

**CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS
AND REVIEW REPORT
AT 30 JUNE 2015,
SEE NOTE I OF SECTION THREE**

HSBC BANK A.Ş.

**PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
AT 30 JUNE 2015**



INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the consolidated balance sheet of HSBC Bank A.Ş. ("the Bank") and its subsidiaries at 30 June 2015 and the related consolidated income statement, consolidated statement of income and expense items under shareholders' equity, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" other than subjects regulated by BRSA Accounting and Reporting Legislation. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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



Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of HSBC Bank A.Ş. and its subsidiaries at 30 June 2015 and of the results of its operations and its cash flows for the six-month-period then ended in all aspects in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority and Turkish Accounting Standard 34 "Interim Financial Reporting" other than subjects regulated by BRSA Accounting and Reporting Legislation.

Emphasis Matter

As explained in article 2 of Section 1 "General Information about the Bank", an announcement was placed on Public Disclosure Platform on 9 June 2015 stating that HSBC Bank Plc, main shareholder of the Bank, has decided to sell its shares in HSBC Bank A.Ş. and more details will be provided in later announcements.

Other Matter

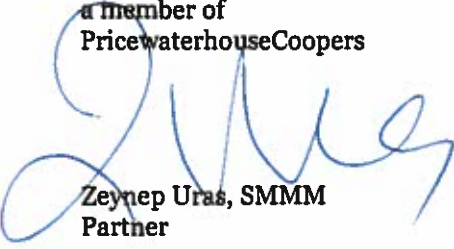
The consolidated financial statements of the Bank and its subsidiaries as at and for the year ended 31 December 2014 were audited by another auditor whose report dated 27 February 2015 expressed an unqualified opinion.

Additional Paragraph for Convenience Translation:

As also explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

a member of
PricewaterhouseCoopers


Zeynep Uras, SMMM
Partner

Istanbul, 21 August 2015



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

CONSOLIDATED FINANCIAL REPORT OF HSBC BANK A.S. AND ITS FINANCIAL
AFFILIATES AS OF 30 JUNE 2015

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

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

- GENERAL INFORMATION ABOUT PARENT BANK
- CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF PARENT BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP WHICH IS UNDER CONSOLIDATED
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND DISCLOSURES
- LIMITED INDEPENDENT AUDITOR'S REPORT

The consolidated interim 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 limited independent 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 are:

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

Brian Robertson
Chairman

James Alasdair Emmett
General
Manager

Neslihan Erkazane
Financial Reporting
Assistant General
Manager

Yerihozan Kıl
Group Head

Ian Simon Jenkins
Head of
Audit Comitee

Leyla Etker
Member of
Audit Comitee

Information about the responsible personnel whom questions may be asked:

Name-Surname/Title : Burcu Özkan/Manager
Tel : (0212) 376 4157
Fax : (0212) 376 4912

HSBC Bank A.Ş.

Sicil Numarası: İstanbul Ticaret Sicil Müdürlüğü - 268376

Ticaret Ünvanı: HSBC Bank A.Ş.

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

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

Web Adresi: www.hsbc.com.tr

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

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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 JUNE 2015
(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”, “the Parent Bank”, “HSBC 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 June 2015, 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 June 2015 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.

An announcement was placed on Public Disclosure Platform on 9 June 2015 stating that HSBC Bank PLC, main shareholder of HSBC Bank A.Ş., has decided to sell its shares and that throughout this process Bank's customers and employees have priority and customers will have uninterrupted service. More details will be provided in later announcements.

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 JUNE 2015
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

<u>Title</u>	<u>Name</u>	<u>Title</u>	<u>Education</u>
Chairman of the Board:	Brian ROBERTSON	Chairman	Undergraduate
Chairman Deputy of the Board:	Martin David SPURLING	Chairman Deputy	Undergraduate
Board of Directors:	James Alasdair EMMETT	Member and CEO	Graduate
	Paul HAGEN (*)	Member	Graduate
	Hamit AYDOĞAN	Member	Undergraduate
	Mehmet Gani SÖNMEZ	Member	Undergraduate
	Leyla ETKER	Member	Graduate
	Ian Simon JENKINS (**)	Member	Graduate
	Edward Michael FLANDERS	Member	Undergraduate
CEO:	James Alasdair EMMETT	CEO	Graduate
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 Commercial Banking	Undergraduate
	Hulusi HOROZOĞLU	Global and Investment Banking	Graduate
	Taylan TURAN	Retail Banking	Graduate
	Ali Batu KARAALI	Treasury and Capital Markets	Graduate
	Neslihan ERKAZANCI (***)	Finance	Undergraduate
	Ali Dündar PARLAR	Internal Systems and Regulations	Undergraduate
	Rüçhan ÇANDAR (****)	Technology and Services	Graduate
	Şengül DEMİRCAN	Human Resources	Undergraduate
Audit Committee:	Ian Simon JENKINS	Head of the Audit Committee	Graduate
	Leyla ETKER	Member of the Audit Committee	Graduate
	Paul HAGEN	Member of the Audit Committee	Graduate

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

(*) According to decision numbered 13295 and dated 29 May 2015, as of 24 June 2015 Paul HAGEN will replace Kevin Peter SAWLE on the Board of Directors.

(**) According to decision numbered 13295 and dated 29 May 2015, as of 24 June 2015 Ian Simon JENKINS has replaced Gilles Paul Marie DENOYEL on the Board of Directors.

(***) According to decision numbered 13300 dated 22 June 2015 Executive Vice President of Finance Neslihan ERKAZANCI will serve as Executive Vice President of Finance of HSBC Middle East and North Africa as of 1 August 2015. Burçin OZAN will replace her as Executive Vice President of Finance.

(****) According to decision numbered 13301 dated 22 June 2015, HSBC Bank A.Ş.'s Executive Vice President of Corporate and Commercial Banking Virma SÖKMEN will serve as Consultant to the CEO for HSBC Bank A.Ş. from 6 July 2015 until 31 December 2015. Burak ZEYLAN will replace her as Executive Vice President of Corporate and Commercial Banking during these dates.

(*****) According to decision numbered 13318, Rüçhan ÇANDAR will be serving as Deputy General Manager as of 29 July 2015. Since the signing process has not yet been completed and consequently since Rüçhan ÇANDAR has not been able to take an oath in Commercial Court, he is not performing as his new position as of 30 June 2015.

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 JUNE 2015
(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 forfeiting activities,
- To establish social and cultural facilities or to help or participate facilities in the existing.

In addition to regular banking operations in accordance to the articles of association, the Bank also provides insurance intermediary services as an agency of Axa Sigorta, Zurich Sigorta, Aviva Sigorta, Allianz Hayat ve Emeklilik, Allianz Sigorta, AIG Sigorta, Ergo Sigorta, Euler Hermes and Anadolu Hayat Emeklilik through its branches and investment intermediary services as an agency of HSBC Yatırım.

As of 30 June 2015, the Bank has 287 branches dispersed throughout the country and 4 branches operating abroad (31 December 2014: 294 branches and 4 branches operating abroad).

As of 30 June 2015, the number of employees of the Group is 5.534 (31 December 2014: 5.718).

VI. OTHER MATTERS

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

VII. INFORMATION OF INSTITUTIONS IN CONSOLIDATION SCOPE

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.I
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2015**
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

IX. THE EXISTING OR POTENTIAL, ACTUAL OR LEGAL OBSTACLES ON THE TRANSFER OF SHAREHOLDERS’ EQUITY BETWEEN THE BANK AND IT SUBSIDIARIES OR REIMBURSEMENT OF LIABILITIES
None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.I
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2015 AND 31 DECEMBER 2014
(STATEMENT OF FINANCIAL POSITION)

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

I. BALANCE SHEET	Note (Section Five 1)	Current Period (30/06/2015)			Prior Period (31/12/2014)		
		ASSETS			ASSETS		
		TL	FC	Total	TL	FC	Total
I. CASH BALANCES WITH CENTRAL BANK	(I-a)	385.391	2.797.763	3.183.154	897.581	2.608.077	3.505.658
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)	(I-b)	1.299.662	283.561	1.583.223	840.515	171.098	1.011.613
2.1 Trading Financial Assets		1.299.662	283.561	1.583.223	840.515	171.098	1.011.613
2.1.1 Government Debt Securities		872.228	16.174	888.402	374.043	16.413	390.456
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		418.448	267.387	685.835	463.597	154.685	618.282
2.1.4 Other Marketable Securities		8.986	-	8.986	2.875	-	2.875
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)	1.590.484	1.973.627	3.564.111	1.014.834	858.492	1.873.326
IV. MONEY MARKETS		2.650.782	155.928	2.806.710	6.833.606	-	6.833.606
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	155.928	155.928	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		2.650.782	-	2.650.782	6.833.606	-	6.833.606
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(I-d)	281.893	-	281.893	530.409	-	530.409
5.1 Share Certificates		4.385	-	4.385	4.385	-	4.385
5.2 Government Debt Securities		277.508	-	277.508	526.024	-	526.024
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	(I-e)	14.328.289	6.401.954	20.730.243	14.562.700	4.773.361	19.336.061
6.1 Loans		13.854.058	6.401.663	20.255.721	14.085.380	4.773.068	18.858.448
6.1.1 Bank's Risk Group	(VII)	-	57.409	57.409	-	3.964	3.964
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		13.854.058	6.344.254	20.198.312	14.085.380	4.769.104	18.854.484
6.2 Loans Under Follow-Up		1.453.616	417	1.454.033	1.240.197	423	1.240.620
6.3 Specific Provisions (-)		979.385	126	979.511	762.877	130	763.007
VII. FACTORING RECEIVABLES		135.042	20.652	155.694	162.512	15.793	178.305
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)	141.240	-	141.240	36.299	-	36.299
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		141.240	-	141.240	36.299	-	36.299
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(I-l)	100.198	-	100.198	115.155	-	115.155
XV. INTANGIBLE ASSETS (Net)	(I-m)	120.311	-	120.311	119.268	-	119.268
15.1 Goodwill		83.450	-	83.450	83.450	-	83.450
15.2 Other		36.861	-	36.861	35.818	-	35.818
XVI. INVESTMENT PROPERTY (Net)	(I-n)	-	-	-	-	-	-
XVII. TAX ASSET		83.698	-	83.698	121.150	-	121.150
17.1 Current Tax Asset		27.785	-	27.785	74.170	-	74.170
17.2 Deferred Tax Asset	(I-o)	55.913	-	55.913	46.980	-	46.980
XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-p)	2.884	-	2.884	3.179	-	3.179
18.1 Held for sale Purposes		2.884	-	2.884	3.179	-	3.179
18.2 Related to Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(I-r)	242.505	18.662	261.167	181.571	17.113	198.684
TOTAL ASSETS		21.362.649	11.652.147	33.014.796	25.419.049	8.443.934	33.862.983

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.I
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2015 AND 31 DECEMBER 2014
(STATEMENT OF FINANCIAL POSITION)

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

I. BALANCE SHEET	Note (Section Five II)	Current Period (30/06/2015)			Prior Period (31/12/2014)		
		TL	FC	Total	TL	FC	Total
		LIABILITIES					
I. DEPOSITS	(II-a)	9.968.140	10.023.366	19.991.506	10.959.625	8.064.118	19.023.743
1.1 Deposits of Bank's Risk Group	(VII)	46.396	4.377	50.773	54.492	3.653	58.145
1.2 Other		9.921.744	10.018.989	19.940.733	10.905.133	8.060.465	18.965.598
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	(II-b)	59.148	392.878	452.026	78.815	424.825	503.640
III. BORROWINGS	(II-d)	840.147	4.861.473	5.701.620	2.512.834	5.696.132	8.208.966
IV. MONEY MARKETS		776.561	-	776.561	395.596	-	395.596
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)	776.561	-	776.561	395.596	-	395.596
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		406.046	347.962	754.008	444.911	150.701	595.612
VIII. OTHER LIABILITIES	(II-e)	442.046	110.059	552.105	427.600	70.133	497.733
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCIAL LEASE PAYABLES (Net)	(II-f)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	(II-g)	4.302	-	4.302	8.615	-	8.615
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		4.302	-	4.302	8.615	-	8.615
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	(II-h)	513.119	1.484	514.603	458.055	1.749	459.804
12.1 General Loan Loss Provision		421.644	-	421.644	362.405	-	362.405
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		41.446	-	41.446	34.799	-	34.799
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		50.029	1.484	51.513	60.851	1.749	62.600
XIII. TAX LIABILITY	(II-i)	54.734	-	54.734	51.016	-	51.016
13.1 Current Tax Liability		54.734	-	54.734	51.016	-	51.016
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)	-	1.225.936	1,225.936	-	1,073.095	1,073.095
XVI. SHAREHOLDERS' EQUITY	(II-l)	2,987.395	-	2,987.395	3,045.163	-	3,045.163
16.1 Paid-in Capital		652.290	-	652.290	652.290	-	652.290
16.2 Capital Reserves		281.308	-	281.308	279.387	-	279.387
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		374	-	374	7.336	-	7.336
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)		8.241	-	8.241	(642)	-	(642)
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		2,113.707	-	2,113.707	2,170.590	-	2,170.590
16.3.1 Legal Reserves		199.603	-	199.603	196.002	-	196.002
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		1,915.065	-	1,915.065	1,975.770	-	1,975.770
16.3.4 Other Profit Reserves		(961)	-	(961)	(1.182)	-	(1.182)
16.4 Income or (Loss)		(59.910)	-	(59.910)	(57.104)	-	(57.104)
16.4.1 Prior Years' Income or (Loss)		-	-	-	-	-	-
16.4.2 Current Year Income or (Loss)		(59.910)	-	(59.910)	(57.104)	-	(57.104)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16,051.638	16,963.158	33,014.796	18,382.230	15,480.753	33,862.983

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.I
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED OFF-BALANCE SHEET AS OF 30 JUNE 2015 AND 31 DECEMBER 2014
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

II.	OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period (30/06/2015)			Prior Period (31/12/2014)		
			TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		35.719.119	69.333.027	105.052.146	51.852.792	66.964.579	118.817.371
I.	GUARANTEES AND WARRANTIES	(III-a-2,3)	802.428	2.151.423	2.953.851	713.118	2.352.586	3.065.704
1.1	Letters of Guarantee		802.428	623.475	1.425.903	713.118	546.381	1.259.499
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		25.322	3.937	29.259	-	-	-
1.1.3	Other Letters of Guarantee		777.106	619.538	1.396.644	713.118	546.381	1.259.499
1.2	Bank Acceptances		-	582.535	582.535	-	721.520	721.520
1.2.1	Import Letter of Acceptance		-	582.535	582.535	-	-	709.855
1.2.2	Other Bank Acceptances		-	-	-	-	11.665	11.665
1.3	Letters of Credit		-	560.223	560.223	-	686.323	686.323
1.3.1	Documentary Letters of Credit		-	191.410	191.410	-	355.433	355.433
1.3.2	Other Letters of Credit		-	368.813	368.813	-	330.890	330.890
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		-	385.190	385.190	-	398.362	398.362
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	(III-a-1)	10.356.840	9.383.577	19.740.417	11.461.109	8.599.274	20.060.383
2.1	Irrevocable Commitments		10.356.840	9.383.577	19.740.417	11.461.109	8.599.274	20.060.383
2.1.1	Asset Purchase and Sale Commitments		2.509.581	9.376.841	11.886.422	2.597.293	7.420.577	10.017.870
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	1.175.103	1.175.103
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		531.284	-	531.284	839.213	1.050	840.263
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		566.510	-	566.510	557.693	-	557.693
2.1.8	Tax and Fund Liabilities from Export Commitments		5.252	-	5.252	5.614	-	5.614
2.1.9	Commitments for Credit Card Limits		5.726.076	-	5.726.076	6.364.673	-	6.364.673
2.1.10	Commitments for Credit Cards and Banking Services Promotions		19.910	-	19.910	19.022	-	19.022
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		1.238	3.251	4.489	-	1.170	1.170
2.1.12	Payables for Short Sale Commitments of Marketable Securities		1.238	3.251	4.489	-	1.170	1.170
2.1.13	Other Irrevocable Commitments		995.751	234	995.985	1.077.601	204	1.077.805
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(III-b)	24.559.851	57.798.027	82.357.878	39.678.565	56.012.719	95.691.284
3.1	Hedging Derivative Financial Instruments		1.215.654	1.423.970	2.639.624	1.205.019	1.269.486	2.474.505
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		1.215.654	1.423.970	2.639.624	1.205.019	1.269.486	2.474.505
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		23.344.197	56.374.057	79.718.254	38.473.546	54.743.233	93.216.779
3.2.1	Forward Foreign Currency Buy/Sell Transactions		4.055.497	7.807.987	11.863.484	2.642.266	4.008.854	6.651.120
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.895.371	3.993.501	5.888.872	1.788.700	1.528.250	3.316.950
3.2.1.2	Forward Foreign Currency Transactions-Sell		2.160.126	3.814.486	5.974.612	853.566	2.480.604	3.334.170
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		13.663.153	39.439.747	53.102.900	34.514.898	48.362.765	82.877.663
3.2.2.1	Foreign Currency Swap-Buy		5.732.336	12.642.104	18.374.440	15.057.899	21.133.810	36.191.709
3.2.2.2	Foreign Currency Swap-Sell		7.930.817	9.778.099	17.708.916	19.456.999	16.277.779	35.734.778
3.2.2.3	Interest Rate Swap-Buy		-	8.509.772	8.509.772	-	5.475.588	5.475.588
3.2.2.4	Interest Rate Swap-Sell		-	8.509.772	8.509.772	-	5.475.588	5.475.588
3.2.3	Foreign Currency, Interest rate and Securities Options		5.625.547	7.721.946	13.347.493	1.316.382	2.017.034	3.333.416
3.2.3.1	Foreign Currency Options-Buy		2.812.648	3.861.107	6.673.755	658.191	1.008.517	1.666.708
3.2.3.2	Foreign Currency Options-Sell		2.812.899	3.860.839	6.673.738	658.191	1.008.517	1.666.708
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	931.840	931.840	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	465.920	465.920	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	465.920	465.920	-	-	-
3.2.6	Other		-	472.537	472.537	-	354.580	354.580
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		57.924.575	79.108.957	137.033.532	59.414.548	80.657.748	140.072.296
IV.	ITEMS HELD IN CUSTODY		28.095.177	1.904.161	29.999.338	29.219.819	1.474.334	30.694.153
4.1	Customer Fund and Portfolio Balances		1.326.206	-	1.326.206	1.454.823	-	1.454.823
4.2	Investment Securities Held in Custody		16.681.084	1.571.708	18.252.792	20.670.095	1.215.352	21.885.447
4.3	Checks Received for Collection		2.268.974	269.624	2.538.598	2.050.960	202.002	2.252.962
4.4	Commercial Notes Received for Collection		130.611	-	130.611	80.463	-	80.463
4.5	Other Assets Received for Collection		-	6.925	6.925	-	8.598	8.598
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		7.688.302	55.904	7.744.206	4.963.478	48.382	5.011.860
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		12.439.495	14.072.908	26.512.403	12.516.539	14.638.204	27.154.743
5.1	Marketable Securities		916.325	9.225	925.550	509.646	10.108	519.754
5.2	Guarantee Notes		653.058	1.897.841	2.550.899	666.617	1.798.051	2.464.668
5.3	Commodity		240	5.880	6.120	240	5.123	5.363
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		8.688.511	2.851.165	11.539.676	8.676.245	2.771.856	11.448.101
5.6	Other Pledged Items		2.181.361	9.308.797	11.490.158	2.663.791	10.053.066	12.716.857
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		17.389.903	63.131.888	80.521.791	17.678.190	64.545.210	82.223.400
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		93.643.694	148.441.984	242.085.678	111.267.340	147.622.327	258.889.667

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.I HSBC BANK A.Ş. AND ITS SUBSIDIARIES CONSOLIDATED INCOME STATEMENTS FOR THE PERIODS ENDED 30 JUNE 2015 AND 30 JUNE 2014

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

III. INCOME STATEMENTS	Note (Section Five IV)	Current Period (01/01/2015 - 30/06/2015)	Prior Period (01/01/2014 - 30/06/2014)	Current Period (01/04/2015 - 30/06/2015)	Prior Period (01/04/2014 - 30/06/2014)
INCOME AND EXPENSE ITEMS					
I. INTEREST INCOME	(IV-a)	1.276.904	1.321.796	590.059	668.350
1.1 Interest on Loans	(IV-a-1)	953.243	932.445	475.310	470.975
1.2 Interest Received from Reserve Requirements		3.036	-	1.741	-
1.3 Interest Received from Banks	(IV-a-2)	71.544	55.462	35.528	31.023
1.4 Interest Received from Money Market Transactions		184.001	246.591	43.890	137.143
1.5 Interest Received from Marketable Securities Portfolio	(IV-a-3)	59.367	63.032	30.727	16.436
1.5.1 Trading Financial Assets		39.881	10.644	22.974	4.023
1.5.2 Financial Assets at Fair Value through Profit or (Loss)		-	-	-	-
1.5.3 Available-for-sale Financial Assets		19.486	52.388	7.753	12.413
1.5.4 Held to Maturity Investments		-	-	-	-
1.6 Financial Lease Income		-	-	-	-
1.7 Other Interest Income		5.713	24.266	2.863	12.773
II. INTEREST EXPENSE (-)	(IV-b)	649.197	713.256	316.455	344.427
2.1 Interest on Deposits (-)	(IV-b-4)	464.349	511.212	229.776	250.341
2.2 Interest on Funds Borrowed (-)	(IV-b-1)	144.420	169.128	63.992	84.592
2.3 Interest Expense on Money Market Transactions (-)	(IV-b-5)	29.835	28.807	17.739	9.219
2.4 Interest on Securities Issued (-)	(IV-b-3)	-	-	-	-
2.5 Other Interest Expenses (-)		10.593	4.109	4.948	275
III. NET INTEREST INCOME (I + II)		627.707	608.540	273.604	323.923
IV. NET FEES AND COMMISSIONS INCOME		278.346	343.432	135.999	175.492
4.1 Fees and Commissions Received		300.361	370.206	147.268	189.008
4.1.1 Non-Cash Loans		7.551	10.485	3.999	4.305
4.1.2 Other		292.810	359.721	143.269	184.703
4.2 Fees and Commissions Paid (-)		22.015	26.774	11.269	13.516
4.2.1 Non-Cash Loans (-)		277	288	166	135
4.2.2 Other (-)		21.738	26.486	11.103	13.381
V. DIVIDEND INCOME	(IV-c)	-	-	-	-
VI. TRADING INCOME/(LOSS) (Net)	(IV-d)	(25.330)	(154.630)	38.302	(115.852)
6.1 Trading Gains/(Losses) on Securities		(6.012)	6.226	(3.734)	14.490
6.2 Derivative Financial Transactions Gains/(Losses)		674.548	(146.906)	306.078	(120.339)
6.3 Foreign Exchange Gains/(Losses)		(693.866)	(13.950)	(264.042)	(10.003)
VII. OTHER OPERATING INCOME	(IV-e)	97.593	100.583	49.825	23.963
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		978.316	897.925	497.730	407.526
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(IV-f)	365.204	294.269	170.987	120.766
X. OTHER OPERATING EXPENSES (-)	(IV-g)	676.447	681.839	343.937	334.195
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		(63.335)	(78.183)	(17.194)	(47.435)
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XV. INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+XII+XIII+XIV)		(63.335)	(78.183)	(17.194)	(47.435)
XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(IV-i)	3.425	7.608	(86)	6.321
16.1 Current Tax Provision		(7.804)	(5.147)	(4.129)	2.537
16.2 Deferred Tax Provision		11.229	12.755	4.043	3.784
XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)	(IV-j)	(59.910)	(70.575)	(17.280)	(41.114)
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)		(59.910)	(70.575)	(17.280)	(41.114)
23.1 Group's Profit/Loss		(59.910)	(70.575)	(17.280)	(41.114)
23.2 Minority Shares Profit/Loss		-	-	-	-
Earnings/Loss per Share		(0,000918)	(0,001082)	(0,000265)	(0,000630)

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.I
HSBC BANK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNISED UNDER SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED
30 JUNE 2015 AND 30 JUNE 2014**

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

IV. STATEMENT OF PROFIT AND LOSS ITEMS RECOGNISED UNDER SHAREHOLDERS' EQUITY		
INCOME AND EXPENSE ITEMS RECOGNISED UNDER SHAREHOLDERS' EQUITY	Current Period (30/06/2015)	Prior Period (30/06/2014)
I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	(8.703)	40.489
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)	11.104	(693)
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	276	-
IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES	(535)	(7.959)
X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	2.142	31.837
XI. CURRENT YEAR PROFIT/LOSS	(59.910)	(70.575)
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit-Loss)	-	(2.501)
11.2 Reclassification of Cash Flow Hedge Transactions and Presentation of the Related Under Income Statement	(424)	-
11.3 Reclassification of Foreign Net Investment Hedge Transactions and Presentation of the Related Part Under Income Statement	-	-
11.4 Other	(59.486)	(68.074)
XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)	(57.768)	(38.738)

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																				
30 June 2014		Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancel. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/ (Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operate.	Minority Shares Except Total Equity	Minority Shares	Total Equity
I.	Balances at the Beginning of the Period		652.290	-	-	201.433	-	-	1.925.936	270.870	44.403	-	(27.513)	-	-	-	-	3.067.419	-	3.067.419
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	-	-	201.433	-	-	1.925.936	270.870	44.403	-	(27.513)	-	-	-	-	3.067.419	-	3.067.419
	Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	32.391	-	-	-	-	32.391	-	32.391
VI.	Hedging Transactions Funds (Effective Parts)		-	-	-	-	-	-	-	-	-	-	-	-	-	(554)	-	(554)	-	(554)
6.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(554)	-	(554)	-	(554)
6.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Property and Equipment Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible Fixed Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid in-Capital Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	(101)	-	-	-	-	-	-	-	(101)	-	(101)
XIX.	Current Year Income or Loss		-	-	-	-	-	-	-	-	(70.575)	-	-	-	-	-	-	(70.575)	-	(70.575)
XX.	Profit Distribution		-	-	-	(5.431)	-	-	49.834	-	(44.403)	-	-	-	-	-	-	-	-	-
20.1	Dividend Paid		-	-	-	(5.431)	-	-	49.834	-	(44.403)	-	-	-	-	-	-	-	-	-
20.2	Transfers to Reserves		-	-	-	(5.431)	-	-	49.834	-	(44.403)	-	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the End of the Period (III+IV+V+.....+XX)		652.290	-	-	196.002	-	-	1.975.770	270.769	(70.575)	-	4.878	-	-	(554)	-	3.028.580	-	3.028.580

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

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 HSBC BANK A.Ş. AND ITS SUBSIDIARIES
 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 June 2015**
 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
	Note (Section Five)	Paid-in Capital	Adjustment to Paid-in Capital	Share Premium	Share Cancel. Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/ (Loss)	Marketable Sec. Valuation Differences	Rev. Diff. in Tangible and Intang. Assets	Bonus Shares from Investments	Hedging Funds	Rev. Diff. in Tangible Held for Sale/Disc. Operate.	Minority Shares Except Total Equity	Minority Shares	Total Equity
30 June 2015																			
I. Balances at the Beginning of the Period		652.290				196.002		1.975.770	271.511	(57.104)		7.336			(642)		3.045.163		3.045.163
Changes in the Period																			
II. Increase/Decrease due to the Merger																			
III. Marketable Securities Valuation Differences												(6.962)					(6.962)		(6.962)
IV. Hedging Transactions Funds (Effective Parts)															8.883		8.883		8.883
4.1 Cash Flow Hedge															8.883		8.883		8.883
4.2 Foreign Investment Hedge																			
V. Valuation Differences due to Revaluation of Property and Equipment(-)																			
VI. Valuation Differences due to Revaluation of Intangible Assets(-)																			
VII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures																			
VIII. Foreign Exchange Differences																			
IX. Changes due to the Disposal of Assets																			
X. Changes due to the Reclassification of Assets																			
XI. Effect of the Changes in Investment in Associates' Equity to the Bank's Equity																			
XII. Capital Increase																			
12.1 Cash Increase																			
12.2 Internal Resources																			
XIII. Share Premium																			
XIV. Share Cancellation Profits																			
XV. Paid in-Capital Adjustment Difference																			
XVI. Other									221								221		221
XVII. Current Year Income or Loss										(59.910)							(59.910)		(59.910)
XVIII. Profit Distribution						3.601		(60.705)		57.104									
18.1 Dividend Paid						3.601		(60.705)		57.104									
18.2 Transfers to Reserves																			
18.3 Other																			
Balances at the End of the Period (I+II+ ...+ XVIII)		652.290				199.603		1.915.065	271.732	(59.910)		374			8.241		2.987.395		2.987.395

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

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

VI. STATEMENT OF CASH FLOWS			
	Note (Section Five VI)	Current Period (30/06/2015)	Prior Period (30/06/2014)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		58.327	230.594
1.1.1 Interest received		1.172.577	1.376.172
1.1.2 Interest paid		(625.159)	(638.501)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		296.827	370.206
1.1.5 Other income		97.593	100.583
1.1.6 Collections from previously written-off loans and other receivables		121.008	89.290
1.1.7 Payments to personnel and service suppliers		(289.486)	(309.208)
1.1.8 Taxes paid		(33.600)	(40.797)
1.1.9 Other		(681.433)	(717.151)
1.2 Changes in operating assets and liabilities		(3.024.718)	(454.002)
1.2.1 Net (decrease)/increase in trading securities		(496.192)	333.164
1.2.2 Net increase/(decrease) in fair value through profit/loss financial assets		-	-
1.2.3 Net increase/(decrease) in banks		(7.733)	17.841
1.2.4 Net increase/(decrease) in loans		(1.633.008)	(407.434)
1.2.5 Net increase/(decrease) in other assets		(114.750)	654.609
1.2.6 Net increase/(decrease) in bank deposits		118.049	(513.979)
1.2.7 Net (decrease)/increase in other deposits		876.901	1.417.694
1.2.8 Net (decrease)/increase in funds borrowed		(2.391.062)	(463.353)
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net (decrease)/increase in other liabilities		623.077	(1.492.544)
I. Net cash provided from banking operations		(2.966.391)	(223.408)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		223.857	1.583.444
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		(11.742)	(5.343)
2.4 Disposals of property and equipment		25.238	1.089
2.5 Cash paid for purchase of investments available-for-sale		(165.735)	(3.237.535)
2.6 Cash obtained from sale of investments available-for-sale		397.271	4.835.751
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		-	-
2.9 Other		(21.175)	(10.518)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities		(4)	-
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		(4)	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		7.085	14.781
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		(2.735.453)	1.374.817
VI. Cash and cash equivalents at beginning of the period		9.728.105	8.881.338
VII. Cash and cash equivalents at end of the period		6.992.652	10.256.155

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

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

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards, within the scope of interim reporting Turkish Accounting Standards 34 and Turkish Financial Reporting Standards (“IFRS”) and related appendices and interpretations (referred as “Turkish Accounting Standards” or “TAS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) (all referred as “Reporting Standards”). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué. The Group maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

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

The Preparation of the 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 IFRS, except IFRS 9 Financial Instruments will come into force as of 01 January 2018, which have been effective as of reporting date have no impact on the accounting policies, financial position and performance of the Group.

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 complying 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.

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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’s liquidity structure covers the financing of all liabilities at due date. This liquidity structure of the Group has been established by keeping sufficient cash and cash equivalents. The Parent Bank, diversify its funding sources and keeping cash and cash equivalent adequately for constitute the provider liquidity structure which matured liability affordability.

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

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

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

III. INFORMATION ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

The Group has no investments in associates as of 30 June 2015. HSBC Yatırım that is fully owned by the Bank, HSBC Portföy that is the subsidiary of HSBC Yatırım and HSBC Portföy that is the subsidiary of the HSBC Yatırım are taken into consolidation scope in accordance with the procedures listed in the “Communiqué related to the Regulation on the Preparation of the Financial Statements of the Banks” and the “Turkish Accounting Standard for Consolidated and Separate Financial Statements” (“TAS 27”) published in the Official Gazette No.26340 dated 8 November 2006.

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 classified as hedging or trading and recognised at fair value. The fair value of derivative instruments are recorded on the market value or discounted cash flow value is taken in the account. If the fair value of derivative financial instruments is positive, it is disclosed under the main account “financial assets at fair value through profit or loss” in “trading derivative financial assets” or “hedging derivative financial assets” and if the fair value difference is negative, it is disclosed in “trading derivative financial liabilities” or “hedging derivative financial liabilities”. The fair value changes of the trading derivatives are recognized under “derivative financial transactions gains/(losses)” at income statement. The Parent Bank applies cash flow hedge accounting by cross currency swap transactions in order to hedge itself from the changes in the interest rates of the fixed-rate time deposits which have maturity of 1-3 month. While the effective portions are accounted under hedging reserves in shareholders’ equity as described in TAS 39, the ineffective portion is recognized at income statement.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

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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. Contract based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third party or legal person are recognised as income at the time of collection.

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

Financial assets at fair value through profit or loss consist of trading financial assets and financial assets at fair value through profit or loss. They are initially recognised at cost and subsequently re-measured at their fair value. While determining the fair value, the average price comprising in the active market is used and the gains and losses generated is 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. As of 30 June 2015 and 31 December 2014, the Group has no investment securities held-to-maturity.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS

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

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

Securities subject to repurchase agreements are classified as “Financial assets at fair value difference through profit or loss” and “Available-for-sale securities” in the balance sheet according to the investment purposes and measured according to the portfolio of the Group to which they belong. The interest expense rediscount for funds obtained under repurchase agreement which is calculated with the effective interest rate method are recognised in the income statement. As of 30 June 2015 and 31 December 2014, funds given against securities purchased under agreements to resell (“Reverse repurchase agreements”) 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 Parent Bank has amounting to TL 41.000 nominal government bonds as of 30 June 2015 that the Parent Bank has given as guarantees to Istanbul Stock Exchange Bond Market on behalf of its subsidiary, HSBC Yatırım Menkul Değerler A.Ş. (As of 31 December 2014 the Parent Bank has given government bonds as guarantees to Istanbul Stock Exchange Bond Market on behalf of its subsidiary, HSBC Yatırım Menkul Değerler A.Ş TL 40.500 nominal).

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

As of 30 June 2015 and 31 December 2014, the Group has no discontinued operations. Property and equipment held-for-sale consist of tangible assets that were acquired due to nonperforming receivables, and are accounted in the consolidated financial statements in accordance with “Communiqué Regarding the Principles and Procedures for the Disposals of Immovable and Commodities Acquired due to Receivables and for Trading of Precious Metal” published in the Official Gazette dated 1 November 2006, No.26333 and classified as assets held for sale.

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XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

The Bank purchased Benkar Tüketici Finansmanı A.Ş. in the year 2002. The useful life of the goodwill arising out of the merger of Benkar with the Bank on 26 December 2002 is determined as 10 years. Therefore, it is amortised until the end of October 2006 using the straight-line method. Regarding Article 4 of the “Communiqué on Principles and Procedure of Accounting Principles of Banks and Preservation of Documents” which was published by BRSA in the Official Gazette No. 26333 dated 1 November 2006, the Bank’s financial statements are prepared based on the Turkish Accounting Standards. Goodwill is tested annually or more frequently if the changes in environment indicates impairment, in line with “Turkish Accounting Standard for Impairment on Assets” (“TAS 36”). The Bank has used discounted cash flow method for the most recent impairment test and reevaluated assumptions and estimations considering current circumstances, as of 30 June 2015 the Bank did not encounter an impairment generating matter. These assumptions and estimates depend on managements best understanding on current activities and operations, budget and strategies, actual results may differ from projections.

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 instalments to be paid for the leased asset”. Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a “Provision for value decrease” is recognised. Liabilities arising from the leasing transactions are included in “Finance lease payables” in the balance sheet. Interest and foreign exchange expenses regarding lease transactions are presented the income statement. The 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 consolidated 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 consolidated financial statements of the period in which the change occurs.

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Obligations related to employment termination and vacation rights are accounted for in accordance with “Employee Rights Standard” (“TAS 19”) and are classified under “Reserve for Employee Rights” account in the balance sheet. Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The Group provides provision for retirement and termination liabilities by estimating the net present value of future payments of the Group arising from the retirement of employees and reflects this provision amount in the financial statements. For employee termination benefit provision calculation, future liability amounts are calculated and yearly discount rate is 4,43% (31 December 2014: 3,77%)

As of 30 June 2015, actuarial loss amounted to TL 961 (31 December 2014: TL 1.182 loss) is recognized under other income reserves in the financial statements.

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

XVIII. EXPLANATIONS ON TAXATION

a. Current Tax:

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

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

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

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XVIII. EXPLANATIONS ON TAXATION (Continued)

The tax applications for foreign branches;

Turkish Republic of Northern Cyprus (“KKTC”)

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

b. Deferred Tax Asset/Liability:

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

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

Based on it's best projection and budget, the Group has foreseen generating financial profit that can be reduced in following periods, and accounted deferred tax asset from accumulated financial losses.

In cases where final operating results of the Group differ from projections of current period, differences may effect available financial loss amount and deferred tax asset.

c. Transfer Pricing:

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

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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 June 2015 and 31 December 2014, the Group has no marketable securities issued and convertible bonds.

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

As of 30 June 2015 and 31 December 2014, the Group has no issued share certificates.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXII. EXPLANATIONS ON GOVERNMENT INCENTIVES

As of 30 June 2015 and 31 December 2014, the Group has no government incentives.

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 consolidated 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

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

	Current Period	Prior Period
	30 June 2015	30 June 2014
Net Profit for the Period	(59.910)	(70.575)
Number of Shares	65.229.000.000	65.229.000.000
Earnings per Share (*)	(0,000918)	(0,001082)

(*) 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.

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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 June 2015 and 31 December 2014 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 June 2015 capital adequacy ratios of the Group and the Parent Bank are 14,61% and 14,48% (31 December 2014: 15,25% and 15,07%) 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 6 September 2014 numbered 29111 and the "Communiqué on Equities of Banks" published on 5 September 2013 in the Official Gazette numbered 28756. Standard method is used for the calculation of market risk and basic indicator method is used for the calculation of operational risk. As of 30 June 2015 capital adequacy ratios of the Group and the Parent Bank are 14,61% and 14,48% (31 December 2014: 15,25% and 15,07%) Capital adequacy ratio is calculated based on total capital requirements needed for credit risk, market risk and operational risk. Credit risk is calculated by holding risk-weighted assets and non-cash loans subject to risk-weights in the relevant legislation and taking risk mitigation techniques into account. The following tables show the details of risk-weighted assets which constitute the basis for the Group's and the Parent Bank's capital adequacy ratio and equity calculations.

c. Information related to consolidated capital adequacy ratio:

	30 June 2015								
	Consolidated - Risk Weights								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Credit Risk Based Amount	4.159.089	-	3.573.998	2.536.642	5.623.452	13.463.274	1.556.953	1.343.017	12.657
Risk Classes									
Claims on sovereigns and Central Banks	3.320.288	-	-	11	-	-	151.734	-	-
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	24.147	-	3.572.226	628.252	-	173.749	11.758	-	-
Claims on corporates	180.832	-	-	-	-	12.000.024	-	-	-
Claims included in the regulatory retail portfolios	80.840	-	-	-	5.623.452	712.492	-	-	-
Claims secured by residential property	-	-	-	1.896.977	-	-	-	-	-
Past due loan	460	-	-	11.402	-	374.734	109.452	-	-
Higher risk categories decided by the Board	74.096	-	-	-	-	-	1.284.009	1.343.017	12.657
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	478.426	-	1.772	-	-	202.275	-	-	-

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I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

	31 December 2014 Consolidated - Risk Weights								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Credit Risk Based Amount	4.547.568	-	1.647.073	2.417.241	5.903.827	12.344.389	1.526.447	1.559.001	525
Risk Classes									
Claims on sovereigns and Central Banks	3.836.494	-	-	10	-	-	190.123	-	-
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	1.647.073	640.974	-	168.153	13.388	-	-
Claims on corporates	219.870	-	-	-	-	10.967.121	-	-	-
Claims included in the regulatory retail portfolios	73.394	-	-	-	5.903.827	699.691	-	-	-
Claims secured by residential property	-	-	-	1.769.473	-	-	-	-	-
Past due loan	451	-	-	6.784	-	343.957	132.364	-	-
Higher risk categories decided by the Board	56.496	-	-	-	-	-	1.190.572	1.559.001	525
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	360.863	-	-	-	-	165.467	-	-	-

	30 June 2015 The Parent's Bank - Risk Weights								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
Credit Risk Based Amount	4.159.089	-	3.573.998	2.536.642	5.619.826	13.466.507	1.556.953	1.343.017	12.657
Risk Classes									
Claims on sovereigns and Central Banks	3.320.288	-	-	11	-	-	151.734	-	-
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	24.147	-	3.572.226	628.252	-	149.389	11.758	-	-
Claims on corporates	180.832	-	-	-	-	12.000.060	-	-	-
Claims included in the regulatory retail portfolios	80.840	-	-	-	5.619.826	712.492	-	-	-
Claims secured by residential property	-	-	-	1.896.977	-	-	-	-	-
Past due loan	460	-	-	11.402	-	374.734	109.452	-	-
Higher risk categories decided by the Board	74.096	-	-	-	-	-	1.284.009	1.343.017	12.657
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	478.426	-	1.772	-	-	229.832	-	-	-

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I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

	31 December 2014									
	The Parent's Bank - Risk Weights									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	
Credit Risk Based Amount	4.547.568	-	1.647.073	2.417.241	5.901.799	12.341.753	1.526.447	1.559.001	525	
Risk Classes										
Claims on sovereigns and Central Banks	3.836.494	-	-	10	-	-	190.123	-	-	
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-	
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	
Claims on international organizations	-	-	-	-	-	-	-	-	-	
Claims on banks and intermediary institutions	-	-	1.647.073	640.974	-	137.556	13.388	-	-	
Claims on corporates	219.870	-	-	-	-	10.967.157	-	-	-	
Claims included in the regulatory retail portfolios	73.394	-	-	-	5.901.799	699.691	-	-	-	
Claims secured by residential property	-	-	-	1.769.473	-	-	-	-	-	
Past due loan	451	-	-	6.784	-	343.957	132.364	-	-	
Higher risk categories decided by the Board	56.496	-	-	-	-	-	1.190.572	1.559.001	525	
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	360.863	-	-	-	-	193.392	-	-	-	

d. Summary information related to consolidated capital adequacy ratio:

	Current Period	Current Period
	30 June 2015	30 June 2015
	Consolidated	The Parent's Bank
Capital obligation for credit risk (Amount subject to credit risk * 0,08) (I)	1.977.367	1.977.408
Capital obligation for market risk (II)	101.094	100.981
Capital obligation for operational risk (III)	264.622	259.888
Shareholders' Equity	4.278.358	4.232.818
Shareholders' Equity / ((I+II+III)*12,5*100)	14,61	14,48
Core Capital/((I+II+III) *12,5*100)	9,70	9,57
Tier I Capital/((I+II+III) *12,5*100)	9,73	9,59
	Prior Period	Prior Period
	31 December 2014	31 December 2014
	Consolidated	The Parent's Bank
Capital obligation for credit risk (Amount subject to credit risk * 0,08) (I)	1.897.543	1.897.210
Capital obligation for market risk (II)	82.600	90.866
Capital obligation for operational risk (III)	254.042	245.937
Shareholders' Equity	4.257.739	4.207.903
Shareholders' Equity / ((I+II+III)*12,5*100)	15,25	15,07
Core Capital/((I+II+III) *12,5*100)	10,42	10,24
Tier I Capital/((I+II+III) *12,5*100)	10,42	10,24

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I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

e. Information about shareholders’ equity items:

	Current Period	Prior Period
	30 June 2015	31 December 2014
TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	652.290	652.290
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	2.327.451	2.387.361
Other Comprehensive Income according to TAS	7.654	5.512
Profit	-	-
Net Current Period Profit	-	-
Prior Period Profit	-	-
Provisions for Possible Losses	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	-	-
Tier I Capital Before Deductions	2.987.395	3.045.163
Deductions From Tier I Capital		
Current and Prior Periods’ Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	-	-
Leasehold Improvements on Operational Leases (-)	15.700	18.345
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	118.204	117.216
Net Deferred tax assets / liabilities (-)	4.557	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Investments in own common equity (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deduction (-)	-	-
Total regulatory adjustments to Tier I capital	138.461	135.561
Tier I capital	2.848.934	2.909.602
ADDITIONAL CORE CAPITAL		
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-	-
Additional Core Capital before Deductions	-	-
Deductions from Additional Core Capital		
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-	-
Total Deductions from Additional Core Capital	-	-
Total Additional Core Capital	-	-

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I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)

	Current Period 30 June 2015	Prior Period 31 December 2014
Deductions from Core Capital		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	6.836	-
Total Core Capital	2.842.098	2.909.602
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued Or Obtained before 1.1.2014)	1.200.632	1.072.643
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-	-
General Provisions	308.964	296.491
Tier II Capital before Deductions	1.509.596	1.369.134
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be Defined by the BRSA (-)	66.377	11.950
Total Deductions from Tier II Capital	66.377	11.950
Total Tier II Capital	1.443.219	1.357.184
CAPITAL	4.285.317	4.266.786
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	161	291
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	137	141
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	6.661	8.615
Other items to be Defined by the BRSA (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
EQUITY	4.278.358	4.257.739
Amounts lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	-

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”.

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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.

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

- b. When evaluated together with the financial operations of other financial institutions as an active participant in international banking market and when it is considered that a significant portion of the loan portfolio of the Bank consists of retail loans, it is thought that there is no significant level of loan risk concentration.
- c. The Parent Bank provided a general provision amounting to TL 421.644 (31 December 2014: TL 362.405).

III. EXPLANATIONS ON CONSOLIDATED MARKET RISK

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

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

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

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

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

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

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III. EXPLANATIONS ON CONSOLIDATED MARKET RISK (Continued)

b. Information on Consolidated Market Risk:

	30 June 2015	31 December 2014
	Amount	Amount
(I) Capital obligation for General Market Risk - Standard Method	30.680	19.920
(II) Capital obligation for Specific Risk - Standard Method	3.815	1.383
Capital obligation for specific risk in securitisation positions- Standard Method	-	-
(III) Capital obligation for Currency Risk - Standard Method	16.883	30.622
(IV) Capital obligation for Commodity Risk - Standard Method	-	-
(V) Capital obligation for Exchange Risk - Standard Method	-	-
(VI) Capital obligation for Market Risk Due to Options - Standard Method	450	54
(VII) Capital obligation for counterparty credit risk - Standard Method	49.266	30.621
(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)	101.094	82.600
(X) Amount Subject to Market Risk (12,5xVIII) or (12,5xVII)	1.263.675	1.032.500

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

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

d. Information related to counterparty credit risk:

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

IV. EXPLANATIONS ON CONSOLIDATED OPERATIONAL RISK

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

The amount subject to the operational risk is calculated through the use of the gross income of the Bank in 2014, 2013 and 2012 in accordance to the “Regulation Regarding Measurement and Evaluation of the Bank’s Capital Adequacy Ratio” published in the Official Gazette No.29111 dated 6 September 2014. In the scope of “Capital adequacy ratio” stated in Note I of this section, amount subjected to operational risk is TL 3.307.775 represented risk weighted assets for operational risk and 8% of that amount is TL 264.622 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 Parent’s Bank acts in accordance with both the legal limitations and the limitations determined by the board of the directors.

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

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

c. Management policy for foreign currency risk:

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

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

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

Current Period - 30 June 2015	USD (\$)	Euro (€)
Balance Sheet Date		
Parent’s Bank Evaluation Rate		
29 June 2015	2,6777	2,9986
26 June 2015	2,6904	2,9906
26 June 2015	2,6642	2,9780
25 June 2015	2,6551	2,9728
24 June 2015	2,6750	2,9925
23 June 2015	2,6805	2,9916

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:

As of June 2015 The Parent Bank’s simple arithmetic average foreign exchange rates for USD is TL 2,6974 (December 2014: TL 2,2974) and exchange rates for Euro TL 3,0257 (December 2014: TL 2,8290).

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V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued)

f. Information related to Group’s Currency Risk:

Current Period - 30 June 2015	EURO	USD	Other FC	Total
Assets				
Cash Equivalents and Central Bank	548.227	1.557.185	692.351	2.797.763
Banks	679.284	1.250.048	44.295	1.973.627
Financial Assets at Fair Value through Profit or Loss (Net)	148.269	124.946	10.346	283.561
Interbank Money Market Placements	155.928	-	-	155.928
Available-for-sale Financial Assets (Net)	-	-	-	-
Loans (*)	4.427.920	4.332.955	61.472	8.822.347
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held-to-maturity Investments (Net)	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets (**)	5.363	8.261	2.281	15.905
Total Assets	5.964.991	7.273.395	810.745	14.049.131
Liabilities				
Bank Deposits	28	73	36	137
Foreign Currency Deposits	2.256.280	6.724.906	1.042.043	10.023.229
Funds from Interbank Money Market	-	-	-	-
Borrowings	2.478.587	3.605.547	3.275	6.087.409
Issued Marketable Securities (Net)	-	-	-	-
Miscellaneous Payables	336.991	9.690	1.281	347.962
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	177.334	248.929	78.158	504.421
Total Liabilities	5.249.220	10.589.145	1.124.793	16.963.158
Net on Balance Sheet Position	715.771	(3.315.750)	(314.048)	(2.914.027)
Net Off-Balance Sheet Position				
Financial Derivative Assets	7.787.744	16.022.661	1.348.418	25.158.823
Financial Derivative Liabilities	8.608.601	12.739.745	695.345	22.043.691
Non-cash Loans	402.373	1.692.801	56.249	2.151.423
Prior Period - 31 December 2014				
Total Assets	3.391.006	6.318.966	685.312	10.395.284
Total Liabilities	3.973.280	10.425.151	1.082.322	15.480.753
Net on-Balance Sheet Position	(582.274)	(4.106.185)	(397.010)	(5.085.469)
Net off-Balance Sheet Position	578.245	3.776.662	691.567	5.046.474
Financial Derivative Assets	2.730.775	23.424.387	1.016.397	27.171.559
Financial Derivative Liabilities	2.152.530	19.647.725	324.830	22.125.085
Non-cash Loans	315.039	2.002.786	34.761	2.352.586

(*) As of 30 June 2015, loans consists of foreign indexed loans amounting to TL 2.399.741 (31 December 2014: TL 1.951.429) and foreign factoring receivables amounting to TL 20.652 (31 December 2014: TL 15.793).

(**) As of 30 June 2015, other assets do not consist of prepaid expenses amounting to TL 2.757 (31 December 2014: TL 79).

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V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued)

As of 30 June 2015 and 31 December 2014, if Group's foreign currency position had depreciated by 10% against TL with all other variables held constant, the changes in profit before tax and equity mainly as a result of foreign exchange losses are disclosed as following:

	Current Period – 30 June 2015		Prior Period – 31 December 2014	
	Income Statement	Equity (*)	Income Statement	Equity (*)
USD	(3.283)	(3.283)	(32.952)	(32.952)
Euro	(10.509)	(10.509)	(403)	(403)
Other	33.903	33.903	29.456	29.456
Total	20.111	20.111	(3.899)	(3.899)

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

As of 30 June 2015 and 31 December 2014, as a result of 10% appreciation of TL currency against other foreign currencies with all other variables held constant, the changes in the assets and liabilities have occurred in accordance with the table above but effects will be reverse.

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK

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

Current Period - 30 June 2015	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Demand	Total
Assets							
Cash Equivalents and Central Bank	2.386.642	-	-	-	-	796.512	3.183.154
Banks	3.381.918	18.131	-	-	-	164.062	3.564.111
Financial Assets at Fair Value Through Profit or Loss (Net)	313.123	266.754	897.463	76.259	20.638	8.986	1.583.223
Interbank Money Market Placements	2.806.710	-	-	-	-	-	2.806.710
Financial Assets Available-for-Sale (Net)	-	-	98.287	179.069	152	4.385	281.893
Loans (*)	5.733.277	1.646.858	7.642.355	4.297.384	1.091.541	474.522	20.885.937
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-
Other Assets	16.650	124.590	-	-	-	568.528	709.768
Total Assets	14.638.320	2.056.333	8.638.105	4.552.712	1.112.331	2.016.995	33.014.796
Liabilities							
Bank Deposits	518.950	-	-	-	-	35.266	554.216
Other deposits	12.818.444	2.678.269	306.320	19.832	-	3.614.425	19.437.290
Funds from Interbank Money Market	776.561	-	-	-	-	-	776.561
Miscellaneous Payables	-	-	-	-	-	754.008	754.008
Issued Marketable Securities (Net)	-	-	-	-	-	-	-
Funds Borrowed	1.286.773	3.473.227	1.967.689	195.425	-	4.442	6.927.556
Other Liabilities (**)	250.312	110.923	215.977	527.366	6.320	3.454.267	4.565.165
Total Liabilities	15.651.040	6.262.419	2,489.986	742.623	6.320	7.862.408	33.014.796
Balance Sheet Long Position	-	-	6.148.119	3.810.089	1.106.011	-	11.064.219
Balance Sheet Short Position	(1.012.720)	(4.206.086)	-	-	-	(5.845.413)	(11.064.219)
Off Balance Sheet Long Position	32.528	359.456	246.821	195.262	241	-	834.308
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(980.192)	(3.846.630)	6.394.940	4.005.351	1.106.252	(5.845.413)	834.308

(*) Loans consist of factoring transactions amounting to TL 155.694

(**) Shareholders' equity is presented under "Other liabilities" item in "Demand".

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

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

Prior Period - 31 December 2014	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Demand	Total
Assets							
Cash Equivalents and Central Bank	2.468.438	-	-	-	-	1.037.220	3.505.658
Banks	1.709.807	17.348	-	-	-	146.171	1.873.326
Financial Assets at Fair Value Through Profit or Loss (Net)	550.772	247.794	174.269	27.679	8.224	2.875	1.011.613
Interbank Money Market Placements	6.833.606	-	-	-	-	-	6.833.606
Financial Assets Available-for-Sale (Net)	42.535	154.696	328.793	-	-	4.385	530.409
Loans (*)	6.390.457	3.831.499	3.678.076	3.955.101	1.181.620	477.613	19.514.366
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	594.005	594.005
Total Assets	17.995.615	4.251.337	4.181.138	3.982.780	1.189.844	2.262.269	33.862.983
Liabilities							
Bank Deposits	388.599	-	-	-	-	47.713	436.312
Other deposits	12.604.060	2.409.993	345.425	22.919	-	3.205.034	18.587.431
Funds from Interbank Money Market	395.596	-	-	-	-	-	395.596
Miscellaneous Payables	-	-	-	-	-	595.612	595.612
Issued Marketable Securities (Net)	-	-	-	-	-	-	-
Funds Borrowed	4.983.154	1.703.913	2.374.911	214.452	452	5.179	9.282.061
Other Liabilities (**)	189.395	137.396	85.400	666.973	40.480	3.446.327	4.565.971
Total Liabilities	18.560.804	4.251.302	2.805.736	904.344	40.932	7.299.865	33.862.983
Balance Sheet Long Position	-	35	1.375.402	3.078.436	1.148.912	-	5.602.785
Balance Sheet Short Position	(565.189)	-	-	-	-	(5.037.596)	(5.602.785)
Off Balance Sheet Long Position	9.620	-	57.392	6.830	-	-	73.842
Off Balance Sheet Short Position	-	(35.087)	-	-	-	-	(35.087)
Total Position	(555.569)	(35.052)	1.432.794	3.085.266	1.148.912	(5.037.596)	38.755

(*) Loans consist of factoring receivables amounting to TL 178.305.

(**) Shareholders' equity is presented under "Other liabilities" item in "Demand".

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VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)

b. Effective average interest rates for monetary financial instruments:

Current Period - 30 June 2015	Euro %	US Dollar %	Yen %	TL %
Assets				
Cash Equivalents and Central Bank	-	0,15	-	2,09
Banks	0,18	0,08	-	10,65
Financial Assets at Fair Value Through Profit or Loss (Net)	5,22	5,86	-	10,68
Interbank Money Market Placements	0,05	-	-	10,75
Financial Assets Available-for-Sale (Net)	-	-	-	9,28
Loans	3,62	3,64	-	13,98
Liabilities				
Bank Deposits	-	-	-	10,67
Other Deposits	1,04	1,34	1,22	9,89
Funds From Interbank Money Market	-	-	-	7,50
Funds Borrowed	1,86	2,44	-	12,37
Prior Period - 31 December 2014	Euro %	US Dollar %	Yen %	TL %
Assets				
Cash Equivalents and Central Bank	-	-	-	1,51
Banks	-	1,19	-	10,45
Financial Assets at Fair Value Through Profit or Loss (Net)	5,14	7,10	-	6,65
Interbank Money Market Placements	-	-	-	11,24
Financial Assets Available-for-Sale (Net)	-	-	-	7,43
Loans	4,16	3,91	-	11,29
Liabilities				
Bank Deposits	-	0,45	-	11,24
Other Deposits	1,12	1,35	0,90	9,30
Funds From Interbank Money Market	-	-	-	8,25
Funds Borrowed	1,71	1,72	-	10,06

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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 Parent’s Bank Banking Book as per Standard Shock Method**

30 June 2015	Shocks Applied (+/- x basis point)	Gains / Losses	Gains / Equity - Losses / Equity
Type of Currency			
1. TL	500	(294.872)	(6,96)%
2. TL	(400)	298.495	7,05%
3. EURO	200	8.559	0,20%
4. EURO	(200)	(331)	0,01%
5. USD	200	(64.328)	(1,52)%
6. USD	(200)	37.167	0,88%
Total (of negative shocks)		335.331	7,92%
Total (of positive shocks)		(350.641)	(8,28)%

31 December 2014	Shocks Applied (+/- x basis point)	Gains / Losses	Gains / Equity - Losses / Equity
Type of Currency			
1. TL	500	(317.579)	(7,55)%
2. TL	(400)	329.588	7,83%
3. EURO	200	81.332	1,93%
4. EURO	(200)	(12.804)	(0,30)%
5. USD	200	64.576	1,53%
6. USD	(200)	(73.262)	(1,74)%
Total (of negative shocks)		243.522	5,79%
Total (of positive shocks)		(171.671)	(4,09)%

d. Position risk of equity securities in banking book:

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

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

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

None.

VII. EXPLANATIONS ON 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, hence 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 June 2015	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	629.633	2.553.521	-	-	-	-	-	3.183.154
Banks	171.785	3.374.195	18.131	-	-	-	-	3.564.111
Financial Assets at Fair Value through Profit or Loss (Net)	8.986	289.139	94.855	902.934	231.241	56.068	-	1.583.223
Interbank Money Market Placements	-	2.806.710	-	-	-	-	-	2.806.710
Financial Assets Available-for-Sale (Net)	-	-	-	98.287	179.069	152	4.385	281.893
Loans (*)	-	4.988.325	2.451.872	5.409.661	6.215.926	1.345.631	474.522	20.885.937
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-	-
Other Assets (**)	-	147.814	122.320	11.884	38.067	-	389.683	709.768
Total Assets	810.404	14.159.704	2.687.178	6.422.766	6.664.303	1.401.851	868.590	33.014.796
Liabilities								
Bank Deposits	35.266	518.950	-	-	-	-	-	554.216
Other Deposits	3.614.425	12.818.444	2.678.269	306.320	19.832	-	-	19.437.290
Funds Borrowed	4.442	602.871	83.840	1.221.153	3.789.314	1.225.936	-	6.927.556
Funds from Interbank Money Market	-	776.561	-	-	-	-	-	776.561
Issued Marketable Securities (Net)	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	614.096	81.057	58.902	52	-	(99)	754.008
Other Liabilities (***)	-	247.412	105.376	282.099	451.835	24.178	3.454.265	4.565.165
Total Liabilities	3.654.133	15.578.334	2,948.542	1,868.474	4,261.033	1,250.114	3,454.166	33,014.796
Net Liquidity Gap	(2,843,729)	(1,418,630)	(261,364)	4,554,292	2,403,270	151,737	(2,585,576)	-
Prior Period - 31 December 2014								
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 June 2015, loans include the factoring receivables amounting to TL 155.694. (31 December 2014: TL 178.305).

(**) 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:

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

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

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

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

Risk Classifications- 30 June 2015	Balance	Financial Guarantees	Other/Physical Guarantees	Guarantees And Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	3.472.767	-	-	-
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	4.719.149	-	-	-
Conditional and unconditional receivables from Corporates	13.381.138	197.807	-	-
Conditional and unconditional retail receivables	12.021.430	93.401	-	-
Conditional and unconditional receivables secured by Mortgages	1.928.939	-	-	-
Past due receivables	496.048	460	-	-
Receivables defined in high risk category by BRSA	2.713.795	74.096	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	682.431	-	-	-
Total	39.415.697	365.764	-	-

Risk Classifications- 31 December 2014	Balance	Financial Guarantees	Other/Physical Guarantees	Guarantees And Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	4.027.395	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	2.766.630	-	-	-
Conditional and unconditional receivables from Corporates	12.503.378	236.189	-	-
Conditional and unconditional retail receivables	12.804.260	85.464	-	-
Conditional and unconditional receivables secured by Mortgages	1.801.435	-	-	-
Past due receivables	483.556	451	-	-
Receivables defined in high risk category by BRSA	2.806.610	56.496	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	526.330	-	-	-
Total	37.719.594	378.600	-	-

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

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

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

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

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

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

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

None.

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.

	Retail Banking	Corporate And Investment Banking	Treasury and Capital Markets	Other	Group’s Total Activities
Current Period – 30 June 2015					
Operating Income	574.989	254.083	149.244	-	978.316
Other	-	-	-	-	-
Operating Income	574.989	254.083	149.244	-	978.316
Segment Net Profit	-	-	-	-	-
Undistributed Cost	-	-	-	-	-
Operating Profit	(214.349)	36.819	122.891	(8.696)	(63.335)
Profit before Tax	(214.349)	36.819	122.891	(8.696)	(63.335)
Corporate Tax Provision(*)	-	-	-	3.425	3.425
Profit after Tax	(214.349)	36.819	122.891	(5.271)	(59.910)
Non-Controlling Interest	-	-	-	-	-
Net Profit for the Period	(214.349)	36.819	122.891	(5.271)	(59.910)
Segment Assets	9.025.805	12.911.707	11.077.014	-	33.014.526
Associates and Subsidiaries	-	-	-	270	270
Undistributed Assets	-	-	-	-	-
Total Assets	9.025.805	12.911.707	11.077.014	270	33.014.796
Segment Liabilities	18.982.196	6.102.733	7.929.867	-	33.014.796
Undistributed Liabilities	-	-	-	-	-
Total Liabilities	18.982.196	6.102.733	7.929.867	-	33.014.796
Other Segment Items	247.676	(4.668)	(2.333)	-	240.675
Capital Investment	-	-	-	-	-
Amortization	(21.455)	(4.668)	(1.925)	-	(28.048)
Impairment	-	-	(408)	-	(408)
Non-Cash Other Income-Expense(**)	269.131	-	-	-	269.131

(*) Corporate tax provision is not distributed.

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

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X. EXPLANATIONS ON OPERATING SEGMENTS (Continued)

	Retail Banking	Corporate And Investment Banking	Treasury and Capital Markets	Other	Group’s Total Activities
Prior Period – 31 December 2014					
Operating Income (**)	602.346	258.039	37.540	-	897.925
Other(**)	-	-	-	-	-
Operating Income(**)	602.346	258.039	37.540	-	897.925
Segment Net Profit (**)	-	-	-	-	-
Undistributed Cost(**)	-	-	-	-	-
Operating Profit(**)	(126.457)	47.877	397	-	(78.183)
Profit before Tax(**)	(126.457)	47.877	397	-	(78.183)
Corporate Tax Provision(*)(**)	-	-	-	7.608	7.608
Profit after Tax(**)	(126.457)	47.877	397	7.608	(70.575)
Non-Controlling Interest(**)	-	-	-	-	-
Net Profit for the Period(**)	(126.457)	47.877	397	7.608	(70.575)
Segment Assets	9.195.473	11.450.640	13.216.600	-	33.862.713
Associates and Subsidiaries	-	-	-	270	270
Undistributed Assets	-	-	-	-	-
Total Assets	9.195.473	11.450.640	13.216.600	270	33.862.983
Segment Liabilities	18.837.321	5.399.811	9.625.851	-	33.862.983
Undistributed Liabilities	-	-	-	-	-
Total Liabilities	18.837.321	5.399.811	9.625.851	-	33.862.983
Other Segment Items (**)	(306.135)	(3.684)	(1.333)	-	(311.152)
Capital Investment	-	-	-	-	-
Amortization	(20.041)	(3.684)	(1.329)	-	(25.054)
Impairment	-	-	(4)	-	(4)
Non-Cash Other Income-Expense(***)	(286.094)	-	-	-	(286.094)

(*) Corporate tax provision is not distributed.

(**) Items of income and expense are the amounts for the three month period ended 30 June 2014.

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

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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 June 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Cash/Foreign Currency	235.811	228.877	221.235	127.391
The CBRT	149.060	2.553.896	676.346	2.468.449
Other (*)	520	14.990	-	12.237
Total	385.391	2.797.763	897.581	2.608.077

(*) As of 30 June 2015, account of Precious Metal is amounting to TL 13.738, Money in Transit is amounting to TL 1.252 (31 December 2014: Precious metal TL 12.237, Money in Transit: None).

2. Information related to the account of the CBRT:

	Current Period 30 June 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Unrestricted Demand Deposit	149.060	375	676.346	10
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirements	-	2.553.521	-	2.468.439
Total	149.060	2.553.896	676.346	2.468.449

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

As of 30 June 2015, the reserve deposit rates vary according to their maturity structure; the reserve deposit rates are realized between 5% - 11,50% (31 December 2014: 5% - 11,50%), for TL deposits and other liabilities, and between 6% - 13% for FC deposits (31 December 2014: 6% - 13%).

Based upon press announcement of Central Bank of the Republic of Turkey with number 2014/72 on 21 October 2014, there will be interest payment on TL reserve deposits starting from November 2014. Based upon press announcement of Central Bank of the Republic of Turkey with number 2015/1 on 3 January 2015, Banks will hold reserve deposits between 6% and 18% for reserve deposit requirement generating foreign currency liabilities, depending on the state of deposits and non-deposit liabilities at Central Bank of the Republic of Turkey as of liability statement dated 13 February 2015. Based upon press announcement of Central Bank of the Republic of Turkey with number 2015/19 on 10 March 2015, ratios for reserve deposits of reserve deposit requirement generating foreign currency liabilities, depending on the state of deposits and non-deposit liabilities has been updated as 6% and 20% as of liability statement dated 13 March 2015.

Based upon press announcement of Central Bank of the Republic of Turkey with number 2015/05 on 23 January 2015, it is adjudicated that 2 per mille commission will be charged to Banks’ reserve deposit in Euro currency, and two day notice foreign exchange deposit accounts within CBRT as of 1 February 2015.

Based upon press announcement of Central Bank of the Republic of Turkey with number 2015/35 on 2 May 2015, it is adjudicated that interest will be given to Banks’ reserve deposit in USD, reserve options and unrestricted deposits within CBRT with daily determined interest rates.

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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:

As of 30 June 2015, the Group has financial assets at fair value through profit or loss given as collateral/blocked amounting to TL 266.536 (31 December 2014: 38.181).

As of 30 June 2015, the Group has financial assets at fair value through profit or loss subject to repurchase agreement amounting to TL 540.078. (31 December 2014: TL 269.808).

As of 30 June 2015, the Group has financial assets at fair value through profit or loss in unrestricted account amounting to TL 90.774 (31 December 2014: TL 85.342).

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

	Current Period 30 June 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Forward Transactions	64.271	38.733	12.599	36.524
Swap Transactions	354.177	148.264	450.998	101.905
Futures Transactions	-	100	-	-
Options	-	80.290	-	16.256
Other	-	-	-	-
Total	418.448	267.387	463.597	154.685

c. Information on banks:

1. Information on banks and other financial institutions:

	Current Period 30 June 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Banks				
Domestic	1.516.634	340.084	930.085	466.957
Foreign	73.850	1.633.543	84.749	391.535
Foreign Head Office and Branches	-	-	-	-
Total	1.590.484	1.973.627	1.014.834	858.492

2. Information on foreign banks account:

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

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

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

As of 30 June 2015, the Group has financial assets available for sale given as collateral/blocked amount to TL 43.251 (31 December 2014: TL 392.104).

As of 30 June 2015 the Group has financial assets available for sale amounting to TL 231.273 subject to repurchase agreement (31 December 2014: TL 125.789).

As of 30 June 2015 the Group has financial assets available for sale in unrestricted account amounting to TL 7.369 (31 December 2014: TL 12.516).

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

	Current Period 30 June 2015	Prior Period 31 December 2014
Debt Securities	280.573	527.324
Quoted to Stock Exchange	280.573	527.324
Not Quoted	-	-
Share Certificate	4.385	4.385
Quoted to Stock Exchange	-	-
Not Quoted (*)	4.385	4.385
Impairment Provision (-)	3.065	1.300
Total	281.893	530.409

(*) The balance of Kredi Garanti Fonu and Borsa İstanbul 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 June 2015		Prior Period 31 December 2014	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	408	187.499	85	171.562
Corporate Shareholders	408	187.499	85	171.562
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	57.001	460.637	3.879	415.922
Loans Granted to Employees	24.048	-	26.518	-
Total	81.457	648.136	30.482	587.484

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

	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables	Agreement Terms Modified	Other	Loans and Other Receivables	Agreement Terms Modified	
					Extensions	Other
	Payment Plan			Payment Plan		
				Extensions	Other	
Non-specialised Loans	18.979.998	795.786	-	508.927	126.704	-
Commercial Loans	8.356.177	671.951	-	193.609	85.443	-
Export Loans	1.376.876	79.119	-	16.517	818	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	340.574	-	-	-	-	-
Consumer Loans	4.551.131	31.705	-	109.209	33.051	-
Credit Cards	3.227.777	-	-	180.677	-	-
Other (*)	1.127.463	13.011	-	8.915	7.392	-
Specialised Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Non-specialized Loans	18.979.998	795.786	-	508.927	126.704	-

(*) Includes the factoring receivables amounting to TL 155.694 (31 December 2014: TL 178.305).

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	789.744	126.704
Extended by 3, 4 or 5 times	6.042	-
Extended by more than 5 times	-	-
Total	795.786	126.704

Extended period of time	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
0 – 6 Months	63.928	14.681
6 – 12 Months	293.511	10.477
1 – 2 Years	171.317	29.049
2 – 5 Years	219.616	52.364
5 years or more	47.414	20.133
Total	795.786	126.704

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

	Short-term	Medium and Long-term	Total
Consumer Loans-TL	89.523	4.286.321	4.375.844
Mortgage Loans	613	1.361.496	1.362.109
Automotive Loans	91	6.569	6.660
Consumer Loans	88.819	2.918.256	3.007.075
Other	-	-	-
Consumer Loans- Indexed to FC	-	4.952	4.952
Mortgage Loans	-	4.905	4.905
Automotive Loans	-	-	-
Consumer Loans	-	47	47
Other	-	-	-
Consumer Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	3.331.134	46.032	3.377.166
Instalment	1.237.975	46.032	1.284.007
None Instalment	2.093.159	-	2.093.159
Individual Credit Cards-FC	7.081	-	7.081
Instalment	-	-	-
None Instalment	7.081	-	7.081
Personnel Loans-TL	1.102	15.511	16.613
Mortgage Loans	-	16	16
Automotive Loans	-	-	-
Consumer Loans	1.102	15.495	16.597
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	7.400	-	7.400
Instalment	3.240	-	3.240
None Instalment	4.160	-	4.160
Personnel Credit Cards-FC	35	-	35
With Instalment	-	-	-
Without Instalment	35	-	35
Overdraft Account-TL (Individual)	327.687	-	327.687
Overdraft Account-FC (Individual)	-	-	-
Total Consumer Loans	3.763.962	4.352.816	8.116.778

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

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

	Short-term	Medium and Long-term	Total
Commercial Instalment Loans-TL	48.456	542.248	590.704
Mortgage Loans	-	4.124	4.124
Automotive Loans	113	3.618	3.731
Consumer Loans	48.343	534.506	582.849
Other	-	-	-
Commercial Instalment Loans- Indexed to FC	27.414	379.697	407.111
Mortgage Loans	-	12.113	12.113
Automotive Loans	2.800	9.846	12.646
Consumer Loans	24.614	357.738	382.352
Other	-	-	-
Commercial Instalment Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	15.979	3	15.982
Instalment	3.606	3	3.609
None Instalment	12.373	-	12.373
Corporate Credit Cards-FC	790	-	790
With Instalment	-	-	-
None Instalment	790	-	790
Overdraft Account-TL (Commercial)	55.767	-	55.767
Overdraft Account-FC (Commercial)	-	-	-
Total	148.406	921.948	1.070.354

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 June 2015	Prior Period 31 December 2014
Domestic Loans	19.870.186	18.647.875
Foreign Loans	541.229	388.878
Total (*)	20.411.415	19.036.753

(*) Includes the factoring receivables amounting to TL 155.694 (31 December 2014: TL 178.305).

8. Loans granted to investments in associates and subsidiaries:

As of 30 June 2015 and 31 December 2014, the Bank has no loans granted to investments in associates and subsidiaries.

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9. Specific provisions for loans:

	Current Period 30 June 2015	Prior Period 31 December 2014
Loans and Receivables with Limited Collectability	37.655	41.785
Loans and Receivables with Doubtful Collectability	151.116	143.213
Uncollectible Loans and Receivables	790.740	578.009
Total	979.511	763.007

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

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period: 30 June 2015 (Gross Amounts Before Specific Provisions)	4.027	5.391	15.346
Restructured Loans and Other Receivables	4.027	5.391	15.346
Rescheduled Loans and Other Receivables	-	-	-
Prior Period: 31 December 2014 (Gross Amounts Before Specific Provisions)	1.732	1.863	16.610
Restructured Loans and Other Receivables	1.732	1.863	16.610
Rescheduled Loans and Other Receivables	-	-	-

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Balance at the end of the Prior Period: 31 December 2014	261.417	311.020	668.183
Additions (+)	355.476	450	8.633
Transfers from Other Categories of Non-Performing Loans (+)	1.574	391.698	295.202
Transfers to Other Categories of Non-Performing Loans (-)	391.341	295.591	1.541
Collections (-)	24.104	43.752	54.707
Write-offs (*) (-)	-	-	28.584
Corporate and Commercial Loans	-	-	28.174
Retail Loans	-	-	88
Credit Cards	-	-	322
Other	-	-	-
Balance at the End of the Period: 30 June 2015	203.022	363.825	887.186
Specific Provisions (-)	37.655	151.116	790.740
Net Balance on Balance Sheet	165.367	212.709	96.446

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period: 30 June 2015			
Balance at the End of the Period	19	-	398
Specific Provisions (-)	2	-	124
Net Balance on Balance Sheet	17	-	274
Prior Period: 31 December 2014			
Balance at the End of the Period	-	-	423
Specific Provisions (-)	-	-	130
Net Balance on Balance Sheet	-	-	293

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net): : 30 June 2015			
Loans granted to corporate entities and real persons (Gross)	203.022	363.825	887.186
Specific Provisions Amount (-)	37.655	151.116	790.740
Loans granted to corporate entities and real persons (Net)	165.367	212.709	96.446
Banks (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-
Prior Period (Net): 31 December 2014			
Loans granted to corporate entities and real persons (Gross)	261.417	311.020	668.123
Specific Provisions Amount (-)	41.785	143.213	577.949
Loans granted to corporate entities and real persons (Net)	219.632	167.807	90.174
Banks (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-

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

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

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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 June 2015 and 31 December 2014, the Group has no investment held to maturity given as collateral/blocked and subject to repurchase agreements.

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

As of 30 June 2015 and 31 December 2014 the Group has no investments as government debt securities held to maturity

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

As of 30 June 2015 and 31 December 2014, the Group has no investments held to maturity.

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

As of 30 June 2015 and 31 December 2014, the Group has no investments of held to maturity movement.

g. Information on associates (Net):

The Group has no associates as of 30 June 2015 and 31 December 2014.

h. Information on subsidiaries (Net):

1. Information on unconsolidated/subsidiaries:

a) Unconsolidated subsidiaries:

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

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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	3.465	3.260	48	-	-	1.351	1.320	-
2	46	46	-	-	-	(11)	(19)	-

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

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

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.	Esetepe Mahallesi Büyükdere Caddesi No:128 Şişli 34394, İSTANBUL	99,87	0,13

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (**)	Fair Value
1	97.634	81.538	1.971	2.597	1.000	12.217	11.546	-

(*) Prepared with unaudited financial statements as of 30 June 2015.

(**) Prior period amount is the amount as of 30 June 2014.

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3. Movement schedule of the consolidated subsidiaries:

	Current Period 30 June 2015	Prior Period 31 December 2014
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 June 2015	Prior Period 31 December 2014
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 June 2015 and 31 December 2014.

i. Information on jointly controlled entities:

- The Group has no jointly controlled entities as of 30 June 2015 and 31 December 2014.
- As of 30 June 2015 and 31 December 2014, the accounting method is not determined since the Group has no jointly controlled entities.

j. Information on leasing receivables (Net):

As of 30 June 2015 and 31 December 2014, the Group has no finance lease.

k. Explanations on hedging derivative financial assets:

	Current Period 30 June 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	141.240	-	36.299	-
Foreign Net Investment Hedge	-	-	-	-
Total	141.240	-	36.299	-

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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 June 2015 and 31 December 2014, the Group has no investment properties.

o. Explanations on deferred tax asset:

As of 30 June 2015 deferred tax asset of the Group is TL 55.913 (31 December 2014: TL 46.980). 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 June 2015, assets held for sale of the Group is TL 2.884 (31 December 2014: TL 3.179).

r. Information on other assets:

1. There are 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 165.886 (31 December 2014: TL 106.066), the prepaid expenses amounting to TL 66.557 (31 December 2014: TL 61.563), other rediscount income amounting to TL 12.569 (31 December 2014: TL 18.420), miscellaneous receivables amounting to TL 8.254 (31 December 2014: TL 7.661), and other assets amounting to TL 7.901 (31 December 2014: TL 4.974).

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

As of 30 June 2015 and 31 December 2014, the Group has no receivables from forward sale of the assets classified in the miscellaneous receivables.

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II. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED LIABILITIES

a. Information on deposits

1. Information on maturity structure of the deposits:

1(i). Current Period - 30 June 2015:

	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	579.495	-	2.196.409	4.228.247	199.940	71.984	56.232	-	7.332.307
Foreign Currency Deposits	2.272.028	-	2.421.017	4.550.106	268.296	108.755	124.388	-	9.744.590
Residents in Turkey	1.957.417	-	2.298.842	3.981.821	215.571	68.526	60.772	-	8.582.949
Residents Abroad	314.611	-	122.175	568.285	52.725	40.229	63.616	-	1.161.641
Public Sector Deposits	121.806	-	-	-	-	-	-	-	121.806
Commercial Deposits	378.548	-	999.098	519.619	5.763	15.346	2.145	-	1.920.519
Other Institutions Deposits	23.331	-	4.181	10.954	132	764	68	-	39.430
Precious Metal Deposit	239.217	-	-	32.195	3.471	3.605	150	-	278.638
Bank Deposits	35.266	-	518.950	-	-	-	-	-	554.216
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	52	-	500.151	-	-	-	-	-	500.203
Foreign Banks	35.214	-	18.799	-	-	-	-	-	54.013
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3.649.691	-	6.139.655	9.341.121	477.602	200.454	182.983	-	19.991.506

1(ii). Prior Period - 31 December 2014:

	Demand	With 7 Days Maturity	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	567.123	-	3.245.981	3.873.593	521.182	170.293	76.880	-	8.455.052
Foreign Currency Deposits	1.778.485	-	2.071.547	3.489.354	184.056	96.633	121.576	-	7.741.651
Residents in Turkey	1.458.710	-	1.906.643	2.945.463	122.037	51.287	56.454	-	6.540.594
Residents Abroad	319.775	-	164.904	543.891	62.019	45.346	65.122	-	1.201.057
Public Sector Deposits	100.037	-	-	-	-	-	-	-	100.037
Commercial Deposits	504.838	-	1.043.570	50.111	357.059	14.054	3.518	-	1.973.150
Other Institutions Deposits	13.097	-	4.900	11.881	120	69	74	-	30.141
Precious Metal Deposit	241.454	-	-	40.698	2.614	2.634	-	-	287.400
Bank Deposits	47.713	-	388.599	-	-	-	-	-	436.312
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	373.690	-	-	-	-	-	373.692
Foreign Banks	47.711	-	14.909	-	-	-	-	-	62.620
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3.252.747	-	6.754.597	7.465.637	1.065.031	283.683	202.048	-	19.023.743

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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 June 2015	Prior Period 31 December 2014	Current Period 30 June 2015	Prior Period 31 December 2014
Saving Deposits	4.024.307	4.472.125	3.113.376	3.786.609
Foreign Currency Saving Deposits	1.849.619	1.606.622	4.684.658	3.571.243
Other Deposits in the Form of Saving Deposits	14.100	25.023	60.956	73.422
Foreign Branches' Deposits under Foreign Authorities' Insurance Coverage	191.030	212.923	221.525	254.987
Off-Shore Banking Regions' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-
Total	6.079.056	6.316.693	8.080.515	7.686.261

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 June 2015	Prior Period 31 December 2014
Foreign Branches' Deposits and other accounts	221.525	254.987
Saving Deposits and Other Accounts of Major Shareholders and Deposits of their Mother, Father, Spouse, Children under their worship	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse, Children under their worship	10.671	8.193
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 June 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Forward Transactions	15.254	117.814	27.810	52.347
Swap Transactions	43.894	194.070	51.005	355.624
Future Transactions	-	155	-	-
Options	-	80.839	-	16.854
Other	-	-	-	-
Total	59.148	392.878	78.815	424.825

c. Information on repurchase agreements:

As of 30 June 2015, the Group has repurchase agreements amounting to TL 776.561 (31 December 2014: TL 395.596).

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d. Information on funds borrowed:

1. Information on banks and other financial institutions:

	Current Period 30 June 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Bank and Institutions	10.035	2.678	7.570	279
From Foreign Banks, Institutions and Funds	830.112	4.858.795	2.505.264	5.695.853
Total	840.147	4.861.473	2.512.834	5.696.132

2. Information on maturity structure of funds borrowed:

	Current Period 30 June 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Short-term	10.035	639.332	1.159.873	2.806.927
Medium and Long-term	830.112	4.222.141	1.352.961	2.889.205
Total	840.147	4.861.473	2.512.834	5.696.132

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:

a. Explanations on obligations under financial leases:

None (31 December 2014: None).

b. Explanations on operational lease:

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

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

	Current Period 30 June 2015	Prior Period 31 December 2014
Less Than 1 Year	21.869	22.899
Between 1-4 Years	13.004	24.750
More Than 4 Years	2.654	4.345
Total	37.527	51.994

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g. Information on derivative financial liabilities for hedging purposes:

	Current Period 30 June 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	4.302	-	8.615	-
Hedge of net investment in foreign operations	-	-	-	-
Total	4.302	-	8.615	-

h. Information on provisions:

1. Information on general provisions:

	Current Period 30 June 2015	Prior Period 31 December 2014
General Provisions	421.644	362.405
Provisions for First Group Loans and Receivables	298.766	266.320
- Additional Provision for Loans and Receivables with Extended Maturities	24.176	18.644
Provisions for Second Group Loans and Receivables	27.155	21.173
- Additional Provision for Loans and Receivables with Extended Maturities	6.207	3.084
Provisions for Non-Cash Loans	31.732	34.833
Other	33.608	18.351

2. Information on employee benefit provisions:

As of 30 June 2015 the Group has employee termination benefit provision amounting to TL 30.413 (31 December 2014: TL 29.113), and unused vacation provision amounting to TL 11.033 (31 December 2014: TL 5.686).

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

The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 30 June 2015 is TL 3.541,37 (full TL) (31 December 2014: TL 3.438,22 (full TL)). Employee termination benefit liability is not legally dependent on any kind of funding, and there is no requirement on funding.

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

The assumption is that retirement pay ceiling is expected to increase as per the inflation rate every year. Thus discount rate applied shall represent real rate, net of inflation. Since retirement pay ceiling amount is determined once every six months, employee benefit liability of the Group is calculated from the ceiling amount valid from 1 January 2015, TL 3.541,37 (full TL) (31 December 2014: TL 3.438,22 (full TL)).

	Current Period 30 June 2015	Prior Period 31 December 2014
Balances at End of Prior Period	29.113	26.174
Provision booked in current period	5.076	12.311
Provision paid in current period (-)	3.776	9.372
Balances at End of the Period	30.413	29.113

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

As of 30 June 2015, the provision related to foreign currency difference on the principles of foreign currency indexed loans, amounting to TL 5.916 (31 December 2014: TL 8.838), is offset with the balance of foreign currency indexed loans.

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

As of 30 June 2015, provision for non-cash loans that are non-funded and non-transformed into cash is amounting to TL 220 (31 December 2014: TL 406).

5. Information on other provisions:

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

As of 30 June 2015 and 31 December 2014, the Group has no general provisions for possible risks.

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

Provision for cheques amounting to TL 24.823 (31 December 2014: TL 25.186), provision for accumulated credit card award points amounting to TL 6.911 (31 December 2014: TL 10.325), total provision for legal cases amounting to TL 14.003 (31 December 2014: TL 8.103) with TL 3.857 (31 December 2014: TL 4.136) being provision for refunds related to case document charges, provision for refunds of appeals to consumer problems arbitration committee amounting to TL 3.546 (31 December 2014: TL 13.041) provision for uncompensated non-cash loans special provisions amounting to TL 220 (31 December 2014: TL 406) and other provisions amounting to TL 2.010 (31 December 2014: TL 5.539) are classified under "Other Provisions".

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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	Prior Period
	30 June 2015	31 December 2014
Corporate Taxes Payable	3.306	997
Taxation on Marketable Securities	15.867	14.879
Taxation on Real Estates Income	1.091	1.324
Banking Insurance Transaction Tax (BITT)	12.713	13.739
Foreign Exchange Transaction Tax	18	9
Value Added Tax Payable	1.203	1.521
Other (*)	11.202	10.736
Total	45.400	43.205

(*) As of 30 June 2015, consists of payroll tax amounting to TL 8.751 (31 December 2014: TL 8.846), self-employed income tax amounting to TL 7 (31 December 2014: TL 18), stamp tax amounting to TL 265 (31 December 2014: TL 275) and other taxes amounting to TL 2.179 (31 December 2014: TL 1.597).

1(ii). Information on premium payables:

	Current Period	Prior Period
	30 June 2015	31 December 2014
Social Security Premiums – Employee	4.095	3.466
Social Security Premiums – Employer	4.420	3.676
Bank Social Aid Pension Fund Premium – Employee	-	-
Bank Social Aid Pension Fund Premium – Employer	-	-
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	260	201
Unemployment Insurance – Employer	559	468
Other	-	-
Total	9.334	7.811

2. Information on deferred tax liability:

As of 30 June 2015, the Group has no deferred tax liability (31 December 2014: None). Amount of deferred tax which is calculated on the temporary differences arising between applicable accounting policies and valuation principles and tax legislation, has been accounted in the financial statements as net deferred tax assets.

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

As of 30 June 2015 and 31 December 2014, the Group has no liabilities for asset held for sale and related to discontinued operations.

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

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

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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	Prior Period
	30 June 2015	31 December 2014
Common Stock Provision	-	-
Preferred Stock Provision	652.290	652.290

Amount of paid-in capital has presented in notional amount. As of 30 June 2015, 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:

Share structure of the Parent Bank does not consist priviliges given to shares representing the capital.

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8. Information on marketable securities value increase fund:

	Current Period 30 June 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	374	-	7.336	-
Foreign Currency Difference	-	-	-	-
Total	374	-	7.336	-

9. Information on revaluation value increase fund:

As of 30 June 2015 and 31 December 2014, the Group has no revaluation value increase fund.

10. Information on legal reserves:

	Current Period 30 June 2015	Prior Period 31 December 2014
First Legal Reserve	147.523	136.114
Second Legal Reserve	52.080	59.888
Legal Reserves according to Special Legislation	-	-
Total	199.603	196.002

11. Information on extraordinary reserves:

	Current Period 30 June 2015	Prior Period 31 December 2014
Reserves Allocated per General Assembly Minutes	1.817.221	1.877.926
Undivided Profit	97.844	97.844
Accumulated Loss	-	-
Translation Difference	-	-
Total	1.915.065	1.975.770

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

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

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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 June 2015, the Group has amounting to irrevocable commitments TL 19.740.417 (31 December 2014: TL 20.060.383).

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

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

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

As of 30 June 2015, the Group has letter of credit amounting to TL 1.396.644 (31 December 2014: TL 1.259.499), acceptances amounting to TL 582.535 (31 December 2014: TL 721.520) and commitments and contingencies due to letter of credit amounting to TL 560.223 (31 December 2014: TL 686.323). Also the Bank has other commitments and contingencies amounting to TL 385.190 (31 December 2014: TL 398.362).

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	Prior Period
	30 June 2015	31 December 2014
Non-Cash Given For Cash Loan Risks	-	-
With Original Maturity of One Year or Less	-	-
With Original Maturity of More than One Year	-	-
Other Non-Cash Loans	2.953.851	3.065.704
Total	2.953.851	3.065.704

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

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

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

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

b. Explanations on derivative transactions:

As of 30 June 2015, the Group has forward transactions amounting to TL 11.863.484 (31 December 2014: TL 6.651.120), currency swap amounting to TL 38.722.980 (31 December 2014: TL 74.400.992), currency option amounting to TL 13.347.493 (31 December 2014: TL 3.333.416), interest rate swap amounting to TL 17.019.544 (31 December 2014: TL 10.951.176), precious metal option amounting to TL 102.214 (31 December 2014: TL 64.724), interest rate future amounting to TL 931.840 (31 December 2014: None), precious metal swap amounting to TL 370.323 (31 December 2014: 289.856). As of 30 June 2015 and 31 December 2014, the Bank has no interest rate option. Transactions to decrease foreign currency and interest rate risk have been classified trading derivative financial instrument or hedging derivative financial instruments and valued with their fair value by the Group.

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

1. Cash flow hedging accounting:

The Parent Bank applies cash flow hedge accounting by cross currency swap transactions in order to hedge itself from the changes in the interest rates of the fixed-rate time deposits which have maturity of 1-3 month. The Parent Bank applies effectiveness test in any balance sheet date. While the effective portions are accounted under hedging reserves in shareholders’ equity as described in TAS 39, the ineffective portion is recognized at income statement. As of 30 June 2015, swaps amounting to TL 2.639.624 (31 December 2014: TL 2.474.505) were subjected to cash flow hedge accounting as hedging instrument. After such hedge accounting, fair value profit before tax amounting to TL 11.104 (31 December 2014: TL 803 loss) are recognized under shareholders’ equity in the current period. As of 30 June 2015, there is ineffective portion as a result of effectiveness tests amounting to TL 530 (31 December 2014: TL 17).

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 June 2015 and 31 December 2014, there is no contingent asset to be disclosed.

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

The Group has certain contingent liabilities relating to various lawsuits due to the transactions it performed in the scope of banking operations. As of 30 June 2015, the total amount of these lawsuits filed against the Bank is TL 30.290 (31 December 2014: TL 29.752). A total provision of TL 14.003 (31 December 2014: TL 8.103) has been made for those lawsuits as the probability of being concluded against the Group is higher than the probability of their concluding in its favour, with TL 3.857 (31 December 2014: TL 4.136) being for provisions for refunds related to case document charges.

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 June 2015		Prior Period 30 June 2014	
	TL	FC	TL	FC
Short-term Loans	466.854	22.952	438.279	23.644
Medium and Long-Term Loans	364.766	84.115	387.635	72.269
Interest on Loans Under Follow-Up	14.556	-	10.618	-
Total	846.176	107.067	836.532	95.913

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

2. Information on interest income received from banks:

	Current Period 30 June 2015		Prior Period 30 June 2014	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	70.180	664	50.219	4.409
From Foreign Banks	447	253	405	429
Headquarters and Branches Abroad	-	-	-	-
Total	70.627	917	50.624	4.838

3. Information on interest income on marketable securities:

	Current Period 30 June 2015		Prior Period 30 June 2014	
	TL	FC	TL	FC
Financial Assets Held For Trading	39.621	260	10.462	182
Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
Financial Assets Available For Sale	19.486	-	52.388	-
Investments Held to Maturity	-	-	-	-
Total	59.107	260	62.850	182

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

As of 30 June 2015 and 30 June 2014, the Parent Bank has no interest income received from investments in associates and subsidiaries.

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(Continued)

b. Information on interest expense:

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

	Current Period 30 June 2015		Prior Period 30 June 2014	
	TL	FC	TL	FC
Banks	82.985	61.435	100.573	68.555
The CBRT	-	-	-	-
Domestic Banks	472	8	600	38
Foreign Banks	82.513	61.427	99.973	68.517
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	82.985	61.435	100.573	68.555

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

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

None.

3. Information on interest expense given on securities issued:

None.

4. Maturity structure of the interest expense on deposits:

Current Period: 30 June 2015	Demand Deposit	Time 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	-	2.493	-	-	-	-	2.493
Saving deposits	-	161.693	173.313	15.293	4.519	2.938	357.756
Public sector deposits	-	-	-	-	-	-	-
Commercial deposits	-	46.918	13.214	1.987	472	129	62.720
Other Deposit	-	185	453	5	3	3	649
Total	-	211.289	186.980	17.285	4.994	3.070	423.618
Foreign Currency							
Foreign currency deposits	-	11.035	26.555	1.297	680	918	40.485
Interbank Deposits	-	6	-	-	-	-	6
Precious metal deposits	-	-	205	15	20	-	240
Total	-	11.041	26.760	1.312	700	918	40.731
Grand Total	-	222.330	213.740	18.597	5.694	3.988	464.349

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Current Period: 30 June 2014	Demand Deposit	Time 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	-	1.648	1.649	-	1.648	-	4.945
Saving deposits	-	70.221	233.974	29.022	6.400	2.681	342.298
Public sector deposits	-	2	-	-	-	-	2
Commercial deposits	-	79.148	24.458	4.694	1.058	428	109.786
Other Deposit	-	964	2.266	424	5	2	3.661
Deposits with 7 days notification	-	-	-	-	-	-	-
Total	-	151.983	262.347	34.140	9.111	3.111	460.692
Foreign Currency							
Foreign currency deposits	-	9.924	33.224	3.604	1.044	2.244	50.040
Interbank Deposits	-	286	-	-	-	-	286
Deposits with 7 days notification	-	-	-	-	-	-	-
Precious metal deposits	-	-	159	15	20	-	194
Total	-	10.210	33.383	3.619	1.064	2.244	50.520
Grand Total	-	162.193	295.730	37.759	10.175	5.355	511.212

5. Information on interest given on repurchase agreement:

The Bank has interest given on repurchase agreement amounting to TL 29.835 (30 June 2014: TL 28.807) during the period ended on 30 June 2015.

6. Information on financial lease expense:

The Group has no financial lease expense as of 30 June 2015 and 30 June 2014.

7. Information on interest expenses given on factoring payables:

The Group has no interest given on factoring payables as of 30 June 2015 and 30 June 2014.

c. Explanations on dividend income:

As of 30 June 2015, the Group has no dividend income (30 June 2014: None).

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

	Current Period 30 June 2015	Prior Period 30 June 2014
Profit	39.610.713	36.352.675
Income from Capital Market Transactions	31.412	20.125
Derivative Financial Transactions Income	4.222.656	6.785.940
Foreign Exchange Gains	35.356.645	29.546.610
Loss (-)	39.636.043	36.507.305
Capital Market Transactions Loss	37.424	13.899
Loss on Derivative Financial Transactions	3.548.108	6.932.846
Foreign Exchange Loss	36.050.511	29.560.560
Total (Net)	(25.330)	(154.630)

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2. Explanations on derivative instruments gain/loss:

	Current Period	Prior Period
	30 June 2015	30 June 2014
Effect of the change in exchange rates on profit/loss	598.903	(45.380)
Effect of the change in interest rates on profit/loss	75.645	(101.526)
Total (Net)	674.548	(146.906)

e. Explanations on other operating income:

As of 30 June 2015, other operating income consists of reversal of the previous year provision amounting to TL 64.702 (30 June 2014: TL 86.283), provision for telecommunication expense amounting to TL 1.025 (30 June 2014: TL 1.200), gain on sale of assets amounting to TL 17.655 (30 June 2014: TL 407) and other income amounting to TL 14.211 (30 June 2014: TL 12.693).

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

	Current Period	Prior Period
	30 June 2015	30 June 2014
Specific Provisions for Loans and Other Receivables	299.581	274.019
III. Group Loans and Receivables	18.574	34.958
IV. Group Loans and Receivables	57.757	97.280
V. Group Loans and Receivables	223.250	141.781
General Provision Expenses	59.239	16.459
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	408	4
Financial Assets at Fair Value Through Profit or Loss	55	4
Available-for-sale Financial Assets	353	-
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	5.976	3.787
Total	365.204	294.269

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g. Information related to other operating expenses:

	Current Period	Prior Period
	30 June 2015	30 June 2014
Personnel Expenses	297.137	310.351
Reserve for Employee Termination Benefits	5.636	8.458
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Property and Equipment	-	-
Depreciation Expenses of Property and Equipment	19.062	19.251
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	8.952	5.746
Impairment Expenses on Equity Accounted	-	-
Impairment Expenses on Assets Held for Sale Investees	-	-
Depreciation Expenses on Assets Held for Sale	34	57
Impairment Expenses on Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	205.451	202.115
Operational Lease Expenses	78.718	67.400
Communication Expenses	18.269	23.739
Advertisement Expenses	18.061	22.737
Maintenance Expenses	17.219	18.674
Maintenance License Expenses	13.204	13.211
Banking Services Promotion Expenses	12.848	12.757
Shipping Expenses	7.526	6.216
Cleaning Expenses	7.189	4.473
Building Expenses	6.781	6.720
Monthly Payment Expenses	5.255	6.924
Other Expenses	20.381	19.264
Loss on Sales of Assets	679	55
Tax, Duties, Charges and Funds Expenses	29.061	23.717
Saving Deposit Insurance Fund Expenses	25.489	35.790
Audit and Consultancy Fee	7.705	7.903
Transportation Expenses	1.780	1.299
Insurance Expenses	4.125	3.718
Other	71.336	63.379
Total	676.447	681.839

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 June 2015, the Group has corporate tax provision expense amounting to TL 7.804 (30 June 2014: TL 5.147) and deferred tax income amounting to TL 11.229 (30 June 2014 deferred tax expense: TL 12.755).

The total amount of deferred tax income, amounting to TL 11.229 (30 June 2014 deferred tax expense: TL 12.755), 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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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 627.707 (30 June 2014: TL 608.540), net wage and commission income amounting to TL 278.346 (30 June 2014: TL 343.432) have an important role among the income items in the interim accounting period ending on 30 June 2015. 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.

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

“Other fee and commissions” in the income statement consist of commissions received from credit card transactions amounting to TL 164.550 (30 June 2014: TL 221.385), insurance commissions amounting to TL 38.237 (30 June 2014: TL 40.587), commissions received from banking transactions amounting to TL 34.572 (30 June 2014: TL 57.596), Tefas Fund Platform amounting to TL 6.949 (30 June 2014: None) and other fee and commissions amounting to TL 48.502 (30 June 2014: TL 40.153).

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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

1. 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:

Current Period – 30 June 2015:

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	-	-	3.964	587.484	-	7
Closing Balance	-	-	57.409	648.136	-	-
Interest and Commissions Income	-	-	270	391	-	-

Prior Period - 31 December 2014:

Risk Group of the Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Individuals and Legal Entities in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Opening Balance	28	-	14.460	660.353	26	53
Closing Balance	-	-	3.964	587.484	-	7
Interest and Commissions Income(*)	-	-	74	358	-	-

(*) The prior period balances present amounts of 30 June 2014.

2. Deposits held by 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 Real and Legal Persons in the Risk Group	
	Current Period 30 June 2015	Prior Period 31 December 2014	Current Period 30 June 2015	Prior Period 31 December 2014	Current Period 30 June 2015	Prior Period 31 December 2014
Deposit						
Opening Balance	1.251	4.044	37.517	50.715	19.377	376
Closing Balance	675	1.251	32.536	37.517	17.562	19.377
Interest expense on deposits(*)	-	-	-	-	320	188

(*) The prior period balances present amounts of 30 June 2014.

3. 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 June 2015	Prior Period 31 December 2014	Current Period 30 June 2015	Prior Period 31 December 2014	Current Period 30 June 2015	Prior Period 31 December 2014
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	-	84.523.265	88.076.697	-	-
Closing Balance	-	-	56.925.566	84.523.265	-	-
Total Profit/Loss(*)	-	-	344.546	(145.894)	-	-
Transactions for Hedging Purposes						
Opening Balance	-	-	2.474.505	-	-	-
Closing Balance	-	-	2.639.624	2.474.505	-	-
Total Profit/Loss(*)	-	-	530	-	-	-

(*) The prior period balances present amounts of 30 June 2014.

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

As of 30 June 2015, payment is made to top executives of the Group amounting to TL 41.772 (30 June 2014: TL 47.376).

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

1. 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

The Bank has concluded the sale of non performing consumer loans amounting to TL 450.714 for TL 57.200 to Güven Asset Management Company as of July.

SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE GROUP’S OPERATIONS

An announcement was placed on Public Disclosure Platform on 9 June 2015 stating that HSBC Bank PLC, main shareholder of HSBC Bank A.Ş., has decided to sell its shares and that throughout this process Bank's customers and employees have priority and customers will have uninterrupted service. More details will be provided in later announcements.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT

As of 30 June 2015, consolidated financial statements and explanatory notes disclosed herein were reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of PricewaterhouseCoopers) and review report dated 21 August 2015 is presented before to the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

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