

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

HSBC BANK A.Ş.

**PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS TOGETHER WITH
INDEPENDENT AUDITOR'S REVIEW REPORT
AS AT AND FOR THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2013**

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

27 November 2013

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



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

Kavacık Rüzgarlı Bahçe Mah.
Kavak Sok. No: 29
Beykoz 34805 İstanbul

Telephone +90 (216) 681 90 00
Fax +90 (216) 681 90 90
Internet www.kpmg.com.tr

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

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors of HSBC Bank Anonim Şirketi;

We have reviewed the consolidated balance sheet of HSBC Bank Anonim Şirketi (the "Parent Bank") and its financial subsidiaries (collectively the "Group") as of 30 September 2013, the consolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the nine-month period then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors, is to issue a report on these financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, the consolidated financial position of HSBC Bank Anonim Şirketi as at 30 September 2013, and of the results of its consolidated operations and its consolidated cash flows for the nine-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 and 38 of the Turkish Banking Law No 5411; and other regulations, communiqués and circular announced by the Banking Regulation and Supervision Board and the statements made by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Istanbul
27 November 2013

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

Murat Alsan
Partner

Additional paragraph for convenience translation to English:

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



**CONSOLIDATED FINANCIAL REPORT OF HSBC BANK A.S.
AS OF 30 SEPTEMBER 2013**

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


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

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

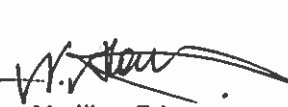
Our subsidiaries, affiliates and jointly controlled partnership of which financial statements have been consolidated within the framework of this period's consolidated financial statements.


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

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.

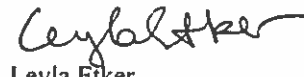

Brian Robertson
Santos Simoes
Deputy Chairman


Martin Spurling
General
Manager


Neslihan Erkazancı
Financial Reporting
Assistant General
Manager


Yérliozan Kılı
Senior Manager


Gilles Denoyel
Head of
Audit Comitee


Leyla Eiker
Member of
Audit Comitee

Information about the responsible personnel whom questions may be asked:

Name-Surname/Title : Zeynep Terzioğlu/Manager
Tel : (0212) 376 4308
Fax : (0212) 376 49 12

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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.I
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013
(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. On 20 September 2001 the 'Share Sales Agreement' regarding the sale of all shares of Demirbank T.A.Ş. which was under in Saving Deposit Insurance Fund was signed by the Bank's main share holder HSBC Bank Plc. According to this agreement the required procedures shall be completed by 31 October 2001 and all shares of the Demirbank T.A.Ş., together with a part of the assets and liabilities shall be transferred to HSBC Bank Plc on 31 October 2001. In 14 December 2001, Demirbank T.A.Ş. and the Bank merged under the name of HSBC Bank Anonim Şirketi and continued its activities. On 19 September 2002, the Bank has signed the share sales agreement with Benkar Tüketici Finansmanı ve Kart Hizmetleri A.Ş. ("Benkar") and acquired all shares of Benkar. On 25 December 2002 according to both Benkar's and the Bank's board of directors' minute all assets and liabilities of Benkar is transferred to the Bank.

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

As of 30 September 2013, the Parent Bank's nominal capital amounting to TL 652.290 is dividend to 65.229.000.000 shares with a nominal value of TL 0,01. The share capital of the Bank has been fully paid and registered. All shares of the Bank are owned by HSBC Bank Plc that is located in England and established in accordance with British Law. As of 30 September 2013 there has been no changes regarding the Bank's capital structure and shareholders of the Bank who are in charge of the management or auditing of the Bank directly or indirectly.

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.1
 HSBC BANK A.Ş. AND ITS SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013
 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE,
 PRESIDENT AND EXECUTIVE VICE PRESIDENTS, SHARES OF THE BANK HELD BY THEM IF
 ANY

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.I
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

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

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

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

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

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

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

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

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

As of 30 September 2013, the Bank has 331 branches dispersed throughout the country and 4 branches operating abroad (31 December 2012: 334 branches and 4 branches operating abroad).

As of 30 September 2013, the number of employees of the Group is 6.388 (31 December 2012: 6.233).

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 31 December 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 3.I**

HSBC BANK A.Ş. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

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

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

Due to differences between Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards, the non-financial associates, HSBC Ödeme Sistemleri ve Bilgisayar Teknolojileri Basın Yayın ve Müşteri Hizmetleri A.Ş and HSBC İnternet ve Telekomünikasyon Hizmetleri A.Ş are consolidated in the consolidated financial statements prepared in accordance with TAS based on on line-by-line method. The Bank's subsidiaries HSBC Yatırım ve Menkul Değerler A.Ş is included in the scope of consolidation by line-by-line method.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.1
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2013 AND 31 DECEMBER 2012
(STATEMENT OF FINANCIAL POSITION)
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

I. BALANCE SHEET	ASSETS	Note (Section Five 1)	Current Period (30/09/2013)			Prior Period (31/12/2012)		
			TL	FC	Total	TL	FC	Total
I.	CASH BALANCES WITH CENTRAL BANK	(I-a)	309.066	3.230.221	3.539.287	295.829	2.255.863	2.551.692
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(I-b)	598.403	1.185.586	1.783.989	788.990	136.889	925.879
2.1	Trading Financial Assets		598.403	1.185.586	1.783.989	788.990	136.889	925.879
2.1.1	Government Debt Securities		560.445	9.400	569.845	781.811	11.097	792.908
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets		27.860	1.176.186	1.204.046	7.179	125.792	132.971
2.1.4	Other Marketable Securities		10.098	-	10.098	-	-	-
2.2	Financial Assets Designated at Fair Value through Profit or (Loss)		-	-	-	-	-	-
2.2.1	Government Debt Securities		-	-	-	-	-	-
2.2.2	Share Certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Marketable Securities		-	-	-	-	-	-
III.	BANKS	(I-c)	544.828	1.650.504	2.195.332	302.979	614.559	917.538
IV.	MONEY MARKETS		5.331.670	118.640	5.450.310	1.975.982	53.650	2.029.632
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		-	118.640	118.640	-	53.650	53.650
4.3	Receivables from Reverse Repurchase Agreements		5.331.670	-	5.331.670	1.975.982	-	1.975.982
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(I-d)	3.282.311	-	3.282.311	3.019.741	-	3.019.741
5.1	Share Certificates		4.225	-	4.225	4.211	-	4.211
5.2	Government Debt Securities		3.278.086	-	3.278.086	3.015.530	-	3.015.530
5.3	Other Marketable Securities		-	-	-	-	-	-
VI.	LOANS	(I-e)	14.672.345	4.027.683	18.700.028	12.989.472	2.435.183	15.424.655
6.1	Loans		14.333.423	4.027.683	18.361.106	12.724.571	2.435.183	15.159.754
6.1.1	Bank's Risk Group	(VII)	125	8.028	8.153	-	12.119	12.119
6.1.2	Government Debt Securities		-	-	-	-	-	-
6.1.3	Other		14.333.298	4.019.655	18.352.953	12.724.571	2.423.064	15.147.635
6.2	Loans Under Follow-Up		1.062.350	14.088	1.076.438	733.223	14.428	747.651
6.3	Specific Provisions (-)		723.428	14.088	737.516	468.322	14.428	482.750
VII.	FACTORING RECEIVABLES		151.556	6.684	158.240	82.240	10.223	92.463
VIII.	INVESTMENT SECURITIES HELD-TO-MATURITY (Net)	(I-f)	-	-	-	-	-	-
8.1	Government Debt Securities		-	-	-	-	-	-
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(I-g)	-	-	-	-	-	-
9.1	Consolidated Based on Equity Method		-	-	-	-	-	-
9.2	Unconsolidated		-	-	-	-	-	-
9.2.1	Financial Investments in Associates		-	-	-	-	-	-
9.2.2	Non-financial Investments in Associates		-	-	-	-	-	-
X.	SUBSIDIARIES (Net)	(I-h)	270	-	270	270	-	270
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-financial Subsidiaries		270	-	270	270	-	270
XI.	JOINT VENTURES (Net)	(I-i)	-	-	-	-	-	-
11.1	Accounted Based on Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-financial Joint Ventures		-	-	-	-	-	-
XII.	FINANCIAL LEASE RECEIVABLES (Net)	(I-j)	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	(I-k)	-	-	-	-	-	-
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		-	-	-	-	-	-
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	PROPERTY AND EQUIPMENT (Net)	(I-l)	123.940	-	123.940	139.137	-	139.137
XV.	INTANGIBLE ASSETS (Net)	(I-m)	98.294	-	98.294	92.561	-	92.561
15.1	Goodwill		83.450	-	83.450	83.450	-	83.450
15.2	Other		14.844	-	14.844	9.111	-	9.111
XVI.	INVESTMENT PROPERTY (Net)	(I-n)	-	-	-	-	-	-
XVII.	TAX ASSET		23.249	-	23.249	31.326	-	31.326
17.1	Current Tax Asset		13.474	-	13.474	-	-	-
17.2	Deferred Tax Asset	(I-o)	9.775	-	9.775	31.326	-	31.326
XVIII.	ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-p)	3.930	-	3.930	5.129	-	5.129
18.1	Held for sale Purposes		3.930	-	3.930	5.129	-	5.129
18.2	Related to Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(I-r)	109.206	60.553	169.759	95.485	9.275	104.760
	TOTAL ASSETS		25.249.068	10.279.871	35.528.939	19.819.141	5.515.642	25.334.783

The accompanying explanations and notes set out on pages 14 to 76 form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.1
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2013 AND 31 DECEMBER 2012
(STATEMENT OF FINANCIAL POSITION)
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

II. BALANCE SHEET	Note (Section Five II)	Current Period (30/09/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
		LIABILITIES					
I. DEPOSITS	(II-a)	10,099,635	7,210,479	17,310,114	7,868,387	6,313,236	14,181,623
1.1 Deposits of Bank's Risk Group	(VII)	26,382	1,132	27,514	40,313	2,024	42,337
1.2 Other		10,073,253	7,209,347	17,282,600	7,828,074	6,311,212	14,139,286
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(II-b)	13,539	937,758	951,297	75,453	111,115	186,568
III. BORROWINGS	(II-d)	3,024,429	6,997,846	10,022,275	2,097,828	3,599,743	5,697,571
IV. MONEY MARKETS		1,601,967	-	1,601,967	-	-	-
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3 Funds Provided Under Repurchase Agreements	(II-c)	1,601,967	-	1,601,967	-	-	-
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		546,540	7,163	553,703	524,708	8,274	532,982
VIII. OTHER LIABILITIES	(II-e)	449,936	57,328	507,264	324,478	76,432	400,910
IX. FACTORING PAYABLES		35	-	35	207	-	207
X. FINANCIAL LEASE PAYABLES (Net)	(II-f)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	(II-g)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	(II-h)	420,532	2,016	422,548	334,845	1,816	336,661
12.1 General Loan Loss Provision		334,440	-	334,440	248,321	-	248,321
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		30,002	-	30,002	27,894	-	27,894
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		56,090	2,016	58,106	58,630	1,816	60,446
XIII. TAX LIABILITY	(II-i)	43,758	-	43,758	66,030	-	66,030
13.1 Current Tax Liability		43,758	-	43,758	66,030	-	66,030
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS	(II-j)	-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(II-k)	-	1,005,401	1,005,401	-	844,110	844,110
XVI. SHAREHOLDERS' EQUITY	(II-l)	3,110,577	-	3,110,577	3,088,121	-	3,088,121
16.1 Paid-in Capital		652,290	-	652,290	652,290	-	652,290
16.2 Capital Reserves		248,354	-	248,354	308,462	-	308,462
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		(24,339)	-	(24,339)	35,769	-	35,769
16.2.4 Property and Equipment Revaluation Differences		-	-	-	-	-	-
16.2.5 Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6 Revaluation Differences of Investment Property		-	-	-	-	-	-
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures (business partners)		-	-	-	-	-	-
16.2.8 Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.9 Value Increase in Asset Held for Sale and Related to Discontinued Operations		-	-	-	-	-	-
16.2.10 Other capital reserves		272,693	-	272,693	272,693	-	272,693
16.3 Profit Reserves		2,127,369	-	2,127,369	1,950,969	-	1,950,969
16.3.1 Legal Reserves		201,433	-	201,433	197,558	-	197,558
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		1,925,936	-	1,925,936	1,753,411	-	1,753,411
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		82,564	-	82,564	176,400	-	176,400
16.4.1 Prior Years' Income or (Loss)		-	-	-	-	-	-
16.4.2 Current Year Income or (Loss)		82,564	-	82,564	176,400	-	176,400
16.5 Minority Interest		-	-	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		19,310,948	16,217,991	35,528,939	14,380,057	10,954,726	25,334,783

The accompanying explanations and notes set out on pages 14 to 76 form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.1
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED OFF-BALANCE SHEET AS OF 30 SEPTEMBER 2013 AND 31 DECEMBER 2012
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

III. OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (30/09/2013)			Prior Period (31/12/2012)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		91.454.858	77.585.752	169.040.610	41.302.618	35.397.178	76.699.793
I. GUARANTEES AND WARRANTIES	(III-a-2,3)	357.296	3.085.236	3.442.532	346.182	2.185.307	2.531.489
1 Letters of Guarantee		355.596	659.224	1.014.820	345.355	483.739	829.094
1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		355.596	659.224	1.014.820	345.355	483.739	829.094
1.2 Bank Acceptances		-	1.053.511	1.053.511	-	694.336	694.336
1.2.1 Import Letter of Acceptance		-	1.048.844	1.048.844	-	693.800	693.800
1.2.2 Other Bank Acceptances		-	4.667	4.667	-	536	536
1.3 Letters of Credit		1.700	861.305	863.005	827	642.129	642.956
1.3.1 Documentary Letters of Credit		-	619.437	619.437	827	428.622	429.449
1.3.2 Other Letters of Credit		1.700	241.868	243.568	-	213.507	213.507
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		-	498.430	498.430	-	353.859	353.859
1.9 Other Collaterals		-	12.766	12.766	-	11.244	11.244
II. COMMITMENTS	(III-a-1)	42.767.855	8.846.362	51.614.217	30.582.603	7.439.879	38.022.482
2 Irrevocable Commitments		12.716.151	8.846.362	21.562.513	9.823.724	7.439.879	17.263.603
2.1 Asset Purchase and Sale Commitments		4.191.451	8.332.743	12.524.194	1.933.789	7.260.647	9.194.436
2.1.2 Deposit Purchase and Sales Commitments		-	513.375	513.375	-	178.690	178.690
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		287.134	-	287.134	460.496	-	460.496
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques		629.401	-	629.401	656.743	-	656.743
2.1.8 Tax and Fund Liabilities from Export Commitments		3.911	-	3.911	5.223	-	5.223
2.1.9 Commitments for Credit Card Limits		6.687.082	-	6.687.082	5.906.023	-	5.906.023
2.1.10 Commitments for Credit Cards and Banking Services Promotions		7.997	-	7.997	7.257	-	7.257
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		20.601	81	20.682	-	235	235
2.1.12 Payables for Short Sale Commitments of Marketable Securities		20.601	81	20.682	-	235	235
2.1.13 Other Irrevocable Commitments		867.973	82	868.055	854.193	72	854.265
2.2 Revocable Commitments		30.051.704	-	30.051.704	20.758.879	-	20.758.879
2.2.1 Revocable Loan Granting Commitments		30.051.704	-	30.051.704	20.758.879	-	20.758.879
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(III-b)	48.329.707	65.654.154	113.983.861	10.373.833	25.771.989	36.145.822
3 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1 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		48.329.707	65.654.154	113.983.861	10.373.833	25.771.989	36.145.822
3.2.1 Forward Foreign Currency Buy/Sell Transactions		3.794.447	6.296.445	10.090.892	1.372.862	3.010.333	4.382.895
3.2.1.1 Forward Foreign Currency Transactions-Buy		1.940.966	3.117.124	5.058.090	858.980	1.339.794	2.198.774
3.2.1.2 Forward Foreign Currency Transactions-Sell		1.853.481	3.179.321	5.032.802	513.882	1.670.539	2.184.121
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		38.996.460	51.503.651	90.500.111	7.494.449	19.378.012	26.872.461
3.2.2.1 Foreign Currency Swap-Buy		17.587.444	24.501.624	42.089.068	1.865.766	8.438.557	10.304.323
3.2.2.2 Foreign Currency Swap-Sell		21.409.016	20.420.459	41.829.475	5.628.683	4.626.703	10.255.386
3.2.2.3 Interest Rate Swap-Buy		-	3.290.784	3.290.784	-	3.156.376	3.156.376
3.2.2.4 Interest Rate Swap-Sell		-	3.290.784	3.290.784	-	3.156.376	3.156.376
3.2.3 Foreign Currency, Interest rate and Securities Options		5.538.800	6.587.196	12.125.996	1.506.822	2.163.494	3.670.316
3.2.3.1 Foreign Currency Options-Buy		2.769.400	3.162.038	5.931.438	753.411	785.077	1.538.488
3.2.3.2 Foreign Currency Options-Sell		2.769.400	3.162.038	5.931.438	753.411	785.077	1.538.488
3.2.3.3 Interest Rate Options-Buy		-	131.560	131.560	-	296.670	296.670
3.2.3.4 Interest Rate Options-Sell		-	131.560	131.560	-	296.670	296.670
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		-	1.063.274	1.063.274	-	1.057.844	1.057.844
3.2.5.1 Interest Rate Futures-Buy		-	531.637	531.637	-	528.922	528.922
3.2.5.2 Interest Rate Futures-Sell		-	531.637	531.637	-	528.922	528.922
3.2.6 Other		-	203.588	203.588	-	162.306	162.306
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		62.042.390	84.319.145	146.361.535	79.401.588	115.953.879	195.355.467
IV. ITEMS HELD IN CUSTODY		28.128.148	1.428.039	29.556.187	26.629.554	1.527.205	28.156.759
4 Customer Fund and Portfolio Balances		1.465.424	-	1.465.424	1.612.654	-	1.612.654
4.2 Investment Securities Held in Custody		22.876.184	922.943	23.799.127	21.163.097	856.281	22.019.378
4.3 Checks Received for Collection		2.123.451	234.540	2.357.991	2.139.631	215.749	2.355.380
4.4 Commercial Notes Received for Collection		83.056	-	83.056	127.113	-	127.113
4.5 Other Assets Received for Collection		-	6.414	6.414	-	4.758	4.758
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		1.580.033	264.142	1.844.175	1.587.059	450.417	2.037.476
4.8 Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		3.057.059	37.380	3.094.439	3.647.223	30.210	3.677.433
5 Marketable Securities		321.752	-	321.752	202.920	-	202.920
5.2 Guarantee Notes		100.173	37.380	137.553	140.569	30.210	170.779
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		2.635.134	-	2.635.134	3.303.734	-	3.303.734
5.6 Other Pledged Items		-	-	-	-	-	-
5.7 Plledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		30.857.183	82.853.726	113.710.909	49.124.811	114.396.464	163.521.275
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		153.497.248	161.904.897	315.402.145	120.704.206	151.351.054	272.055.260

The accompanying explanations and notes set out on pages 14 to 76 form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.1
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS FOR THE PERIODS ENDED
30 SEPTEMBER 2013 AND 30 SEPTEMBER 2012
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

IV. INCOME STATEMENT						
III.	INCOME STATEMENTS	Note (Section Five IV)	Current Period (01/01/2013 - 30/09/2013)	Prior Period (01/01/2012 - 30/09/2012)	Current Period (01/07/2013 - 30/09/2013)	Prior Period (01/07/2012 - 30/09/2012)
	INCOME AND EXPENSE ITEMS					
I.	INTEREST INCOME	(IV-a)	1.680.501	1.893.284	543.540	626.851
1.1	Interest on Loans	(IV-a-1)	1.332.487	1.377.074	439.804	477.748
1.2	Interest Received from Reserve Requirements	-	-	-	-	-
1.3	Interest Received from Banks	(IV-a-2)	37.213	54.460	14.138	32.951
1.4	Interest Received from Money Market Transactions	-	80.489	239.970	25.430	31.452
1.5	Interest Received from Marketable Securities Portfolio	(IV-a-3)	198.369	197.064	52.952	75.701
1.5.1	Trading Financial Assets	-	27.061	58.883	13.290	25.687
1.5.2	Financial Assets at Fair Value through Profit or (Loss)	-	-	-	-	-
1.5.3	Available-for-sale Financial Assets	-	171.308	138.181	39.662	50.014
1.5.4	Held to Maturity Investments	-	-	-	-	-
1.6	Financial Lease Income	-	-	-	-	-
1.7	Other Interest Income	-	31.943	24.716	11.216	8.999
II.	INTEREST EXPENSE (-)	(IV-b)	677.959	852.132	239.855	287.312
2.1	Interest on Deposits (-)	(IV-b-4)	439.089	583.822	160.858	192.081
2.2	Interest on Funds Borrowed (-)	(IV-b-1)	214.719	236.167	69.024	89.109
2.3	Interest Expense on Money Market Transactions (-)	(IV-b-5)	19.838	28.965	9.914	5.834
2.4	Interest on Securities Issued (-)	(IV-b-3)	-	-	-	-
2.5	Other Interest Expenses (-)	-	4.313	3.178	59	288
III.	NET INTEREST INCOME (I + II)		1.002.542	1.041.152	303.685	339.539
IV.	NET FEES AND COMMISSIONS INCOME		461.432	372.082	163.494	121.439
4.1	Fees and Commissions Received		497.355	410.449	175.534	125.680
4.1.1	Non-Cash Loans		14.841	13.530	5.545	4.439
4.1.2	Other		482.514	396.919	169.989	121.241
4.2	Fees and Commissions Paid (-)		35.923	38.367	12.040	4.241
4.2.1	Non-Cash Loans (-)		433	370	149	130
4.2.2	Other (-)		35.490	37.997	11.891	4.111
V.	DIVIDEND INCOME	(IV-c)	15	-	15	-
VI.	TRADING INCOME/(LOSS) (Net)	(IV-d)	(49.789)	(201.139)	(24.768)	(55.420)
6.1	Trading Gains/(Losses) on Securities		6.661	29.244	(2.066)	17.115
6.2	Derivative Financial Transactions Gains/(Losses)		(58.016)	(234.633)	(26.315)	(70.539)
6.3	Foreign Exchange Gains/(Losses)		1.566	4.250	3.613	(1.996)
VII.	OTHER OPERATING INCOME	(IV-e)	24.810	39.467	5.689	15.967
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.439.010	1.251.562	448.115	421.525
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(IV-f)	356.215	212.345	103.602	79.819
X.	OTHER OPERATING EXPENSES (-)	(IV-g)	949.413	857.634	326.826	278.841
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		133.382	181.583	17.687	62.865
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XIII.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XIV.	INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+XII+XIII+XIV)		133.382	181.583	17.687	62.865
XV.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(IV-h)	(50.818)	(47.921)	(3.523)	(13.023)
16.1	Current Tax Provision	(IV-i)	(29.268)	(79.058)	4.429	(24.517)
16.2	Deferred Tax Provision		(21.550)	31.137	(7.952)	11.494
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(IV-j)	82.564	133.662	14.164	49.842
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)		82.564	133.662	14.164	49.842
23.1	Group's Profit/Loss		82.564	133.662	14.164	49.842
23.2	Minority Shares Profit/Loss		-	-	-	-
	Earnings/Lossper Share		0,00126	0,00205	0,00022	0,00076

The accompanying explanations and notes set out on pages 14 to 76 form an integral part of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.1
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNISED UNDER
SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED
30 SEPTEMBER 2013 AND 30 SEPTEMBER 2012
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

V. STATEMENT OF PROFIT AND LOSS ITEMS RECOGNISED UNDER SHAREHOLDERS' EQUITY		
INCOME AND EXPENSE ITEMS RECOGNISED UNDER SHAREHOLDERS' EQUITY	Current Period (30/09/2013)	Prior Period (30/09/2012)
I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	(75.135)	72.901
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	15.027	(14.580)
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(60.108)	58.321
XI. CURRENT YEAR PROFIT/LOSS	82.564	133.662
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit-Loss)	(12.005)	(8.118)
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	94.569	141.780
XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	22.456	191.983

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED
30 SEPTEMBER 2012**

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
	Notes (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Capital Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Former Period Net Profit/ (Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Inaug. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operate.	Minority Shares	Totalled Equity	
30 September 2012																			
I.	Balances at the Beginning of the Period	652.290	-	-	-	182.069	-	1.528.598	272.693	240.094	218	(38.457)	-	-	-	-	2.837.495	-	2.837.495
II.	Corrections According to Turkish Accounting Standard No.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Balance (I+II)	652.290	-	-	-	182.069	-	1.528.598	272.693	240.094	218	(38.457)	-	-	-	-	2.837.495	-	2.837.495
IV.	Changes in the Period																		
V.	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Hedging Transactions Funds (Effective Part)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Foreign Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Property and Equipment Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Intangible Fixed Assets Revaluation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Changes due to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Share Cancellation Profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Paid in-Capital Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Other	-	-	-	-	-	-	218	-	-	(218)	-	-	-	-	-	-	-	-
XX.	Current Year Income or Loss	-	-	-	-	-	-	-	-	133.662	-	-	-	-	-	-	-	-	-
20.1	Profit Distribution	-	-	-	-	-	-	224.595	-	(240.094)	-	-	-	-	-	-	-	-	-
20.2	Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3	Transfers to Reserves	-	-	-	-	-	-	224.595	-	(240.094)	-	-	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the End of the Period (III+IV+V+...+XXI+XXI)	652.290	-	-	-	197.558	-	1.753.411	272.693	133.662	-	19.864	-	-	-	-	3.029.478	-	3.029.478

The accompanying explanations and notes set out on pages 14 to 76 form an integral part of these consolidated financial statements.

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

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																		
	Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancel Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/ (Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investment	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operate.	Minority Shares	Total Equity
I.	30 September 2013	652,290	-	-	-	197,558	-	1,753,411	272,693	176,400	-	35,769	-	-	-	-	3,088,121	3,088,121
III.	Changes in the Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	(60,108)	-	-	-	-	-	(60,108)
4.1	Hedging Transaction Funds (Effective Parts)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Valuation Differences due to Revaluation of Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Valuation Differences due to Revaluation of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of the Changes in Investment in Associates' Equity in the Bank's Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Intangible Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid In-Capital Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current Year Income or Loss	-	-	-	-	-	-	-	-	82,564	-	-	-	-	-	-	-	82,564
XVIII.	Profit Distribution	-	-	-	-	-	-	-	-	(176,400)	-	-	-	-	-	-	-	(176,400)
18.1	Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the End of the Period (I+II+...+ XVIII)	652,290	-	-	-	201,433	-	1,925,936	272,693	82,564	-	(24,339)	-	-	-	-	3,110,577	3,110,577

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HSBC BANK A.Ş. AND ITS SUBSIDIARIES
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)**

VII. STATEMENT OF CASH FLOWS			
	Note (Section Five VI)	Current Period (30/09/2013)	Prior Period (30/09/2012)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities	430.478	201.876
1.1.1	Interest received	1.637.621	1.949.789
1.1.2	Interest paid	(603.767)	(774.700)
1.1.3	Dividend received	-	-
1.1.4	Fees and commissions received	497.355	410.450
1.1.5	Other income	26.970	(371.310)
1.1.6	Collections from previously written-off loans and other receivables	101.916	85.445
1.1.7	Payments to personnel and service suppliers	(442.323)	(382.636)
1.1.8	Taxes paid	(62.044)	(70.110)
1.1.9	Other	(725.250)	(645.052)
1.2	Changes in operating assets and liabilities	4.860.787	(3.059.629)
1.2.1	Net (decrease)/increase in trading securities	301.354	(1.820.762)
1.2.2	Net increase/(decrease) in fair value through profit/loss financial assets	-	-
1.2.3	Net increase/(decrease) in banks	144.384	(7.619)
1.2.4	Net increase/(decrease) in loans	(3.556.461)	(1.761.166)
1.2.5	Net increase/(decrease) in other assets	(969.590)	(763.731)
1.2.6	Net increase/(decrease) in bank deposits	118.530	(42)
1.2.7	Net (decrease)/increase in other deposits	3.007.843	224.750
1.2.8	Net (decrease)/increase in funds borrowed	4.413.032	624.657
1.2.9	Net increase/(decrease) in payables	-	-
1.2.10	Net (decrease)/increase in other liabilities	1.401.695	444.284
I.	Net cash provided from banking operations	5.291.265	(2.857.753)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities	(381.007)	302.491
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	(33.473)	(138)
2.4	Disposals of property and equipment	10.856	7.512
2.5	Cash paid for purchase of investments available-for-sale	(6.841.203)	(1.738.288)
2.6	Cash obtained from sale of investments available-for-sale	6.482.813	2.027.914
2.7	Cash paid for purchase of investment securities	-	-
2.8	Cash obtained from sale of investment securities	-	-
2.9	Other	-	5.491
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities	-	1
3.1	Cash obtained from funds borrowed and securities issued	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	-	-
3.3	Issued capital instruments	-	-
3.4	Dividends paid	-	-
3.5	Payments for finance leases	-	1
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(63)	(7.921)
V.	Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	4.910.195	(2.563.182)
VI.	Cash and cash equivalents at beginning of the period	3.203.288	5.111.127
VII.	Cash and cash equivalents at end of the period	8.113.483	2.547.945

The accompanying explanations and notes set out on pages 14 to 76 form an integral part of these consolidated financial statements.

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

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

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

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

The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, which have been effective as of reporting date have no impact on the accounting policies, financial position and performance of the Group. The Bank considers impact of TFRS 9 Financial Instruments.

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

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

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

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

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

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

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

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

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

These analyses, limit usages and controls are being discussed in monthly asset-liability committee meetings and decisions are being made in these meetings. The foreign exchange gains and losses from the foreign exchange transactions are being recorded at the date of transactions conducted. Foreign currency denominated monetary assets and liabilities are translated with the 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. INFORMATION ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

The Group has no investments in associates as of 30 September 2013.

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 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 2012, the Company was not operational as of the balance sheet date.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

In order to reduce the foreign exchange position risk the Group conducts currency forward purchase and sale transaction agreements, currency swap purchase and sale transaction agreements and option purchase and sale agreements. In order to reduce the interest risk, the Group conducts interest futures, interest swaps and forward interest rate agreements. According to TAS 39 the transactions which are not considered as hedging instrument are classified as derivative instruments held for trading and recognised at fair value. The fair value of derivative financial instruments or determined taking into consideration the fair value of the market or calculated using the discounted cash flow model. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "financial assets at fair value through profit or loss" in "trading derivative financial assets" and if the fair value difference is negative, it is disclosed in "trading derivative financial liabilities". As a result of the valuations, fair value changes are recorded under "Derivative Financial Transactions Gains/(Losses)" account in the income statement. As of 30 September 2013 and 31 December 2012, the Bank does not have any embedded derivatives. As of 30 September 2013 and 31 December 2012 the Bank 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.

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VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES

All fees and commission income/expenses are recognised on an accrual basis in accordance with the matching principle or "Effective Rate Method (Internal Rate of Return Method)", except for certain commission income and fees for various banking services which are recorded as income at the time of collection.

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

b. Financial assets available-for-sale:

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

c. Loans and receivables:

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

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

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VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

d. Investment securities held-to-maturity:

Investment securities held-to-maturity are financial assets that are not classified under loans and receivables and have fixed maturities and fixed or pre-determined payments where management has the intent and ability to hold the financial assets until maturity. Investment securities held-to-maturity are initially recognised at cost, and subsequently carried at amortized cost using the effective interest rate method; interest earned whilst holding investment securities held-to-maturity is reported as interest income and impairment for these financial assets recognised in the income statement. 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. As of 30 September 2013 and 31 December 2012, the Group has no investment securities held-to-maturity.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS

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

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

Securities subject to repurchase agreements are classified as "Financial assets at fair value difference through profit or loss" and "Available-for-sale securities" in the balance sheet according to the investment purposes and measured according to the portfolio of the Group to which they belong. The interest expense rediscount for funds obtained under repurchase agreement which is calculated with the effective interest rate method are recognised in the income statement. The Group has no financial assets at fair value through profit or loss subject to repurchase agreements as of 30 September 2013 and 31 December 2012. 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 2013 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 2012: TL 50.000).

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

As of 30 September 2013 and 31 December 2012, the Group has no discontinued operations. Property and equipment held-for-sale consist of tangible assets that were acquired due to nonperforming receivables, and are accounted in the 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.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

All property and equipment are measured in accordance with "Property, Plant and Equipment Standard" ("TAS 16") at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value impairment. The costs of the property and equipment purchased before 31 December 2004 or subject to inflation indexation until 31 December 2004. Property and equipment 31 December 2004 are recognised with their purchase cost in the financial statements. Property and equipment are amortised by using the straight line method based on their useful lives, such as buildings depreciated at rate 2%, transportation vehicles at rates 15% - 20%, furnitures at rate 20%, other tangible assets at rates ranging from 2% to 33%. The depreciation charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item will remain in property and equipment. Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its net sales revenue. Repair and maintenance expenses in order to increase the useful life of the property and equipment are capitalized, other repair and maintenance costs are recognised as expenses. There are no mortgages, pledges or similar precautionary measures on tangible fixed assets.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

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

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XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

XVI. EXPLANATIONS ON CONTINGENT ASSETS

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

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Obligations related to employment termination and vacation rights are accounted for in accordance with "Employee Rights Standard" ("TAS 19") and are classified under "Reserve for Employee Rights" account in the balance sheet. Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish 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 3,50% (31 December 2012: 3%)

XVIII. EXPLANATIONS ON TAXATION

a. Current Tax:

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

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

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

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XVIII. EXPLANATIONS ON TAXATION (Continued)

The tax applications for foreign branches;

TURKISH REPUBLIC OF NORTHERN CYPRUS

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

b. Deferred Tax Asset/Liability:

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these consolidated financial statements in accordance with "Income Taxes Standard" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. Deferred tax assets and liabilities are presented as net in the consolidated financial statements in accordance with TAS 12.

c. Transfer Pricing:

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at 18 November 2007, explains the application related issues on this topic. According to this communiqué, 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 costs and discounted by using the effective interest rate method. In the consolidated financial statements enclosed, foreign currency borrowings are translated according to the Parent Bank's period end counter buying exchange rate. Interest expenses of the current period regarding the borrowing amounts are recognised in the consolidated financial statements. As of 30 September 2013 and 31 December 2012, the Group has no marketable securities and convertible bonds.

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

As of 30 September 2013 and 31 December 2012, the Group has no issued share certificates.

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XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

As of 30 September 2013 and 31 December 2012, the Group has no government grants.

XXIII. EXPLANATIONS ON OPERATING SEGMENTS

Segment reporting is presented in Note X of Section Four.

XXIV. PROFIT RESERVES AND PROFIT DISTRIBUTION

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

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

XXV. EARNINGS PER SHARE

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

	Current Period 30 September 2013	Prior Period 30 September 2012
Net Profit for the Period	82.564	133.662
Number of Shares	65.229.000.000	65.229.000.000
Earnings per Share (*)	0,00126	0,00205

(*)Amounts are expressed in full TL.

XXVI. CASH AND CASH EQUIVALENTS

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

XXVII. RELATED PARTIES

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

XXVIII. RECLASSIFICATIONS

There are no adjustments to the prior year consolidated financial statements other than reclassifications which have been made on comparative figures, to conform to changes in presentation in the 30 September 2013 and 31 December 2012 financials.

XXIX. OTHER MATTERS

None.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO

a. As of 30 September 2013, the Group's and the Parent Bank's capital adequacy ratios are orderly 15,10 % (31 December 2012: 17,28 %) and 14,97 % (31 December 2012: 17,12 %). This rate is higher than the minimum rate required by the related regulation.

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

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

c. Information related to consolidated capital adequacy ratio:

30 September 2013
 Consolidated - Risk Weights

	0%	10%	20%	50%	75%	100%	150%	200%	1250%
Credit Risk Based Amount	7.126.195	-	1.234.711	3.864.579	6.522.068	10.165.414	1.846.470	1.731.111	-
Risk Classes									
Claims on sovereigns and Central Banks	6.347.638	-	-	-	-	100.465	-	-	-
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	263	-	1.234.711	1.582.177	-	790.977	32.535	-	-
Claims on corporates	240.358	-	-	-	-	8.820.982	-	-	-
Claims included in the regulatory retail portfolios	67.916	-	-	-	5.988.560	-	-	-	-
Claims secured by residential property	-	-	-	2.282.402	533.508	-	-	-	-
Past due loan	-	-	-	-	-	254.957	83.966	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	1.729.969	1.731.111	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Other receivables	470.020	-	-	-	-	198.033	-	-	-

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I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

**30 September 2013
The Parent's Bank - Risk Weights**

	0%	10%	20%	50%	75%	100%	150%	200%	1250%
Credit Risk Based Amount	7.126.195	-	1.234.711	3.864.579	6.512.554	10.185.050	1.846.470	1.731.111	-
Risk Classes									
Claims on sovereigns and Central Banks	6.347.638	-	-	-	-	100.465	-	-	-
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	263	-	1.234.711	1.582.177	-	782.381	32.535	-	-
Claims on corporates	240.358	-	-	-	-	8.820.982	-	-	-
Claims included in the regulatory retail portfolios	67.916	-	-	-	5.979.046	-	-	-	-
Claims secured by residential property	-	-	-	2.282.402	533.508	-	-	-	-
Past due loan	-	-	-	-	-	254.956	83.966	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	1.729.969	1.731.111	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Other receivables	470.020	-	-	-	-	226.266	-	-	-

**31 December 2012
Consolidate - Risk Weights**

	0%	10%	20%	50%	75%	100%	150%	200%	1250%
Credit Risk Based Amount	5.836.925	-	252.133	3.367.558	5.858.123	7.562.783	1.492.911	1.404.697	-
Risk Classes									
Claims on sovereigns and Central Banks	5.146.527	-	-	-	-	30.990	-	-	-
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	-	-	252.133	361.485	-	944.682	440	-	-
Claims on corporates	93.721	-	-	-	-	5.903.159	-	-	-
Claims included in the regulatory retail portfolios	77.000	-	-	-	5.840.774	-	-	-	-
Claims secured by residential property	12.282	-	-	3.006.073	17.349	80.173	-	-	-
Past due loan	-	-	-	-	-	264.901	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	1.492.471	1.404.697	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Other receivables	507.395	-	-	-	-	338.878	-	-	-

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I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

	31 December 2012									
	The Parent's Bank - Risk Weights									
	0%	10%	20%	50%	75%	100%	150%	200%	1250%	
Credit Risk Based Amount	5.836.925	-	252.133	3.367.558	5.855.455	7.574.496	1.492.911	1.404.697	-	-
Risk Classes										
Claims on sovereigns and Central Banks	5.146.527	-	-	-	-	30.990	-	-	-	-
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	-	-	252.133	361.485	-	926.883	440	-	-	-
Claims on corporates	93.721	-	-	-	-	5.903.159	-	-	-	-
Claims included in the regulatory retail portfolios	77.000	-	-	-	5.838.106	-	-	-	-	-
Claims secured by residential property	12.282	-	-	3.006.073	17.349	80.173	-	-	-	-
Past due loan	-	-	-	-	-	264.901	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	1.492.471	1.404.697	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
Other receivables	507.395	-	-	-	-	368.390	-	-	-	-

d. Summary information related to consolidated capital adequacy ratio:

Consolidated	Current Period	Prior Period
Capital obligation for credit risk (Amount subject to credit risk * 0,08) (I)	1.877.450	1.499.147
Capital obligation for market risk (II)	155.616	135.930
Capital obligation for operational risk (III)	229.154	222.723
Shareholders' Equity	4.270.465	4.013.293
Shareholders' Equity / ((I+II+III)*12.5*100)	15,10	17,28

The Parent's Bank	Current Period	Prior Period
Capital to be employed for credit risk (Amount subject to credit risk * 0,08) (I)	1.878.450	1.499.924
Capital to be employed for market risk (II)	155.799	135.827
Capital to employed for operational risk (III)	222.947	219.436
Shareholders' Equity	4.223.793	3.970.567
Shareholders' Equity / ((I+II+III)*12.5*100)	14,97	17,12

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I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

e. Information about shareholders' equity items:

	Current Period 30 September 2013	Prior Period 31 December 2012
CORE CAPITAL		
Paid-in Capital	652.290	652.290
Nominal Capital	652.290	652.290
Capital Commitments (-)	-	-
Adjustment to Paid-in Capital	-	-
Share Cancellation Profit	-	-
Share Cancellation Profit	-	-
Legal Reserves	2.127.369	1.950.969
Adjustments to Legal Reserves	272.693	272.693
Profit	82.564	176.400
Net Current Period Profit	82.564	176.400
Prior Period Profit	-	-
Provision for Possible Losses up to 25% of Core Capital	-	-
Gain on sale of associates, subsidiaries and buildings	-	-
Primary Subordinated Loans	-	-
Loss that is not covered with reserves (-)	-	-
Net Current Period Loss	-	-
Prior Period Loss	-	-
Development cost of operating lease (-)	18.708	28.697
Intangible Assets (-)	98.294	92.561
Deferred-Asset for tax which exceeds 10% of core capital (-)	-	-
Excess Amount expressed in the Law (Article 56, 3 rd paragraph) (-)	-	-
Total Core Capital	3.017.914	2.931.094

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I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (Continued)

	Current Period 30 September 2013	Prior Period 31 December 2012
SUPPLEMENTARY CAPITAL		
General provisions	334.440	248.321
45% of increase in revaluation fund of securities	-	-
45% of increase in revaluation fund of real estate	-	-
Bonus shares from associates, subsidiaries and joint ventures that is not recognized in profit	-	-
Amounts not included in core capital for primary subordinated loans	-	-
Secondary subordinated loans	942.665	818.413
45% of value increase fund of financial assets available for sale and associates and subsidiaries	(24.339)	16.096
Adjustment to paid-in capital, profit reserves and previous years losses (except adjustment to legal reserves)	-	-
Total Supplementary Capital	1.252.766	1.082.830
CAPITAL	4.270.680	4.013.924
DEDUCTIONS FROM CAPITAL	215	631
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-	-
Investment in Banks and Financial Institutions that are not consolidated but accounted under equity accounting	-	-
Loans extended being noncompliant with articles 50 and 51 of the Law	57	198
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	151	157
Securitisation positions that is deducted -preferably- from the shareholders' equity	-	-
Other	7	276
TOTAL SHAREHOLDERS' EQUITY	4.270.465	4.013.293

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

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

II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK

- a. In credit risk, there are no specific limitations for a specific geographical region. However, if there will be a risk which is affecting a specific region then the necessary limitation shall be applied and the necessary action shall be taken in order to 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 Group consists of retail loans, it is thought that there is no significant level of loan risk concentration.
- c. The Parent Bank provided a general provision amounting to TL 334.440 (31 December 2011: TL 248.321).

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

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

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

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

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III. EXPLANATIONS ON CONSOLIDATED MARKET RISK (Continued)

b. Information on Consolidated Market Risk:

	30 September 2013 Amount	31 December 2012 Amount
(I) Capital obligation for General Market Risk - Standard Method	27.420	60.277
(II) Capital obligation for Specific Risk - Standard Method	3.318	1.372
Capital obligation for specific risk in securitisation positions- Standard Method		-
(III) Capital obligation for Currency Risk - Standard Method	-	3.258
(IV) Capital obligation for Commodity Risk - Standard Method	-	-
(V) Capital obligation for Exchange Risk - Standard Method	68.401	-
(VI) Capital obligation for Market Risk Due to Options - Standard Method	137	43
(VII) Capital obligation for counterparty credit risk - Standard Method	56.340	70.980
(VIII) Total Capital obligation for Market Risk for Banks Applying Risk Measurement Model	-	-
(IX) Total Capital obligation for Market Risk (I+II+III+IV+V+VI+VII)	155.616	135.930
(X) Amount Subject to Market Risk (12,5xVIII) or (12,5xVII)	1.945.200	1.699.125

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

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

d. Information related to counterparty credit risk:

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

IV. EXPLANATIONS ON CONSOLIDATED OPERATIONAL RISK

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

The 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 2012, 2011, and 2010 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 2.864.426 represented risk weighted assets for operational risk and 8% of that amount is TL 229.154 represented related capital requirement.

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V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK

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

In foreign currency risk management, the Group, makes tiny distinctions and generally attentive to not taking long position when organizing the currency risk. In organizing foreign currency positions, the 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 does not carry any foreign currency position by hedging its foreign currency positions with derivative products. Foreign exchange bid rate of important foreign currencies are indicated in the table below.

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

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

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

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

Current Period - 30 September 2013	USD (\$)	Euro (€)
Balance Sheet Date		
Bank Evaluation Rate	2,0292	2,7466
27 September 2013	2,0310	2,7520
26 September 2013	2,0129	2,7174
25 September 2013	2,0018	2,7028
24 September 2013	2,0010	2,6985
23 September 2013	1,9840	2,6799

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

The Parent Bank's simple arithmetic average foreign exchange rates for USD is TL 2,0197 (31 December 2012: TL 1,7877) and exchange rates for Euro TL 2,6973 (31 December 2012: TL 2,3440).

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V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued)

f. Information related to Group's Currency Risk:

Current Period - 30 September 2013	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank	1.134.362	1.486.207	609.652	3.230.221
Banks	34.948	1.586.201	29.355	1.650.504
Financial Assets at Fair Value through Profit or Loss (Net)	258.730	906.616	20.240	1.185.586
Interbank Money Market Placements	57.725	60.915	-	118.640
Available-for-sale Financial Assets (Net)	-	-	-	-
Loans (*)	2.626.615	2.939.519	47.192	5.613.326
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments (Net)	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets (**)	6.072	49.927	2.226	58.225
Total Assets	4.118.452	7.029.385	708.665	11.856.502
Liabilities				
Bank Deposits	8.243	192.801	11	201.055
Foreign Currency Deposits	1.792.863	4.266.717	949.844	7.009.424
Funds from Interbank Money Market	-	-	-	-
Borrowings	2.491.899	5.074.342	437.006	8.003.247
Issued Marketable Securities (Net)	-	-	-	-
Miscellaneous Payables	485	6.370	308	7.163
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	180.424	793.320	23.358	997.102
Total Liabilities	4.473.914	10.333.550	1.410.527	16.217.991
Net on Balance Sheet Position	(355.462)	(3.304.165)	(701.862)	(4.361.489)
Net Off-Balance Sheet Position				
Financial Derivative Assets	435.183	3.527.015	709.173	4.671.371
Financial Derivative Assets	5.046.347	27.933.004	1.635.956	34.615.307
Financial Derivative Liabilities	4.611.164	24.405.989	926.783	29.943.936
Non-cash Loans	431.190	2.586.501	67.572	3.085.263
Prior Period - 31 December 2012				
Total Assets	2.237.004	3.499.710	521.770	6.258.484
Total Liabilities	3.072.212	6.760.111	1.012.321	10.844.644
Net on-Balance Sheet Position	(835.208)	(3.260.401)	(490.551)	(4.586.160)
Net off-Balance Sheet Position	835.058	3.232.675	486.882	4.554.615
Financial Derivative Assets	4.153.073	9.313.327	973.287	14.439.687
Financial Derivative Liabilities	3.318.015	6.080.652	486.405	9.885.072
Non-cash Loans	444.030	1.641.941	99.336	2.185.307

(*) As of 30 September 2013, loans consists of foreign indexed loans amounting to TL 1.578.959 (31 December 2012: TL 871.137) and foreign factoring receivables amounting to TL 6.684 (31 December 2012: TL 10.223).

(**) As of 30 September 2013, other assets does not consist of prepaid expenses amounting to TL 2.328 (31 December 2012: TL 1.382).

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V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued)

As of 30 September 2013 and 31 December 2012, if bank's foreign currency position had depreciated by 10% against TL with all other variables held constant, the changes in profit before tax and equity mainly as a result of foreign exchange losses are disclosed as following:

	Current Period – 30 September 2013		Prior Period – 31 December 2012	
	Income Statement	Equity (*)	Income Statement	Equity (*)
USD	22.285	22.285	(2.773)	(2.773)
Euro	7.972	7.972	(15)	(15)
Other	731	731	(367)	(367)
Total	30.988	30.988	(3.155)	(3.155)

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

As of 30 September 2013 and 31 December 2012, as a result of 10% appreciation of TL currency against other foreign currencies with all other variables held constant, the changes in the assets and liabilities have occurred in accordance with the table above but effects will be reverse.

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK

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

Current Period - 30 September 2013	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non Interest Bearing	Total
Assets							
Cash Equivalents and Central Bank	-	-	-	-	-	3.539.287	3.539.287
Banks	1.219.590	788.945	78.277	-	-	108.520	2.195.332
Financial Assets at Fair Value Through Profit or Loss (Net)	381.829	894.513	461.026	26.381	10.142	10.098	1.783.989
Interbank Money Market Placements	5.450.310	-	-	-	-	-	5.450.310
Financial Assets Available-for-Sale (Net)	1.515.018	266.409	1.496.659	-	-	4.225	3.282.311
Loans (*)	6.862.009	1.753.577	4.652.219	3.930.016	1.321.553	338.894	18.858.268
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	419.442	419.442
Total Assets	15.428.756	3.703.444	6.688.181	3.956.397	1.331.695	4.420.466	35.528.939
Liabilities							
Bank Deposits	327.944	-	4.085	-	-	25.690	357.719
Other deposits	3.092.272	9.200.391	1.198.456	198.471	-	3.262.805	16.952.395
Funds from Interbank Money Market	-	1.601.967	-	-	-	-	1.601.967
Miscellaneous Payables	-	-	-	-	-	553.703	553.703
Issued Marketable Securities (Net)	-	-	-	-	-	-	-
Funds Borrowed	3.376.462	2.243.538	3.631.481	1.737.704	38.491	-	11.027.676
Other Liabilities (**)	270.681	278.496	378.934	626.610	959	3.479.799	5.035.479
Total Liabilities	7.067.359	13.324.392	5.212.956	2.562.785	39.450	7.321.997	35.528.939
Balance Sheet Long Position	8.361.397	-	1.475.225	1.393.612	1.292.245	-	12.522.479
Balance Sheet Short Position	-	(9.620.948)	-	-	-	(2.901.531)	(12.522.479)
Off Balance Sheet Long Position	184.993	-	-	139.539	-	-	324.532
Off Balance Sheet Short Position	-	(21.810)	(195.538)	-	(16.254)	-	(233.602)
Total Position	8.546.390	(9.642.758)	1.279.687	1.533.151	1.275.991	(2.901.531)	90.930

(*) Loans consist of factoring transactions amounting to TL 158.240.

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

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period - 31 December 2012	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	-	-	-	-	-	2.551.692	2.551.692
Banks	712.433	86.541	6.301	-	-	112.263	917.538
Financial Assets at Fair Value Through Profit or Loss (Net)	61.421	81.244	763.499	12.264	7.451	-	925.879
Interbank Money Market Placements	2.029.632	-	-	-	-	-	2.029.632
Financial Assets Available-for-Sale (Net)	502.514	1.879.427	633.589	-	-	4.211	3.019.741
Loans (*)	5.542.984	2.661.405	2.115.477	3.657.450	1.274.901	264.901	15.517.118
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	373.183	373.183
Total Assets	8.848.984	4.708.617	3.518.866	3.669.714	1.282.352	3.306.250	25.334.783
Liabilities							
Bank Deposits	177.481	-	10.421	4.410	-	47.603	239.915
Other deposits	8.492.253	1.945.398	495.181	13.802	-	2.995.074	13.941.708
Funds from Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	532.982	532.982
Issued Marketable Securities (Net)	-	-	-	-	-	-	-
Funds Borrowed	2.356.507	515.684	2.982.273	476.097	211.120	-	6.541.681
Other Liabilities (**)	50.607	80.424	51.820	3.714	-	3.891.932	4.078.497
Total Liabilities	11.076.848	2.541.506	3.539.695	498.023	211.120	7.467.591	25.334.783
Balance Sheet Long Position	-	2.167.111	-	3.171.691	1.071.232	-	6.410.034
Balance Sheet Short Position	(2.227.864)	-	(20.829)	-	-	(4.161.341)	(6.410.034)
Off Balance Sheet Long Position	294.839	1.378.091	-	-	-	-	1.672.930
Off Balance Sheet Short Position	-	-	(581.101)	(1.006.486)	-	-	(1.587.587)
Total Position	(1.933.025)	3.545.202	(601.930)	2.165.205	1.071.232	(4.161.341)	85.343

(*) Loans consist of factoring receivables amounting to TL 107.103.

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

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

b. Effective average interest rates for monetary financial instruments:

Current Period - 30 September 2013	Euro	US Dollar	Yen	TL
Assets	%	%	%	%
Cash Equivalents and Central Bank	-	-	-	-
Banks	-	0,92	-	7,95
Financial Assets at Fair Value Through Profit or Loss (Net)	5,38	5,89	-	7,50
Interbank Money Market Placements	1,40	1,55	-	7,60
Financial Assets Available-for-Sale (Net)	-	-	-	8,08
Loans	4,57	4,30	-	12,09
Investments Held-to-Maturity (Net)	-	-	-	-
Liabilities				
Bank Deposits	0,20	0,68	-	8,11
Other Deposits	1,75	2,21	2,12	8,13
Funds From Interbank Money Market	-	-	-	4,93
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities (Net)	-	-	-	-
Funds Borrowed	1,22	0,56	2,00	7,73
Prior Period - 31 December 2012	Euro	US Dollar	Yen	TL
Assets	%	%	%	%
Cash Equivalents and Central Bank	-	-	-	-
Banks	-	0,14	-	7,00
Financial Assets at Fair Value Through Profit or Loss (Net)	5,60	7,85	-	6,17
Interbank Money Market Placements	-	1,00	-	6,09
Financial Assets Available-for-Sale (Net)	-	-	-	9,26
Loans	5,31	5,54	-	12,49
Investments Held-to-Maturity (Net)	-	-	-	-
Liabilities				
Bank Deposits	-	0,34	-	4,90
Other Deposits	2,02	2,34	2,26	7,40
Funds From Interbank Money Market	-	-	-	-
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities (Net)	-	-	-	-
Funds Borrowed	1,66	1,79	-	8,82

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

c. Interest rate risk on banking book:

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

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

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

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

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

30 September 2013	Shocks Applied (+/- x basis point)	Gains / Losses	Gains / Equity - Losses / Equity
Type of Currency			
1. TRY	500	(467.419)	%(10,95)
2. EURO	(400)	479.126	%11,22
3. USD	200	18.287	%0,43
4. TRY	(200)	(3.487)	%(0,08)
5. EURO	200	(9.320)	%(0,22)
6. USD	(200)	8.206	%0,19
Total (of negative shocks)		483.845	%11,33
Total (of positive shocks)		(458.452)	%(10,74)

d. Position risk of equity securities in banking book:

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

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

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

None.

VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK

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

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

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

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

Since the Group is pricing its liabilities faster than its assets, 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 through the pre-determined limits.

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

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

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

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

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VII. EXPLANATIONS ON CONSOLIDATED LIQUIDTY RISK (Continued)

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

Current Period - 30 September 2013	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	499.432	3.039.855	-	-	-	-	-	3.539.287
Banks	108.520	1.219.590	788.945	78.277	-	-	-	2.195.332
Financial Assets at Fair Value through Profit or Loss (Net)	10.098	354.921	470.077	447.021	402.981	98.891	-	1.783.989
Interbank Money Market Placements	-	5.450.310	-	-	-	-	-	5.450.310
Financial Assets Available-for-Sale (Net)	-	1.203.110	164.985	1.387.440	522.493	58	4.225	3.282.311
Loans (*)	-	5.802.992	2.122.629	3.711.284	5.070.283	1.812.186	338.894	18.858.268
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-	-
Other Assets (**)	-	3.680	-	10.256	34.936	-	370.570	419.442
Total Assets	618.050	17.074.458	3.546.636	5.634.278	6.030.693	1.911.135	713.689	35.528.939
Liabilities								
Bank Deposits	25.690	327.944	-	4.085	-	-	-	357.719
Other Deposits	3.262.805	3.092.272	9.200.391	1.198.456	198.471	-	-	16.952.395
Funds Borrowed	-	4.025.065	693.580	2.688.146	2.615.398	1.005.487	-	11.027.676
Funds from Interbank Money Market	-	1.601.967	-	-	-	-	-	1.601.967
Issued Marketable Securities (Net)	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	368.935	96.917	81.473	6.258	-	120	553.703
Other Liabilities (***)	-	268.303	277.709	466.673	531.019	11.975	3.479.800	5.035.479
Total Liabilities	3.288.495	9.684.486	10.268.597	4.438.833	3.351.146	1.017.462	3.479.920	35.528.939
Net Liquidity Gap	(2.670.445)	7.389.972	(6.721.961)	1.195.445	2.679.547	893.673	(2.766.231)	-
Prior Period - 31 December 2012								
Total Assets	598.746	9.816.262	3.346.761	3.815.499	5.644.009	1.550.375	563.131	25.334.783
Total Liabilities	3.042.677	10.919.742	2.356.232	3.177.265	1.397.031	1.055.340	3.386.496	25.334.783
Net Liquidity Gap	(2.443.931)	(1.103.480)	990.529	638.234	4.246.978	495.035	(2.823.365)	-

(*) As of 30 September 2013, loans includes the factoring receivables amounting to TL 158.240 (31 December 2012: TL 92.463).

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

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

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VII. EXPLANATIONS ON CONSOLIDATED LIQUIDTY RISK (Continued)

f. Information on securitisation 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.

2 Applications regarding valuation and management of collaterals:

As at reporting date monetary collaterals are involved in the credit risk mitigation process by their current value. The legal validity of real estate mortgage are provided by registration of pledge with timely and duly and important changes in market conditions are monitored.

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.

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VII. EXPLANATIONS ON CONSOLIDATED LIQUIDTY RISK (Continued)

6. Collaterals in terms of risk categories:

Risk Classifications- 30 September 2013	Balance	Financial Guaranties	Other/Physical Guaranties	Guaranties And Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	6.448.103	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	3.936.604	-	-	-
Conditional and unconditional receivables from Corporates	10.357.862	245.275	-	-
Conditional and unconditional retail receivables	12.913.035	75.947	-	-
Conditional and unconditional receivables secured by Mortgages	3.298.586	2.281.296	-	-
Past due receivables	338.922	-	-	-
Receivables defined in high risk category by BRSA	3.461.080	-	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	668.053	-	-	-
Total	41.422.245	2.602.518	-	-

Risk Classifications- 31 December 2012	Balance	Financial Guaranties	Other/Physical Guaranties	Guaranties And Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	5.177.518	-	-	-
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	1.941.617	-	-	-
Conditional and unconditional receivables from Corporates	7.324.745	104.198	-	-
Conditional and unconditional retail receivables	11.514.931	86.728	-	-
Conditional and unconditional receivables secured by Mortgages	3.132.785	3.029.819	-	-
Past due receivables	264.920	-	-	-
Receivables defined in high risk category by BRSA	2.897.168	-	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	881.026	-	-	-
Total	33.134.710	3.220.745	-	-

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

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

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

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

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

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

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

None.

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X. EXPLANATIONS ON OPERATING SEGMENTS

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

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

HSBC Yatırım has 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 on consolidated operating segments presented in the table below.

	Retail Banking	Corporate And Investment Banking	Treasury and Capital Markets	Other	Group's Total Activities
Current Period					
Operating Income (**)	858.495	357.777	222.738	-	1.439.010
Other (**)	-	-	-	-	-
Operating Income (**)	858.495	357.777	222.738	-	1.439.010
Segment Net Profit (**)	-	-	-	-	-
Undistributed Cost(**)	-	-	-	-	-
Operating Profit(**)	(110.790)	80.845	163.327	-	133.382
Profit before Tax(**)	(110.790)	80.845	163.327	-	133.382
Corporate Tax Provision(*)	-	-	-	(50.818)	(50.818)
Profit after Tax(**)	(110.790)	80.845	163.327	(50.818)	82.564
Non-Controlling Interest (**)	-	-	-	-	-
Net Profit for the Period(**)	(110.790)	80.845	163.327	(50.818)	82.564
Segment Assets	10.407.474	10.223.715	14.897.480	-	35.528.669
Associates and Subsidiaries	-	-	-	270	270
Undistributed Assets	-	-	-	-	-
Total Assets	10.407.474	10.223.715	14.897.480	270	35.528.939
Segment Liabilities	16.113.627	7.135.776	12.279.536	-	35.528.939
Undistributed Liabilities	-	-	-	-	-
Total Liabilities	16.113.627	7.135.776	12.279.536	-	35.528.939
Other Segment Items (**)	205.346	(5.873)	(5.417)	-	194.056
Capital Investment	-	-	-	-	-
Amortization	(32.616)	(5.873)	(959)	-	(39.448)
Impairment	-	-	(4.458)	-	(4.458)
Non-Cash Other Income-Expense	237.962	-	-	-	237.962

(*) Corporate tax provision is not distributed.

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

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X. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

	Retail Banking	Corporate And Investment Banking	Treasury and Capital Markets	Other	Group's Total Activities
Prior Period					
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	-	181.503
Profit before Tax (**)	(27.075)	129.615	79.043	-	181.503
Corporate Tax Provision (*)	-	-	-	(47.921)	(47.921)
Profit after Tax (**)	(27.075)	129.615	79.043	(47.921)	133.662
Non-Controlling Interest (**)	-	-	-	-	-
Net Profit for the Period (**)	(27.075)	129.615	79.043	(47.921)	133.662
Segment Assets	9.746.480	6.702.495	8.885.538	-	25.334.513
Associates and Subsidiaries	-	-	-	270	270
Undistributed Assets	-	-	-	-	-
Total Assets	9.746.480	6.702.495	8.885.538	270	25.334.783
Segment Liabilities	13.779.168	4.413.787	7.141.828	-	25.334.783
Undistributed Liabilities	-	-	-	-	-
Total Liabilities	13.779.168	4.413.787	7.141.828	-	25.334.783
Other Segment Items	(295.378)	(3.563)	(1.040)	-	(299.891)
Capital Investment	-	-	-	-	-
Amortization	(43.755)	(3.563)	(482)	-	(47.800)
Impairment	-	-	(558)	-	(558)
Non-Cash Other Income-Expense	(251.623)	-	-	-	(251.623)

(*) Corporate tax provision is not distributed.

(**) Items of income and expense are the amounts for the six month period ended as of 30 September 2012.

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SECTION FIVE

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

I. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED ASSETS

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

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

	Current Period 30 September 2013		Prior Period 31 December 2012	
	TL	FC	TL	FC
Cash/Foreign Currency	279.000	175.857	230.041	130.420
The CBRT	30.066	3.039.201	65.788	2.065.213
Other	-	15.163	-	60.230
Total	309.066	3.230.221	295.829	2.255.863

(*) As of 30 September 2013, the precious metal balances are amounting to TL 15.163 and TL and Group has no money in transit balances. (31 December 2012 Precious Metal: TL 60.230, Money in transit: None).

2. Information related to the account of the CBRT:

	Current Period 30 September 2013		Prior Period 31 December 2012	
	TL	FC	TL	FC
Unrestricted Demand Deposit	29.383	29	65.788	3
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	683	3.039.172	-	2.065.210
Total	30.066	3.039.201	65.788	2.065.213

3. Explanations on reserve requirements:

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

As of 30 September 2013, the reserve deposit rates vary according to their maturity structure; the reserve deposit rates are realized between 5% - 11,5% (31 December 2012: 5%- 11%) for TL deposits and other liabilities, and between 6% - 13% for FC deposits (31 December 2012: 6%- 11%).

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

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

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

The Group has financial assets at fair value through profit or loss given as collateral/blocked amounting to TL 33.214 (31 December 2012: TL 30.953) as of 30 September 2013.

The Group has no financial assets at fair value through profit or loss subject to repurchase agreement as of 30 September 2013 (31 December 2012: None).

As of 30 September 2013, the Group has financial assets at fair value through profit or loss in unrestricted account amounting to TL 546.729 (31 December 2012: TL 761.955).

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

	Current Period 30 September 2013		Prior Period 31 December 2012	
	TL	FC	TL	FC
Forward Transactions	4.807	178.990	1.315	30.528
Swap Transactions	23.053	891.259	5.864	84.968
Futures Transactions	-	46	-	2
Options	-	105.891	-	10.294
Other	-	-	-	-
Total	27.860	1.176.186	7.179	125.792

c. Information on banks:

1. Information on banks and other financial institutions:

	Current Period 30 September 2013		Prior Period 31 December 2012	
	TL	FC	TL	FC
Banks	544.828	1.650.504	302.979	614.559
Domestic	513.385	1.366.383	270.691	8
Foreign	31.443	284.121	32.288	614.551
Foreign Head Office and Branches	-	-	-	-
Total	544.828	1.650.504	302.979	614.559

2. Information on foreign banks account:

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

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

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

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

As of 30 September 2013, the Group has financial assets available for sale given as collateral/blocked amount to TL 400.510 (31 December 2012: TL 275.654).

As of 30 September 2013, the Group has financial assets available for sale amounting to TL 1.623.629 subject to repurchase agreement (31 December 2012: None).

As of 30 September 2013, the Group has financial assets available for sale in unrestricted account amounting to TL 1.253.947 (31 December 2012: TL 2.739.876).

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

	Current Period 30 September 2013	Prior Period 31 December 2012
Debt Securities	3.302.293	3.016.359
Quoted to Stock Exchange	3.302.293	3.016.359
Not Quoted	-	-
Share Certificate	4.225	4.211
Quoted to Stock Exchange	-	-
Not Quoted (*)	4.225	4.211
Impairment Provision (-)	24.207	829
Total	3.282.311	3.019.741

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

e. Information related to loans:

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

	Current Period 30 September 2013		Prior Period 31 December 2012	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	77	183.362	-	22.557
Corporate Shareholders	77	183.362	-	22.557
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	7.980	429.232	12.104	333.668
Loans Granted to Employees	33.537	-	32.714	-
Total	41.594	612.594	44.818	356.225

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

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

	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables	Agreement Terms Modified	Payment Plan Extentions Other	Loans and Other Receivables	Agreement Terms Modified	Payment Plan Extentions Other
Non-specialised Loans	17.137.889	834.839	-	483.803	62.815	-
Commercial Loans	5.777.067	666.397	-	214.757	56.807	-
Export Loans	1.156.151	62.321	-	5.555	3.729	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	134.759	-	-	-	-	-
Consumer Loans	4.735.128	17.613	-	100.917	300	-
Credit Cards	4.585.692	11.873	-	151.728	1.615	-
Other (*)	749.092	76.635	-	10.846	364	-
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Non-specialized Loans	17.137.889	834.839	-	483.803	62.815	-

(*) Includes the factoring receivables amounting to TL 158.240.

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	794.852	60.879
Extended by 3, 4 or 5 times	39.987	1.936
Extended by more than 5 times	-	-

Extended period of time	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
0 – 6 Months	110.131	2.788
6 – 12 Months	265.511	32.232
1 – 2 Years	183.339	3.159
2 – 5 Years	158.809	21.633
5 years or more	117.049	3.003

3. Breakdown of loans according to their maturities:

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

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

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

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	61.647	4.522.442	4.584.089
Mortgage Loans	815	1.758.317	1.759.132
Automotive Loans	-	16.567	16.567
Consumer Loans	60.832	2.747.558	2.808.390
Other	-	-	-
Consumer Loans- Indexed to FC	22	20.443	20.465
Mortgage Loans	-	15.449	15.449
Automotive Loans	-	17	17
Consumer Loans	22	4.977	4.999
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	4.293.954	399.639	4.693.593
Installment	2.173.249	399.639	2.572.888
None Installment	2.120.705	-	2.120.705
Individual Credit Cards-FC	8.149	-	8.149
Installment	-	-	-
None Instalment	8.149	-	8.149
Personnel Loans-TL	1.270	21.578	22.848
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	1.270	21.578	22.848
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	10.643	-	10.643
Installment	5.930	-	5.930
None Installment	4.713	-	4.713
Personnel Credit Cards-FC	46	-	46
With Instalment	-	-	-
Without Instalment	46	-	46
Overdraft Account-TL (Individual)	226.556	-	226.556
Overdraft Account-FC (Individual)	-	-	-
Total Consumer Loans	4.602.287	4.964.102	9.566.389

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

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

	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	53.176	573.264	626.440
Mortgage Loans	13	5.882	5.895
Automotive Loans	169	22.514	22.683
Consumer Loans	52.994	544.868	597.862
Other	-	-	-
Commercial Installment Loans- Indexed to FC	14.119	331.902	346.021
Mortgage Loans	-	339	339
Automotive Loans	-	7.362	7.362
Consumer Loans	14.119	324.201	338.320
Other	-	-	-
Commercial Installment Loans-FC	-	13.235	13.235
Mortgage Loans	-	-	-
Automotive loans	-	-	-
Consumer Loans	-	13.235	13.235
Other	-	-	-
Corporate Credit Cards-TL	37.725	60	37.785
Installment	15.714	60	15.774
None Installment	22.011	-	22.011
Corporate Credit Cards-FC	692	-	692
With Installment	-	-	-
None Installment	692	-	692
Overdraft Account-TL (Commercial)	93.771	-	93.771
Overdraft Account-FC (Commercial)	-	-	-
Total	199.483	918.461	1.117.944

6. Loans according to types of borrowers:

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

7. Distribution of domestic and foreign loans:

	Current Period 30 September 2013	Prior Period 31 December 2012
Domestic Loans	18.134.906	15.135.859
Foreign Loans	384.440	116.358
Total (*)	18.519.346	15.252.217

(*) Includes the factoring receivables amounting to TL 158.240 (31 December 2012: TL 92.463).

8. Loans granted to investments in associates and subsidiaries:

	Current Period 30 September 2013	Prior Period 31 December 2012
Direct Loans Granted to Associates and Subsidiaries	-	-
Indirect Loans Granted to Associates and Subsidiaries	-	-
Total	-	-

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9. Specific provisions for loans:

	Current Period 30 September 2013	Prior Period 31 December 2012
Loans and Receivables with Limited Collectability	26.011	20.548
Loans and Receivables with Doubtful Collectability	105.684	63.558
Uncollectible Loans and Receivables	605.821	398.644
Total	737.516	482.750

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

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period: 30 September 2013	12.319	6.159	15.379
(Gross Amounts Before Specific Provisions)			
Restructured Loans and Other Receivables	12.319	6.159	15.379
Rescheduled Loans and Other Receivables	-	-	-
Prior Period: 31 December 2012	2.973	9.874	41.071
(Gross Amounts Before Specific Provisions)			
Restructured Loans and Other Receivables	1.502	5.053	17.443
Rescheduled Loans and Other Receivables	1.471	4.821	23.628

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Balance at the end of the Prior Period: 31 December 2012	118.937	145.273	483.441
Additions (+)	302.981	101.057	26.749
Transfers from Other Categories of Non-Performing Loans (+)	1.043	241.386	227.056
Transfers to Other Categories of Non-Performing Loans (-)	246.135	221.308	2.042
Collections (-)	25.198	29.053	47.665
Write-offs (-)	-	-	84
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	31
Other	-	-	53
Balance at the End of the Period: 30 September 2013	151.628	237.355	687.455
Specific Provisions (-)	26.011	105.684	605.821
Net Balance on Balance Sheet	125.617	131.671	81.634

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period: 30 September 2013			
Balance at the End of the Period	-	-	14.088
Specific Provisions (-)	-	-	14.088
Net Balance on Balance Sheet	-	-	-
Prior Period: 31 December 2012			
Balance at the End of the Period	-	-	14.428
Specific Provisions (-)	-	-	14.428
Net Balance on Balance Sheet	-	-	-

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period (Net): 30 September 2013			
Loans granted to corporate entities and real persons (Gross)	125.617	131.671	81.634
Specific Provisions Amount (-)	151.628	237.355	675.712
Loans granted to corporate entities and real persons (Net)	26.011	105.684	594.078
Banks (Gross)	125.617	131.671	81.634
Specific Provisions Amount (-)	-	-	11.743
Banks (Net)	-	-	11.743
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-
Prior Period (Net): 31 December 2012			
Loans granted to corporate entities and real persons (Gross)	98.389	81.715	84.797
Specific Provisions Amount (-)	118.937	145.273	471.698
Loans granted to corporate entities and real persons (Net)	20.548	63.558	386.901
Banks (Gross)	98.389	81.715	84.797
Specific Provisions Amount (-)	-	-	11.743
Banks (Net)	-	-	11.743
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-

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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.

12. Explanations on the write-off policy of :

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

f. Held-to-maturity Investments:

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

As of 30 September 2013 and 31 December 2012, the Group has no held to maturity investments as collateral/blocked and subject to repurchase agreements.

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

As of 30 September 2013 and 31 December 2012, the Group has no investments as government debt securities held to maturity.

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

As of 30 September 2013 and 31 December 2012, the Group has no investments held to maturity.

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

As of 30 September 2013 and 31 December 2012, the Group has no investments of held to maturity movement.

g. Information on investments in associates (Net):

The Group has no investments in associates as of 30 September 2013 and 31 December 2012.

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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 the subsidiaries, in the order of the above table (*):

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit / Loss(**)	Fair Value
1	6.409	6.182	90	82	-	1.084	1.126	-
2	64	63	-	-	-	(14)	(11)	-

(*) Prepared with unaudited financial statements as of 30 September 2013.

(**) Prior period amount is the amount as of 30 September 2012.

2. Information on the consolidated subsidiaries:

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

a) Consolidated subsidiaries:

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (**)	Fair Value
I	99.248	83.825	4	1.442	1.543	14.249	10.256	-

(*) Prepared with audited financial statements as of 30 September 2013.

(**) Prior period amount is the amount as of 30 September 2012.

3. Movement schedule of the consolidated subsidiaries:

	Current Period 30 September 2013	Prior Period 31 December 2012
Balance at the Beginning of the Period	34.753	34.753
Movements During the Period		
Purchases	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends From Current Year Profit	-	-
Sales/Liquidation (*)	-	-
Revaluation Increase	-	-
Increase /decrease of valuation	-	-
Balance at the End of the Period	34.753	34.753
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	99,87	99,87

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

Subsidiaries	Current Period 30 September 2013	Prior Period 31 December 2012
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	34.753	34.753

5. Subsidiaries quoted on a stock exchange:

The Group has no subsidiaries quoted on a stock exchange as of 30 September 2013 and 31 December 2012.

i. Information on jointly controlled entities:

- The Group has no jointly controlled entities as of 30 September 2013 and 31 December 2012.
- As of 30 September 2013 and 31 December 2012, the accounting method of jointly controlled entities is not determined since the Group has no jointly controlled entities.

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j. Information on leasing receivables (Net):

As of 30 September 2013 and 31 December 2012, the Group has no finance lease receivables.

k. Explanations on hedging derivative financial assets:

As of 30 September 2013 and 31 December 2012, the Group has no hedging derivative financial assets.

l. Explanations on property and equipment:

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

m. Explanations on intangible assets:

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

n. Explanations on the investment properties:

As of 30 September 2013 and 31 December 2012, the Group has no investment properties.

o. Explanations on deferred tax asset:

As of 30 September 2013 deferred tax asset of the Group is TL 9.775 (31 December 2012: TL 31.326). Amount of deferred tax which is calculated on the temporary differences arising between applicable accounting policies and valuation principles and tax legislation, has been accounted in the financial statements as net deferred tax assets.

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

There is no impairment provision for deferred tax.

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

As of 30 September 2013 assets held for sale of the Group is TL 3.930 (31 December 2012: TL 5.129).

r. Information on other assets:

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

2. Other assets of the balance sheet consist of the debited suspense accounts amounting to TL 38.089 (31 December 2012 TL 32.693), the prepaid expenses amounting to 66.589 TL (31 December 2012: TL 51.954), other rediscount income amounting to TL 9.750 (31 December 2011: TL 7.865), miscellaneous receivables amounting to TL 49.923 (31 December 2012: TL 8.221), and other assets amounting to TL 5.408 (31 December 2012: TL 4.027).

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

As of 30 September 2013 and 31 December 2012, the Group has no receivables from forward sale of the assets classified in the miscellaneous receivables.

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a. Information on deposits

1. Information on maturity structure of the deposits:

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

1(i). Current Period - 30 September 2013:

	Demand	With 7 Days Maturity	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	627.789	-	467.647	4.978.955	253.393	224.243	48.042	-	6.600.069
Foreign Currency Deposits	1.466.072	-	1.298.907	3.386.281	162.974	177.446	153.239	-	6.644.919
Residents in Turkey	1.225.605	-	1.219.009	2.865.915	120.679	84.068	114.265	-	5.629.541
Residents Abroad	240.467	-	79.898	520.366	42.295	93.378	38.974	-	1.015.378
Public Sector Deposits	373.251	-	44	23	-	-	-	-	373.318
Commercial Deposits	426.161	-	1.405.435	961.708	27.738	17.357	871	-	2.839.270
Other Institutions Deposits	12.677	-	16.881	93.959	6.597	174	26	-	130.314
Precious Metal Deposit	356.855	-	-	2.975	2.882	1.793	-	-	364.505
Bank Deposits	25.690	-	330.022	-	-	2.007	-	-	357.719
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	41	-	318.116	-	-	2.007	-	-	320.164
Foreign Banks	25.649	-	11.906	-	-	-	-	-	37.555
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3.288.495	-	3.518.936	9.423.901	453.584	423.020	202.178	-	17.310.114

1(ii). Prior Period - 31 December 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	519.262	-	268.276	3.391.026	1.050.735	289.932	38.101	-	5.557.332
Foreign Currency Deposits	1.453.949	-	1.085.173	2.652.520	324.338	174.354	68.289	-	5.758.623
Residents in Turkey	1.251.086	-	1.029.971	2.246.265	255.558	101.750	25.842	-	4.910.472
Residents Abroad	202.863	-	55.202	406.255	68.780	72.604	42.447	-	848.151
Public Sector Deposits	82.873	-	42	163	-	-	-	-	83.078
Commercial Deposits	460.831	-	1.385.576	187.567	2.059	2.764	3.700	-	2.042.497
Other Institutions Deposits	11.200	-	13.162	7.737	833	266	21	-	33.219
Precious Metal Deposit	466.959	-	-	-	-	-	-	-	466.959
Bank Deposits	47.603	-	177.471	-	2.017	8.405	4.419	-	239.915
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	64	-	177.257	-	2.017	8.405	4.419	-	192.162
Foreign Banks	47.539	-	214	-	-	-	-	-	47.753
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3.042.677	-	2.929.700	6.239.013	1.379.982	475.721	114.530	-	14.181.623

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2. Information on saving deposits insurance:

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

	Covered by Insurance		Exceeding Deposit Insurance Limit	
	Current Period 30 September 2013	Prior Period 31 December 2012	Current Period 30 September 2013	Prior Period 31 December 2012
Saving Deposits	3.502.336	2.264.542	2.908.035	3.098.544
Foreign Currency Saving Deposits	1.279.975	836.678	2.580.609	2.820.507
Other Deposits in the Form of Saving Deposits	85.069	42.490	219.328	344.438
Foreign Branches' Deposits under Foreign Authorities' Insurance Coverage	189.971	173.781	228.078	228.434
Off-Shore Banking Regions' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-

(*) To be applicable for deposits held by domestic branches, the amount of the deposit insurance limit was increased from TL 50.000 (exact value) to TL 100.000 (exact value) by decision published in the Official Gazette No. 28560 dated 15 February 2013.

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

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

	Current Period 30 September 2013	Prior Period 31 December 2012
Foreign Branches' Deposits and other accounts	228.078	228.434
Saving Deposits and Other Accounts of Major Shareholders and Deposits of their Mother, Father, Spouse, Children under their wordship	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse, Children under their wordship	6.365	6.036
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 2013		Prior Period 31 December 2012	
	TL	FC	TL	FC
Forward Transactions	-	135.907	-	13.790
Swap Transactions	13.539	695.309	75.453	86.433
Future Transactions	-	17	-	24
Options	-	106.525	-	10.868
Other	-	-	-	-
Total	13.539	937.758	75.453	111.115

c. Information on repurchase agreements:

As of 30 September 2013, the Group has repurchase agreements amounting to TL 1.601.967 (31 December 2012: TL None).

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d. Information on funds borrowed:

1. Information on banks and other financial institutions:

	Current Period 30 September 2013		Prior Period 31 December 2012	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Bank and Institutions	7.524	2.660	9.998	2.734
From Foreign Banks, Institutions and Funds	3.016.905	6.995.186	2.087.830	3.597.009
Total	3.024.429	6.997.845	2.097.828	3.599.743

2. Information on maturity structure of funds borrowed:

	Current Period 30 September 2013		Prior Period 31 December 2012	
	TL	FC	TL	FC
Short-term	1.134.769	4.636.165	1.411.611	3.126.066
Medium and Long-term	1.889.660	2.361.681	686.217	473.677
Total	3.024.429	6.997.846	2.097.828	3.599.743

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

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

e. Information on other liabilities:

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

f. Information on leasing agreements:

i. Explanations on obligations under financial leases:

None (31 December 2012: None).

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

ii. Explanations on operational lease:

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

Leasing debts due to operational lease transactions presented below.

	Current Period 30 September 2013	Prior Period 31 December 2012
Less Than 1 Year	57.953	64.846
Between 1-4 Years	116.715	134.485
More Than 4 Years	11.771	13.542
Total	186.439	212.873

g. Information on derivative financial liabilities for hedging purposes:

As of 30 September 2013 and 31 December 2012, the Group has no derivative financial liabilities for hedging purposes.

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

None.

h. Information on provisions:

1. Information on general provisions:

	Current Period 30 September 2013	Prior Period 31 December 2012
General Provisions	334.440	248.321
Provisions for First Group Loans and Receivables	221.376	173.027
- Additional Provision for Loans and Receivables with Extended Maturities	42.481	22.540
Provisions for Second Group Loans and Receivables	11.836	15.920
- Additional Provision for Loans and Receivables with Extended Maturities	3.882	2.839
Provisions for Non-Cash Loans	48.055	23.584
Other	6.810	10.411

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

As of 30 September 2013, the provision related to foreign currency difference on the principles of foreign currency indexed loans, amounting to TL 756 (31 December 2012: TL 4.236), is offset with the balance of foreign currency indexed loans.

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

As of 30 September 2013, provision for non-cash loans that are non-funded and non-transformed into cash is amounting to TL 2.258 (31 December 2012: TL 249).

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4. Information on other provisions:

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

As of 30 September 2013 and 31 December 2012, the Group has no general provisions for possible risks.

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

Provision for accumulated credit card bonus amounting to TL 14.039 (31 December 2012: TL 15.710), provisions for checks under follow-up amounting to TL 7.962 (31 December 2012: TL 5.413), specific provision for non-cash loans that are non-funded and non-transformed into cash amounting to TL 2.258 (31 December 2012: TL 249), other provision amounting to TL 33.847 (31 December 2012: TL 39.074) are classified under other provisions.

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 2013	Prior Period 31 December 2012
Corporate Taxes Payable	748	19.737
Taxation on Marketable Securities	10.834	11.149
Taxation on Real Estates Income	1.106	1.195
Banking Insurance Transaction Tax (BITT)	11.545	11.371
Foreign Exchange Transaction Tax	17	10
Value Added Tax Payable	1.028	1.684
Other (*)	10.471	13.533
Total	35.749	58.679

(*) Consists of payroll tax amounting to TL 8.011 (31 December 2012: TL 10.945), self-employed income tax amounting to TL 210 (31 December 2012: TL 46), stamp tax amounting to TL 288 (31 December 2012: TL 275) and other taxes amounting to TL 1.962 (31 December 2012: TL 2.267) as of 30 September 2013.

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1(ii). Information on premium payables:

	Current Period 30 September 2013	Prior Period 31 December 2012
Social Security Premiums – Employee Share	3.517	3.350
Social Security Premiums – Employer Share	3.760	3.321
Bank Social Aid Pension Fund Premium – Employee Share	-	-
Bank Social Aid Pension Fund Premium – Employer Share	-	-
Pension Fund Membership Fees and Provisions – Employee Share	-	-
Pension Fund Membership Fees and Provisions – Employer Share	-	-
Unemployment Insurance – Employee Share	243	234
Unemployment Insurance – Employer Share	489	446
Other	-	-
Total	8.009	7.351

2. Information on deferred tax liability:

As of 30 September 2013, the Group has no deferred tax liability (31 December 2012: None). Amount of deferred tax which is calculated on the temporary differences arising between applicable accounting policies and valuation principles and tax legislation, has been accounted in the consolidated financial statements as net deferred tax assets.

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

As of 30 September 2013 and 31 December 2012, the Group has no liabilities for property and equipment held for sale purpose and held from terminated operations.

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

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

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

I. Information on shareholder's equity:

1. Presentation of paid-in capital:

	Current Period 30 September 2013	Prior Period 31 December 2012
Common Stock Provision	-	-
Preferred Stock Provision	652.290	652.290

Amount of paid-in capital has presented in notional amount. As of 30 September 2013, the Parent Bank has TL 272.693 capital reserve due to adjustment of the paid-in capital for inflation.

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

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

Registered share capital system is not applied.

3. Information on the share capital increases during the period and other informations:

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

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

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

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

The Group has no capital commitments.

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

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

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

Capital structure of the Parent Bank consisting of group "A" and "B" shares are held by foreign shareholders. Board of Directors are chosen among the candidates nominated by group "A" share holders.

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8. Information on marketable securities value increase fund:

	Current Period 30 September 2013		Prior Period 31 December 2012	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(24.339)	-	35.769	-
Foreign Currency Difference	-	-	-	-
Total	(24.339)	-	35.769	-

9. Information on revaluation value increase fund:

As of 30 September 2013 and 31 December 2012, the Group has no revaluation value increase fund.

10. Information on legal reserves:

	Current Period 30 September 2013	Prior Period 31 December 2012
First Legal Reserve	134.170	132.067
Second Legal Reserve	67.263	65.491
Total	201.433	197.558

11. Information on extraordinary reserves:

	Current Period 30 September 2013	Prior Period 31 December 2012
Reserves Allocated per General Assembly Minutes	1.851.837	1.720.797
Undivided Profit	74.099	32.614
Total	1.925.936	1.753.411

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

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

13. Informations on minority shares:

The Group has no minority shares as of 30 September 2013 and 31 December 2012.

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

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments:

As of 30 September 2013, the Group has irrevocable commitments amounting to TL 21.562.513 (31 December 2012: TL 17.263.603).

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 1.014.820 (31 December 2012: TL 829.094), acceptances amounting to TL 1.053.511 (31 December 2012: TL 694.336) and commitments and contingencies due to letter of credit amounting to TL 863.005 (31 December 2012: TL 642.956) as of 30 September 2013. Also the Group has other commitments and contingencies amounting to TL 511.196 (31 December 2012: TL 365.103) as of 30 September 2013.

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

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

3. Explanations on the non-cash loans:

3 (i). Total non-cash loans:

	Current Period 30 September 2013	Prior Period 31 December 2012
Non-Cash Given For Cash Loan Risks	6.539	69.085
With Original Maturity of One Year or Less	6.539	69.085
With Original Maturity of More than One Year	-	-
Other Non-Cash Loans	3.435.993	2.462.404
Total	3.442.532	2.531.489

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

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

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

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

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

b. Explanations on derivative transactions:

The Group has forward transactions amounting to TL 10.090.892 (31 December 2012: TL 4.382.895), currency swap amounting to TL 83.918.543 (31 December 2012: TL 20.559.709), currency option amounting to TL 11.862.876 (31 December 2012: TL 3.076.976), interest rate option amounting to TL 263.120 (31 December 2012: TL 593.340), interest rate swap amounting to TL 6.581.568 (31 December 2012: TL 6.312.752). The Group has interest rate future amounting to TL 1.063.274 as of 30 September 2013 (31 December 2012: TL 1.057.844). 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.

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

Contingent assets, are recognised if the probability of occurrence is almost virtually certain, whereas they are disclosed in the notes, if the probability of occurrence is probable. As of 30 September 2013, there is no contingent asset to be disclosed.

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

The Group has certain contingent liabilities relating to various lawsuits due to the transactions it performed in the scope of banking operations. As of 30 September 2013, the total amount of these lawsuits filed against the Group is TL 12.539 (31 December 2012: TL 11.316). A provision of TL 2.046 (31 December 2012: 1.833 TL) has been made for those lawsuits as the probability of being concluded against the Bank is higher than the probability of their concluding in its favor.

As a result of the investigation of the Competition Board, with the decision dated 2 November 2011 and no: 11-55/1438-M, about 12 banks including HSBC Bank A.Ş. and 2 firms operating on financial services whether they have violated against the Law on Protection of Competition No:4054's restrictive agreements, concerted practices and association of undertakings related 4th clause, the Competition Board has imposed a administrative fine to the detriment of HSBC Bank A.Ş., under the judgements of Law No: 4054's third paragraph of 16th article and "Fines to be Imposed by Regulations in the Act of Limiting Competition Agreements, Concerted Practices and Decisions and Abuse of Dominant Position"s clause B of first paragraph of 5th article and second paragraph, clause of the third and first paragraphs of 7th article, amounting 14.875 TL corresponds to 0.6% of gross revenues arose at the end of fiscal year 2011 and determined by the Board. Subsequently payment of administrative fines imposed by the Competition Authority, the Bank has filed a lawsuit against Ankara Administrative Court for the cancellation of the Court's decision.

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

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

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

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IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED INCOME STATEMENT

a. Information on interest income:

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

	Current Period 30 September 2013		Prior Period 30 September 2012	
	TL	FC	TL	FC
Short-term Loans	639.176	32.219	765.698	41.147
Medium and Long-Term Loans	556.861	90.306	480.263	71.684
Interest on Loans Under Follow-Up	13.791	134	18.282	-
Premiums Received from the Resource Utilization Support Fund	-	-	-	-
Total	1.209.828	122.659	1.264.243	112.831

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

2. Information on interest income received from banks:

	Current Period 30 September 2013		Prior Period 30 September 2012	
	TL	FC	TL	FC
From the CBRT	-	-	-	258
From Domestic Banks	31.606	4.410	52.206	339
From Foreign Banks	858	339	1.498	159
Headquarters and Branches Abroad	-	-	-	-
Total	32.464	4.749	53.704	756

3. Information on interest income on marketable securities:

	Current Period 30 September 2013		Prior Period 30 September 2012	
	TL	FC	TL	FC
Financial Assets Held For Trading	26.743	318	58.437	446
Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
Financial Assets Available For Sale	171.308	-	137.577	604
Investments Held to Maturity	-	-	-	-
Total	198.051	318	196.014	1.050

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

As of 30 September 2013 and 30 September 2012, the Group has no interest income received from investments in associates and subsidiaries.

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

b. Information on interest expense:

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

	Current Period 30 September 2013		Prior Period 30 September 2012	
	TL	FC	TL	FC
Banks	133.379	81.340	165.026	71.141
The CBRT	-	-	-	-
Domestic Banks	642	82	825	246
Foreign Banks	132.737	81.258	164.201	70.895
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	133.379	81.340	165.026	71.141

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

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

	Current Period 30 September 2013	Prior Period 30 September 2012
Interest Expenses Given to Subsidiaries and Associates	-	98

3. Information on interest expense given on securities issued:

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

4. Maturity structure of the interest expense on deposits:

Current Period: 30 September 2013	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More Than 1 year		
Turkish Lira								
Interbank deposits	-	3.176	-	-	100	-	-	3.276
Saving deposits	-	18.243	216.181	36.994	13.056	5.323	-	289.797
Public sector deposits	-	2	8	-	-	-	-	10
Commercial deposits	-	68.568	9.205	1.327	461	205	-	79.766
Other Deposit	-	635	1.795	41	10	-	-	2.481
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	-	90.624	227.189	38.362	13.627	5.528	-	375.330
Foreign Currency								
Foreign currency deposits	-	11.788	39.782	5.831	2.028	4.000	-	63.429
Interbank Deposits	-	326	-	-	-	-	-	326
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	2	1	1	-	-	4
Total	-	12.114	39.784	5.832	2.029	4.000	-	63.759
Grand Total	-	102.738	266.973	44.194	15.656	9.528	-	439.089

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 (Continued)

Current Period: 30 September 2012	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More Than 1 year		
Turkish Lira								
Interbank deposits	-	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 Deposit	-	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

5. Information on interest given on repurchase agreement:

The Group has interest given on repurchase agreement amounting to TL 19.838 (30 September 2012: TL 28.965) during the six month period ended on 30 September 2013.

6. Information on financial lease expense:

The Group has no financial leasing expense during the period ended on 30 September 2013 and 30 September 2012.

7. Information on interest expenses given on factoring payables:

The Group has no interest given on factoring payables as of 30 September 2013 and 30 September 2012.

c. Explanations on dividend income:

As of 30 September 2013 and 31 December 2012, the Group has no dividend income.

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

	Current Period 30 September 2013	Prior Period 30 September 2012
Profit	30.957.742	7.626.493
Income from Capital Market Transactions	40.886	46.892
Derivative Financial Transactions Income	647.713	293.607
Foreign Exchange Gains	30.269.143	7.285.994
Loss (-)	31.007.531	7.827.632
Capital Market Transactions Loss	34.225	17.648
Loss on Derivative Financial Transactions	705.729	528.240
Foreign Exchange Loss	30.267.577	7.281.744
Total (Net)	(49.789)	(201.139)

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 (Continued)

2. Explanations on derivative instruments gain/loss:

	Current Period 30 September 2013	Prior Period 30 September 2012
Effect of the change in exchange rates on profit/loss	105.642	(242.719)
Effect of the change in interest rates on profit/loss	(136.658)	8.086
Total (Net)	(58.016)	(234.633)

e. Explanations on other operating income:

Other operating income consists of reverse of the previous year provision amounting to TL 4.593 (30 September 2012: TL 14.159), telecommunication income amounting to TL 2.504 (30 September 2012: TL 2.902), income from assets sale amounting to TL 1.867 (30 September 2012: TL 1.917) and other income amounting to TL 18.006 (30 September 2012: TL 20.489) during the period ended 30 September 2013.

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

	Current Period 30 September 2013	Prior Period 30 September 2012
Specific Provisions for Loans and Other Receivables	255.890	146.991
III. Group Loans and Receivables	5.502	11.939
IV. Group Loans and Receivables	42.319	30.948
V. Group Loans and Receivables	208.069	104.104
General Provision Expenses	86.119	54.242
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	4.458	558
Financial Assets at Fair Value Through Profit or Loss	1.495	175
Available-for-sale Financial Assets	2.963	383
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Jointly Controlled Entities (Joint Ventures)	-	-
Investments Held-to-maturity:	-	-
Other	9.748	10.554
Total	356.215	212.345

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g. Information related to other operating expenses:

	Current Period 30 September 2013	Prior Period 30 September 2012
Personnel Expenses	444.951	371.240
Reserve for Employee Termination Benefits	6.335	11.441
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Property and Equipment	-	-
Depreciation Expenses of Property and Equipment	35.600	42.588
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	3.762	5.101
Impairment Expenses on Equity Accounted Investees	-	-
Impairment Expenses on Assets Held for Sale	-	-
Depreciation Expenses on Assets Held for Sale	86	111
Impairment Expenses on Non-Current Assets Held for Sale and discontinued operations	321.789	316.491
Operational Lease Expenses	95.595	100.555
Maintenance Expenses	18.942	13.245
Advertisement Expenses	37.335	32.769
Other Expenses	169.917	169.922
Loss on Sales of Assets	245	713
Other	136.645	109.949
Total	949.413	857.634

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

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

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

As of 30 September 2013, the Group has corporate tax provision expense amounting to TL 29.268 (30 September 2012: TL 79.058) and deferred tax income amounting to TL 21.550 (30 September 2012: TL 31.137).

The total amount of deferred tax income, amounting to TL 21.550 (30 September 2012: TL 31.137), stated 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 nothing to disclose related to operating profit/loss after tax.

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

k. Explanations on net profit and loss:

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

Net interest income, amounting to TL 1.002.542 (30 September 2012: TL 1.041.152), and net wage and commission income amounting to TL 461.432 (30 September 2012: TL 372.082) have an important role among the income items in the interim accounting period ending on 30 September 2013. The wage and commission income received from cash loans are presented in the net interest income. Considering the distribution in interest income, the most important sources of the Bank's interest income are the interests received from loans, securities and interbank money market. The main portion of the interest expenses consists of the interests paid for deposits and loans received. The most important portion of the commission income consists of the commissions received from credit card transactions and other banking transactions.

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

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

3. Profit or loss attributable to the non controlling interest:

None.

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

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

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

- a. Information on the current year adjustments made in accordance with the requirements of the accounting Standard on Financial Instruments:**
- 1. Increases after the revaluation of available-for-sale investments:**
Not disclosed in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".
 - 2. Information on increases in cash flow hedges:**
Not disclosed in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".
- b. Information on adjustments made for the application of Standard on Accounting for Financial Instruments in the current year:**
- 1. Information on available-for-sale investments:**
Not disclosed in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".
 - 2. Information on cash flow hedges:**
Not disclosed in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".
- c. Explanations on dividend distribution:**
None.
- d. Explanations on issuance of common stock:**
Not disclosed in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".
- e. Effects of the adjustments to prior periods on the opening balance sheets:**
Not disclosed in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".
- f. Offsetting prior period's losses:**
Not disclosed in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

- a. Explanations about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents:**
Not disclosed in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".
- b. Information on cash flows arising from acquisition of associates, subsidiaries and other investments:**
Not disclosed in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".
- c. Information on disposals of associates, subsidiaries or other investments:**
Not disclosed in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".
- d. Information on cash and cash equivalents:**
Not disclosed in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".
- e. Additional information:**
Not disclosed in compliance with the Article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

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

1. Current Period - 30 September 2013:

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	-	-	12.104	356.225	15	-
Closing Balance	-	-	8.057	612.594	96	53
Interest and Commissions Income	-	-	387	1.109	-	-

2. Prior Period - 31 December 2012:

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	-	-	8.861	487.975	-	-
Closing Balance	-	-	12.104	356.225	15	-
Interest and Commissions Income(*)	-	-	1.268	573	-	-

(*) The prior period balances present amounts of 30 September 2012.

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

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period 30 September 2013	Prior Period 31 December 2012	Current Period 30 September 2013	Prior Period 31 December 2012	Current Period 30 September 2013	Prior Period 31 December 2012
Deposit						
Opening Balance	3.808	2.461	33.834	112.325	4.695	3.788
Closing Balance	-	3.808	22.659	33.834	4.855	4.695
Interest expense on deposits(*)	-	98	-	-	-	96

(*) The prior period balances present amounts of 30 September 2012.

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

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Individuals and Legal Entities in the Risk Group	
	Current Period 30 September 2013	Prior Period 31 December 2012	Current Period 30 September 2013	Prior Period 31 December 2012	Current Period 30 September 2013	Prior Period 31 December 2012
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	-	30.887.791	16.338.478	-	-
Closing Balance	-	-	100.840.530	30.887.791	-	-
Total Profit/Loss	-	-	(6.112)	(428.450)	-	-
Transactions for Hedging Purposes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

(*) The prior period balances present amounts of 30 September 2012.

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

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

As of 30 September 2013, payment is made to top executives of the Group amounting to TL 53.201 (30 September 2012: TL 36.997).

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

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

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

IX. EXPLANATIONS AND NOTES TO THE SUBSEQUENT EVENTS

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

None.

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

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

SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE GROUP'S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REVIEW REPORT

As of 30 September 2013, consolidated financial statements and explanatory notes disclosed herein were reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a Turkish member of KPMG International Cooperative, a Swiss entity) and review report dated 27 November 2013 is presented before to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

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