

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

**HSBC BANK A.Ş.**

**PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS  
TOGETHER WITH REVIEW REPORT  
AT 30 SEPTEMBER 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 September 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 nine-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 September 2015 and of the results of its operations and its cash flows for the nine-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.

### *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, 23 November 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 SEPTEMBER 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

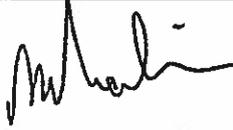
The consolidated interim financial report prepared in accordance with Communiqué on the Financial Statements and the Related Disclosures and Footnotes to be Publicly Announced as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- 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

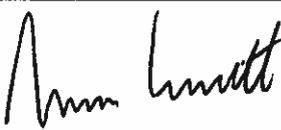
The consolidated interim financial reports and explanations and footnotes in this report are prepared in accordance with the Regulation on Banks' Accounting Applications and Principles and Procedures Concerning the Preservation of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards 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.	-	-



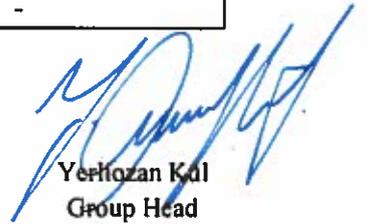
Brian Robertson  
Chairman



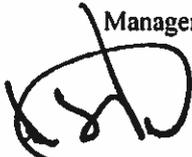
James Alasdair Emmett  
General  
Manager



Burçin Ozan  
Financial Reporting  
Assistant General  
Manager



Yeteroza Kıl  
Group Head



Ian Simon Jenkins  
Head of  
Audit Comitee



Hamit Aydoğan  
Member of  
Audit Comitee

Information about the responsible personnel whom questions may be asked:

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

**HSBC Bank A.Ş.**

Sicil Numarası: İstanbul Ticaret Sicil Müdürlüğü - 268376

Ticaret Ünvanı: HSBC Bank A.Ş.

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

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

Web Adresi: www.hsbc.com.tr

İrtibat Bilgileri Tel: 0212 376 40 00 Fax: 0212 336 29 39 / 336 28 38 / 336 21 41 / 336 22 60

## **SECTION ONE**

### **General Information About the Parent Bank**

I.	The Parent Bank's foundation date, start-up status, history regarding the changes in the status	1
II.	Explanation about the Parent Bank's capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group that the Bank belongs to	1
III.	Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, if available, shares of the Bank they held by them if any	2
IV.	Information on individuals or institutions owning the preferred shares of the Parent Bank	3
V.	Summary information on the Parent Bank's activities and services	3
VI.	Other matters	3
VII.	Information of institutions in consolidation scope	3
VIII.	Differences between the communiqué on preparation of consolidated financial statements of banks and Turkish Accounting Standards and short explanation about institutions subject to full consolidation method or proportional consolidation and institutions which are deducted from equity or not included in these three methods	4
IX.	The existing or potential, actual or legal obstacles on the transfer of shareholders' equity between the bank and its subsidiaries or reimbursement of liabilities	4

## **SECTION TWO**

### **Consolidated Financial Statements**

I.	Consolidated balance sheet	6-7
II.	Consolidated statement of off-balance sheet commitments	8
III.	Consolidated statement of income	9
IV.	Consolidated statement of income and expenses recognised under shareholders' equity	10
V.	Consolidated statement of changes in shareholders' equity	11-12
VI.	Consolidated statement of cash flows	13

## **SECTION THREE**

### **Explanations on Accounting Policies**

I.	Explanations on basis of presentation	14
II.	Explanations on strategy of using financial instruments and explanations on foreign currency transactions	15
III.	Information on investments in associates and subsidiaries	15
IV.	Explanations on forward transactions, options and derivative instruments	15
V.	Explanations on interest income and expense	15
VI.	Explanations on fee and commission income and expenses	16
VII.	Explanations on financial assets	16-17
VIII.	Explanations on impairment of financial assets	17
IX.	Explanations on offsetting financial assets	17
X.	Explanations on sales and repurchase agreements and securities' lending transactions	17
XI.	Explanations on assets and liabilities related to property and equipment held for sale purpose and discontinued operations	17
XII.	Explanations on goodwill and other intangible assets	18
XIII.	Explanations on property and equipment	18
XIV.	Explanations on leasing transactions	18
XV.	Explanations on provisions, contingent liabilities	19
XVI.	Explanations on contingent assets	19
XVII.	Explanations on obligations related to employee rights	19
XVIII.	Explanations on taxation	19-20
XIX.	Explanations on borrowings	21
XX.	Explanations on issuance of share certificates	21
XXI.	Explanations on availed drafts and acceptances	21
XXII.	Explanations on government incentives	21
XXIII.	Explanations on operating segment	21
XXIV.	Profit reserves and profit appropriation	21
XXV.	Earnings per share	21
XXVI.	Cash and cash equivalents	21
XXVII.	Related parties	22
XXVIII.	Reclassifications	22
XXIX.	Other matters	22

## **SECTION FOUR**

### **Information Related to Financial Position**

I.	Explanations on consolidated capital adequacy ratio	23-27
II.	Explanations on consolidated credit risk	28
III.	Explanations on consolidated market risk	28-29
IV.	Explanations on consolidated operational risk	29
V.	Explanations on consolidated currency risk	30-32
VI.	Explanations on consolidated interest rate risk	33-36
VII.	Explanations on consolidated liquidity risk	37-40
VIII.	Explanations on the presentation of financial assets and liabilities at their fair values	41
IX.	Explanations regarding the activities carried out on behalf and account of other persons	41
X.	Explanations on operating segments	41-42

## **SECTION FIVE**

### **Explanations and Notes Related to the Consolidated Financial Statements**

I.	Explanations and notes related to the consolidated assets	43-54
II.	Explanations and notes related to the consolidated liabilities	55-62
III.	Explanations and notes related to the consolidated off-balance sheet accounts	63-64
IV.	Explanations and notes related to the consolidated income statement	65-70
V.	Explanations and notes related to the changes in shareholders' equity	71
VI.	Explanations and notes related to the statement of cash flows	72
VII.	Explanations and notes related to the Bank's risk group	73
VIII.	Explanations and notes to the domestic, foreign, off-shore branches and foreign representatives of the Parent Bank	74
IX.	Explanations and notes to the subsequent events	74

## **SECTION SIX**

### **Other Explanations**

I.	Other explanations on the Group's operations	75
----	--	----

## **SECTION SEVEN**

### **Explanations on Independent Auditor's Review Report**

I.	Explanations on independent auditor's review report	75
II.	Explanations and notes prepared by independent auditor	75

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.I**  
**HSBC BANK A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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 September 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 September 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.

HSBC Group CEO Stuart Gulliver has stated on 2 November 2015 that there is no progress regarding the sale of the Bank and that he expects the process to last longer.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.I HSBC BANK A.Ş. AND ITS SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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>
<b>Chairman of the Board:</b>	Brian ROBERTSON	Chairman	Undergraduate
<b>Chairman Deputy of the Board:</b>	Martin David SPURLING	Chairman Deputy	Undergraduate
<b>Board of Directors: (**)</b>	James Alasdair EMMETT	Member and CEO	Graduate
	Paul HAGEN	Member	Graduate
	Hamit AYDOĞAN	Member	Undergraduate
	Mehmet Gani SÖNMEZ	Member	Undergraduate
	Ian Simon JENKINS	Member	Graduate
	Edward Michael FLANDERS	Member	Undergraduate
<b>CEO:</b>	James Alasdair EMMETT	CEO	Graduate
<b>Head of Internal Audit:</b>	Tolunay KANŞAY	Head of Internal Audit	Undergraduate
<b>Chief Assistants to the General Manager:</b>	Necdet Murat ŞARSEL	Credit and Risk	Graduate
	Rüçhan ÇANDAR (*)	Operations Service and Technology	Graduate
<b>Executive Vice Presidents:</b>	Necdet Murat ŞARSEL	Credit and Risk	Graduate
	Sait Burak ZEYLAN	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
	Burçin OZAN	Finance	Undergraduate
	Ali Dünder PARLAR	Internal Systems and Regulations	Undergraduate
	Rüçhan ÇANDAR	Technology and Services	Graduate
	Şengül DEMİRCAN	Human Resources	Undergraduate
<b>Audit Committee:</b>	Ian Simon JENKINS	Head of the Audit Committee	Graduate
	Hamışt AYDOĞAN (***)	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 13318 and dated 29 July 2015, as of 17 September 2015 Rüçhan ÇANDAR has been appointed as a Chief Assistant to the General Manager.

(\*\*) According to decision numbered 13321 and dated 3 August 2015, Leyla ETKER has resigned from the Board of Directors. No one has replaced her.

(\*\*\*) According to decision numbered 13326 dated 27 August 2015, Hamit AYDOĞAN has replaced Leyla ETKER on the Audit Committee.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.I**  
**HSBC BANK A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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 September 2015, the Parent 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 September 2015, the number of employees of the Group is 5.520 (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.

The subsidiaries consolidated along with the Parent Bank are referred to as “the Group” in this report.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 3.I  
HSBC BANK A.Ş. AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 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 SEPTEMBER 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 I)	Current Period (30/09/2015)			Prior Period (31/12/2014)		
		TL	FC	Total	TL	FC	Total
		ASSETS					
<b>I. CASH BALANCES WITH CENTRAL BANK</b>	(I-a)	289.479	3.649.131	3.938.610	897.581	2.608.077	3.505.658
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)</b>	(I-b)	2.293.395	297.213	2.590.608	840.515	171.098	1.011.613
2.1 Trading Financial Assets		2.293.395	297.213	2.590.608	840.515	171.098	1.011.613
2.1.1 Government Debt Securities		1.425.353	9.356	1.434.709	374.043	16.413	390.456
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		860.693	287.857	1.148.550	463.597	154.685	618.282
2.1.4 Other Marketable Securities		7.349	-	7.349	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		-	-	-	-	-	-
<b>III. BANKS</b>	(I-c)	82.200	2.878.788	2.960.988	1.014.834	858.492	1.873.326
<b>IV. MONEY MARKETS</b>		-	315.191	315.191	6.833.606	-	6.833.606
4.1 Interbank Money Market Placements		-	135.574	135.574	-	-	-
4.2 Receivables from Istanbul Stock Exchange Money Market		-	179.617	179.617	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	6.833.606	-	6.833.606
<b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>	(I-d)	212.382	-	212.382	530.409	-	530.409
5.1 Share Certificates		-	4.385	4.385	-	-	4.385
5.2 Government Debt Securities		207.997	-	207.997	526.024	-	526.024
5.3 Other Marketable Securities		-	-	-	-	-	-
<b>VI. LOANS AND RECEIVABLES</b>	(I-e)	14.841.008	7.219.746	22.060.754	14.562.700	4.773.361	19.336.061
6.1 Loans		14.360.459	7.219.512	21.579.971	14.085.380	4.773.068	18.858.448
6.1.1 Bank's Risk Group	(VII)	-	22.085	22.085	-	3.964	3.964
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		14.360.459	7.197.427	21.557.886	14.085.380	4.769.104	18.854.484
6.2 Loans Under Follow-Up		1.144.282	352	1.144.634	1.240.197	423	1.240.620
6.3 Specific Provisions (-)		663.733	118	663.851	762.877	130	763.007
<b>VII. FACTORING RECEIVABLES</b>		213.198	40.970	254.168	162.512	15.793	178.305
<b>VIII. INVESTMENT SECURITIES HELD-TO-MATURITY (Net)</b>	(I-f)	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(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		-	-	-	-	-	-
<b>X. SUBSIDIARIES (Net)</b>	(I-h)	270	-	270	270	-	270
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-financial Subsidiaries		270	-	270	270	-	270
<b>XI. JOINT VENTURES (Net)</b>	(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		-	-	-	-	-	-
<b>XII. FINANCIAL LEASE RECEIVABLES (Net)</b>	(I-j)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
<b>XIII. HEDGING DERIVATIVE FINANCIAL ASSETS</b>	(I-k)	31.386	-	31.386	36.299	-	36.299
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		31.386	-	31.386	36.299	-	36.299
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XIV. PROPERTY AND EQUIPMENT (Net)</b>	(I-l)	93.196	-	93.196	115.155	-	115.155
<b>XV. INTANGIBLE ASSETS (Net)</b>	(I-m)	36.640	-	36.640	119.268	-	119.268
15.1 Goodwill		-	-	-	83.450	-	83.450
15.2 Other		36.640	-	36.640	35.818	-	35.818
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(I-n)	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>		29.356	-	29.356	121.150	-	121.150
17.1 Current Tax Asset		28.521	-	28.521	74.170	-	74.170
17.2 Deferred Tax Asset	(I-o)	835	-	835	46.980	-	46.980
<b>XVIII. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(I-p)	3.078	-	3.078	3.179	-	3.179
18.1 Held for sale Purposes		3.078	-	3.078	3.179	-	3.179
18.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(I-r)	225.697	145.297	370.994	181.571	17.113	198.684
<b>TOTAL ASSETS</b>		<b>18.351.285</b>	<b>14.546.336</b>	<b>32.897.621</b>	<b>25.419.049</b>	<b>8.443.934</b>	<b>33.862.983</b>

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 SEPTEMBER 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 (30/09/2015)			Prior Period (31/12/2014)		
		TL	FC	Total	TL	FC	Total
<b>LIABILITIES</b>							
<b>I. DEPOSITS</b>	(II-a)	<b>9.246.507</b>	<b>10.586.360</b>	<b>19.832.867</b>	<b>10.959.625</b>	<b>8.064.118</b>	<b>19.023.743</b>
1.1 Deposits of Bank's Risk Group	(VII)	51.259	3.226	54.485	54.492	3.653	58.145
1.2 Other		9.195.248	10.583.134	19.778.382	10.905.133	8.060.465	18.965.598
<b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>	(II-b)	<b>9.283</b>	<b>750.360</b>	<b>759.643</b>	<b>78.815</b>	<b>424.825</b>	<b>503.640</b>
<b>III. BORROWINGS</b>	(II-d)	<b>863.962</b>	<b>4.725.943</b>	<b>5.589.905</b>	<b>2.512.834</b>	<b>5.696.132</b>	<b>8.208.966</b>
<b>IV. MONEY MARKETS</b>		<b>700.001</b>	-	<b>700.001</b>	<b>395.596</b>	-	<b>395.596</b>
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)	700.001	-	700.001	395.596	-	395.596
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>392.644</b>	<b>276.962</b>	<b>669.606</b>	<b>444.911</b>	<b>150.701</b>	<b>595.612</b>
<b>VIII. OTHER LIABILITIES</b>	(II-e)	<b>426.858</b>	<b>102.992</b>	<b>529.850</b>	<b>427.600</b>	<b>70.133</b>	<b>497.733</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. FINANCIAL LEASE PAYABLES (Net)</b>	(II-f)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
<b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>	(II-g)	-	-	-	<b>8.615</b>	-	<b>8.615</b>
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	8.615	-	8.615
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(II-h)	<b>541.850</b>	<b>870</b>	<b>542.720</b>	<b>458.055</b>	<b>1.749</b>	<b>459.804</b>
12.1 General Loan Loss Provision		448.945	-	448.945	362.405	-	362.405
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		42.628	-	42.628	34.799	-	34.799
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		50.277	870	51.147	60.851	1.749	62.600
<b>XIII. TAX LIABILITY</b>	(II-i)	<b>53.943</b>	-	<b>53.943</b>	<b>51.016</b>	-	<b>51.016</b>
13.1 Current Tax Liability		53.943	-	53.943	51.016	-	51.016
13.2 Deferred Tax Liability		-	-	-	-	-	-
<b>XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS</b>	(II-j)	-	-	-	-	-	-
14.1 Held for Sale Purpose		-	-	-	-	-	-
14.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>	(II-k)	-	<b>1.404.154</b>	<b>1.404.154</b>	-	<b>1.073.095</b>	<b>1.073.095</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>	(II-l)	<b>2.814.932</b>	-	<b>2.814.932</b>	<b>3.045.163</b>	-	<b>3.045.163</b>
16.1 Paid-in Capital		652.290	-	652.290	652.290	-	652.290
16.2 Capital Reserves		277.321	-	277.321	279.387	-	279.387
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Differences		(5.418)	-	(5.418)	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)		10.046	-	10.046	(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		2.111.001	-	2.111.001	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		1.915.197	-	1.915.197	1.975.770	-	1.975.770
16.3.4 Other Profit Reserves		(3.799)	-	(3.799)	(1.182)	-	(1.182)
16.4 Income or (Loss)		(225.680)	-	(225.680)	(57.104)	-	(57.104)
16.4.1 Prior Years' Income or (Loss)		-	-	-	-	-	-
16.4.2 Current Year Income or (Loss)		(225.680)	-	(225.680)	(57.104)	-	(57.104)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>15.049.980</b>	<b>17.847.641</b>	<b>32.897.621</b>	<b>18.382.230</b>	<b>15.480.753</b>	<b>33.862.983</b>

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 SEPTEMBER 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 (30/09/2015)			Prior Period (31/12/2014)		
			TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>28.647.678</b>	<b>73.379.186</b>	<b>102.026.864</b>	<b>51.852.792</b>	<b>66.964.579</b>	<b>118.817.371</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	<b>(III-a-2,3)</b>	<b>754.217</b>	<b>2.259.875</b>	<b>3.014.092</b>	<b>713.118</b>	<b>2.352.586</b>	<b>3.065.704</b>
1.1	Letters of Guarantee		754.217	741.128	1.495.345	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		19.275	4.450	23.725	-	-	-
1.1.3	Other Letters of Guarantee		734.942	736.678	1.471.620	713.118	546.381	1.259.499
1.2	Bank Acceptances		-	531.874	531.874	-	721.520	721.520
1.2.1	Import Letter of Acceptance		-	531.874	531.874	-	709.855	709.855
1.2.2	Other Bank Acceptances		-	-	-	-	11.665	11.665
1.3	Letters of Credit		-	615.804	615.804	-	686.323	686.323
1.3.1	Documentary Letters of Credit		-	213.637	213.637	-	355.433	355.433
1.3.2	Other Letters of Credit		-	402.167	402.167	-	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		-	371.069	371.069	-	398.362	398.362
1.9	Other Collaterals		-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b>	<b>(III-a-1)</b>	<b>9.651.346</b>	<b>12.383.029</b>	<b>22.034.375</b>	<b>11.461.109</b>	<b>8.599.274</b>	<b>20.060.383</b>
2.1	Irrevocable Commitments		9.651.346	12.383.029	22.034.375	11.461.109	8.599.274	20.060.383
2.1.1	Asset Purchase and Sale Commitments		2.003.155	12.360.764	14.363.919	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		525.991	-	525.991	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		555.507	-	555.507	557.693	-	557.693
2.1.8	Tax and Fund Liabilities from Export Commitments		4.804	-	4.804	5.614	-	5.614
2.1.9	Commitments for Credit Card Limits		5.508.406	-	5.508.406	6.364.673	-	6.364.673
2.1.10	Commitments for Credit Cards and Banking Services Promotions		20.187	-	20.187	19.022	-	19,022
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	11.000	11.000	-	1.170	1.170
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	11.000	11.000	-	1.170	1.170
2.1.13	Other Irrevocable Commitments		1.033.296	265	1.033.561	1.077.601	204	1.077.805
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(III-b)</b>	<b>18.242.115</b>	<b>58.736.282</b>	<b>76.978.397</b>	<b>39.678.565</b>	<b>56.012.719</b>	<b>95.691.284</b>
3.1	Hedging Derivative Financial Instruments		139.380	166.650	306.030	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		139.380	166.650	306.030	1.205.019	1.269.486	2.474.505
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		18.102.735	58.569.632	76.672.367	38.473.546	54.743.233	93.216.779
3.2.1	Forward Foreign Currency Buy/Sell Transactions		3.651.545	7.952.944	11.604.489	2.642.266	4.008.854	6.651.120
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.916.642	3.857.577	5.774.219	1.788.700	1.528.250	3.316.950
3.2.1.2	Forward Foreign Currency Transactions-Sell		1.734.903	4.095.367	5.830.270	853.566	2.480.604	3.334.170
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		9.284.947	42.632.320	51.917.267	34.514.898	48.362.765	82.877.663
3.2.2.1	Foreign Currency Swap-Buy		4.255.294	11.378.580	15.633.874	15.057.899	21.133.810	36.191.709
3.2.2.2	Foreign Currency Swap-Sell		5.029.653	9.828.526	14.858.179	19.456.999	16.277.779	35.734.778
3.2.2.3	Interest Rate Swap-Buy		-	10.712.607	10.712.607	-	5.475.588	5.475.588
3.2.2.4	Interest Rate Swap-Sell		-	10.712.607	10.712.607	-	5.475.588	5.475.588
3.2.3	Foreign Currency, Interest rate and Securities Options		5.166.243	7.575.764	12.742.007	1.316.382	2.017.034	3.333.416
3.2.3.1	Foreign Currency Options-Buy		2.581.169	3.789.860	6.371.029	658.191	1.008.517	1.666.708
3.2.3.2	Foreign Currency Options-Sell		2.585.074	3.785.904	6.370.978	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		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	408.604	408.604	-	354.580	354.580
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>59.354.645</b>	<b>90.109.290</b>	<b>149.463.935</b>	<b>59.414.548</b>	<b>80.657.748</b>	<b>140.072.296</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>29.643.438</b>	<b>2.090.607</b>	<b>31.734.045</b>	<b>29.219.819</b>	<b>1.474.334</b>	<b>30.694.153</b>
4.1	Customer Fund and Portfolio Balances		1.197.785	-	1.197.785	1.454.823	-	1.454.823
4.2	Investment Securities Held in Custody		16.018.472	1.767.509	17.785.981	20.670.095	1.215.352	21.885.447
4.3	Checks Received for Collection		2.130.092	252.643	2.382.735	2.050.960	202.002	2.252.962
4.4	Commercial Notes Received for Collection		120.401	-	120.401	80.463	-	80.463
4.5	Other Assets Received for Collection		-	7.426	7.426	-	8.598	8.598
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		10.176.688	63.029	10.239.717	4.963.478	48.382	5.011.860
4.8	Custodians		-	-	-	-	-	-
<b>V.</b>	<b>PLEDGES RECEIVED</b>		<b>12.291.205</b>	<b>16.125.018</b>	<b>28.416.223</b>	<b>12.516.539</b>	<b>14.638.204</b>	<b>27.154.743</b>
5.1	Marketable Securities		804.796	14.899	819.695	509.646	10.108	519.754
5.2	Guarantee Notes		640.871	2.083.704	2.724.575	666.617	1.798.051	2.464.668
5.3	Commodity		240	6.654	6.894	240	5.123	5.363
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		8.554.287	3.145.782	11.700.069	8.676.245	2.771.856	11.448.101
5.6	Other Pledged Items		2.291.011	10.873.979	13.164.990	2.663.791	10.053.066	12.716.857
5.7	Pledged Items-Depository		-	-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>17.420.002</b>	<b>71.893.665</b>	<b>89.313.667</b>	<b>17.678.190</b>	<b>64.545.210</b>	<b>82.223.400</b>
	<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>88.002.323</b>	<b>163.488.476</b>	<b>251.490.799</b>	<b>111.267.340</b>	<b>147.622.327</b>	<b>258.889.667</b>

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 SEPTEMBER 2015 AND 30 SEPTEMBER 2014**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

III. STATEMENT OF INCOME	Note (Section Five IV)	Current Period (01/01/2015 - 30/09/2015)	Prior Period (01/01/2014 - 30/09/2014)	Current Period (01/07/2015 - 30/09/2015)	Prior Period (01/07/2014 - 30/09/2014)
<b>INCOME AND EXPENSE ITEMS</b>					
<b>I. INTEREST INCOME</b>	<b>(IV-a)</b>	<b>1.854.729</b>	<b>1.932.024</b>	<b>577.825</b>	<b>610.228</b>
1.1 Interest on Loans	(IV-a-1)	1.457.121	1.407.414	503.878	474.969
1.2 Interest Received from Reserve Requirements		5.453	-	2.417	-
1.3 Interest Received from Banks	(IV-a-2)	91.855	72.496	20.311	17.034
1.4 Interest Received from Money Market Transactions		196.396	335.756	12.395	89.165
1.5 Interest Received from Marketable Securities Portfolio	(IV-a-3)	95.652	79.048	36.285	16.016
1.5.1 Trading Financial Assets		68.857	14.460	28.976	3.816
1.5.2 Financial Assets at Fair Value through Profit or (Loss)		-	-	-	-
1.5.3 Available-for-sale Financial Assets		26.795	64.588	7.309	12.200
1.5.4 Held to Maturity Investments		-	-	-	-
1.6 Financial Lease Income		-	-	-	-
1.7 Other Interest Income		8.252	37.310	2.539	13.044
<b>II. INTEREST EXPENSE (-)</b>	<b>(IV-b)</b>	<b>969.039</b>	<b>1.032.492</b>	<b>319.842</b>	<b>319.320</b>
2.1 Interest on Deposits (-)	(IV-b-4)	700.294	753.929	235.945	242.717
2.2 Interest on Funds Borrowed (-)	(IV-b-1)	205.636	241.235	61.216	72.191
2.3 Interest Expense on Money Market Transactions (-)		47.843	31.792	18.008	2.985
2.4 Interest on Securities Issued (-)	(IV-b-3)	-	-	-	-
2.5 Other Interest Expenses (-)		15.266	5.536	4.673	1.427
<b>III. NET INTEREST INCOME (I + II)</b>		<b>885.690</b>	<b>899.532</b>	<b>257.983</b>	<b>290.908</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>408.689</b>	<b>520.934</b>	<b>130.343</b>	<b>177.586</b>
4.1 Fees and Commissions Received		442.876	559.002	142.515	188.796
4.1.1 Non-Cash Loans		11.377	15.222	3.826	4.737
4.1.2 Other		431.499	543.780	138.689	184.059
4.2 Fees and Commissions Paid (-)		34.187	38.068	12.172	11.210
4.2.1 Non-Cash Loans (-)		419	420	142	132
4.2.2 Other (-)		33.768	37.648	12.030	11.078
<b>V. DIVIDEND INCOME</b>	<b>(IV-c)</b>	<b>2.289</b>	<b>-</b>	<b>2.289</b>	<b>-</b>
<b>VI. TRADING INCOME/(LOSS) (Net)</b>	<b>(IV-d)</b>	<b>(3.190)</b>	<b>(142.060)</b>	<b>22.140</b>	<b>12.570</b>
6.1 Trading Gains/(Losses) on Securities		(18.414)	10.218	(12.402)	3.992
6.2 Derivative Financial Transactions Gains/(Losses)		763.098	72.461	88.550	219.367
6.3 Foreign Exchange Gains/(Losses)		(747.874)	(224.739)	(54.008)	(210.789)
<b>VII. OTHER OPERATING INCOME</b>	<b>(IV-e)</b>	<b>170.367</b>	<b>125.788</b>	<b>72.774</b>	<b>25.205</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>1.463.845</b>	<b>1.404.194</b>	<b>485.529</b>	<b>506.269</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(IV-f)</b>	<b>543.705</b>	<b>440.538</b>	<b>178.501</b>	<b>146.269</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	<b>(IV-g)</b>	<b>1.089.104</b>	<b>1.006.719</b>	<b>412.657</b>	<b>324.880</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>(168.964)</b>	<b>(43.063)</b>	<b>(105.629)</b>	<b>35.120</b>
<b>XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIV. INCOME/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV. INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+XII+XIII+XIV)</b>	<b>(IV-h)</b>	<b>(168.964)</b>	<b>(43.063)</b>	<b>(105.629)</b>	<b>35.120</b>
<b>XVI. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>(IV-i)</b>	<b>(56.716)</b>	<b>(11.582)</b>	<b>(60.141)</b>	<b>(19.190)</b>
16.1 Current Tax Provision		(11.004)	(7.981)	(3.200)	(2.834)
16.2 Deferred Tax Provision		(45.712)	(3.601)	(56.941)	(16.356)
<b>XVII. NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>	<b>(IV-j)</b>	<b>(225.680)</b>	<b>(54.645)</b>	<b>(165.770)</b>	<b>15.930</b>
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-
<b>XX. PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXI. PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1 Current Tax Provision		-	-	-	-
21.2 Deferred Tax Provision		-	-	-	-
<b>XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII. NET PROFIT/LOSSES (XVII+XXII)</b>		<b>(225.680)</b>	<b>(54.645)</b>	<b>(165.770)</b>	<b>15.930</b>
23.1 Group's Profit/Loss		(225.680)	(54.645)	(165.770)	15.930
23.2 Minority Shares Profit/Loss		-	-	-	-
Earnings/Loss per Share		(0,00346)	(0,00084)	(0,00254)	0,00024

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 SEPTEMBER 2015 AND 30 SEPTEMBER 2014**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

<b>IV. STATEMENT OF PROFIT AND LOSS ITEMS RECOGNISED UNDER SHAREHOLDERS' EQUITY</b>		
<b>INCOME AND EXPENSE ITEMS RECOGNISED UNDER SHAREHOLDERS' EQUITY</b>	<b>Current Period (30/09/2015)</b>	<b>Prior Period (30/09/2014)</b>
<b>I. ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>(12.754)</b>	<b>32.463</b>
<b>II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES</b>	-	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV. CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	-	-
<b>V. PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences)</b>	<b>10.688</b>	<b>12.266</b>
<b>VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)</b>	-	-
<b>VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS</b>	-	-
<b>VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY ACCORDING TO TAS</b>	<b>(2.683)</b>	<b>1.009</b>
<b>IX. DEFERRED TAX RELATED TO VALUATION DIFFERENCES</b>	<b>66</b>	<b>(9.148)</b>
<b>X. NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	<b>(4.683)</b>	<b>36.590</b>
<b>XI. CURRENT YEAR PROFIT/LOSS</b>	<b>(225.680)</b>	<b>(54.645)</b>
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit-Loss)	(145)	(2.066)
11.2 Reclassification of Cash Flow Hedge Transactions and Presentation of the Related Under Income Statement	(318)	231
11.3 Reclassification of Foreign Net Investment Hedge Transactions and Presentation of the Related Part Under Income Statement	-	-
11.4 Other	(225.217)	(52.810)
<b>XII. TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X±XI)</b>	<b>(230.363)</b>	<b>(18.055)</b>

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 CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015**  
 (Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

<b>V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b>																			
	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
<b>30 September 2015</b>																			
<b>I. Balances at the Beginning of the Period</b>		652.290				196.002		1.975.770	271.511	(57.104)		7.336			(642)		3.045.163		3.045.163
Changes in the Period																			
<b>II. Increase/Decrease due to the Merger</b>																			
<b>III. Marketable Securities Valuation Differences</b>												(12.754)					(12.754)		(12.754)
<b>IV. Hedging Transactions Funds (Effective Parts)</b>																			
4.1 Cash Flow Hedge															10.688		10.688		10.688
4.2 Foreign Investment Hedge															10.688		10.688		10.688
<b>V. Valuation Differences due to Revaluation of Property and Equipment</b>																			
<b>VI. Valuation Differences due to Revaluation of Intangible Assets</b>																			
<b>VII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures</b>																			
<b>VIII. Foreign Exchange Differences</b>																			
<b>IX. Changes due to the Disposal of Assets</b>																			
<b>X. Changes due to the Reclassification of Assets</b>																			
<b>XI. Effect of the Changes in Investment in Associates' Equity to the Bank's Equity</b>																			
<b>XII. Capital Increase</b>																			
12.1 Cash Increase																			
12.2 Internal Resources																			
<b>XIII. Share Premium</b>																			
<b>XIV. Share Cancellation Profits</b>																			
<b>XV. Paid in-Capital Adjustment Difference</b>																			
<b>XVI. Other</b>									(2.617)								(2.617)		(2.617)
<b>XVII. Current Year Income or Loss</b>										(225.680)							(225.680)		(225.680)
<b>XVIII. Profit Distribution</b>						3.601		(60.573)		57.104							132		132
18.1 Dividend Paid																			
18.2 Transfers to Reserves						3.601		(60.573)		57.104							132		132
18.3 Other																			
<b>Balances at the End of the Period (I+II+ ...+ XVIII)</b>		652.290				199.603		1.915.197	268.894	(225.680)		(5.418)			10.046		2.814.932		2.814.932

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 CASH FLOWS FOR THE PERIODS ENDED**  
**30 SEPTEMBER 2015 AND 30 SEPTEMBER 2014**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

<b>VI. STATEMENT OF CASH FLOWS</b>		<b>Note (Section Five VI)</b>	<b>Current Period (30/09/2015)</b>	<b>Prior Period (30/09/2014)</b>
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1	Operating profit before changes in operating assets and liabilities		<b>52.859</b>	<b>146.118</b>
1.1.1	Interest received		1.560.756	1.971.253
1.1.2	Interest paid		(899.480)	(909.265)
1.1.3	Dividend received		2.289	-
1.1.4	Fees and commissions received		435.132	554.708
1.1.5	Other income		170.367	125.788
1.1.6	Collections from previously written-off loans and other receivables		165.655	144.395
1.1.7	Payments to personnel and service suppliers		(448.311)	(471.322)
1.1.8	Taxes paid		(40.705)	(51.784)
1.1.9	Other		(892.844)	(1.217.655)
1.2	Changes in operating assets and liabilities		<b>(5.790.532)</b>	<b>(719.916)</b>
1.2.1	Net (decrease)/increase in trading securities		(1.039.366)	512.485
1.2.2	Net increase/(decrease) in fair value through profit/loss financial assets		-	-
1.2.3	Net increase/(decrease) in banks		(20.070)	18.471
1.2.4	Net increase/(decrease) in loans		(3.042.336)	404.801
1.2.5	Net increase/(decrease) in other assets		(564.489)	451.101
1.2.6	Net increase/(decrease) in bank deposits		(177.149)	(554.523)
1.2.7	Net (decrease)/increase in other deposits		1.029.288	1.448.298
1.2.8	Net (decrease)/increase in funds borrowed		(2.371.951)	(1.357.612)
1.2.9	Net increase/(decrease) in payables		-	-
1.2.10	Net (decrease)/increase in other liabilities		395.541	(1.642.937)
<b>I.</b>	<b>Net cash provided from banking operations</b>		<b>(5.737.673)</b>	<b>(573.798)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net cash provided from investing activities</b>		<b>271.954</b>	<b>1.738.076</b>
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		(14.317)	(9.741)
2.4	Disposals of property and equipment		25.655	4.380
2.5	Cash paid for purchase of investments available-for-sale		(105.314)	(3.619.585)
2.6	Cash obtained from sale of investments available-for-sale		397.271	5.378.154
2.7	Cash paid for purchase of investment securities		-	-
2.8	Cash obtained from sale of investment securities		-	-
2.9	Other		(31.341)	(15.132)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net cash provided from financing activities</b>		<b>(4)</b>	<b>(5)</b>
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)	(5)
3.5	Payments for finance leases		-	-
3.6	Other		-	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>(5.521)</b>	<b>72.928</b>
<b>V.</b>	<b>Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)</b>		<b>(5.471.244)</b>	<b>1.237.201</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period</b>		<b>9.728.105</b>	<b>8.875.763</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of the period</b>		<b>4.256.861</b>	<b>10.112.964</b>

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.

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

---

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

The main sources of the 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 September 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.

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

---

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES**

All fees and commission income/expenses are recognised on an accrual basis in accordance with the matching principle or “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.

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

---

**VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)**

**d. Investment securities held-to-maturity:**

Investment securities held-to-maturity are financial assets that are not classified under loans and receivables and have fixed maturities and fixed or pre-determined payments where management has the intent and ability to hold the financial assets until maturity. Investment securities held-to-maturity are initially 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 September 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 September 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 EUR 12.000 nominal government bonds as of 30 September 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 September 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.

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

---

**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 Parent 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 Parent Bank has used discounted cash flow method for the most recent impairment test and reevaluated assumptions and estimations considering projections of the personal banking department. Calculated goodwill impairment was reflected on the income statement as of September 2015 per the testing results (31 December 2014: None).

**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT**

All property and equipment are measured in accordance with “Property, Plant and Equipment Standard” (“TAS 16”) at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value impairment. The costs of the property and equipment purchased before 31 December 2004 or subject to inflation indexation until 31 December 2004. Property and equipment 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.

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

---

**XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES**

Provisions and contingent liabilities are accounted in accordance with, “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 September 2015, actuarial loss amounted to TL 3.799 (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 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.

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

---

**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.

Based on its best projections and budget and within the framework of TAS 12’s relevant procedures, the Parent Bank has limited its deferred tax assets with its deferred tax liabilities and has booked its deferred tax receivables of TL 55.672 as of September 2015. Aforementioned assesment will be reevaluated and reperformed on every following reporting date.

Various operations and calculations with unascertained effects on final tax amount occur during standard workflow, which require important judgement in determining income tax provision. Parent 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.

In cases where Parent Bank’s final operating results 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.

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

**XIX. EXPLANATIONS ON BORROWING**

The funds borrowed are recorded at their costs and discounted by using the effective interest rate method. In the consolidated financial statements enclosed, foreign currency borrowings are translated according to the Parent Bank’s period end counter buying exchange rate. Interest expenses of the current period regarding the borrowing amounts are recognised in the consolidated financial statements. As of 30 September 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 September 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 September 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.

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2015</b>	<b>30 September 2014</b>
Net Profit for the Period	(225.680)	(54.645)
Number of Shares	65.229.000.000	65.229.000.000
<b>Earnings per Share (*)</b>	<b>(0,00346)</b>	<b>(0,00084)</b>

(\*) 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.

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

---

**XXVII. RELATED PARTIES**

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

**XXVIII. RECLASSIFICATIONS**

There are no adjustments to the prior year consolidated financial statements other than reclassifications which have been made on comparative figures, to conform to changes in presentation in the 30 September 2015 and 31 December 2014 financials.

**XXIX. OTHER MATTERS**

None.

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

**SECTION FOUR**

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT**

**I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO**

- a. As of 30 September 2015 capital adequacy ratios of the Group and the Parent Bank are 14,04% and 13,90% (31 December 2014: 15,25% and 15,07%) respectively. 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 September 2015 capital adequacy ratios of the Group and the Parent Bank are 14,04% and 13,90% (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 September 2015								
	Consolidated - Risk Weights								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
<b>Credit Risk Based Amount</b>	<b>4.321.232</b>	<b>-</b>	<b>1.961.124</b>	<b>4.228.464</b>	<b>5.634.452</b>	<b>15.025.420</b>	<b>1.470.764</b>	<b>1.146.707</b>	<b>9.022</b>
<b>Risk Classes</b>									
Claims on sovereigns and Central Banks	3.536.289	-	-	598.369	-	-	145.153	-	-
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	6.411	-	1.956.972	1.894.420	-	194.970	13.458	-	-
Claims on corporates	132.075	-	-	-	-	13.587.568	-	-	-
Claims included in the regulatory retail portfolios	85.492	-	-	-	5.634.452	678.841	-	-	-
Claims secured by residential property	-	-	-	1.728.186	-	-	-	-	-
Past due loan	620	-	-	7.489	-	373.370	121.999	-	-
Higher risk categories decided by the Board	69.129	-	-	-	-	-	1.190.154	1.146.707	9.022
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	491.216	-	4.152	-	-	190.671	-	-	-

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

**I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

	31 December 2014								
	Consolidated - Risk Weights								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
<b>Credit Risk Based Amount</b>	<b>4.547.568</b>	-	<b>1.647.073</b>	<b>2.417.241</b>	<b>5.903.827</b>	<b>12.344.389</b>	<b>1.526.447</b>	<b>1.559.001</b>	<b>525</b>
<b>Risk Classes</b>									
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 September 2015								
	The Parent Bank's - Risk Weights								
	0%	10%	20%	50%	75%	100%	150%	200%	250%
<b>Credit Risk Based Amount</b>	<b>4.321.232</b>	-	<b>1.961.124</b>	<b>4.228.464</b>	<b>5.630.085</b>	<b>15.029.884</b>	<b>1.470.764</b>	<b>1.146.707</b>	<b>9.022</b>
<b>Risk Classes</b>									
Claims on sovereigns and Central Banks	3.536.289	-	-	598.369	-	-	145.153	-	-
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	6.411	-	1.956.972	1.894.420	-	170.747	13.458	-	-
Claims on corporates	132.075	-	-	-	-	13.587.680	-	-	-
Claims included in the regulatory retail portfolios	85.492	-	-	-	5.630.085	678.841	-	-	-
Claims secured by residential property	-	-	-	1.728.186	-	-	-	-	-
Past due loan	620	-	-	7.489	-	373.370	121.999	-	-
Higher risk categories decided by the Board	69.129	-	-	-	-	-	1.190.154	1.146.707	9.022
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	491.216	-	4.152	-	-	219.246	-	-	-

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

**I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

	31 December 2014								
	0%	10%	20%	The Parent Bank's - Risk Weights			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
<b>Risk Classes</b>									
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 30 September 2015 Consolidated	Current Period 30 September 2015 The Parent Bank's
Capital obligation for credit risk (Amount subject to credit risk * 0,08) (I)	2.102.387	2.102.481
Capital obligation for market risk (II)	145.103	145.011
Capital obligation for operational risk (III)	264.622	259.888
<b>Shareholders' Equity</b>	<b>4.408.464</b>	<b>4.357.614</b>
<b>Shareholders' Equity / ((I+II+III)*12,5*100)</b>	<b>14,04</b>	<b>13,90</b>
<b>Core Capital/((I+II+III) *12,5*100)</b>	<b>8,78</b>	<b>8,63</b>
<b>Tier I Capital/(( I+II+III) *12,5*100)</b>	<b>8,78</b>	<b>8,63</b>

	Prior Period 31 December 2014 Consolidated	Prior Period 31 December 2014 The Parent Bank's
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
<b>Shareholders' Equity</b>	<b>4.257.739</b>	<b>4.207.903</b>
<b>Shareholders' Equity / ((I+II+III)*12,5*100)</b>	<b>15,25</b>	<b>15,07</b>
<b>Core Capital/((I+II+III) *12,5*100)</b>	<b>10,42</b>	<b>10,24</b>
<b>Tier I Capital/(( I+II+III) *12,5*100)</b>	<b>10,42</b>	<b>10,24</b>

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

**I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

**e. Information about shareholders’ equity items:**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>TIER I CAPITAL</b>		
Paid-in Capital to be Entitled for Compensation after All Creditors	652.290	652.290
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	2.161.813	2.387.361
Other Comprehensive Income according to TAS	-	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	-	-
<b>Tier I Capital Before Deductions</b>	<b>2.814.103</b>	<b>3.045.163</b>
<b>Deductions From Tier I Capital</b>		
Current and Prior Periods’ Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	9.217	-
Leasehold Improvements on Operational Leases (-)	14.967	18.345
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	34.381	117.216
Net Deferred tax assets / liabilities (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Investments in own common equity (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deduction (-)	-	-
<b>Total regulatory adjustments to Tier I capital</b>	<b>58.565</b>	<b>135.561</b>
<b>Tier I capital</b>	<b>2.755.538</b>	<b>2.909.602</b>
<b>ADDITIONAL CORE CAPITAL</b>		
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)	-	-
<b>Additional Core Capital before Deductions</b>	-	-
<b>Deductions from Additional Core Capital</b>		
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 (-)	-	-
<b>Total Deductions from Additional Core Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Core Capital</b>	<b>-</b>	<b>-</b>

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

**I. EXPLANATIONS ON CONSOLIDATED CAPITAL ADEQUACY RATIO (Continued)**

	Current Period 30 September 2015	Prior Period 31 December 2014
<b>Deductions from Core Capital</b>		
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 (-)	-	-
<b>Total Core Capital</b>	<b>2.755.538</b>	<b>2.909.602</b>
<b>TIER II CAPITAL</b>		
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)	1.358.143	1.072.643
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-	-
General Provisions	328.498	296.491
<b>Tier II Capital before Deductions</b>	<b>1.686.641</b>	<b>1.369.134</b>
<b>Deductions from Tier II Capital</b>		
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 (-)	28.043	11.950
<b>Total Deductions from Tier II Capital</b>	<b>28.043</b>	<b>11.950</b>
<b>Total Tier II Capital</b>	<b>1.658.598</b>	<b>1.357.184</b>
<b>CAPITAL</b>	<b>4.414.136</b>	<b>4.266.786</b>
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	139	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 (-)	135	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 (-)	5.398	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 (-)	-	-
<b>EQUITY</b>	<b>4.408.464</b>	<b>4.257.739</b>
<b>Amounts lower than Excesses as per Deduction Rules</b>		
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”.

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

---

**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 448.945 (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 Bank’s Board of Directors for market risk, the methods used for measuring market risk and time intervals for measurement of market risk:**

The Parent Bank’s 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.

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

**III. EXPLANATIONS ON CONSOLIDATED MARKET RISK (Continued)**

**b. Information on Consolidated Market Risk:**

	<b>30 September 2015</b>	<b>31 December 2014</b>
	<b>Amount</b>	<b>Amount</b>
(I) Capital obligation for General Market Risk - Standard Method	30.815	19.920
(II) Capital obligation for Specific Risk - Standard Method	3.073	1.383
Capital obligation for specific risk in securitisation positions- Standard Method	-	-
(III) Capital obligation for Currency Risk - Standard Method	41.407	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	378	54
(VII) Capital obligation for counterparty credit risk - Standard Method	69.430	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)	145.103	82.600
<b>(X) Amount Subject to Market Risk (12,5xVIII) or (12,5xVII)</b>	<b>1.813.788</b>	<b>1.032.500</b>

**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.

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

**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 Bank’s 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:

<b>Current Period - 30 September 2015</b>	<b>USD (\$)</b>	<b>Euro (€)</b>
<b>Balance Sheet Date</b>		
<b>Parent Bank’s Evaluation Rate</b>	<b>3,0300</b>	<b>3,3894</b>
29 September 2015	3,0368	3,4113
28 September 2015	3,0510	3,4067
23 September 2015	3,0310	3,3872
22 September 2015	3,0274	3,3760
21 September 2015	2,9936	3,3675

**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 September 2015 The Parent Bank’s simple arithmetic average foreign exchange rates for USD is TL 3,0145 (December 2014: TL 2,2974) and exchange rates for Euro TL 3,3846 (December 2014: TL 2,8290).

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

**V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued)**

**f. Information related to Group’s Currency Risk:**

<b>Current Period - 30 September 2015</b>	<b>EURO</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash Equivalents and Central Bank	842.597	2.124.982	681.552	3.649.131
Banks	918.413	1.916.857	43.518	2.878.788
Financial Assets at Fair Value through Profit or Loss (Net)	181.398	94.362	21.453	297.213
Interbank Money Market Placements	315.191	-	-	315.191
Available-for-sale Financial Assets (Net)	-	-	-	-
Loans (*)	5.353.906	4.503.091	71.718	9.928.715
Investments in Associates, Subsidiaries and Joint Ventures (Business Partners)	-	-	-	-
Held-to-maturity Investments (Net)	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets (**)	129.098	11.921	3.200	144.219
<b>Total Assets</b>	<b>7.740.603</b>	<b>8.651.213</b>	<b>821.441</b>	<b>17.213.257</b>
<b>Liabilities</b>				
Bank Deposits	218	106.608	40	106.866
Foreign Currency Deposits	2.942.280	6.439.993	1.097.221	10.479.494
Funds from Interbank Money Market	-	-	-	-
Borrowings	2.805.777	3.319.137	5.183	6.130.097
Issued Marketable Securities (Net)	-	-	-	-
Miscellaneous Payables	271.806	4.943	213	276.962
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	328.353	439.652	86.217	854.222
<b>Total Liabilities</b>	<b>6.348.434</b>	<b>10.310.333</b>	<b>1.188.874</b>	<b>17.847.641</b>
<b>Net on Balance Sheet Position</b>	<b>1.392.169</b>	<b>(1.659.120)</b>	<b>(367.433)</b>	<b>(634.384)</b>
<b>Net Off-Balance Sheet Position</b>				
	<b>(1.555.917)</b>	<b>1.292.462</b>	<b>739.612</b>	<b>476.157</b>
Financial Derivative Assets	9.126.765	13.775.814	1.629.647	24.532.226
Financial Derivative Liabilities	10.682.682	12.483.352	890.035	24.056.069
Non-cash Loans	529.127	1.678.723	52.025	2.259.875
<b>Prior Period - 31 December 2014</b>				
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
<b>Net on-Balance Sheet Position</b>	<b>(582.274)</b>	<b>(4.106.185)</b>	<b>(397.010)</b>	<b>(5.085.469)</b>
<b>Net off-Balance Sheet Position</b>	<b>578.245</b>	<b>3.776.662</b>	<b>691.567</b>	<b>5.046.474</b>
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 September 2015, loans consists of foreign indexed loans amounting to TL 2.667.999 (31 December 2014: TL 1.951.429) and foreign factoring receivables amounting to TL 40.970 (31 December 2014: TL 15.793).

(\*\*) As of 30 September 2015, other assets do not consist of prepaid expenses amounting to TL 1.078 (31 December 2014: TL 79).

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

**V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued)**

As of 30 September 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:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>30 September 2015</b>		<b>31 December 2014</b>	
	<b>Income Statement</b>	<b>Equity (*)</b>	<b>Income Statement</b>	<b>Equity (*)</b>
USD	(36.666)	(36.666)	(32.952)	(32.952)
Euro	(16.375)	(16.375)	(403)	(403)
Other	37.218	37.218	29.456	29.456
<b>Total</b>	<b>(15.823)</b>	<b>(15.823)</b>	<b>(3.899)</b>	<b>(3.899)</b>

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

As of 30 September 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.

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

**VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK**

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

<b>Current Period - 30 September 2015</b>	<b>Up to 1 Month</b>	<b>1 - 3 Months</b>	<b>3 - 12 Months</b>	<b>1 - 5 Years</b>	<b>5 Years and Over</b>	<b>Demand</b>	<b>Total</b>
<b>Assets</b>							
Cash Equivalents and Central Bank	2.873.471	-	-	-	-	1.065.139	3.938.610
Banks	2.759.106	18.551	-	-	-	183.331	2.960.988
Financial Assets at Fair Value Through Profit or Loss (Net)	727.815	554.509	984.708	307.200	9.027	7.349	2.590.608
Interbank Money Market Placements	315.191	-	-	-	-	-	315.191
Financial Assets Available-for-Sale (Net)	33.221	-	101	174.536	139	4.385	212.382
Loans (*)	8.120.343	1.236.938	5.036.978	6.290.065	1.149.815	480.783	22.314.922
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-
Other Assets	15.901	15.485	-	-	-	533.534	564.920
<b>Total Assets</b>	<b>14.845.048</b>	<b>1.825.483</b>	<b>6.021.787</b>	<b>6.771.801</b>	<b>1.158.981</b>	<b>2.274.521</b>	<b>32.897.621</b>
<b>Liabilities</b>							
Bank Deposits	218.390	-	-	-	-	40.530	258.920
Other deposits	13.448.421	2.048.209	270.369	4.777	-	3.802.171	19.573.947
Funds from Interbank Money Market	700.001	-	-	-	-	-	700.001
Miscellaneous Payables	-	-	-	-	-	669.606	669.606
Issued Marketable Securities (Net)	-	-	-	-	-	-	-
Funds Borrowed	778.133	4.541.635	1.463.908	203.056	-	7.327	6.994.059
Other Liabilities (**)	168.603	190.160	264.032	764.647	1.669	3.311.977	4.701.088
<b>Total Liabilities</b>	<b>15.313.548</b>	<b>6.780.004</b>	<b>1,998.309</b>	<b>972.480</b>	<b>1.669</b>	<b>7.831.611</b>	<b>32.897.621</b>
Balance Sheet Long Position	-	-	4.023.478	5.799.321	1.157.312	-	10.980.111
Balance Sheet Short Position	(468.500)	(4.954.521)	-	-	-	(5.557.090)	(10.980.111)
Off Balance Sheet Long Position	37.865	346.481	190.751	139.855	142	-	715.094
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(430.635)</b>	<b>(4.608.040)</b>	<b>4.214.229</b>	<b>5.939.176</b>	<b>1.157.454</b>	<b>(5.557.090)</b>	<b>715.094</b>

(\*) Loans consist of factoring transactions amounting to TL 254.168.

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

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

**VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)**

<b>Prior Period - 31 December 2014</b>	<b>Up to 1 Month</b>	<b>1 - 3 Months</b>	<b>3 - 12 Months</b>	<b>1 - 5 Years</b>	<b>5 Years and Over</b>	<b>Demand</b>	<b>Total</b>
<b>Assets</b>							
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
<b>Total Assets</b>	<b>17.995.615</b>	<b>4.251.337</b>	<b>4.181.138</b>	<b>3.982.780</b>	<b>1.189.844</b>	<b>2.262.269</b>	<b>33.862.983</b>
<b>Liabilities</b>							
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
<b>Total Liabilities</b>	<b>18.560.804</b>	<b>4.251.302</b>	<b>2.805.736</b>	<b>904.344</b>	<b>40.932</b>	<b>7.299.865</b>	<b>33.862.983</b>
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)
<b>Total Position</b>	<b>(555.569)</b>	<b>(35.052)</b>	<b>1.432.794</b>	<b>3.085.266</b>	<b>1.148.912</b>	<b>(5.037.596)</b>	<b>38.755</b>

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

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

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

**VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued)**

**b. Effective average interest rates for monetary financial instruments:**

<b>Current Period - 30 September 2015</b>	<b>Euro</b>	<b>US Dollar</b>	<b>Yen</b>	<b>TL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Cash Equivalents and Central Bank	-	0,22	-	2,46
Banks	-	0,14	-	10,05
Financial Assets at Fair Value Through Profit or Loss (Net)	4,80	6,51	-	9,42
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale (Net)	-	-	-	8,78
Loans	3,52	3,54	-	13,83
<b>Liabilities</b>				
Bank Deposits	-	0,01	-	9,88
Other Deposits	0,97	1,48	1,23	10,11
Funds From Interbank Money Market	-	-	-	7,50
Funds Borrowed	1,84	2,92	-	12,37
<b>Prior Period - 31 December 2014</b>	<b>Euro</b>	<b>US Dollar</b>	<b>Yen</b>	<b>TL</b>
<b>Assets</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
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
<b>Liabilities</b>				
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

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

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

<b>30 September 2015</b>	<b>Shocks Applied (+/- x basis point)</b>	<b>Gains / Losses</b>	<b>Gains / Equity - Losses / Equity</b>
Type of Currency			
1. TRY	500	(286.648)	(6,58)%
2. TRY	(400)	288.366	6,62%
3. EURO	200	(86.971)	(2,00)%
4. EURO	(200)	4.762	0,11%
5. USD	200	(75.913)	(1,74)%
6. USD	(200)	47.149	1,08%
<b>Total (of negative shocks)</b>		<b>340.277</b>	<b>7,81%</b>
<b>Total (of positive shocks)</b>		<b>(449.532)</b>	<b>(10,32)%</b>

<b>31 December 2014</b>	<b>Shocks Applied (+/- x basis point)</b>	<b>Gains / Losses</b>	<b>Gains / Equity - Losses / Equity</b>
Type of Currency			
1. TRY	500	(317.579)	(7,55)%
2. TRY	(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)%
<b>Total (of negative shocks)</b>		<b>243.522</b>	<b>5,79%</b>
<b>Total (of positive shocks)</b>		<b>(171.671)</b>	<b>(4,09)%</b>

**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.

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

---

**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK**

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

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

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

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

**VII. EXPLANATIONS ON CONSOLIDATED LIQUIDTY RISK (Continued)**

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

<b>Current Period - 30 September 2015</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1 - 3 Months</b>	<b>3 - 12 Months</b>	<b>1 - 5 Years</b>	<b>5 Years and Over</b>	<b>Unallocated</b>	<b>Total</b>
<b>Assets</b>								
Cash Equivalents and Central Bank	986.138	2.952.472	-	-	-	-	-	3.938.610
Banks	183.331	2.759.106	18.551	-	-	-	-	2.960.988
Financial Assets at Fair Value through Profit or Loss (Net)	7.349	671.507	288.697	1.056.688	496.215	70.152	-	2.590.608
Interbank Money Market Placements	-	315.191	-	-	-	-	-	315.191
Financial Assets Available-for-Sale (Net)	-	33.221	-	101	174.536	139	4.385	212.382
Loans (*)	-	5.354.477	2.804.094	6.012.017	6.489.486	1.174.065	480.783	22.314.922
Investments Held-to-Maturity (Net)	-	-	-	-	-	-	-	-
Other Assets (**)	-	123.547	-	10.573	195.664	-	235.136	564.920
<b>Total Assets</b>	<b>1.176.818</b>	<b>12.209.521</b>	<b>3.111.342</b>	<b>7.079.379</b>	<b>7.355.901</b>	<b>1.244.356</b>	<b>720.304</b>	<b>32.897.621</b>
<b>Liabilities</b>								
Bank Deposits	40.530	218.390	-	-	-	-	-	258.920
Other Deposits	3.802.171	13.448.421	2.048.209	270.369	4.777	-	-	19.573.947
Funds Borrowed	7.327	19.446	276.353	1.040.600	4.246.110	1.404.223	-	6.994.059
Funds from Interbank Money Market	-	700.001	-	-	-	-	-	700.001
Issued Marketable Securities (Net)	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	527.140	81.960	58.507	1.243	-	756	669.606
Other Liabilities (***)	-	146.377	139.819	348.667	706.909	47.339	3.311.977	4.701.088
<b>Total Liabilities</b>	<b>3.850.028</b>	<b>15.059.775</b>	<b>2.546.341</b>	<b>1.718.143</b>	<b>4.959.039</b>	<b>1.451.562</b>	<b>3.312.733</b>	<b>32.897.621</b>
<b>Net Liquidity Gap</b>	<b>(2.673.210)</b>	<b>(2.850.254)</b>	<b>565.001</b>	<b>5.361.236</b>	<b>2.396.862</b>	<b>(207.206)</b>	<b>(2.592.429)</b>	<b>-</b>
<b>Prior Period - 31 December 2014</b>								
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
<b>Net Liquidity Gap</b>	<b>(2.443.931)</b>	<b>(1.103.480)</b>	<b>990.529</b>	<b>638.234</b>	<b>4.246.978</b>	<b>495.035</b>	<b>(2.823.365)</b>	<b>-</b>

(\*) As of 30 September 2015, loans include the factoring receivables amounting to TL 254.168. (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.

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

**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.

<b>Risk Classifications- 30 September 2015</b>	<b>Balance</b>	<b>Financial Guarantees</b>	<b>Other/Physical Guarantees</b>	<b>Guarantees And Credit Derivatives</b>
Conditional and unconditional receivables from central governments or central banks	4.280.118	-	-	-
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	4.398.514	-	-	-
Conditional and unconditional receivables from Corporates	14.956.378	144.840	-	-
Conditional and unconditional retail receivables	11.909.706	97.710	-	-
Conditional and unconditional receivables secured by Mortgages	1.756.507	-	-	-
Past due receivables	503.478	620	-	-
Receivables defined in high risk category by BRSA	2.415.028	69.129	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other receivables	686.034	-	-	-
<b>Total</b>	<b>40.905.763</b>	<b>312.299</b>	<b>-</b>	<b>-</b>

<b>Risk Classifications- 31 December 2014</b>	<b>Balance</b>	<b>Financial Guarantees</b>	<b>Other/Physical Guarantees</b>	<b>Guarantees And Credit Derivatives</b>
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	-	-	-
<b>Total</b>	<b>37.719.594</b>	<b>378.600</b>	<b>-</b>	<b>-</b>

**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.

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

**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.

	<b>Retail Banking</b>	<b>Corporate And Investment Banking</b>	<b>Treasury and Capital Markets</b>	<b>Other</b>	<b>Group’s Total Activities</b>
<b>Current Period – 30 September 2015</b>					
Operating Income	866.628	381.179	216.038	-	1.463.845
Other	-	-	-	-	-
<b>Operating Income</b>	<b>866.628</b>	<b>381.179</b>	<b>216.038</b>	<b>-</b>	<b>1.463.845</b>
Segment Net Profit	-	-	-	-	-
Undistributed Cost	-	-	-	-	-
Operating Profit	(377.928)	44.486	174.716	(12.527)	(171.253)
Income from Subsidiaries	2.289	-	-	-	2.289
<b>Profit before Tax</b>	<b>(375.639)</b>	<b>44.486</b>	<b>174.716</b>	<b>(12.527)</b>	<b>(168.964)</b>
Corporate Tax Provision(*)	-	-	-	(56.716)	(56.716)
<b>Profit after Tax</b>	<b>(375.639)</b>	<b>44.486</b>	<b>174.716</b>	<b>(69.243)</b>	<b>(225.680)</b>
Non-Controlling Interest	-	-	-	-	-
<b>Net Profit for the Period</b>	<b>(375.639)</b>	<b>44.486</b>	<b>174.716</b>	<b>(69.243)</b>	<b>(225.680)</b>
Segment Assets	8.587.489	14.675.007	9.634.855	-	32.897.351
Associates and Subsidiaries	-	-	-	270	270
Undistributed Assets	-	-	-	-	-
<b>Total Assets</b>	<b>8.587.489</b>	<b>14.675.007</b>	<b>9.634.855</b>	<b>270</b>	<b>32.897.621</b>
Segment Liabilities	19.187.662	5.703.762	8.006.197	-	32.897.621
Undistributed Liabilities	-	-	-	-	-
<b>Total Liabilities</b>	<b>19.187.662</b>	<b>5.703.762</b>	<b>8.006.197</b>	<b>-</b>	<b>32.897.621</b>
<b>Other Segment Items</b>	<b>383.937</b>	<b>(7.291)</b>	<b>(5.238)</b>	<b>-</b>	<b>371.408</b>
Capital Investment	-	-	-	-	-
Amortization	(32.727)	(7.291)	(2.416)	-	(42.434)
Impairment	-	-	(2.822)	-	(2.822)
Non-Cash Other Income-Expense(**)	416.663	-	-	-	416.663

(\*) Corporate tax provision is not distributed.

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

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

**X. EXPLANATIONS ON OPERATING SEGMENTS (Continued)**

	<b>Retail Banking</b>	<b>Corporate And Investment Banking</b>	<b>Treasury and Capital Markets</b>	<b>Other</b>	<b>Group’s Total Activities</b>
<b>Prior Period – 31 December 2014</b>					
Operating Income (**)	884.916	373.609	145.669	-	1.404.194
Other(**)	-	-	-	-	-
<b>Operating Income(**)</b>	<b>884.916</b>	<b>373.609</b>	<b>145.669</b>	-	<b>1.404.194</b>
Segment Net Profit (**)	-	-	-	-	-
Undistributed Cost(**)	-	-	-	-	-
Operating Profit(**)	(204.670)	70.637	90.970	-	(43.063)
<b>Profit before Tax(**)</b>	<b>(204.670)</b>	<b>70.637</b>	<b>90.970</b>	-	<b>(43.063)</b>
Corporate Tax Provision(*)(**)	-	-	-	(11.582)	(11.582)
<b>Profit after Tax(**)</b>	<b>(204.670)</b>	<b>70.637</b>	<b>90.970</b>	<b>(11.582)</b>	<b>(54.645)</b>
Non-Controlling Interest(**)	-	-	-	-	-
<b>Net Profit for the Period(**)</b>	<b>(204.670)</b>	<b>70.637</b>	<b>90.970</b>	<b>(11.582)</b>	<b>(54.645)</b>
Segment Assets	9.195.473	11.450.640	13.216.600	-	33.862.713
Associates and Subsidiaries	-	-	-	270	270
Undistributed Assets	-	-	-	-	-
<b>Total Assets</b>	<b>9.195.473</b>	<b>11.450.640</b>	<b>13.216.600</b>	<b>270</b>	<b>33.862.983</b>
Segment Liabilities	18.837.321	5.399.811	9.625.851	-	33.862.983
Undistributed Liabilities	-	-	-	-	-
<b>Total Liabilities</b>	<b>18.837.321</b>	<b>5.399.811</b>	<b>9.625.851</b>	-	<b>33.862.983</b>
<b>Other Segment Items (**)</b>	<b>(107.744)</b>	<b>(5.651)</b>	<b>(4.792)</b>	-	<b>(118.187)</b>
Capital Investment	-	-	-	-	-
Amortization	(29.264)	(5.651)	(2.032)	-	(36.947)
Impairment	-	-	(2.760)	-	(2.760)
Non-Cash Other Income-Expense (***)	(78.480)	-	-	-	(78.480)

(\*) Corporate tax provision is not distributed.

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

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

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

**SECTION FIVE**

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

**I. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED ASSETS**

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

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

	Current Period 30 September 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Cash/Foreign Currency	258.478	217.941	221.235	127.391
The CBRT	27.016	3.416.226	676.346	2.468.449
Other (*)	3.985	14.964	-	12.237
<b>Total</b>	<b>289.479</b>	<b>3.649.131</b>	<b>897.581</b>	<b>2.608.077</b>

(\*) As of 30 September 2015, account of Precious Metal is amounting to TL 14.797, Money in Transit is amounting to TL 4.152 (31 December 2014: Precious metal TL 12.237, Money in Transit: None).

**2. Information related to the account of the CBRT:**

	Current Period 30 September 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Unrestricted Demand Deposit	27.016	463.754	676.346	10
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Requirements	-	2.952.472	-	2.468.439
<b>Total</b>	<b>27.016</b>	<b>3.416.226</b>	<b>676.346</b>	<b>2.468.449</b>

**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 September 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.

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

**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:**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2015</b>	<b>31 December 2014</b>
Collateral/Blocked	89.604	38.181
Repurchase Agreement	545.999	269.808
Unrestricted	806.455	85.342
<b>Total</b>	<b>1.442.058</b>	<b>393.331</b>

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>30 September 2015</b>		<b>31 December 2014</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Forward Transactions	185.350	22.116	12.599	36.524
Swap Transactions	675.343	156.309	450.998	101.905
Futures Transactions	-	-	-	-
Options	-	109.432	-	16.256
Other	-	-	-	-
<b>Total</b>	<b>860.693</b>	<b>287.857</b>	<b>463.597</b>	<b>154.685</b>

**c. Information on banks:**

**1. Information on banks and other financial institutions:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>30 September 2015</b>		<b>31 December 2014</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Banks</b>				
Domestic	24.738	1.325.666	930.085	466.957
Foreign	57.462	1.553.122	84.749	391.535
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>82.200</b>	<b>2.878.788</b>	<b>1.014.834</b>	<b>858.492</b>

**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:**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2015</b>	<b>31 December 2014</b>
Collateral/Blocked	6.448	392.104
Repurchase Agreement	149.003	125.789
Unrestricted	56.931	12.356
<b>Total</b>	<b>212.382</b>	<b>530.249</b>

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

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

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

	Current Period 30 September 2015	Prior Period 31 December 2014
<b>Debt Securities</b>	<b>213.324</b>	<b>527.324</b>
Quoted to Stock Exchange	213.324	527.324
Not Quoted	-	-
<b>Share Certificate</b>	<b>4.385</b>	<b>4.385</b>
Quoted to Stock Exchange	-	-
Not Quoted (*)	4.385	4.385
<b>Impairment Provision (-)</b>	<b>5.327</b>	<b>1.300</b>
<b>Total</b>	<b>212.382</b>	<b>530.409</b>

(\*) 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 September 2015		Prior Period 31 December 2014	
	Cash	Non-cash	Cash	Non-cash
<b>Direct Loans Granted to Shareholders</b>	-	<b>218.229</b>	<b>85</b>	<b>171.562</b>
Corporate Shareholders	-	218.229	85	171.562
Real Person Shareholders	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	<b>22.085</b>	<b>398.196</b>	<b>3.879</b>	<b>415.922</b>
<b>Loans Granted to Employees</b>	<b>23.348</b>	-	<b>26.518</b>	-
<b>Total</b>	<b>45.433</b>	<b>616.425</b>	<b>30.482</b>	<b>587.484</b>

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

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

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

	Standard Loans and Other Receivables			Loans and Other Receivables under Close Monitoring		
	Loans and Other Receivables	Agreement Terms Modified	Other	Loans and Other Receivables	Agreement Terms Modified	Other
		Extensions		Extensions		
<b>Non-specialised Loans</b>	<b>20.399.653</b>	<b>767.789</b>	-	<b>551.191</b>	<b>115.506</b>	-
Commercial Loans	9.937.972	651.362	-	187.655	82.853	-
Export Loans	1.533.162	65.439	-	11.535	673	-
Import Loans	-	-	-	-	-	-
Loans Granted to Financial Sector	231.387	-	-	-	-	-
Consumer Loans	4.275.006	21.486	-	118.734	28.454	-
Credit Cards	3.136.734	-	-	195.245	-	-
Other (*)	1.285.392	29.502	-	38.022	3.526	-
<b>Specialised Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>20.399.653</b>	<b>767.789</b>	-	<b>551.191</b>	<b>115.506</b>	-

(\*) Includes the factoring receivables amounting to TL 254.168 (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	742.264	115.506
Extended by 3, 4 or 5 times	25.525	-
Extended by more than 5 times	-	-
<b>Total</b>	<b>767.789</b>	<b>115.506</b>

Extended period of time	Standard Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
0 – 6 Months	68.479	4.895
6 – 12 Months	257.798	7.286
1 – 2 Years	134.471	28.152
2 – 5 Years	254.925	55.802
5 Years or More	52.116	19.371
<b>Total</b>	<b>767.789</b>	<b>115.506</b>

**3. Breakdown of loans according to their maturities:**

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

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

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

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

	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Consumer Loans-TL</b>	<b>88.291</b>	<b>3.987.636</b>	<b>4.075.927</b>
Mortgage Loans	360	1.291.303	1.291.663
Automotive Loans	181	6.696	6.877
Consumer Loans	87.750	2.689.637	2.777.387
Other	-	-	-
<b>Consumer Loans- Indexed to FC</b>	<b>-</b>	<b>4.382</b>	<b>4.382</b>
Mortgage Loans	-	4.342	4.342
Automotive Loans	-	-	-
Consumer Loans	-	40	40
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-TL</b>	<b>3.233.780</b>	<b>66.986</b>	<b>3.300.766</b>
Instalment	1.192.661	66.986	1.259.647
None Instalment	2.041.119	-	2.041.119
<b>Individual Credit Cards-FC</b>	<b>8.380</b>	<b>-</b>	<b>8.380</b>
Instalment	-	-	-
None Instalment	8.380	-	8.380
<b>Personnel Loans-TL</b>	<b>1.214</b>	<b>14.829</b>	<b>16.043</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	1.214	14.829	16.043
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>7.277</b>	<b>-</b>	<b>7.277</b>
Instalment	2.976	-	2.976
None Instalment	4.301	-	4.301
<b>Personnel Credit Cards-FC</b>	<b>28</b>	<b>-</b>	<b>28</b>
With Instalment	-	-	-
Without Instalment	28	-	28
<b>Overdraft Account-TL (Individual)</b>	<b>347.328</b>	<b>-</b>	<b>347.328</b>
<b>Overdraft Account-FC (Individual)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Consumer Loans</b>	<b>3.686.298</b>	<b>4.073.833</b>	<b>7.760.131</b>

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

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

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

	<b>Short-term</b>	<b>Medium and Long-term</b>	<b>Total</b>
<b>Commercial Instalment Loans-TL</b>	<b>50.346</b>	<b>541.654</b>	<b>592.000</b>
Mortgage Loans	-	5.290	5.290
Automotive Loans	78	3.765	3.843
Consumer Loans	50.268	532.599	582.867
Other	-	-	-
<b>Commercial Instalment Loans- Indexed to FC</b>	<b>20.167</b>	<b>351.844</b>	<b>372.011</b>
Mortgage Loans	-	11.292	11.292
Automotive Loans	71	13.096	13.167
Consumer Loans	20.096	327.456	347.552
Other	-	-	-
<b>Commercial Instalment Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	<b>14.861</b>	<b>1</b>	<b>14.862</b>
Instalment	4.021	1	4.022
None Instalment	10.840	-	10.840
<b>Corporate Credit Cards-FC</b>	<b>666</b>	<b>-</b>	<b>666</b>
With Instalment	-	-	-
None Instalment	666	-	666
<b>Overdraft Account-TL (Commercial)</b>	<b>50.774</b>	<b>-</b>	<b>50.774</b>
<b>Overdraft Account-FC (Commercial)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>136.814</b>	<b>893.499</b>	<b>1.030.313</b>

**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:**

	<b>Current Period 30 September 2015</b>	<b>Prior Period 31 December 2014</b>
Domestic Loans	21.275.675	18.647.875
Foreign Loans	558.464	388.878
<b>Total (*)</b>	<b>21.834.139</b>	<b>19.036.753</b>

(\*) Includes the factoring receivables amounting to TL 254.168 (31 December 2014: TL 178.305).

**8. Loans granted to investments in associates and subsidiaries:**

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

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

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

**9. Specific provisions for loans:**

	Current Period 30 September 2015	Prior Period 31 December 2014
Loans and Receivables with Limited Collectability	35.516	41.785
Loans and Receivables with Doubtful Collectability	151.274	143.213
Uncollectible Loans and Receivables	477.061	577.949
<b>Total</b>	<b>663.851</b>	<b>762.947</b>

**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
<b>Current Period: 30 September 2015</b> (Gross Amounts Before Specific Provisions)	<b>2.578</b>	<b>3.103</b>	<b>16.631</b>
Restructured Loans and Other Receivables	2.578	3.103	16.631
Rescheduled Loans and Other Receivables	-	-	-
<b>Prior Period: 31 December 2014</b> (Gross Amounts Before Specific Provisions)	<b>1.732</b>	<b>1.863</b>	<b>16.610</b>
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
<b>Balance at the end of the Prior Period: 31 December 2014</b>	<b>261.417</b>	<b>311.020</b>	<b>668.183</b>
Additions (+)	540.084	1.965	11.171
Transfers from Other Categories of Non-Performing Loans (+)	2.892	566.305	434.131
Transfers to Other Categories of Non-Performing Loans (-)	565.889	434.678	2.761
Collections (-)	38.299	62.380	64.976
Write-offs (*) (-)	22	29.253	454.276
Corporate and Commercial Loans	-	-	32.426
Retail Loans	2	9.637	119.566
Credit Cards	20	19.616	302.284
Other	-	-	-
<b>Balance at the End of the Period: 30 September 2015</b>	<b>200.183</b>	<b>352.979</b>	<b>591.472</b>
Specific Provisions (-)	35.516	151.274	477.061
<b>Net Balance on Balance Sheet</b>	<b>164.667</b>	<b>201.705</b>	<b>114.411</b>

(\*) The Parent Bank has concluded the sale of non-performing consumer loans and credit cards amounting to TL 450.714 for TL 57.200 in 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 SEPTEMBER 2015**  
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

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

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
<b>Current Period: 30 September 2015</b>			
Balance at the End of the Period	-	-	352
Specific Provisions (-)	-	-	118
<b>Net Balance on Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>234</b>
<b>Prior Period: 31 December 2014</b>			
Balance at the End of the Period	-	-	423
Specific Provisions (-)	-	-	130
<b>Net Balance on Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>293</b>

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
<b>Current Period (Net): : 30 September 2015</b>			
Loans granted to corporate entities and real persons (Gross)	200.183	352.979	591.472
Specific Provisions Amount (-)	35.516	151.274	477.061
Loans granted to corporate entities and real persons (Net)	164.667	201.705	114.411
Banks (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Advances (Gross)	-	-	-
Specific Provisions Amount (-)	-	-	-
Other Loans and Advances (Net)	-	-	-
<b>Prior Period (Net): 31 December 2014</b>			
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.

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

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

**12. Explanations on the write-off policy of :**

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

**f. Held-to-maturity Investments:**

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

As of 30 September 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 September 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 September 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 September 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 September 2015 and 31 December 2014.

**h. Information on subsidiaries (Net):**

**1. Information on unconsolidated/subsidiaries:**

**a) Unconsolidated subsidiaries:**

	<b>Title</b>	<b>Address (City/Country)</b>	<b>The Parent Bank's share percentage – If different voting percentage (%)</b>	<b>Bank's risk group share percentage (%)</b>
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

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

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit / Loss(**)	Fair Value
1	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.	Esentepe 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	100.641	86.616	1.994	5.374	1.521	17.323	16.879	-

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

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

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

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

**3. Movement schedule of the consolidated subsidiaries:**

	Current Period 30 September 2015	Prior Period 31 December 2014
<b>Balance at the Beginning of the Period</b>	<b>34.753</b>	<b>34.753</b>
<b>Movements During the Period</b>		
Purchases	-	-
Bonus Shares and Contributions to Capital	-	-
Dividends From Current Year Profit	-	-
Sales/Liquidation	-	-
Revaluation Increase	-	-
Increase /decrease of valuation	-	-
<b>Balance at the End of the Period</b>	<b>34.753</b>	<b>34.753</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</b>
<b>Share Percentage at the End of the Period (%)</b>	<b>99,87</b>	<b>99,87</b>

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

<b>Subsidiaries</b>	Current Period 30 September 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 September 2015 and 31 December 2014.

**i. Information on jointly controlled entities:**

- The Group has no jointly controlled entities as of 30 September 2015 and 31 December 2014.
- As of 30 September 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 September 2015 and 31 December 2014, the Group has no finance lease.

**k. Explanations on hedging derivative financial assets:**

	Current Period 30 September 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Fair Value Hedge	-	-	-	-
Cash Flow Hedge	31.386	-	36.299	-
Foreign Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>31.386</b>	<b>-</b>	<b>36.299</b>	<b>-</b>

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

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

**l. Explanations on property and equipment:**

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

**m. Explanations on intangible assets:**

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

**n. Explanations on the investment properties:**

As of 30 September 2015 and 31 December 2014, the Group has no investment properties.

**o. Explanations on deferred tax asset:**

The Parent Bank’s deferred tax assets as of 30 September 2015 are explained in Note XVIII of Section Three.

As of 30 September 2015, deferred tax asset of the Group is TL 835 (31 December 2014: TL 46.980).

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

As of 30 September 2015, assets held for sale of the Group is TL 3.078 (31 December 2014: TL 3.179).

**q. Information on other assets:**

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

<b>Subsidiaries</b>	<b>Current Period 30 September 2015</b>	<b>Prior Period 31 December 2014</b>
Debited Suspence Accounts	149.243	106.066
Miscellaneous Receivables	134.898	7.661
Prepaid expenses	65.106	61.563
Other Rediscount Income	16.956	18.420
Other Assets	4.791	4.974
<b>Total</b>	<b>370.994</b>	<b>198.684</b>

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

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

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

**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 September 2015:**

	<b>Demand</b>	<b>With 7 Days Maturity</b>	<b>Up to 1 Month</b>	<b>1 - 3 Months</b>	<b>3 - 6 Months</b>	<b>6 Months -1 Year</b>	<b>1 Year and Over</b>	<b>Cumulative Deposit</b>	<b>Total</b>
Saving Deposits Foreign Currency	554.495	-	2.046.514	4.211.708	128.221	59.658	47.655	-	7.048.251
Deposits	2.272.898	-	2.596.476	4.808.372	310.331	114.072	89.801	-	10.191.950
Residents in Turkey	1.895.784	-	2.481.026	4.189.087	250.975	83.167	30.662	-	8.930.701
Residents Abroad	377.114	-	115.450	619.285	59.356	30.905	59.139	-	1.261.249
Public Sector Deposits	308.845	-	-	-	-	-	-	-	308.845
Commercial Deposits	390.101	-	737.069	541.466	3.781	18.671	2.246	-	1.693.334
Other Institutions									
Deposits	26.731	-	6.690	10.321	158	79	72	-	44.051
Precious Metal Deposit	249.101	-	-	31.552	1.877	4.852	162	-	287.544
Bank Deposits	40.530	-	218.362	-	-	-	-	-	258.892
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	723	-	112.309	-	-	-	-	-	113.032
Foreign Banks	39.807	-	106.053	-	-	-	-	-	145.860
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3.842.701</b>	<b>-</b>	<b>5.605.111</b>	<b>9.603.419</b>	<b>444.368</b>	<b>197.332</b>	<b>139.936</b>	<b>-</b>	<b>19.832.867</b>

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

	<b>Demand</b>	<b>With 7 Days Maturity</b>	<b>Up to 1 Month</b>	<b>1 - 3 Months</b>	<b>3 - 6 Months</b>	<b>6 Months -1 Year</b>	<b>1 Year and Over</b>	<b>Cumulative Deposit</b>	<b>Total</b>
Saving Deposits Foreign Currency	567.123	-	3.245.981	3.873.593	521.182	170.293	76.880	-	8.455.052
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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3.252.747</b>	<b>-</b>	<b>6.754.597</b>	<b>7.465.637</b>	<b>1.065.031</b>	<b>283.683</b>	<b>202.048</b>	<b>-</b>	<b>19.023.743</b>

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

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

**2. Information on saving deposits insurance:**

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

	Covered by Insurance		Exceeding Deposit Insurance Limit	
	Current Period 30 September 2015	Prior Period 31 December 2014	Current Period 30 September 2015	Prior Period 31 December 2014
Saving Deposits	3.883.361	4.472.125	3.026.576	3.786.609
Foreign Currency Saving Deposits	1.812.233	1.606.622	5.166.731	3.571.243
Other Deposits in the Form of Saving Deposits	11.519	25.023	55.474	73.422
Foreign Branches' Deposits under Foreign Authorities' Insurance Coverage	185.787	212.923	197.321	254.987
Off-Shore Banking Regions' Deposits under Foreign Authorities' Insurance Coverage	-	-	-	-
<b>Total</b>	<b>5.892.900</b>	<b>6.316.693</b>	<b>8.446.102</b>	<b>7.686.261</b>

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

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

	Current Period 30 September 2015	Prior Period 31 December 2014
Foreign Branches' Deposits and other accounts	197.321	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	11.579	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 September 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Forward Transactions	1.308	228.815	27.810	52.347
Swap Transactions	7.975	411.506	51.005	355.624
Future Transactions	-	-	-	-
Options	-	110.039	-	16.854
Other	-	-	-	-
<b>Total</b>	<b>9.283</b>	<b>750.360</b>	<b>78.815</b>	<b>424.825</b>

**c. Information on repurchase agreements:**

As of 30 September 2015, the Group has repurchase agreements amounting to TL 700.001 (31 December 2014: TL 395.596).

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

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

**d. Information on funds borrowed:**

**1. Information on banks and other financial institutions:**

	Current Period 30 September 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Bank and Institutions	8.760	3.030	7.570	279
From Foreign Banks, Institutions and Funds	855.202	4.722.913	2.505.264	5.695.853
<b>Total</b>	<b>863.962</b>	<b>4.725.943</b>	<b>2.512.834</b>	<b>5.696.132</b>

**2. Information on maturity structure of funds borrowed:**

	Current Period 30 September 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
Short-term	8.760	36.499	1.159.873	2.806.927
Medium and Long-term	855.202	4.689.444	1.352.961	2.889.205
<b>Total</b>	<b>863.962</b>	<b>4.725.943</b>	<b>2.512.834</b>	<b>5.696.132</b>

**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 September 2015	Prior Period 31 December 2014
Less Than 1 Year	41.672	22.899
Between 1- 4 Years	17.454	24.750
More Than 4 Years	3.537	4.345
<b>Total</b>	<b>62.663</b>	<b>51.994</b>

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

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

**g. Information on derivative financial liabilities for hedging purposes:**

	Current Period		Prior Period	
	30 September 2015		31 December 2014	
	TL	FC	TL	FC
Fair Value Hedges	-	-	-	-
Cash Flow Hedges	-	-	8.615	-
Hedge of net investment in foreign operations	-	-	-	-
<b>Total</b>	-	-	<b>8.615</b>	-

**h. Information on provisions:**

**1. Information on general provisions:**

	Current Period	Prior Period
	30 September 2015	31 December 2014
<b>General Provisions</b>	<b>448.945</b>	<b>362.405</b>
Provisions for First Group Loans and Receivables	318.989	266.320
- Additional Provision for Loans and Receivables with Extended Maturities	21.933	18.644
Provisions for Second Group Loans and Receivables	30.302	21.173
- Additional Provision for Loans and Receivables with Extended Maturities	6.205	3.084
Provisions for Non-Cash Loans	33.835	34.833
Other	37.681	18.351

**2. Information on employee benefit provisions:**

As of 30 September 2015 the Group has employee termination benefit provision amounting to TL 33.902 (31 December 2014: TL 29.113), and unused vacation provision amounting to TL 8.726 (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 September 2015 is TL 3.828,37 (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 July 2015, TL 3.828,37 (full TL) (31 December 2014: TL 3.438,22 (full TL)).

	Current Period	Prior Period
	30 September 2015	31 December 2014
<b>Balances at End of Prior Period</b>	<b>29.113</b>	<b>26.174</b>
Provision booked in current period	8.929	12.311
Provision paid in current period (-)	4.140	9.372
<b>Balances at End of the Period</b>	<b>33.902</b>	<b>29.113</b>

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

---

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

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

As of 30 September 2015, the provision related to foreign currency difference on the principles of foreign currency indexed loans, amounting to TL 772 (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 September 2015, provision for non-cash loans that are non-funded and non-transformed into cash is amounting to TL 214 (31 December 2014: TL 406).

**5. Information on other provisions:**

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

As of 30 September 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:**

As of 30 September 2015, Bank’s other provisions does not exceed 10% of all provisions.

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

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

**i. Explanations on tax liability:**

**1. Explanations on current tax liability:**

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

**1(i). Information on taxes payable:**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2015</b>	<b>31 December 2014</b>
Corporate Taxes Payable	4.458	997
Taxation on Marketable Securities	15.171	14.879
Taxation on Real Estates Income	954	1.324
Banking Insurance Transaction Tax (BITT)	12.597	13.739
Foreign Exchange Transaction Tax	15	9
Value Added Tax Payable	1.693	1.521
Other (*)	10.602	10.736
<b>Total</b>	<b>45.490</b>	<b>43.205</b>

(\*) As of 30 September 2015, consists of payroll tax amounting to TL 9.210 (31 December 2014: TL 8.846), self-employed income tax amounting to TL 3 (31 December 2014: TL 18), stamp tax amounting to TL 254 (31 December 2014: TL 275) and other taxes amounting to TL 1.135 (31 December 2014: TL 1.597).

**1(ii). Information on premium payables:**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2015</b>	<b>31 December 2014</b>
Social Security Premiums – Employee	3.589	3.466
Social Security Premiums – Employer	4.024	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	268	201
Unemployment Insurance – Employer	572	468
Other	-	-
<b>Total</b>	<b>8.453</b>	<b>7.811</b>

**2. Information on deferred tax liability:**

Information on the Bank’s deferred tax liability as of 30 September 2015 is explained in Note XVIII of Section Three.

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

As of 30 September 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

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

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

**I. Information on shareholder’s equity:**

**1. Presentation of paid-in capital:**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2015</b>	<b>31 December 2014</b>
Common Stock Provision	-	-
Preferred Stock Provision	652.290	652.290

Amount of paid-in capital has presented in notional amount. As of 30 September 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.

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

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

**8. Information on marketable securities value increase fund:**

	Current Period 30 September 2015		Prior Period 31 December 2014	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	(5.418)	-	7.336	-
Foreign Currency Difference	-	-	-	-
<b>Total</b>	<b>(5.418)</b>	<b>-</b>	<b>7.336</b>	<b>-</b>

**9. Information on revaluation value increase fund:**

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

**10. Information on legal reserves:**

	Current Period 30 September 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	-	-
<b>Total</b>	<b>199.603</b>	<b>196.002</b>

**11. Information on extraordinary reserves:**

	Current Period 30 September 2015	Prior Period 31 December 2014
Reserves Allocated per General Assembly Minutes	1.817.353	1.877.926
Undivided Profit	97.844	97.844
Accumulated Loss	-	-
Translation Difference	-	-
<b>Total</b>	<b>1.915.197</b>	<b>1.975.770</b>

**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.

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

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

**a. Explanations on off-balance sheet commitments:**

**1. Type and amount of irrevocable commitments:**

	<b>Current Period 30 September 2015</b>	<b>Previous Period 31 December 2014</b>
Asset Purchase and Sale Commitments	14.363.919	10.017.870
Commitments for Credit Card Limits	5.508.406	6.364.673
Commitments for Cheques	555.507	557.693
Loan Granting Commitments	525.991	840.263
Short Sale Commitments	22.000	2.340
Commitments for Credit Cards and Banking Services Promotions	20.187	19.022
Tax and Fund Liabilities from Export Commitments	4.804	5.614
Deposit Purchase and Sales Commitments	-	1.175.103
Other Irrevocable Commitments	1.033.561	1.077.805
<b>Total</b>	<b>22.034.375</b>	<b>20.060.383</b>

**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:**

	<b>Current Period 30 September 2015</b>	<b>Previous Period 31 December 2014</b>
Letters of Guarantee	1.495.345	1.259.499
Letters of Credit	615.804	686.323
Bank Acceptances	531.874	721.520
Other Guarantees	371.069	398.362
<b>Total</b>	<b>3.014.092</b>	<b>3.065.704</b>

**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:**

	<b>Current Period 30 September 2015</b>	<b>Prior Period 31 December 2014</b>
<b>Non-Cash Given For Cash Loan Risks</b>	-	-
With Original Maturity of One Year or Less	-	-
With Original Maturity of More than One Year	-	-
<b>Other Non-Cash Loans</b>	<b>3.014.092</b>	<b>3.065.704</b>
<b>Total</b>	<b>3.014.092</b>	<b>3.065.704</b>

**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”.

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

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

**b. Explanations on derivative transactions:**

	<b>Current Period</b>	<b>Previous Period</b>
	<b>30 September 2015</b>	<b>31 December 2014</b>
Foreign Currency Swap Transactions	30.798.083	74.400.992
Interest Rate Swap Transactions	21.425.214	10.951.176
Foreign Currency Options Transactions	12.742.007	3.333.416
Forward Foreign Currency Transactions	11.604.489	6.651.120
Precious Metals Swap Transactions	353.403	289.856
Precious Metals Options Transactions	55.201	64.724
<b>Total</b>	<b>76.978.397</b>	<b>95.691.284</b>

**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 September 2015, swaps amounting to TL 306.030 (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 10.688 (31 December 2014: TL 803 loss) are recognized under shareholders’ equity in the current period. As of 30 September 2015, there is ineffective portion as a result of effectiveness tests amounting to TL 318 (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 September 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 September 2015, the total amount of these lawsuits filed against the Bank is TL 31.437 (31 December 2014: TL 29.752). A total provision of TL 15.920 (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 4.057 (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 acts as an investment agent for the trading of marketable securities and provides custodian services on behalf of its customer.

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

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

**a. Information on interest income:**

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

	Current Period 30 September 2015		Prior Period 30 September 2014	
	TL	FC	TL	FC
Short-term Loans	715.045	36.705	663.246	35.307
Medium and Long-Term Loans	546.095	140.128	582.385	110.472
Interest on Loans Under Follow-Up	19.147	1	15.997	7
<b>Total</b>	<b>1.280.287</b>	<b>176.834</b>	<b>1.261.628</b>	<b>145.786</b>

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

**2. Information on interest income received from banks:**

	Current Period 30 September 2015		Prior Period 30 September 2014	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	89.807	831	64.073	7.278
From Foreign Banks	750	467	633	512
Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>90.557</b>	<b>1.298</b>	<b>64.706</b>	<b>7.790</b>

**3. Information on interest income on marketable securities:**

	Current Period 30 September 2015		Prior Period 30 September 2014	
	TL	FC	TL	FC
Financial Assets Held For Trading	68.380	477	14.168	292
Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
Financial Assets Available For Sale	26.795	-	64.588	-
Investments Held to Maturity	-	-	-	-
<b>Total</b>	<b>95.175</b>	<b>477</b>	<b>78.756</b>	<b>292</b>

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

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

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

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

**b. Information on interest expense:**

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

	Current Period 30 September 2015		Prior Period 30 September 2014	
	TL	FC	TL	FC
Banks				
The CBRT	-	-	-	-
Domestic Banks	640	30	810	48
Foreign Banks	107.643	97.323	140.041	100.336
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>108.283</b>	<b>97.353</b>	<b>140.851</b>	<b>100.384</b>

(\*) 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 September 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	
<b>Turkish Lira</b>							
Interbank deposits	-	4.504	-	-	-	-	4.504
Saving deposits	-	219.335	287.894	19.228	5.807	4.077	536.341
Public sector deposits	-	-	-	-	-	-	-
Commercial deposits	-	66.186	22.892	2.134	899	176	92.287
Other Deposit	-	273	699	9	4	4	989
<b>Total</b>	-	<b>290.298</b>	<b>311.485</b>	<b>21.371</b>	<b>6.710</b>	<b>4.257</b>	<b>634.121</b>
<b>Foreign Currency</b>							
Foreign currency deposits	-	16.378	44.744	2.391	1.044	1.247	65.804
Interbank Deposits	-	9	-	-	-	-	9
Precious metal deposits	-	-	325	15	20	-	360
<b>Total</b>	-	<b>16.387</b>	<b>45.069</b>	<b>2.406</b>	<b>1.064</b>	<b>1.247</b>	<b>66.173</b>
<b>Grand Total</b>	-	<b>306.685</b>	<b>356.554</b>	<b>23.777</b>	<b>7.774</b>	<b>5.504</b>	<b>700.294</b>

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

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

Current Period: 30 September 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	
<b>Turkish Lira</b>							
Interbank deposits	-	1.196	-	-	4.870	-	6.066
Saving deposits	-	109.272	356.933	42.206	13.918	4.361	526.690
Public sector deposits	-	2	-	-	-	-	2
Commercial deposits	-	104.768	31.601	5.195	1.262	614	143.440
Other Deposit	-	1.124	3.064	477	7	3	4.675
<b>Total</b>	-	<b>216.362</b>	<b>391.598</b>	<b>47.878</b>	<b>20.057</b>	<b>4.978</b>	<b>680.873</b>
<b>Foreign Currency</b>							
Foreign currency deposits	-	14.102	49.266	4.742	1.517	2.741	72.368
Interbank Deposits	-	344	-	-	-	-	344
Precious metal deposits	-	-	309	15	20	-	344
<b>Total</b>	-	<b>14.446</b>	<b>49.575</b>	<b>4.757</b>	<b>1.537</b>	<b>2.741</b>	<b>73.056</b>
<b>Grand Total</b>	-	<b>230.808</b>	<b>441.173</b>	<b>52.635</b>	<b>21.594</b>	<b>7.719</b>	<b>753.929</b>

**5. Information on interest given on repurchase agreement:**

The Bank has interest given on repurchase agreement amounting to TL 47.698 (30 September 2014: TL 31.792) during the period ended on 30 September 2015.

**6. Information on financial lease expense:**

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

**7. Information on interest expenses given on factoring payables:**

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

**c. Explanations on dividend income:**

As of 30 September 2015, the share of the Group in the dividend distribution of its subsidiaries is TL 2.289 (30 September 2014: None).

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

	Current Period 30 September 2015	Prior Period 30 September 2014
<b>Profit</b>	<b>61.660.694</b>	<b>47.270.435</b>
Income from Capital Market Transactions	29.961	24.390
Derivative Financial Transactions Income	6.063.605	8.176.767
Foreign Exchange Gains	55.567.128	39.069.278
<b>Loss (-)</b>	<b>61.663.884</b>	<b>47.412.495</b>
Capital Market Transactions Loss	48.375	14.172
Loss on Derivative Financial Transactions	5.300.507	8.104.306
Foreign Exchange Loss	56.315.002	39.294.017
<b>Total (Net)</b>	<b>(3.190)</b>	<b>(142.060)</b>

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

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

**2. Explanations on derivative instruments gain/loss:**

	<b>Current Period</b> <b>30 September 2015</b>	<b>Prior Period</b> <b>30 September 2014</b>
Effect of the change in exchange rates on profit/loss	388.184	183.736
Effect of the change in interest rates on profit/loss	374.914	(111.275)
<b>Total (Net)</b>	<b>763.098</b>	<b>72.461</b>

**e. Explanations on other operating income:**

As of 30 September 2015, other operating income consists of reversal of the previous year provision amounting to TL 72.891 (30 September 2014: TL 77.344), loans under follow-up sales income amounting to TL 60.578 (30 September 2014: TL 27.896), provision for telecommunication expense amounting to TL 1.657 (30 September 2014: TL 1.677), gain on sale of assets amounting to TL 17.831 (30 September 2014: TL 1.150) and other income amounting to TL 17.410 (30 September 2014: TL 17.721).

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

	<b>Current Period</b> <b>30 September 2015</b>	<b>Prior Period</b> <b>30 September 2014</b>
Specific Provisions for Loans and Other Receivables	444.317	406.296
III. Group Loans and Receivables	16.309	38.674
IV. Group Loans and Receivables	72.681	139.229
V. Group Loans and Receivables	355.327	228.393
General Provision Expenses	86.540	27.532
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	2.822	2.760
Financial Assets at Fair Value Through Profit or Loss	932	79
Available-for-sale Financial Assets	1.890	2.681
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	10.026	3.950
<b>Total</b>	<b>543.705</b>	<b>440.538</b>

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

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

**g. Information related to other operating expenses:**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>30 September 2015</b>	<b>30 September 2014</b>
Personnel Expenses	445.113	459.438
Provision for Employee Termination Benefits	7.997	9.341
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Property and Equipment	-	-
Depreciation Expenses of Property and Equipment	28.274	27.872
Impairment Expenses of Intangible Assets	83.450	-
Goodwill Impairment Expenses	83.450	-
Amortization Expenses of Intangible Assets	14.108	8.986
Impairment Expenses on Equity Accounted	-	-
Impairment Expenses on Assets Held for Sale Investees	-	-
Depreciation Expenses on Assets Held for Sale	52	89
Impairment Expenses on Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	298.536	305.222
Operational Lease Expenses	120.293	101.576
Communication Expenses	22.197	34.741
Advertisement Expenses	25.623	34.186
Maintenance Expenses	25.477	27.434
Maintenance License Expenses	19.679	19.996
Banking Services Promotion Expenses	16.729	17.898
Shipping Expenses	11.189	9.431
Cleaning Expenses	9.924	9.944
Building Expenses	9.805	9.301
Monthly Payment Expenses	6.152	9.717
Insurance Expenses	5.798	5.596
Other Expenses	25.670	25.402
Tax, Duties, Charges and Funds Expenses	39.449	33.578
Saving Deposit Insurance Fund Expenses	38.067	48.507
Cancellation Fee Expenses	15.598	4.570
Audit and Consultancy Fee	11.843	11.062
Transportation Expenses	3.191	1.615
Loss on Sales of Assets	742	324
Other	102.684	96.115
<b>Total</b>	<b>1.089.104</b>	<b>1.006.719</b>

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

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

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

As of 30 September 2015, the Bank has corporate tax provision expense amounting to TL 11.004 (30 September 2014: TL 7.981 expense) and deferred tax expense amounting to TL 45.712 (30 September 2014: TL 3.601 expense).

**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.

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

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

**k. Explanations on net profit and loss:**

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

Net interest income, amounting to TL 885.690 (30 September 2014: TL 899.532), net wage and commission income amounting to TL 408.689 (30 September 2014: TL 520.934) have an important role among the income items in the interim accounting period ending on 30 September 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:**

	<b>Current Period 30 September 2015</b>	<b>Prior Period 30 September 2014</b>
Credit Card Transactions	241.969	336.778
Insurance Commissions	56.084	59.205
Commissions Received from Banking Transactions	48.763	87.158
Tefas Fund Platform	9.873	-
Other Fee and Commissions	74.810	60.639
<b>Total</b>	<b>431.499</b>	<b>543.780</b>

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

---

**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”.

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

---

**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”.

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

**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 September 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	-	-	22.085	616.425	-	-
Interest and Commissions Income	-	-	579	21	-	-

**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(*)	-	-	203	1.072	-	-

(\*) The prior period balances present amounts of 30 September 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 September 2015	Prior Period 31 December 2014	Current Period 30 September 2015	Prior Period 31 December 2014	Current Period 30 September 2015	Prior Period 31 December 2014
Deposit						
Opening Balance	1.251	4.044	37.517	50.715	19.377	376
Closing Balance	51	1.251	39.557	37.517	14.877	19.377
Interest expense on deposits(*)	-	-	-	-	512	305

(\*) The prior period balances present amounts of 30 September 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 September 2015	Prior Period 31 December 2014	Current Period 30 September 2015	Prior Period 31 December 2014	Current Period 30 September 2015	Prior Period 31 December 2014
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	-	82.048.760	88.076.697	-	-
Closing Balance	-	-	54.479.575	82.048.760	-	-
Total Profit/Loss(*)	-	-	544.270	123.117	-	-
Transactions for Hedging Purposes						
Opening Balance	-	-	2.474.505	-	-	-
Closing Balance	-	-	306.030	2.474.505	-	-
Total Profit/Loss(*)	-	-	318	289	-	-

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

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

As of 30 September 2015, payment is made to top executives of the Group amounting to TL 54.740 (30 September 2014: TL 60.935).

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

---

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

**1. Information on 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**

None.

**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.

HSBC Group CEO Stuart Gulliver has stated on 2 November 2015 that there is no progress regarding the sale of the the Bank and that he expects the process to last longer.

**SECTION SEVEN**

**EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT**

**I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT**

As of 30 September 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 23 November 2015 is presented before to the consolidated financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR**

None.

.....