2012	EUR	USD	JPY	TL
Assets	%	%	%	%
Cash Equivalents and Central Bank	-	-	-	-
Banks	-	0,12	-	7,61
Financial Assets at Fair Value Through Profit or Loss (Net)	4,99	5,28	-	6,62
Interbank Money Market Placements	-	1,00	-	8,81
Available-for-Sale Financial Assets (Net)	-	-	-	7,09
Loans	5,43	5,41	6,47	12,57
Held-to-Maturity Investments (Net)	-	-	-	-
Liabilities				
Bank Deposits	0,23	0,78	-	6,31
Other Deposits	2,23	2,63	2,17	8,61
Funds From Interbank Money Market	-	-	-	5,75
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities (Net)	-	-	-	-
Borrowings	1,47	0,97	-	10,72

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period End - 31 December 2011	EUR	USD	JPY	TL
Assets	%	%	%	%
Cash Equivalents and Central Bank	-	-	-	-
Banks	-	0,52	-	12,09
Financial Assets at Fair Value Through Profit or Loss (Net)	5,50	7,42	-	10,63
Interbank Money Market Placements	-	-	-	11,79
Available-for-Sale Financial Assets (Net)	-	2,48	-	9,86
Loans	5,91	4,48	4,72	12,72
Held-to-Maturity Investments (Net)	-	-	-	-
Liabilities				
Bank Deposits	0,74	0,55	-	8,01
Other Deposits	2,83	2,58	2,00	9,76
Funds From Interbank Money Market	-	-	-	6,49
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities (Net)	-	-	-	-
Borrowings	2,74	1,35	-	11,67

c. Interest rate risk on banking book risk:

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

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

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

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

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

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

30 September 2012	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
Type of Currency			
1. TL	500	(444.056)	% (12,49)
2. TL	(400)	469.506	% 13,21
3. EUR	200	8.527	% 0,24
4. EUR	(200)	(1.156)	% (0,03)
5. USD	200	61.508	% 1,73
6. USD	(200)	(73.000)	% (2,05)
Total (of negative shocks)		(374.020)	% (10,52)
Total (of positive shocks)		395.351	% 11,12

(*) According to the “Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No. 28337 dated June 28,2012, informations of prior period that have not presented for 1 year as coming into force date of regulation

d. Position risk of equity securities in banking book:

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

Equity securities which are not publicly traded are booked as their cost value, if calculation of fair value is not determinated properly

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

None.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK

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

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

For various liquidity crisis scenarios, liquidity crisis management methods are standed by.

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

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

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

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

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

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

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued)

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

Current Period – 30 September 2012	Demand	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Unallocated (*)	Total
Assets								
Cash Equivalents and Central Bank	386.154	1.805.856	-	-	-	-	-	2.192.010
Banks	135.163	796.282	36.554	44.377	-	-	-	1.012.376
Financial Assets at Fair Value through Profit or Loss (Net)	-	78.084	878.237	1.001.450	274.640	30.449	-	2.262.860
Interbank Money Market Placements	-	1.739.825	-	-	-	-	-	1.739.825
Available-for-sale Financial Assets (Net)	4.000	-	114.246	1.049.228	1.231.779	64.561	-	2.463.814
Loans (*)	-	4.572.338	2.183.024	2.528.209	4.682.752	1.382.085	217.760	15.566.168
Held-to-maturity Investments (Net)	-	-	-	-	-	-	-	-
Other Assets (**)	-	222.732	64.398	247	30.897	-	282.253	600.527
Total Assets	525.317	9.215.117	3.276.459	4.623.511	6.220.068	1.477.095	500.013	25.837.580
Liabilities								
Bank Deposits	133.992	225.972	-	10.258	4.304	-	-	374.526
Other Deposits	2.392.507	7.375.666	3.055.249	261.597	820	-	-	13.085.839
Borrowings	-	1.986.759	600.240	1.808.947	1.613.688	697.128	-	6.706.762
Funds from Interbank Money Market	-	835.646	-	-	-	-	-	835.646
Issued Marketable Securities (Net)	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	639.459	136.505	134.378	14.744	-	-	925.086
Other Liabilities (***)	-	118.696	35.132	152.949	292.644	5.481	3.304.819	3.909.721
Total Liabilities	2.526.499	11.182.198	3.827.126	2.368.129	1.926.200	702.609	3.304.819	25.837.580
Net Liquidity Gap	(2.001.182)	(1.967.081)	(550.667)	2.255.382	4.293.868	774.486	(2.804.806)	-
Prior Period - 31 December 2011								
Total Assets	889.106	10.024.451	2.764.226	3.483.641	5.398.149	1.136.324	469.626	24.165.523
Total Liabilities	2.666.992	11.072.871	2.880.988	2.683.545	1.593.220	216.010	3.051.897	24.165.523
Net Liquidity Gap	(1.777.886)	(1.048.420)	(116.762)	800.096	3.804.929	920.314	(2.582.271)	-

(*) Loans consists of factoring receivables amounting to TL 119.021 (31 December 2011: TL 222.971).

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

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

f. Explanations on securitization positions:

None.

g. Explanations on credit risk mitigation techniques:

1. Process of net-offs of balance sheet and off-balance sheet items and net-offs made through policies and Parent Bank's net-off usage level:

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

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK (Continued)

2. Applications regarding valuation and management of collaterals:

In terms of credit risk mitigation bank uses cash, government and treasury bonds, fund, gold, bank guarantee, stock and derivatives as main collateral type. Mortgages on dwelling and commercial real estate reported under different risk class are other main types of collaterals.

3. Types of collaterals received:

In terms of credit risk mitigation, Group uses cash, government and treasury bonds, fund, gold, bank guarantee, stock and derivatives as main collateral type. Mortgages on dwelling and commercial real estate reported under different risk class are other main types of collaterals.

Volatility adjustments related to receivable, collateral and exchange mismatch of collateral is applied Standard volatility approach that is determined the Article 37 of the communiqué “Credit Risk Mitigation Techniques”.

4. Main guarantor and credit derivatives’ counter party and their credit valuableness:

None.

5. Information on credit mitigation in market or credit risk concentration:

None.

6. Collaterals in terms of risk categories:

Risk Classifications	Balance	Financial Guaranties	Other/Physical Guaranties	Guaranties And Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	1.843.125	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	681.869	-	-	-
Conditional and unconditional receivables from Corporates	20.657.187	1.030.789	-	-
Conditional and unconditional retail receivables	12.552.371	509.276	-	-
Conditional and unconditional receivables secured by Mortgages	1.594.890	1.593.520	-	-
Past due receivables	799.047	-	-	-
Receivables defined in high risk category by BRSA	1.952.016	-	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	1.175.822	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	2.738.356	-	-	-
Total	43.994.683	3.133.585	-	-

(*) According to the “Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No. 28337 dated June 28,2012, informations of prior period that have not presented for 1 year as coming into force date of regulation.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

VII. EXPLANATIONS ON CONSOLIDATED LIQUIDTY RISK (Continued)

h. Risk management objectives and policies:

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

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

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

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

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

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

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

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

Presentation of this disclosure is not required in interim review report.

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

None.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

X. EXPLANATIONS ON OPERATING SEGMENTS

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

In the retail banking segment, the Group 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 Group provides loans, commercial card, foreign trade financing, structured trading financing, project and export financing, syndications, custodian services, cash and risk management services. In the Corporate and Investment banking segment, the Group provides loan and investment services, commercial card, insurance products, cash and risk management services to its customers. Also the Group provides marketable securities transactions, gold and foreign exchange transactions, derivative transactions and money market transactions services to its customers.

There are Brokerage Authorization, Public Offerings Brokerage Authorization, Margin Trading, Short Selling, Lending of Marketable Securities Authorization, Portfolio Management Authorization, Repurchase and Reverse Repurchase Agreement Authorization, Investment Consultancy Authorization and Derivative Brokerage Authorization that have been obtained from CMB (“Capital Market Board”).

In respect to “Portfolio Management and Investment Consultancy Authorization” that have been obtained from CMB, HSBC Portföy manages the marketable security portfolios of the customers as deputy and performs the other operations that are permitted by CMB and the related legislation.

Informations related to consolidated operating segments on the table below:

	Retail Banking	Corporate And Investment Banking	Treasury and Capital Markets	Other	Group’s Total Activities
Current Period - 30 September 2012					
Operating Income	742.298	386.616	122.648	-	1.251.562
Other	-	-	-	-	-
Operating Income	742.298	386.616	122.648	-	1.251.562
Segment Net Profit	-	-	-	-	-
Undistributed Cost	-	-	-	-	-
Operating Profit	(27.075)	129.615	79.043	-	181.583
Profit before Tax	(27.075)	129.615	79.043	-	181.583
Corporate Tax Provision(*)	-	-	-	(47.921)	(47.921)
Profit after Tax	(27.075)	129.615	79.043	(47.921)	133.662
Minority Interest	-	-	-	-	-
Net Profit for the Period	(27.075)	129.615	79.043	(47.921)	133.662
Segment Assets	9.494.671	7.241.443	9.101.196	-	25.837.310
Investments in Associates	-	-	-	270	270
Undistributed Assets	-	-	-	-	-
Total Assets	9.494.671	7.241.443	9.101.196	270	25.837.580
Segment Liabilities	13.819.196	3.833.732	8.184.652	-	25.837.580
Undistributed Liabilities	-	-	-	-	-
Total Liabilities	13.819.196	3.833.732	8.184.652	-	25.837.580
Other Segment Items	(295.378)	(3.563)	(1.040)	-	(299.981)
Capital Investment	-	-	-	-	-
Amortization	(43.755)	(3.563)	(482)	-	(47.800)
Impairment	-	-	(558)	-	(558)
Non-cash Other Income-Expense	(251.623)	-	-	-	(251.623)
Restructuring Costs	-	-	-	-	-

(*) Corporate tax provision is not distributed.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

X. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

	Retail Banking	Corporate And Investment Banking	Treasury and Capital Markets	Other	Group's Total Activities
Prior Period - 31 December 2011					
Operating Income (**)	691.076	325.401	137.009	-	1.153.484
Other (**)	-	-	-	-	-
Operating Income (**)	691.076	325.401	137.009	-	1.153.484
Segment Net Profit (**)	-	-	-	-	-
Undistributed Cost (**)	-	-	-	-	-
Operating Profit (**)	41.163	135.272	85.069	-	261.504
Profit before Tax (**)	41.163	135.272	85.069	-	261.504
Corporate Tax Provision (*)	-	-	-	64.734	64.734
Profit after Tax (**)	41.163	135.272	85.069	(64.734)	196.770
Minority Interest (**)	-	-	-	-	-
Net Profit for the Period (**)	41.163	135.272	85.069	(64.734)	196.770
Segment Assets	7.402.571	7.935.392	8.827.290	-	24.165.253
Investments in Associates	-	-	-	270	270
Undistributed Assets	-	-	-	-	-
Total Assets	7.402.571	7.935.392	8.827.290	270	24.165.523
Segment Liabilities	12.391.076	4.484.348	7.290.099	-	24.165.523
Undistributed Liabilities	-	-	-	-	-
Total Liabilities	12.391.076	4.484.348	7.290.099	-	24.165.523
Other Segment Items	(40.452)	(13.733)	(8.322)	18.483	(44.024)
Capital Investment	-	-	-	-	-
Amortization	(40.452)	(13.733)	(1.739)	30	(55.894)
Impairment	-	-	(6.583)	(488)	(7.071)
Non-cash Other Income-Expense	-	-	-	18.941	18.941
Restructuring Costs	-	-	-	-	-

(*) Corporate tax provision is not distributed.

(**) Items of income and expense are expressed amounts of 30 September 2011.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

SECTION FIVE

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

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

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

	Current Period 30 September 2012		Prior Period 31 December 2011	
	TL	FC	TL	FC
Cash/Foreign Currency	181.037	105.509	172.437	95.618
The CBRT	37.268	1.805.857	160.475	1.355.074
Other	-	62.339	-	15.965
Total	218.305	1.973.705	332.912	1.466.657

(*) Account of precious metal amounting to TL 62.338 (31 December 2011: 15.953 TL) as of 30 September 2012.

2. Information related to the account of the CBRT:

	Current Period 30 September 2012		Prior Period 31 December 2011	
	TL	FC	TL	FC
Demand Unrestricted Account	37.268	1	160.475	257.862
Time Unrestricted Account	-	-	-	-
Time Restricted Account	-	1.805.856	-	1.097.212
Total	37.268	1.805.857	160.475	1.355.074

3. Explanation on reserve requirements:

Banks that are performing their operations in Turkey are subject to the Central Bank of the Republic of Turkey’s Communiqué numbered 2005/1 “Required Reserves” and have to establish required reserve in the CBRT for its Turkish Lira and foreign currency liabilities according to ratios that are given below.

3(i). For Turkish Lira liabilities:

- For demand deposits, notice deposits and private current account 11%,
- For time deposit accounts up to 1-month maturity (including 1-month) 11%,
- For time deposit accounts up to 3-months maturity (including 3-months) 11%,
- For time deposit accounts up to 6-months maturity (including 6-months) 8%,
- For time deposit accounts up to 1-year 6%,
- For time deposit/participation accounts with 1-year and longer maturity 5%,
- For liabilities other than deposits up to 1-year 11%, up to 3-years 8%, longer than 3-years 5%.

3(ii). For foreign currency liabilities:

- For demand deposits, notice deposits, foreign currency private current accounts, foreign currency deposits up to 1-month, up to 3-months, up to 6-months and up to 1-year 11%,
- For foreign currency/participation foreign currency accounts with 1-year and longer 9%,
- For foreign currency other liabilities up to 1-year (including 1-year) 11%,
- For foreign currency other liabilities up to 3-years (including 3-years) 9%,
- For foreign currency other liabilities with longer than 3-years 6%.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

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

1. Financial assets blocked as collateral or subject to repurchase agreements:

The Group has financial assets at fair value through profit or loss as collateral/blocked amounting to TL 38.623 (31 December 2011: TL 37.674) as of 30 September 2012.

The Group has financial assets at fair value through profit or loss subject to repurchase agreement amounting to TL 860.288 (31 December 2011: none) as of 30 September 2012.

The Group has financial assets at fair value through profit or loss in unrestricted account amount to TL 1.195.192 (31 December 2011: TL 212.474) as of 30 September 2012.

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

	Current Period 30 September 2012		Prior Period 31 December 2011	
	TL	FC	TL	FC
Forward Transactions	25.938	10.937	13.644	3.031
Swap Transactions	71.718	43.245	117.483	22.877
Futures Transactions	-	-	-	311
Options	-	16.919	-	10.602
Other	-	-	-	-
Total	97.656	71.101	131.127	36.821

c. Information on banks:

1. Information on banks and other financial institutions:

	Current Period 30 September 2012		Prior Period 31 December 2011	
	TL	FC	TL	FC
Banks	774.732	237.644	97.216	269.329
Domestic	751.372	5	60.088	134.581
Foreign	23.360	237.639	37.128	134.748
Foreign Head Office and Branches	-	-	-	-
Total	774.732	237.644	97.216	269.329

2. Information on foreign banks account:

Presentation of this disclosure is not required in interim review report.

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

1. Financial assets blocked as collateral or subject to repurchase agreements:

The Group has financial assets at fair value through profit or loss as collateral/blocked amount to TL 2.459.814 as of 30 September 2012 (31 December 2011: TL 1.763.915).

The Group has no financial assets at fair value through profit or loss subject to repurchase agreement as of 30 September 2012 (31 December 2011: TL 921.839).

The Group has no financial assets at fair value through profit or loss in unrestricted as of 30 September 2012 (31 December 2011: TL 47.546).

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

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

	Current Period 30 September 2012	Prior Period 31 December 2011
Debt Securities	2.460.464	2.769.032
Quoted to Stock Exchange	2.460.464	2.769.032
Not Quoted	-	-
Share Certificate	4.000	3.000
Quoted to Stock Exchange	-	-
Not Quoted (*)	4.000	3.000
Impairment Provision (-)	650	35.732
Total	2.463.814	2.736.300

(*) Equity investment in Kredi Garanti Fonu is security representing a share in capital and classified in available for sale financial assets.

e. Information related to loans:

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

	Current Period 30 September 2012		Prior Period 31 December 2011	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	-	22.383	1.352	15.984
Corporate Shareholders	-	22.383	1.352	15.984
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	7.767	491.032	7.509	471.991
Loans Granted to Employees	31.442	-	30.587	-
Total	39.209	513.415	39.448	487.975

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

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

	Standard Loans and Other Receivables		Loans and Other Receivables under Close Monitoring			
	Loans and Other Receivables	Agreement conditions modified	Other	Loans and Other Receivables	Agreement conditions modified	
				Payment Plan Extentions	Payment Plan Extentions	Other
Non-specialized Loans	14.277.436	451.389	-	583.396	36.187	-
Discount And Purchase Notes	4.920.192	396.467	-	391.859	34.772	-
Export Loans	589.794	39.578	-	14.161	-	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	112.796	-	-	-	-	-
Consumer Loans (Including Overdraft Loans)	4.329.888	14.299	-	94.979	1.171	-
Credit Cards	3.647.825	-	-	57.717	-	-
Other (*)	676.941	1.045	-	24.680	244	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	14.277.436	451.389	-	583.396	36.187	-

(*) Consist of factoring receivables amounting to TL 119.021.

Number of Modifications Made to Extend Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
	Extended by 1 or 2 times	416.530
Extended by 3, 4 or 5 times	29.927	-
Extended by more than 5 times	4.932	-

Extended period of time	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
	0 – 6 Months	86.918
6 – 12 Months	177.736	532
1 – 2 Years	134.260	4.720
2 – 5 Years	48.898	27.891
5 years or more	3.577	3.044

3. Breakdown of loans according to their maturities:

Presentation of this disclosure is not required in interim review report.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

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

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	77.142	4.100.089	4.177.231
Mortgage Loans	956	1.796.050	1.797.006
Automotive Loans	351	36.561	36.912
Consumer Loans	73.575	2.267.478	2.341.053
Other	2.260	-	2.260
Consumer Loans- Indexed to FC	-	29.242	29.242
Mortgage Loans	-	27.844	27.844
Automotive Loans	-	-	-
Consumer Loans	-	1.398	1.398
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	3.645.363	-	3.645.363
With Installment	1.785.614	-	1.785.614
Without Installment	1.859.749	-	1.859.749
Individual Credit Cards-FC	7.332	-	7.332
With Installment	-	-	-
Without Installment	7.332	-	7.332
Personnel Loans-TL	1.235	20.253	21.488
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	1.235	20.253	21.488
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	9.893	-	9.893
With Installment	5.543	-	5.543
Without Installment	4.350	-	4.350
Personnel Credit Cards-FC	61	-	61
With Installment	-	-	-
Without Installment	61	-	61
Credit Deposit Account-TL (Real Person)	212.376	-	212.376
Credit Deposit Account-FC (Real Person)	-	-	-
Total Consumer Loans	3.953.402	4.149.584	8.102.986

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

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

	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	79.160	700.897	780.057
Mortgage Loans	-	10.111	10.111
Automotive Loans	1.601	34.784	36.385
Consumer Loans	77.550	656.002	733.552
Other	9	-	9
Commercial Installment Loans- Indexed to FC	4.918	214.239	219.157
Mortgage Loans	-	1.742	1.742
Automotive Loans	394	6.529	6.923
Consumer Loans	4.524	205.968	210.492
Other	-	-	-
Commercial Installment Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	42.518	-	42.518
With Installment	18.797	-	18.797
Without Installment	23.721	-	23.721
Corporate Credit Cards-FC	375	-	375
With Installment	-	-	-
Without Installment	375	-	375
Credited Deposit Account-TL (Legal Person)	123.702	-	123.702
Credited Deposit Account-FC (Legal person)	-	-	-
Total	250.673	915.136	1.165.809

6. Loans according to types of borrowers:

Presentation of this disclosure is not required in interim review report.

7. Distribution of domestic and foreign loans:

	Current Period 30 September 2012	Prior Period 31 December 2011
Domestic Loans	15.006.089	13.639.109
Foreign Loans	342.319	248.305
Total	15.348.408	13.887.414

(*) Consists of factoring receivables amounting to TL 119.021 (31 December 2011: TL 222.971).

8. Loans granted to investments in associates and subsidiaries:

	Current Period 30 September 2012	Prior Period 31 December 2011
Direct Loans Granted to Investments in Associates and Subsidiaries	-	-
Indirect Loans Granted to Investments in Associates and Subsidiaries	-	-
Total	-	-

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

9. Specific provisions accounted for loans:

	Current Period	Prior Period
	30 September 2012	31 December 2011
Loans and Receivables with Limited Collectability	22.940	18.998
Loans and Receivables with Doubtful Collectability	73.089	41.565
Uncollectible Loans and Receivables	485.345	376.235
Total	581.374	436.798

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

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

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible
	Receivables with	Receivables with	Loans and
	Limited	Doubtful	Other
	Collectability	Collectability	Receivables
Current Period: 30 September 2012	1.546	7.085	25.220
(Gross Amounts Before Specific Provisions)			
Restructured Loans and Other Receivables	1.544	4.954	18.085
Rescheduled Loans and Other Receivables	2	2.131	7.135
Prior Period: 31 December 2011	269	11.201	16.862
(Gross Amounts Before Specific Provisions)			
Restructured Loans and Other Receivables	267	8.932	14.237
Rescheduled Loans and Other Receivables	2	2.269	2.625

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

	III. Group	IV. Group	V. Group
	Loans and Other	Loans and Other	Uncollectible
	Receivables with	Receivables with	Loans and
	Limited	Doubtful	Other
	Collectability	Collectability	Receivables
Prior Period End Balance: 31 December 2011	79.264	83.752	444.639
Additions (+)	107.065	125.360	46.608
Transfers from Other Categories of Non-Performing Loans (+)	160	70.963	122.245
Transfers to Other Categories of Non-Performing Loans (-)	64.101	128.703	564
Collections (-)	21.694	12.543	51.208
Write-offs (-) (*)	-	-	2.109
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	1.011
Credit Cards	-	-	1.098
Other	-	-	-
Balance at the End of the Period: 30 September 2012	100.694	138.829	559.611
Specific Provisions (-)	22.940	73.089	485.345
Net Balance on Balance Sheet	77.754	65.740	74.266

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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 September 2012			
Balance at the End of the Period	-	-	14.453
Specific Provisions (-)	-	-	14.453
Net Balance on Balance Sheet	-	-	-
Prior Period: 31 December 2011			
Balance at the End of the Period	-	33	14.427
Specific Provisions (-)	-	33	13.693
Net Balance on Balance Sheet	-	-	734

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

	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 September 2012			
Loans granted to corporate entities and real persons (Gross)	100.694	138.829	547.868
Specific Provisions Amount(-)	22.940	73.089	473.602
Loans granted to corporate entities and real persons (Net)	77.754	65.740	74.266
Banks (Gross)	-	-	11.743
Specific Provisions Amount (-)	-	-	11.743
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-
Prior Period (Net): 31 December 2011			
Loans granted to corporate entities and real persons (Gross)	79.264	83.752	432.896
Specific Provisions Amount(-)	18.998	41.565	364.492
Loans granted to corporate entities and real persons (Net)	60.266	42.187	68.404
Banks (Gross)	-	-	11.743
Specific Provisions Amount (-)	-	-	11.743
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-

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

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

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

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

The general policy of the Group related to the collection, however, the write-off policy is applied as exceptional.

f. Held-to-maturity Investments:

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

The Group has no held to maturity investments as collateral/blocked and subject to repurchase agreements as of 30 September 2012 and 31 December 2011.

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

The Group has no held to maturity investments as government debt securities as of 30 September 2012 and 31 December 2011.

3. Information on Held-to-maturity Investments:

The Group has no held to maturity investments as of 30 September 2012 and 31 December 2011.

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

The Group has no movement of held to maturity investments as of 30 September 2012 and 31 December 2011.

g. Information on investments in associates (Net):

The Group has no investments in associates as of 30 September 2012 and 31 December 2011.

h. Information on subsidiaries (Net):

1. Information on unconsolidated subsidiaries:

a) Unconsolidated subsidiaries:

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

b) Main financial figures of 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	Capital Requirement
1	4.890	4.901	122	180	-	1.126	1.509	-	-
2	81	81	-	4	-	(11)	4	-	-

(*) Prepared with unaudited financial statements of 30 September 2012.

(**) The prior period balances present amounts of 30 September 2011.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

2. Information on consolidated subsidiaries:

HSBC Yatırım was established as Demir Yatırım in 23 December 1996. The merger of the Demir Yatırım and HSBC Yatırım was determined and 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 modification of the new merged company to HSBC Yatırım Menkul Değerler A.Ş. was determined and merger of these two companies was accomplished as of 11 January 2002.

a) Consolidated subsidiaries:

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Prior Period Profit / Loss (**)	Fair Value	Total Assets
1	92.134	79.987	16	25.002	4.751	10.256	12.320	-

(*) Prepared with unaudited financial statements of 30 September 2012.

(**) The prior period balances present amounts of 30 September 2011.

3. Movement schedule of consolidated subsidiaries:

	Current Period 30 September 2012	Prior Period 31 December 2011
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 Income	-	-
Sales/Liquidation (*)	-	-
Revaluation Increase	-	-
Increase /decrease of valuation	-	-
Balance at the End of the Period	34.753	34.753
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	99.87	99.87

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

Subsidiaries	Current Period 30 September 2012	Prior Period 31 December 2011
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	34.753	34.753

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

5. Subsidiaries quoted on a stock exchange:

The Group has no subsidiaries quoted on a stock exchange as of 30 September 2012 and 31 December 2011.

i. Information on joint ventures:

1. The Group has no joint ventures as of 30 September 2012 and 31 December 2011.

2. The accounting method of joint ventures is not determined since The Group has no subsidiaries quoted on a stock exchange as of 30 September 2012 and 31 December 2011.

j. Information on leasing receivables (Net):

The Group has no leasing receivables as of 30 September 2012 and 31 December 2011.

k. Information on hedging derivative financial assets:

The Group has no hedging derivative financial assets as of 30 September 2012 and 31 December 2011.

l. Explanations on property and equipment:

Presentation of this disclosure is not required in interim review report.

m. Information on intangible assets:

Presentation of this disclosure is not required in interim review report.

n. Information on the investment properties:

The Group has no investment properties as of 30 September 2012 and 31 December 2011.

o. Information on deferred tax asset:

As of 30 September 2012 deferred tax asset of the Group is TL 31.234 (31 December 2011: TL 354). Amount of deferred tax which is calculated on the temporary differences arising between applicable accounting policies and valuation principles and tax legislation, has been accounted in the financial statements as net deferred tax assets.

There are no temporary deductions which were not subject to deferred tax assets and accounted balance sheet.

There is no impairment provision for deferred tax.

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

As of 30 September 2012 property and equipment held for sale of the Group is TL 4.550 (31 December 2011: TL 7.801).

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

r. Information on other assets:

1. There is no further explanations of the Group related to prepaid expenses, tax and other operations.
2. Other assets of the balance sheet consist of debited suspense accounts amounting to TL 271.484 (31 December TL 301.078), prepaid expenses amounting to TL 66.527 (31 Aralık 2011: TL 65.309), other rediscount income amounting to TL 7.140 (31 Aralık 2011: TL 10.123), miscellaneous receivables amounting to TL 8.357 (31 Aralık 2011: TL 14.573), and other assets amounting to TL 4.400 (31 Aralık 2011: TL 7.413).

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

The Group has no receivables from forward sale of the assets classified in the miscellaneous receivables as of 30 September 2012 and 31 December 2011.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

a. Information on deposits

1. Information on maturity structure of the deposits:

There are no deposits with 7 days notification and accumulative deposits.

1(i). Current Period - 30 September 2012:

	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	490.340	-	258.981	3.384.955	1.437.310	188.168	37.146	-	5.796.900
Foreign Currency Deposits	1.243.409	-	977.695	2.488.744	250.097	182.386	67.753	-	5.210.084
Residents in Turkey	1.036.354	-	948.019	2.111.862	186.964	101.340	22.704	-	4.407.243
Residents Abroad	207.055	-	29.676	376.882	63.133	81.046	45.049	-	802.841
Public Sector Deposits	43.629	-	42	160	-	-	-	-	43.831
Commercial Deposits	348.094	-	1.157.054	141.402	62.854	4.430	1.578	-	1.715.412
Other Institutions Deposits	14.925	-	8.493	35.492	1.176	7.403	13	-	67.502
Gold Vault	252.110	-	-	-	-	-	-	-	252.110
Bank Deposits	133.992	-	223.966	2.006	14.562	-	-	-	374.526
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	99.309	-	220.501	2.006	14.562	-	-	-	336.378
Foreign Banks	34.683	-	3.465	-	-	-	-	-	38.148
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	2.526.499	-	2.626.231	6.052.759	1.765.999	382.387	106.490	-	13.460.365

1(ii). Prior Period - 31 December 2011:

	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	437.609	-	230.524	3.552.853	906.433	135.144	53.095	-	5.315.658
Foreign Currency Deposits	1.272.687	-	881.857	1.976.294	243.713	207.846	129.316	-	4.711.713
Residents in Turkey	1.100.424	-	858.288	1.634.409	185.001	114.529	70.533	-	3.963.184
Residents Abroad	172.263	-	23.569	341.885	58.712	93.317	58.783	-	748.529
Public Sector Deposits	21.877	-	40	330	-	136	-	-	22.383
Commercial Deposits	447.304	-	1.266.760	380.415	157.918	21.880	1.824	-	2.276.101
Other Institutions Deposits	12.352	-	26.310	98.500	35.499	35.993	1	-	208.655
Gold Vault	320.869	-	-	-	-	-	-	-	320.869
Bank Deposits	154.294	-	191.710	-	-	10.535	18.864	-	375.403
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	112.883	-	190.548	-	-	10.535	18.864	-	332.830
Foreign Banks	41.411	-	1.162	-	-	-	-	-	42.573
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	2.666.992	-	2.597.201	6.008.392	1.343.563	411.534	203.100	-	13.230.782

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

2. Information on saving deposits insurance:

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

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	Current Period 30 September 2012	Prior Period 31 December 2011	Current Period 30 September 2012	Prior Period 31 December 2011
Saving Deposits	2.336.398	2.227.202	3.262.508	2.889.431
Foreign Currency Saving Deposits	848.467	777.308	2.896.607	2.201.175
Other Deposits in the Form of Saving Deposits	19.286	23.312	148.812	224.914
Foreign Branches' Deposits under Foreign Authorities' Insurance	174.210	172.814	231.934	192.922
Off-Shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-
Total	3.378.361	3.200.636	6.539.861	5.508.442

2(ii). Since the head office of the Bank is not in abroad, saving deposit in Turkey is not under the guarantee of the saving deposits insurance.

2(iii). Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	Current Period 30 September 2012	Prior Period 31 December 2011
Foreign Branches' Deposits and other accounts	231.934	192.922
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-	-
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 in care	6.335	5.373
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law No:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Bank Which Established in Turkey in Order to Engage in Off-shore Banking Activities Solely	-	-

b. Information on trading derivative financial liabilities:

Table of negative differences for trading derivative financial liabilities:

	Current Period 30 September 2012		Prior Period 31 December 2011	
	TL	FC	TL	FC
Forward Transactions	12.254	9.641	10.044	15.141
Swap Transactions	129.899	29.635	41.968	40.528
Future Transactions	-	-	-	103
Options	-	17.295	-	10.275
Other	-	-	-	-
Total	142.153	56.571	52.012	66.047

c. Information on repurchase agreements:

The Group has repurchase agreements amounting to TL 835.646 as of 30 September 2012 (31 December 2011: TL 889.994).

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

d. Information on borrowings:

1. Information on banks and other financial institutions:

	Current Period 30 September 2012		Prior Period 31 December 2011	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Bank and Institutions	12.336	3.921	10.631	6.537
From Foreign Banks, Institutions and Funds	2.131.003	4.042.402	1.703.097	3.750.071
Issued marketable securities	-	-	-	-
Total	2.143.339	4.046.323	1.713.728	3.756.608

2. Maturity structure of funds borrowed:

	Current Period 30 September 2012		Prior Period 31 December 2011	
	TL	FC	TL	FC
Short-term	794.644	3.578.280	847.789	3.057.575
Medium and Long-term	1.348.695	468.043	865.939	699.033
Total	2.143.339	4.046.323	1.713.728	3.756.608

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

Presentation of this disclosure is not required in interim review report.

e. Information on other liabilities:

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

f. Information on financial leasing agreements :

i. Information on financial leasing agreements:

The Group has no payable for financial leasing (31 December 2011: 1 TL).

ii. Information on financial leasing agreements:

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

The table below shows leasing obligations resulting by operational leasing:

	Current Period 30 September 2012	Prior Period 31 December 2011
Less than 1 year	70.083	68.712
Between 1-4 years	141.176	134.034
More than 4 years	17.028	16.360
Total	228.287	219.106

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

g. Information on derivative financial liabilities for hedging purposes:

The Group has no derivative financial liabilities for hedging purposes as of 30 September 2012 and 31 December 2011.

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

None.

h. Information on provisions:

1. Information on general provisions:

	Current Period 30 September 2012	Prior Period 31 December 2011
General Provisions	238.379	184.137
Provisions for First Group Loans and Receivables	161.659	112.821
- Additional Provision for Loans and Receivables with Extended Maturities	23.247	35.661
Provisions for Second Group Loans and Receivables	14.982	10.529
- Additional Provision for Loans and Receivables with Extended Maturities	1.867	2.507
Provisions for Non-Cash Loans	26.442	15.738
Other	10.182	6.881

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

As of 30 September 2012, the provision related to foreign currency difference of foreign currency indexed loans, which amounts to TL 7.784 (31 December 2011: TL 3.048), which is offset with the balance of foreign currency indexed loans in these financial statements.

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

Provision for non-cash loans that are non-funded and non-transformed into cash as of 30 September 2012 is amounting to TL 16.401 (31 December 2011: TL 7.627).

4. Information on other provisions:

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

The Group has no general provisions for possible risks as of 30 September 2012 and 31 December 2011.

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

Provision for accumulated credit card bonus amounting to TL 15.393 (31 December 2011: TL 14.344), provisions for checks under follow-up amounting to TL 4.805 (31 December 2011: TL 4.196), specific provision for non-cash loans that are non-funded and non-transformed into cash amounting to TL 16.401 (31 December 2011: TL 7.627) and other provision amounting to TL 7.196 (31 Aralık 2011: TL 13.971) are classified under other provisions.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

i. Explanations on tax liability:

1. Explanations on current tax liability:

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

1(i). Information on taxes payable:

	Current Period 30 September 2012	Prior Period 31 December 2011
Corporate Taxes Payable	25.451	695
Taxation on Marketable Securities	12.200	12.349
Property Tax	1.081	1.046
Banking Insurance Transaction Tax (BITT)	10.432	11.716
Foreign Exchange Transaction Tax	12	15
Value Added Tax Payable	1.340	1.428
Other (*)	9.465	9.898
Total	59.981	37.147

(*) Consists of payroll tax amounting to TL 6.874 (31 December 2011: TL 7.758), self-employed income tax amounting to TL 25 (31 December 2011: TL 194), stamp tax amounting to TL 224 (31 December 2011: TL 514) and other taxes amounting to TL 2.342 (31 December 2011: TL 1.432) as of 30 September 2012.

1(ii). Information on premium payables

	Current Period 30 September 2012	Prior Period 31 December 2011
Social Security Premiums - Employee	3.172	3.023
Social Security Premiums - Employer	3.196	3.068
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	226	230
Unemployment Insurance - Employer	429	429
Other	-	-
Total	7.023	6.750

2. Information on deferred tax liability:

The Group has no deferred tax liability as of 30 September 2012 (31 December 2011: TL 257). Amount of deferred tax which is calculated on the temporary differences arising between applicable accounting policies and valuation principles and tax legislation, has been accounted in the financial statements as net deferred tax assets.

j. Information on liabilities for property and equipment held for sale purpose and held from terminated operations:

The Group has no liabilities for property and equipment held for sale purpose and held from terminated operations as of 30 September 2012 and 31 December 2011.

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

Presentation of this disclosure is not required in interim review report.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

I. Information on shareholder’s equity:

1. Presentation of paid-in capital:

	Current Period 30 September 2012	Prior Period 31 December 2011
Common Stock Provision	-	-
Preferred Stock Provision	652.290	652.290

Amount of paid-in capital has presented in notional amount. The Bank has TL 272.693 capital reserve due to adjustment of the paid-in capital for inflation as of 30 September 2012.

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

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

Registered share capital system is not applied.

	Current Period 30 September 2012	Prior Period 31 December 2011
Common Stock Provision	-	-
Preferred Stock Provision	652.290	652.290

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

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

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

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

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

The Group has no capital commitments.

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

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

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

Capital structure of the Group is compose of group “A” and “B” shares wholly owned by foreign shareholders. Board of Directors are chosen among the candidates nominated by group “A” share holders.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

8. Information on marketable securities value increase fund:

	Current Period 30 September 2012		Prior Period 31 December 2011	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	19.864	-	(37.857)	(600)
Foreign Currency Difference	-	-	-	-
Total	19.864	-	(37.857)	(600)

9. Information on revaluation value increase fund:

The Group has no revaluation value increase fund as of 30 September 2012 and 31 December 2011.

10. Information on legal reserves:

	Current Period 30 September 2012	Prior Period 31 December 2011
First Legal Reserve	131.002	118.122
Second Legal Reserve	66.556	63.937
Legal Reserves according to Special Legislation	-	-
Total	197.558	182.059

11. Information on extraordinary reserves:

	Current Period 30 September 2012	Prior Period 31 December 2011
Reserves Allocated per General Assembly Minutes	1.720.796	1.528.598
Undivided Profit	32.615	-
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference	-	-
Total	1.753.411	1.528.598

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

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

13. Informations on minority shares:

None.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments:

The Group has TL 20.013.135 (31 December 2011: TL 8.088.437) irrevocable commitments as of 30 September 2012.

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

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

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

The Group has letter of credit amounting to TL 920.587 (31 December 2011: TL 926.548), acceptances amounting to TL 780.164 (31 December 2011: TL 918.131) and commitments and contingencies due to letter of credit amounting to TL 468.977 (31 December 2011: TL 738.090) as of 30 September 2012. Also the Group has other commitments and contingencies amounting to TL 308.282 (31 December 2011: TL 241.019) as of 30 September 2012.

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

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

3. Information on the non-cash loans:

3 (i). Total non-cash loans:

	Current Period 30 September 2012	Prior Period 31 December 2011
Non-Cash Loans for Providing Cash Loans	944	1.978
With Original Maturity of One Year or Less	944	1.978
With Original Maturity of More than One Year	-	-
Other Non-Cash Loans	2.476.863	2.821.810
Total	2.477.807	2.823.788

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

Presentation of this disclosure is not required in interim review report.

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

Presentation of this disclosure is not required in interim review report.

b. Explanations on derivative transactions:

The Group has forward transactions amounting to TL 3.387.824 (31 December 2011: 3.493.413 TL), currency swap amounting to TL 26.061.929 (31 December 2011: TL 13.306.061), currency option amounting to TL 4.867.696 (31 December 2011: TL 1.536.400), interest rate option amounting to TL 653.000 (31 December 2011: TL 2.258.388), interest rate swap amounting to TL 6.292.268 (31 December 2011: TL 3.188.098), precious metal option amounting to TL 165.742 (31 December 2011: None). The Group has not any interest rate future as of 30 September 2012 (31 December 2011: TL 1.716.384). Transactions to decrease foreign currency and interest rate risk have been classified trading derivative financial instrument and valued with their fair value by the Group.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

c. Explanations on contingent assets and liabilities:

For contingent assets, if the probability of condition is almost ultimate, this asset is recognised, if the probability is high, this asset is explained in the notes. There is no contingent asset that should be explained as of 30 September 2012.

For contingent liabilities, if the probability of the condition is high and it can be measured reliably, provisions are set aside, if it cannot be measured reliably or there is no possibility for the condition to be realised or if it is low, this liability is explained in the notes.

The Group has certain contingent liabilities relating to various lawsuits due to the transactions it performed in the scope of banking operations. As of 30 September 2012, the total amount of these lawsuits filed against the Group is TL 12.535 (31 December 2011: TL 11.316). TL 2.204 (31 December 2011: 1.562 TL) has been set aside as provision for those with the probability of being concluded against the bank is higher than the probability of their concluding in its favor.

d. Explanations on services in the name of others:

The Group gives buy and sell marketable securities and custodian services in the name of others.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED INCOME STATEMENT

a. Information on interest income:

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

	Current Period 30 September 2012		Prior Period 30 September 2011	
	TL	FC	TL	FC
Short-term Loans	765.698	41.147	568.394	31.099
Medium and Long-term Loans	480.263	71.684	354.996	49.123
Interest on Loans Under Follow-Up Premiums Received from the Resource Utilization Support Fund	18.282	-	31.536	-
	-	-	-	-
Total	1.264.243	112.831	954.926	80.222

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

2. Information on interest income on banks:

	Current Period 30 September 2012		Prior Period 30 September 2011	
	TL	FC	TL	FC
From the CBRT	-	258	-	-
From Domestic Banks	52.206	339	21.199	202
From Foreign Banks	1.498	159	986	64
Headquarters and Branches Abroad	-	-	-	-
Total	53.704	756	22.185	266

3. Information on interest income on marketable securities:

	Current Period 30 September 2012		Prior Period 30 September 2011	
	TL	FC	TL	FC
Financial assets held for trading	58.437	446	2.916	16.275
Financial assets where fair value change is reflected to income statement	-	-	-	-
Financial assets available for sale	137.577	604	175.088	8.957
Investments held to maturity	-	-	-	-
Total	196.014	1.050	178.004	25.232

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

The Group has no interest income received from investments in associates and subsidiaries as of 30 September 2012 and 30 September 2011.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

b. Information on interest expense:

1. Information on interest expense on borrowings (*):

	Current Period 30 September 2012		Prior Period 30 September 2011	
	TL	FC	TL	FC
Banks	165.026	71.141	114.952	30.875
The CBRT	-	-	-	-
Domestic Banks	825	246	541	78
Foreign Banks	164.201	70.895	114.411	30.797
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	165.026	71.141	114.952	30.875

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

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

	Current Period 30 September 2012	Prior Period 30 September 2011
Interest Expenses Given to Subsidiaries and Associates	98	72

3. Information on interest expense given on securities issued:

Presentation of this disclosure is not required in interim review report.

4. Maturity structure of the interest expense on deposits:

Current Period: 30 September 2012	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Turkish Lira								
Interbank deposits	-	3.744	108	-	646	-	-	4.498
Saving deposits	-	16.298	217.018	113.677	8.197	6.244	-	361.434
Public sector deposits	-	2	57	31	-	-	-	90
Commercial deposits	-	72.009	17.577	28.473	924	725	-	119.708
Other deposits	-	2.382	13.131	7.274	25	1	-	22.813
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	-	94.435	247.891	149.455	9.792	6.970	-	508.543
Foreign Currency								
Foreign currency deposits	-	14.014	46.670	6.989	2.082	4.846	-	74.601
Interbank deposits	-	678	-	-	-	-	-	678
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	14.692	46.670	6.989	2.082	4.846	-	75.279
Grand Total	-	109.127	294.561	156.444	11.874	11.816	-	583.822

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

Prior Period: 30 September 2011	Demand Deposit	Time Deposit					More than 1 Year	Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year				
Turkish Lira									
Interbank deposits	-	2.813	117	352	940	352	-	4.574	
Saving deposits	-	28.668	194.841	39.170	4.836	3.458	-	270.973	
Public sector deposits	-	10	138	27	7	-	-	182	
Commercial deposits	-	61.320	45.475	4.469	2.416	402	-	114.082	
Other deposits	-	321	3.202	527	75	1	-	4.126	
Deposits with 7 days notification	-	-	-	-	-	-	-	-	
Total	-	93.132	243.773	44.545	8.274	4.213	-	393.937	
Foreign Currency									
Foreign currency deposits	8	8.323	28.937	2.997	1.481	5.815	-	47.561	
Interbank deposits	-	-	-	-	-	-	-	-	
Deposits with 7 days notification	-	-	-	-	-	-	-	-	
Precious metal deposits	-	-	-	-	-	-	-	-	
Total	8	8.323	28.937	2.997	1.481	5.815	-	47.561	
Grand Total	8	101.455	272.710	47.542	9.755	10.028	-	441.498	

5. Information on interest expense given on repurchase agreement:

The Group has interest expense given on repurchase agreement amounting to TL 28.965 (30 September 2011: TL 14.982) as of 30 September 2012.

6. Information on financial leasing expense:

The Group has no financial leasing expense as of 30 September 2012 and 30 September 2011.

7. Information on interest expenses given on factoring payables:

The Group has no interest expenses given on factoring payables as of 30 September 2012 and 30 September 2011.

c. Explanations on dividend income:

The Group has no dividend income as of 30 September 2012 and 30 September 2011.

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

	Current Period 30 September 2012	Prior Period 30 September 2011
Profit	7.626.493	13.277.295
Income from Capital Market Transactions	46.892	30.113
From Derivative Financial Transactions	293.607	165.177
Foreign Exchange Gains	7.285.994	13.082.005
Loss (-)	7.827.632	13.385.981
Loss from Capital Market Transactions	17.648	18.083
From Derivative Financial Transactions	528.240	270.444
Foreign Exchange Loss	7.281.744	13.097.454
Total (Net)	(201.139)	(108.686)

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

2. Information on profit/loss on derivative financial operations:

	Current Period 30 September 2012	Prior Period 30 September 2011
Effect of the change in exchange rates on profit/loss	(242.719)	(105.896)
Effect of the change in interest rates on profit/loss	8.086	629
Total (Net)	(234.633)	(105.267)

e. Information on other operating income:

Other operating income consists of reverse of the previous year provision amounting to TL 14.159 (30 September 2011: TL 22.576), telecommunication income amounting to TL 2.902 (30 September 2011: TL 2.829), income from assets sale amounting to TL 1.917 (30 September 2011: TL 115.346), other income amounting to TL 20.489 (30 September 2011: TL 22.350) as of 30 September 2012.

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

	Current Period 30 September 2012	Prior Period 30 September 2011
Specific Provisions for Loans and Other Receivables	146.991	37.072
III. Group Loans and Receivables	11.939	3.634
IV. Group Loans and Receivables	30.948	534
V. Group Loans and Receivables	104.104	32.904
General Provision Expenses	54.242	56.144
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	558	7.071
Financial Assets at Fair Value Through Profit or Loss	175	93
Available-for-sale Financial Assets	383	6.978
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments:	-	-
Other	10.554	6.392
Total	212.345	106.679

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

g. Information related to other operating expenses:

	Current Period 30 September 2012	Prior Period 30 September 2011
Personnel Expenses	371.240	342.098
Reserve for Employee Termination Benefits	11.441	8.652
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	42.588	50.041
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	5.101	5.712
Impairment Expenses of Equity Participations for Which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	111	141
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	316.491	288.079
Operational Leasing Expenses	100.555	93.026
Maintenance Expenses	13.245	14.462
Advertisement Expenses	32.769	27.227
Other Expenses	169.922	153.364
Loss on Sales of Assets	713	445
Other	109.949	89.333
Total	857.634	784.501

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

Presentation of this disclosure is not required in interim review report.

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

The Group has corporate tax provision expense amounting to TL 79.058 (30 September 2011: TL 54.841) and deferred tax expense amounting to TL 31.137 (30 September 2011: TL 9.893) as of 30 September 2012.

The whole amount of deferred tax income, which is TL 31.137, mentioned in the financial statements of the Group in the current period consists of the temporary differences calculated over the timing differences between the accounting policies applied and valuation principles and the tax legislation.

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

There is no explanation related to operating profit/loss after tax.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

k. Explanation on net profit and loss:

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

Net interest income, which is TL 1.041.152 (30 September 2011: TL 776.042), and net wage and commission income, amounting to TL 372.082 (30 September 2011: TL 322.227), have an important role among the income items in the interim accounting period ending on 30 September 2012. The wage and commission income received from cash loans are indicated in the net interest income. Considering the distribution in interest income, the most important sources of the Group's interest income are the interests received from loans, securities and interbank money market. The biggest 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. Any changes in estimations that might have a material effect on current and subsequent period results:

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

3. Profit/loss relating to minority shares:

None.

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

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

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

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

1. Increases after the revaluation of available-for-sale investments:

Presentation of this disclosure is not required in interim review report.

2. Information on increases in cash flow hedges:

Presentation of this disclosure is not required in interim review report.

b. Information on adjustments made for the application of Standard on Accounting for Financial Instruments in the current year:

1. Information on available-for-sale investments:

Presentation of this disclosure is not required in interim review report.

2. Information on cash flow hedges:

Presentation of this disclosure is not required in interim review report.

c. Information on profit distribution:

None.

d. Information on issuance of common stock:

Presentation of this disclosure is not required in interim review report.

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

Presentation of this disclosure is not required in interim review report.

f. Offsetting prior period’s losses:

Presentation of this disclosure is not required in interim review report.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

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

Presentation of this disclosure is not required in interim review report.

b. Information on cash flows arising from acquisition of associates, subsidiaries and other investments:

Presentation of this disclosure is not required in interim review report.

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

Presentation of this disclosure is not required in interim review report.

d. Information on cash and cash equivalents:

Presentation of this disclosure is not required in interim review report.

e. Additional information:

Presentation of this disclosure is not required in interim review report.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

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

Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

1. Current Period - 30 September 2012:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	-	-	8.861	487.975	-	-
Closing Balance	-	-	7.767	513.415	9	-
Interest and Commissions Income (*)	-	-	1.268	573	-	-

2. Prior Period - 31 December 2011:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	-	-	4.836	308.871	13	3
Closing Balance	-	-	8.861	487.975	-	-
Interest and Commissions Income (*)	-	-	1.284	14	-	-

(*) The prior period balances present amounts of 30 September 2011.

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30 September 2012	30 September 2011	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Deposit						
Opening Balance	2.461	1.788	112.325	26.369	3.788	6.893
Closing Balance	3.377	2.461	27.649	112.325	4.527	3.788
Interest expense of deposit (*)	98	72	-	-	298	27

(*) The prior period balances present amounts of 30 September 2011.

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	-	16.338.478	12.369.158	-	-
Closing Balance	-	-	39.154.514	16.338.478	-	-
Total Profit/Loss (*)	-	-	(402.109)	115.368	-	-
Transactions for Hedging Purposes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

(*) The prior period balances present amounts of 30 September 2011.

5. Explanations related to total payments to top executives and similar benefits by the group:

As of 30 September 2012, payment is made to top executives of the Bank amounting to TL 33.173 (31 September 2011: TL 15.119).

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

VIII. EXPLANATIONS AND NOTES TO THE 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:

Presentation of this disclosure is not required in interim review report.

IX. EXPLANATIONS AND NOTES TO THE SUBSEQUENT EVENTS

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

None.

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

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

3. Executive vice presidents:

Edward Michael Flanders has been appointed as a Member of Board of Directors with Extraordinary General Meeting as of 18 September 2012.

4. Director of Internal Audit:

Tolunay Kanşay has been appointed as a Director of Internal Audit with Board Resolution No. 13038 and dated 6 November 2012.

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

HSBC BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

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

SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE GROUP’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT

As of 30 September 2012, consolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and Independent Auditor’s Review Report dated 14 December 2012 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

.....