

STANDARD CHARTERED YATIRIM BANKASI TRK A..

ACTIVITY REPORT OF 2022

Report Period	: 01.01.2022-31.12.2022
Commercial Title of the Bank	: Standard Chartered Yatırım Bankası Türk A..
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CONTENTS

- Annual Activity Report Compliance Opinion
- Statement by Standard Chartered Yatırım Bankası Türk A.Ş. for 2022 Activity Report

A. GENERAL INFORMATION

- I. Summary Financial Information related to the activity results
- II. History of the Bank
- III. Amendments to Articles of Association during the accounting period and underlying reasons
- IV. Capital and Shareholding Structure of the Bank
- V. Explanation Regarding the Shares of Chairperson and Members of Board of Directors, General Manager and Assistant General Managers
- VI. Evaluations of the Board of Directors' Chairperson and General Manager regarding the activity period and their future expectations
- VII. Explanation on the number of personnel and branches, the service type and activity of the Bank and Evaluation of its position in the Banking Sector
- VIII. Information on the Research and Development related to new services and activities

B. INFORMATION ON THE MANAGEMENT AND CORPORATE GOVERNANCE

- I. Names, Terms of Office, Areas of Responsibilities, Educational Level, Professional Experience of Chairperson and Members of Board of Directors, Audit Committee Members, General Manager and Assistant General Managers, Heads of Internal Systems' Units
- II. Terms of office and professional experiences of the Auditors
- III. Activities of the Committees reporting or assisting to Board of Directors under Risk Management Systems pursuant to the Regulations on the Internal Systems of Banks; names and surnames of their chairpersons and members and information about their principle duties.
- IV. Information about the Participations of Members to Committees Mentioned in Part III, Audit Committee and Board of Directors during the Year
- V. Summary report of Board of Directors presented to the General Assembly
- VI. Information on Human Resources Practices
- VII. Information on Transactions Executed with the Risk Group to which the Bank is Included
- VIII. Information on Support Service Providers and Types of Support Services

C. FINANCIAL INFORMATION AND ASSESSMENT ON RISK MANAGEMENT

- I. Report Prepared by External Auditors
- II. Evaluation of Audit Committee on the Functioning of Internal Control, Internal Audit and Risk Management Systems and their Activities during the accounting period
- III. Independent Audit Report
- IV. Financial Statements and Information on the Financial Structure
- V. Assessment on Financial Position, Profitability and Debt Payment Capability
- VI. Information on Risk Management Policies as per Risk Types
- VII. Information on the Rating by the Rating Agencies and the Content of this Rating According to the Regulation on the Principles Relating to the Activities and Authorization of Rating Agencies
- VIII. Summary of Financial Information for the five-year term, including the report period

ACTIVITY REPORT

COMPLIANCE OPINION

To: STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş. General Assembly

1) Opinion

We have audited the annual report of **Standard Chartered Yatırım Bankası Türk A.Ş. (“the Bank”)** for the period of January 1, 2022 – December 31, 2022.

In our opinion, unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Bank are presented fairly and consistent, in all material respects, with the audited full set unconsolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion

We conducted our audit in accordance with “Regulation on independent audit of the Banks” published in the Official Gazette no.29314 dated 2 April 2015 published by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Bank in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor’s Opinion on the Full Set Financial Statements

We have expressed an unqualified opinion in our auditor’s report dated March 14, 2023 on the full set unconsolidated financial statements of the Bank for the period of January 1 – December 31, 2022.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 (“TCC”) and communicate on ‘Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks’, the management of the Bank is responsible for the following items:

a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.

b) Preparation and fair presentation of the annual report; reflecting the operations of the Bank for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the financial

statements. The development of the Bank and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Bank,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.
- While preparing the annual report, the Board of Directors takes changes in the legislation of the Ministry of Customs and Trade and related institutions and others.

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006 , "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 ("BRSA"), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkey Financial Reporting Standards ("TFRS") for the matters which are not regulated by these regulations, on unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with Bank's audited unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Tolga Özdemir.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Tolga ÖZDEMİR, SMMM
PARTNER

14 March 2023
Istanbul, Turkey

**STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
DECLARATION RELATED TO ACTIVITY REPORT OF 2021**

The annual activity report of Standard Chartered Yatırım Bankası Türk A.Ş. has been prepared in accordance with the provisions of “Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Report by Banks” published in the Official Gazette No.26333 dated 01.11.2006 and presented hereafter following the resolution of Board of Directors.

Karin FLINSPACH
Chairperson of the Board

Marc Daniel LEAVER
Board Member Responsible for
Financial Reporting

Belma ÖZMEN
Board Member and
Chairperson of the Audit
Committee

Kaşif ATUN
General Manager

Gülin EROL
Finance Manager

A. GENERAL INFORMATION

I. Summary of Financial Information Related to Activity Results

	Unconsolidated
	31.12.2022
	(TRY 000)
Total Assets	322.857
Credits	0
Securities	0
Borrowings	0
Equity (excluding net profit)	269.524
Net Profit of the period	75.954
Capital Adequacy Ratio (%)	91,99

II. History of the Bank

Credit Agricole Yatırım Bankası Türk A.Ş. was established as an Investment Bank on January 9th, 1990, according to the 4th and 8th articles of the Banking Law No. 3182 (as a result of the letter from Undersecretariat of State Planning Organization, Foreign Capital Presidency, dated August 11, 1989, numbered 7075 and a letter from Ministry of State, dated August 18, 1989, numbered 57797) in compliance with Foreign Capital Encouragement Law No. 6224.

The Bank has taken over all the assets and liabilities (inclusive of the paid-up capital and reserves and exclusive of the deposits) and the debts, credits and rights of Credit Lyonnais İstanbul Turkey Central Branch ("Credit Lyonnais Turkey") on March 18th, 2004.

As of 28 December 2007, "Calyon Bank Türk A.Ş." changed its trade name to "Calyon Yatırım Bankası Türk A.Ş.".

The Bank obtained approval from the Banking Regulation and Supervision Agency for the amendment of Articles of Association dated 6 February 2010 and in the Extraordinary General Meeting held on 26 February 2010 with the decision of the Board of Directors dated 9 December 2009 the title of the Bank was changed to "Credit Agricole Yatırım Bankası Türk A.Ş.". This change of title was registered in the Trade Registry Gazette dated 8 March 2010 numbered 7516.

Upon the takeover of shares by Standard Chartered Bank with the Banking Regulation and Supervision Agency's approval letter dated 19 October 2012 and numbered B.02.1.BDK.0.12.00.00.11.01-21 395, within the scope of 18th article of Banking Law numbered 5411, the shareholder structure and control of the Bank has been changed as of 4 November 2012.

As approved by the permission letter of the Banking Regulation and Supervision Agency, dated 8 November and numbered 2012 B.02.1.BDK.0.12.00.0011.1 - No. 2239 and Ministry of Customs and Commerce dated 20 November 2012 numbered B.21.0.İTG.0.03.00.01/431.02-46310-1186464-87507274, as amended in accordance with Articles of Association of the Bank, the "trade name" under the 3rd provision of Articles of Association has been changed from "Credit Agricole Yatırım Bankası Türk A.Ş." to "Standard Chartered Yatırım Bankası Türk

A.Ş.” with the approval of Extraordinary General Meeting held on 22 November 2012 and published in Turkish Trade Registry Gazette dated 30 November 2012.

III. Amendments to Articles of Association for the Related Period and Underlying Reasons

None.

IV. Capital and Shareholding Structure of the Bank

The shareholding structure of the Bank is below. There has been no change in the shareholding structure of the Bank during the fiscal year.

SHAREHOLDER’S NAME	SHARE IN THE CAPITAL (TRY)	PERCENTAGE (%)
Standard Chartered Bank	40,125,759.60	99.99
Standard Chartered UK Holdings Limited	0.10	0.00
SCMB Overseas Limited	0.10	0.00
Standard Chartered Africa Limited	0.10	0.00
Standard Chartered Holdings (International) B.V.	0.10	0.00
TOTAL	40,125,760.00	100.00

V. Explanation Regarding the Shares of Chairperson and Members of Board of Directors, General Manager and Assistant General Managers

Chairperson and members of the Bank’s Board of Directors, the Audit Committee members and the General Manager do not hold any shares of the Bank.

VI. Evaluations of the Board of Directors’ Chairperson and General Manager regarding the activity period and their future expectations

SCB’s presence in Turkey dates back to 2003 when the representative office was first opened. In 2012 SCB upgraded its presence to an investment bank with the acquisition of Credit Agricole Yatırım Bankası Türk A.Ş., changing the name of the local entity to Standard Chartered Yatırım Bankası Türk A.Ş.. The Bank continues its operations under investment banking license.

The Bank is focused on serving our key strategic clients - Turkish Conglomerates and Financial Institutions in Turkey, SCB footprint and network clients located in Turkey as well as in SCB’s footprint and network countries - providing a complete range of banking products in the realms of Transaction Banking, Financial Markets and Corporate Finance.

Standard Chartered Bank's global strategy is to focus on banking the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East. Turkey is well positioned to provide customers with local and international transaction requirements.

The growth and investment strategy in Turkey is intended to improve as more customers get aligned with the requirements of the global strategy.

VII. Explanation on the number of personnel and branches, the service type and activity of the Bank and Evaluation of its position in the Banking Sector

The Bank operates under an “Investment Bank” license and therefore does not accept client deposits. The main office is situated in Istanbul and there are no branches. As of 31 December 2022, the number of personnel was 30.

The Bank provides products and services to clients, specializing in transaction banking, corporate finance products and financial markets. In addition, as a subsidiary within the Standard Chartered Bank PLC Group, the Bank acts as a conduit to support SCB clients seeking to do business in Turkey. The Bank’s main activity is to provide support and advisory services to SCB Group entities in their relations with their clients based in Turkey and their subsidiaries/affiliates located abroad.

- **Corporate and Institutional Banking (CIB)**

As of 31 December 2022, no client specific transactions were booked.

- **Transaction Banking (TB)**

On the back of SCB’s large network and trade expertise, the Bank continues to offer the capability/capacity to support clients with a wide range of trade finance products covering both export and import loans, letter of credits issuance, negotiation and confirmation as well as letter of guarantees issuances. TB business is the entry point to new clients and support cross-sell to deepen our relationship with our existing clients.

No TB-related assets/liabilities/contingents or commitments were booked in 2022.

- **Financial Markets and Treasury Management**

Financial Markets and Treasury Department has executed placement of the capital and spot FX transactions in the CBRT money market and interbank market for liquidity risk management.

- **Other Banking and Internal Support Services**

Support Services include the following functions: Human Resources, Corporate Real Estate Services, Information Technology, Information Systems Security, Operations, Financial Control and Accounting.

Our objective in **Human Resources (HR)** is to facilitate continuously changing dynamics and to create an environment in accordance with the global values of Standard Chartered Bank Group. HR supports the remuneration review process by monitoring the market conditions to identify the needs for adjustments. In addition, HR facilitates the performance review process conducted through individual assessments with department heads which includes feedback, development and career planning. Individual training programs are planned through a

combination of online/electronic courses, workshops and external courses. Individual staff development objectives are decided through conversations with department heads in line with the Standard Chartered Bank Group strategy.

In **Corporate Real Estate Services**, the bank's premises, security operations and maintenance are managed and assessed to support the Bank's logistical requirements. Regular reviews of the working environment and Health and Safety are performed including the Workplace Safety trainings.

In the **Information Technologies** field, all the necessary projects that were planned in 2022 under the scope of Information Technology have been implemented successfully during 2022. Projects related to the Main Banking system are still ongoing.

Business Continuity and Disaster Recovery Centre is fully operational in Izmir. Entire data backups are available in this location and all databases are also being synchronised with the core banking database daily. "Business Continuity and Disaster Recovery Plan" is being monitored and updated concurrently. All technical and operational tests are being held twice a year.

Information Systems Security keeps the Banking platforms and its environments to run on secure technology by doing an analysis on each product in line with the group standards under the terms of existing laws.

Operations Department ensures operational supports in money market transactions and placements in capital market, domestic and international payments, foreign trade transactions and global trade finance for corporate and financial institutions. The Operations Department also follows regulations and related modifications made by international and local regulatory bodies. The Department reports transactions with customers and banks to different regulatory bodies on daily and monthly basis. Together with the local IT team, Operations Department follows system developments, required by regulatory bodies or for internal needs.

Financial Control and Accounting Department implements controls through policies and procedures to monitor the processing of transactions, and to ensure the accurate reporting of financial information internally to management, and externally to regulators, governmental bodies and stakeholders.

- **Internal Systems Units**

Internal systems include Risk Management, Compliance Internal Control, and Internal Audit.

Risk Management Unit measures Credit Risk, Market Risk and Operational Risk within the framework of the related regulations of the BRSA and independently from Executive Management, controls and monitors risks within the Bank and reporting directly the results to the Board of Directors through Audit Committee. This unit maintains its activities within the framework of "Regulation on Risk Management" and "Risk Management Manual" which are approved by the Board of Directors.

Compliance and Internal Control Department, is responsible for all control systems. It requests information based on reporting from various departments in order to control, analyse and monitor the banking activities in a secured way within the framework of Banking Law

No.5411 and the BRSA's "Regulation on the Internal Systems of the Banks and Internal Capital Adequacy Assessment Process". The Department performs its controls by examining or observing generally or specifically several control documents, processes and tools; reports the findings or communicates warning messages to related departments for corrective action.

It also ensures the compliance of internal procedures and application with the general principles of corporate governance, the ethical rules, related laws, regulations, legal texts and agreements for which the Bank is a party. It acts as liaison or point of contact between legal and tax counsels and business lines, makes necessary research and reporting related Bank's customers and transactions within the framework of related law and regulations, Banking Law No.5411 and Law No.5549 on the Prevention of Laundering Proceeds of Crime. This department follows up the respective legislation and gives opinions on the requested issues to the Board of Directors, Executive Management and Business Lines. On the other hand, this Department is responsible for ensuring the relationship with the regulators on the compliance issues, organizing and carrying out staff awareness programs.

Internal Audit Unit, This unit operates under the Internal Audit Regulation approved by the Board of Directors. Internal Audit gives independent assurance with risk-based approach to the Board of Directors and top management via the Audit Committee such that the activities are compliant with the Law and other legislation, internal strategies, policies and principles, significant risks are identified, appropriately designed controls to manage these risks are established and they act effectively. With a risk-focused approach, all banking activities are audited regularly and independently within the framework of the internal audit plan. The follow-up of findings are made regularly by the Internal Audit according to the declared action plan. Information systems audit is performed by the Internal Audit Unit.

As per BRSA's communiqué on "Management Declaration" dated 30 July 2010, Internal Audit Department each year regularly conducts the Management Declaration audit including Banking Processes and Information Systems.

• **Evaluation of the Bank in the Banking Sector**

The Bank's main activity is to provide support and advisory services to SCB Group entities in their relations with their clients based in Turkey and their subsidiaries/affiliates located abroad. The Bank has maintained low value of risk resulting along with a strong capital adequacy ratio

VIII. Information on the Research and Development related to new services and activities

The Bank has focused its product range to provide Transaction Banking, Corporate Finance and Treasury capabilities to its clients. The Bank continues to assess product needs based on stakeholders' feedback and on regulatory requirements impacting investment banks.

B. INFORMATION ON MANAGEMENT AND CORPORATE GOVERNANCE

I. Names, Terms of Office, Areas of Responsibilities, Educational Level, Professional Experience of Chairperson and Members of Board of Directors, Audit Committee Members, General Manager and Assistant General Managers, Heads of Internal Systems' Units

a) Chairperson and Members of Board of Directors

Karin Flinspach, Chairperson of the Board of Directors: She has a bachelor's degree in European Business Administration from University of Reutlingen. She has 29 years of banking experience. She continues her duties as Regional Head of Transaction Banking, Europe in Standard Chartered Bank. Having served as a member of the Board of Directors in SCB Turkey since 31 March 2017, she was assigned as the Chairperson of the Board of Directors on 31 December 2020.

Folkert Lodewijk Ramon Van Wickevoort Crommelin, Vice Chairperson of the Board of Directors: He has a bachelor's degree in Law from the University of Auckland and 28 years of experience in banking sector. Since 2010, he has been serving as the Head of Legal for Standard Chartered Bank Europe Region. Folkert Lodewijk Ramon Van Wickevoort Crommelin has been appointed as a member of the Board of Directors of SCB Turkey as of December 31, 2020 and he was appointed as the Vice Chairperson of the Board of Directors on 10 December 2021.

Belma Özmen, Board Member, Chairperson of the Audit Committee: She has a bachelor's degree in Economics from Hacettepe University. She has managerial experiences in international banks and financial institutions in their administrative and audit functions. She has a total of 38 years of banking experience. She has been working as a Board Member and Chairperson of the Audit Committee at SCB Turkey since 17 September 2019.

Kaşif Atun, Board Member and CEO: He has a bachelor's degree in Business Administration from Central Connecticut State University and has a master's degree in Business Administration and Organization. He has 33 years of banking experience. He served as Deputy General Manager responsible for Financial Institutions until 2nd of December, 2015. From that date forward, he has been serving as the CEO and Board member.

Marc Daniel Leaver, Board Member (Responsible for Financial Reporting): He has a bachelor's degree from Newcastle University. He has 16 years of experience in banking sector and 25 years of experiences in finance sector totally. He has been with Standard Chartered Bank since 2007 and currently works as Chief Operating Officer, Europe. Marc Daniel Leaver was appointed as a member of the Board of Directors of SCB Turkey as of September 19, 2022, following Byung Sung Yoon's resignation.

b) Heads of Internal Systems' Units

Esma Kabak, Head of Internal Audit: She has a bachelor's degree from Marmara University, Business Administration (English). She has 18 years of experience in banking sector. Esma Kabak was appointed as Head of Internal Audit of SCB Turkey on 18 October 2021, replacing former Head of Internal Audit, who retired on 31 January 2022.

Selim Yapıcı, Risk Manager: He has a bachelor's degree in Economics from Middle East Technical University . He has 12 years of experience in banking sector. Selim Yapıcı was appointed as Risk Manager of SCB Turkey on 06 June 2022, replacing former Risk Manager, who left the office on 1 May 2022.

Diğdem Tümtürk Güner, Head of Internal Control and Legal Compliance Department: She has a bachelor's degree in Political Science and International Relations Department from Middle East Technical University and a master's degree from University of Wales. Diğdem Tümtürk Güner has 16 years of experience in banking sector. Having served at SCB Turkey since 2013, Diğdem Tümtürk Güner was appointed as the Head of the Legal Compliance and Internal Control Department as of May 31, 2019.

II. Terms of office and professional experiences of the Auditors

Tolga Özdemir, Partner of Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.: He graduated from Middle East Technical University , Business Administration in 2011. He works as a CPA registered with the Istanbul Chamber of Independent Financial Consultants.

III. Activities of the Committees reporting or assisting to Board of Directors under Risk Management Systems pursuant to the Regulations on the Internal Systems of Banks; names and surnames of their chairmen and members and information about their principal duties

Audit Committee

Permanent Members: *Belma Özmen (Head of Committee), Marc Daniel Leaver.*

Audit Committee was established based on the Board of Directors' resolution dated 31.07.2006 and numbered 10/2006 in order to assist the Board of Directors in carrying out its audit and supervision activities. Audit committee submits its evaluations in the form of a report to the Board of Directors on quarterly basis.

Remuneration Committee

Permanent Members: *Karin Flinspach (Head of Committee), Belma Özmen.*

The Committee was established in order to perform its duties as assigned to it by the Board of Directors and pursuant to the "Regulation on the Principles on Corporate Governance of the Banks" dated 1 November 2006 and numbered 26333. The Committee meets at least twice a year.

Corporate Governance Committee

Permanent Members: *Karin Flinspach (Head of Committee), Folkert Lodewijk Ramon Van Wickevoort Crommelin.*

The Committee was established in order to perform its duties as assigned to it by the Board of Directors and pursuant to the “Regulation on the Principles on Corporate Governance of the Banks” dated 1 November 2006 and numbered 26333. The Committee is responsible to follow up compliance of the Bank with corporate governance principles. The Committee meets at least once a year.

Executive Committee

Permanent Members: *Kaşif Atun (Head of Committee) – General Manager, Diğdem Tümtürk Güner – Head of Legal & Compliance and Internal Control, Selim Yapıcı - Risk Manager, Erel Seren - Head of Transaction Banking, Gülin Erol – Finance Manager, Didem Şen – Banking Operations Manager, İlyas Kaymakçı - Information Technologies Manager, Bike Tarakçı - Human Resources Director.*

As per the responsibilities and duties of the units and committees that should be legally established with the authorities of the Board of Directors, based on the authority granted by the Board of Directors, it conducts the day-to-day operations, management and control activities of the Bank in compliance with the laws, regulations and procedures and policies of the Standard Chartered Group. The Committee meets at least eight times a year.

Risk Committee

Permanent Members: *Kaşif Atun (Head of Committee) - General Manager, Diğdem Tümtürk Güner – Head of Legal & Compliance and Internal Control, Selim Yapıcı - Risk Manager, Gülin Erol – Finance Manager, Didem Şen – Banking Operations Manager, İlyas Kaymakçı - Information Technologies Manager, Bike Tarakçı - Human Resources Director.*

The Committee was established to analyse the risks that the Bank faces or might face, discuss the necessary precautions and effectively manage the Bank's risks by reporting to the Board of Directors in a timely and reliable manner. The Committee meets at least six times a year.

Asset and Liability Management Committee (ALCO)

Permanent Members: *Kaşif Atun (Head of Committee) -General Manager, Selim Yapıcı - Risk Manager, Gülin Erol – Finance Manager.*

The Committee was established in order to provide advisory to the Board of Directors for the Bank to have a sound balance sheet that supports the operations and act in line with the Group's policies and Banking Law No.5411, other applicable regulatory legislations. The Committee meets at least ten times a year.

IV. Information about the Participations of Members to Committees Mentioned in Part III, Audit Committee and Board of Directors during the Year

According to Article 19 of the Articles of Association, resolutions in the Board of Directors shall be adopted on the basis of simple majority of the members present in a meeting. Unless any Board member asks for a discussion, a resolution on a proposed specific agenda item may be adopted when and if other members give their written consent to that proposed item. This principle is complied within all Board resolutions.

The Audit Committee is formed of two non-executive members of the Board Directors. Internal Audit, Compliance and Internal Control, Risk Management Units report to the Board of Directors through Audit Committee on a quarterly basis. Internal Audit Activity Report is submitted to the Audit Committee and then submitted to the Board of Directors by the Audit Committee. It is sent to the BRSA within ten days from the date of submission to the Board of Directors. The Committee ensures that risks are regularly monitored on a timely basis in line with the Bank's operations, and necessary measures are adopted accordingly. Results of the independent audit as well as quarterly and annual independent audit reports were evaluated, and doubtful issues were resolved. The Committee reviews the assessments by the independent auditor via regular meetings and necessary measures were adopted in order to check the compliance of the Bank's accounting practices in accordance with the Banking Law and other applicable legislations. It carried out risk assessments with relevant units in relation to support services that the Bank has retained from third parties and submitted the results to the Board of Directors.

The Audit Committee had been held four times in 2022 in order to review financial reports and annexes, accuracy and compliance to the accounting standards.

Members of those committees set up to assist and aid the Board of Directors (committees referred to and described in section B III) attended each meeting on a periodic basis and/or whenever it turned out to be necessary. The attendance by the members of the Board of Directors and the Committee members to the meetings is at satisfactory level. Resolutions adopted by the Committees are soundly documented in the form of meeting minutes.

V. Summary Report of Board of Directors Presented to General Assembly

Dear Shareholders,

Profit & Loss Statements, Board of Directors' Report and Auditors' Report relating to 2022 year are presented for your examination and approval.

The comparison of the main figures of our financials and ratios with those of previous year end is as follows:

- The size of assets increased by 81,89 %.
- Equity reached TRY 269.524 thousand.
- Liquid Assets increased by 17,70 % compared to previous year and constituted 77.88% of total assets.
- Our capital adequacy ratio is 91.99% whereas it was 109.78% as of 31.12.2021.

- Return on assets which was 22.04% in 2021 and moved up to 23.53% in 2022.
- Return on equity is realized as 39.52%.
- The paid-up capital is TRY 40,126 thousand.
- The current year profit is realized as TRY 75,954 thousand.

Yours faithfully,

Board of Directors

VI. Information on Human Resources Practices

The duties of the Human Resources Management Unit are to form implement Standard Chartered Yatırım Bankası Türk A.Ş.'s the Human Resources strategy in accordance with the Bank's strategy.

Human Resources Management's duty is to select and employ correct people for correct positions. The selection and employment process are realized by considering technical and personal skills of the person, which are suitable for the position.

All our employees are evaluated by the Management once a year by considering their work experience, education level, technical and operational knowledge and performance. Promotion or rotation decision is taken commensurate with these evaluations.

Employees are paid by gross salaries on a monthly basis. Upon yearly appraisals, Bank's management decides on bonus payments. This bonus payment is under Bank's management discretion and does not bear any contractual undertaking. Salary increases are executed annually in the form of merit or promotion related adjustments.

The gross amount of the bonus payments to be made in 2023 for the 2022 performance year is TRY 13,844,428 (The gross amount of the bonus payments made in 2022 for the 2021 performance year was TRY 4.491.880).

As of 31 December 2022, benefits provided to Bank's key management amount TRY 4,665,246,08. (31 December 2021: TRY 2.047.400,40).

As of 31 December 2022, the number of incumbent employees is 30.

Disclosures on the Remuneration Policy of the Bank

The Remuneration Committee

The Remuneration Committee of the Bank consists of two non-executive members of the Board of Directors. The Committee meetings are held at least twice a year.

The Remuneration Committee sets remuneration policies and frameworks in accordance with "Regulation on the Principles on Corporate Governance of the Banks" dated 1 November 2006 and numbered 26333 and the BRSA's "Guidance on Remuneration Practices". The duties and responsibilities of the Committee is as follows.

- Conducting proper monitoring and oversight processes over whether remuneration policies and procedures are put in practice in line with the laws and regulations,
- Reviewing the remuneration policy at least once a year to check its compliance with the applicable local laws and regulations,
- Ensuring fair remuneration practices for both executive and non-executive members of the Board of Directors and ensuring that non-executive members receive only fixed compensation,
- Following up all updates in relevant policy, prosecute and communiques and taking all necessary actions accordingly,

- Concerning all other duties and responsibilities, ensuring compliance with “Regulation on the Principles on Corporate Governance of the Banks” and “Guidance on Remuneration Practices”.

The principles of the Bank’s remuneration policy are applicable to all employees of the Bank. The members of the Board of Directors, the top management of the Bank and all other employees who are deemed to play a key role concerning the Bank’s risk profile are defined as special employees by the Committee.

Personnel Remuneration Policy:

Bank’s remuneration policy supported with the below principles in accordance with the effective risk management and strategy:

- Competitive remuneration opportunity that enables us to attract, motive and retain our colleagues
- A clearly defined performance management framework that ensures employees have clear objectives that are aligned to the Bank’s strategy, and receive ongoing feedback
- A clearly defined remuneration principles including clear personal objectives and feedback. Fixed and variable pay and benefits are determined in conjunction with the performance of individual and business they work in.
- Support to colleagues with flexible working practices that balance both business needs and their personnel circumstances.
- An appropriate mix of fixed and variable compensation are ensured, and level of fixed compensation is determined based on an employee’s role and the business’ risk profile.
- Variable remuneration recognises the achievement, conduct, behaviours and values of each individual, and ensures reward is aligned to the Bank’s performance.
- Remuneration is fair and transparent. Equal pay activity is undertaken as part of the pay review process globally, with reference to the equality standards to which we have signed up.
- A core level of benefits of the remuneration policy for all employees are that it protects the Bank’s reputation and ensures the safety of its employees.

VII. Information on Transactions Executed with the Risk Group to which the Bank Is Included

The banking transactions realized with the group companies are carried out in accordance with the applicable legislations. These transactions are for commercial purposes and are executed at market prices. The transactions with group companies and the shares within our total credit risk are as follows:

	31.12.2022	31.12.2021
	%	%
Share in total placements	0	0
Share in total borrowings	0	0
Share in total non-cash loans	0	0

VIII. Information on Support Service Providers and Types of Support Services

Based on the Regulation on the Banks' Procurement of Support Services, type of support services taken by the Bank are generally on the field of information technologies and all existing technical support services are compliant with the Regulation.

The type of technical support services taken and support service providing companies are as follows:

Subject of Support Service	Support Service Providing Company
Internext, Main Banking System and Cloud Services	Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.
Disaster Recovery Centre and Business Continuity	Kyndryl Global Services İş ve Teknoloji Hizmetleri ve Ticaret Limited Şirketi
Information Systems Infrastructure, Helpdesk and Security Support	Standard Chartered Bank
Operational Services - Screening of Payment Messages	Standard Chartered Global Business Services Private Limited
Operational Services – KEP and EYP Services	Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.
Regulatory Reporting Services	Vega Bilgisayar Hizmetleri Ltd. Sti

C. FINANCIAL INFORMATION AND ASSESSMENT ON RISK MANAGEMENT

I. Report Prepared by External Auditors

Please see the Annex.

II. Evaluation of Audit Committee on the Functioning of Internal Control, Internal Audit and Risk Management Systems and their Activities during the accounting period

On July 31st, 2006, the Audit Committee has been constituted in accordance with article 24th of Banking Law No.5411. The Audit Committee performs in the framework of the principles of “Audit Committee Regulation” approved by Board of Directors. Through the Audit Committee meetings, it was enabled for internal system managers to gather together and establish coordination over identification and monitoring of risks that the Bank faces or might face.

The organizational structure of the Bank’s Internal Control, Internal Audit and Risk Management Departments has been re-organized by taking into consideration the segregation of duties in accordance with the regulatory framework. This structure complies with the scope of our activities and is effective to respond the changing conditions.

Internal Audit, Internal Control and Risk Management accomplish their tasks independently from each other but simultaneously and report to the Board of Directors.

In order to carry on the activities of Internal Audit, Internal Control and Risk Management Departments of the Bank, the Board of Directors takes the necessary precautions.

Internal Audit Unit’s risk-based Audit Plan and Risk Matrix with details were reviewed and submitted to the Board of Directors’ approval by the Audit Committee. In compliance with the Bank’s structure and size, Internal Audit activities, including IT audit activities, are carried out by the Head of Internal Audit and Audit Manager(Process&IT Audits). In terms of achieving the purpose of the internal audit functions, all necessary measures were taken by the Board of Directors on the audit of all activities and units of the Bank without any limitation by the internal audit unit. Within the scope of internal audit activities in 2022, eight audit activities, including in accordance with the internal audit plan and audits related to the Management Declaration as per BRSA’s Communiqué on “Management Declaration” numbered BSD.2010/3, are carried out. The findings of internal audits and external auditors or legal authorities are regularly monitored, and their results are reported to the top management of the Bank and the Audit Committee.

Our internal control activities are comprised of fundamental control fields and are the integral part of the daily operations. Internal Control and Risk Management Departments work with the personnel responsible for determining, measuring and reporting of market, credit, compliance and operational risks. Risk management activities include identification of the risks, their measurement, application of risk policies and principles, analysis of risks and their follow-up, reporting and auditing. All of these are determined by the executive management and risk management unit as well as approved by the Board of Directors of the Bank.

The Bank's risk management mission is to undertake the risks in compliance with the policies and procedures of the Group and improve the profitability in this respect.

III. Independent Audit Report

Please see the Annex.

IV. Financial Statements and Information on the Financial Structure

Please see the Annex.

V. Assessment on Financial Position, Profitability and Debt Payment Capability

- Total equity reached TRY 269.524 thousand and increased by 81.6% compared to previous year.
- Our return on equity is realized as 39.52%.
- Total assets reached TRY 322.857 thousand by an increase of 23.53%.
- The share of liquid assets within the balance sheet is 77.88%.
- The profit of 2022 is realized as TRY 75,954 thousand.

VI. Information on Risk Management Policies as per Risk Types and The Explanations of Risk Management

- **Credit Risk:**

It is the potential for loss due to failure of counterparty to meet its agreed obligations to pay the Bank.

Standard Approach is applied for the calculation of capital adequacy level for Credit Risk in terms of Basel II.

The Bank's risk appetite is determined by the Board in terms of credit risk. The Board has not delegated its power of setting up credit limits to a sub credit committee. Any credit proposal / application for a client is submitted to the Board for approval. Credit limits approved by the Board are allocated to clients.

All risks are reviewed at least once a year. Clients belonging to the same risk group are analysed / reviewed together taking into consideration total exposure / limits on the group.

The breakdown of credit portfolio is continuously monitored by Risk Management Department in terms of country, sectors, business groups / customers, maturity profile, collaterals and credit grades.

- **Operational and Technology Risk**

Operational and technology risk (OTR) is defined as the potential for loss from inadequate or failed processes, and systems, human error or from the impact of external events, including legal risks.

Basic Indicator Approach is applied for the calculation of capital adequacy level for Operational Risk in terms of Basel II.

OTR exposures are managed in accordance with the standards set by Group Operational Risk in the Operational and Technology Risk Framework ("OTRF") adopted locally. The OTRF is required to be installed for prioritised risks in all businesses and functions. It defines the OTR management responsibilities of the First and Second Lines, including the OR sub-types and the country Risk Framework Owner ("RFO") for each type.

The Bank controls its operational and technology risks at three stages ("lines of defence") to ensure such risks have no material impact on the Bank's profitability and/or cause no material damage to the Bank. Beyond this, the Bank seeks to minimise its exposure to operational risk subject to cost and risk/reward trade-offs.

In terms of operational and technology risk, the first line defence is all employees who have any level of supervisory responsibility since they are required to ensure the effective management of operational and technology risks within the scope of their direct organisational responsibilities.

The second line of defence for operational and technology risk comprises the Risk Manager and other operational risk owners, supported by their respective control functions. In addition, the Internal Control Function, as part of the permanent control framework performs frequent control reviews on the existence of the first line control owners' controls and their effective functioning of these controls. The ERC meets regularly to review the Bank's significant risk exposures and to ensure appropriateness and adequacy of mitigating action plans.

The third line of defence comprises the independent assurance provided by the Internal Audit function, which has no responsibilities for any of the activities it examines.

- **Compliance Risk**

Compliance risk is defined as the potential for penalties or loss to the Bank or for an adverse impact to our clients, stakeholders or to the integrity of the markets we operate in through a failure on our part to comply with laws, or regulations.

The Compliance Risk Type Framework sets out the overall risk management approach for Compliance Risk. Country Head of Legal & Compliance is the Risk Framework Owner (RFO) responsible for Compliance Risk. The Compliance function develops and deploys relevant policies and procedures to put in place standards and controls that the rest of the Bank must follow to ensure continued legal and regulatory compliance. Through a combination of control monitoring and attestation, the Country Head of Legal & Compliance ensures that all policies are operating as expected to mitigate the risk that they cover.

- **Market Risk (Traded Risk)**

Market risk is defined as the potential for loss resulting from activities undertaken by the Bank in financial markets.

Standardised Approach is applied for the calculation of regulatory capital adequacy ratio for Market Risk.

The Board determines the risk appetite and sets market risk limits to ensure that the Bank's market risk exposure is aligned with its risk appetite.

Market risk limits are reviewed at least annually, taking into consideration the business strategy and risk appetite.

- **Information and Cyber Security Risk**

Information and Cyber Security (ICS) Risk covers the risks to the Bank's assets, operations and individuals due to the potential for unauthorised access, use, disclosure, disruption, modification, or destruction of information assets and/or information systems. This may lead to adverse customer and reputational impact, regulatory censure, financial loss, litigation and the potential for the Bank to fail; affecting financial markets and the wider economy.

Impacts of ICS risks include:

- Confidentiality impacts such as internal data leakage and external supplier data leakage;
- Integrity impacts such as payment integrity/fraud and toxic access;
- Availability impacts such as system resilience, disruption, and distributed denial of service attacks;
- Financial position impacts such as direct financial loss of cash and regulatory sanctions (e.g. increased capital requirements);

- Client servicing ability impacts such as lack of customer access in front-office and lack of service delivery in the back-office (e.g. payments);
- Competitive advantage impacts such as cyber espionage, and malicious general publication of company positions; and
- Brand image/customer trust impacts such as increasing level of press coverage, public interest, and regulatory scrutiny for information and cyber security events.

BAU management of ICS risks:

The Bank's ongoing efforts to Protect, Enable, Respond, and Engage with information and cyber related issues is benchmarked against industry best practices outlined in the National Institute of Standards and Technology ("NIST") Cyber Security Framework ("CSF"). The ICS risk management strategy includes:

- Governance and organisational structure to prioritise and focus on ICS risks with a dedicated and independent Country Information Security Officer governance function that reports into the CRC, and which works closely with the Group Information Technology and Operations division, notably the Chief Information Officers, Technology Services, Governance & Change groups and Technology Information Security Office.
- Layered Defences with security controls to mitigate threats of entry and exit of the Bank's critical information and data.
- Incident Management Framework to deal with ICS breaches with an established Security Incident Response Team to provide consistency to incident management.
- Cyber Crisis Management & Stress Testing with Cyber Crisis Exercises at the Group, Region, Country, and Function levels involving various scenarios to improve how the Group manages a crisis-level event, and external penetration and security system testing to benchmark protective measures and identify areas for improvement.
- Reporting and Awareness to provide greater Board-level and Management Team governance and ownership of ICS issues.

- **Treasury Risk**

Treasury Risk is defined as the "potential for insufficient capital, liquidity or funding to support our operations, the risk of reductions in earnings or value from movements in interest rates impacting banking book items, Bank's loss or loss of opportunities due to insufficient stable or diversified financial resources to meet its business strategy or growth targets in the medium or long term and the potential for losses from a shortfall in the pension plans"

Asset and Liability Management Committee (ALCO) is responsible for managing the Bank's liquidity position within regulatory liquidity limits.

Asset Liability management ensures that intraday liquidity and risks are actively managed to meet payment and settlement obligations on a timely basis under both normal and stressed conditions and in compliance with the regulations.

- **Reputational and Sustainability Risk**

Reputational and sustainability risk is defined as the potential for damage to the franchise, resulting in loss of earnings or adverse impact on market capitalisation as a result of stakeholders taking a negative view of the Bank through actual or perceived actions or inactions, including a failure to uphold responsible business conduct or lapses in our commitment to do no significant environmental and social harm through our client, third party relationships, or our own operations. Practically, reputational and sustainability risk can arise from the Bank's strategic choices. It will also arise from the failure to mitigate effectively any of the Group's principal risk types. It may also arise from the failure to comply with environment, social and governance standards and failure to meet key stakeholders' expectations.

While exposure to reputational and sustainability risk is unavoidable in the banking industry, the Bank has confidence in its robust reputational and sustainability risk management framework process and overall risk culture. This is an integral part to every aspect of the Group's operations and approach to doing business. Due consideration is also given to the reputational and sustainability risks that the Group faces and the consequences that the Group may face as a result of a reputational incident.

The management does not approve any transaction which could damage its reputation. The basic principle of the Bank is to realize the transactions with reliable parties within the legal framework and in line with the internal procedures. The protection of the Bank's reputation takes priority over all activities including revenue generation activities at all times.

- **Financial Crimes Risk**

Financial Crime ("FC") risk is defined as the potential for legal or regulatory penalties, material financial loss or reputational damage resulting from the failure to comply with applicable laws and regulations relating to International Sanctions, Anti-Money Laundering and Anti-Bribery and Corruption, and Fraud.

The FC RTF, policies and supporting standards set out the overall risk management approach to FC as Principal Risk Type. The Bank has no appetite for breaches in law and regulations related to FC, recognising that whilst incidents are unwanted, they cannot be entirely avoided.

As outlined in the table below, FC is subdivided into four Risk sub-types. Each risk sub-type is supported by Group Policies, Standards and Controls.

Risk Type	Explanation
Anti-Bribery and Corruption ("ABC")	The risk that the Group, or persons associated with it, will incur criminal liability, regulatory sanctions or reputational damage due to failure to comply with relevant Bribery and Corruption laws or regulations.
Anti-Money Laundering (and Terrorist Financing) ("AML")	Risk of being engaged by any client or entering into any transaction that facilitates money laundering. It includes the risk of being perceived or assessed as having inadequate risk-based controls to prevent or detect money laundering.

Sanctions	Risk of being engaged by any client or entering into transactions that violate International Sanctions or being assessed as having inadequate Sanctions controls reasonably designed to prevent Sanctions non-compliance.
Fraud	Internal Fraud: Potential for loss due to action by staff which is intended to defraud, or to circumvent the law or company policy (including Rogue Trading).
	External Fraud: Potential for loss due to criminal acts by external parties such as the misappropriation or theft of financial assets.

- **Model Risk**

Model risk is defined as the potential loss that may occur as a consequence of decisions or the risk of mis-estimation that could be principally based on the output of models, due to errors in the development, implementation or use of such models.

The Bank has no appetite for material adverse implications arising from misuse of models or errors in the development or implementation of models; whilst accepting model uncertainty. The Country Risk Manager owns the risk framework for the model risk.

VII. Information on the Rating by the Rating Agencies and the Content of this Rating According to the Regulation on the Principles Relating to the Activities and Authorization of Rating Agencies

There is no separate rating note for the Bank. However, as of 31 December 2021 the rating notes of Standard Chartered Bank and Standard Chartered PLC given by the rating agencies are listed below.

	Moody's	Fitch	S&P
Standard Chartered Bank	Short-term deposit rating: P-1 (Stable)	Short-term credit rating: F1 (Stable)	Short-term credit rating: A-1 (Stable)
	Unsecured debt rating: A1 (Stable)	Long-term credit rating: A+ (Stable)	Long-term credit rating: A+ (Stable)
Standard Chartered PLC	Unsecured debt rating: A3 (Stable)	Long-term credit rating: A (Stable)	Long-term credit rating: BBB+ (Stable)

VIII. Summary of Financial Information for the five-year term, including the current reporting period

	31.12.2017	2017-2016	31.12.2018	2018-2017	31.12.2019	2019-2018	31.12.2020	2020-2019	31.12.2021	2021-2020	31.12.2022	2022-2021
(thsd TRY)		Change		Change		Change		Change		Change		Change
Liquid Assets	78.532	%4,32	85.330	%8,66	103.537	%21,34	118.383	%14,34	169.665	%43,32	251.442	%48,20
Loans	-	%0,00	-	%0,00	-	%0,00	-	%0,00	-	%0,00	-	%0,00
Other Assets	5.166	-%3,91	5.474	-%5,96	5.985	-%9,34	5.937	-%0,80	7.837	-%32,00	71.415	-%811,25
TOTAL ASSETS	83.698	%3,77	90.804	%8,49	109.522	%20,61	124.320	%13,51	177.502	%42,78	322.857	%81,89
Other Liabilities	9.352	-%7,89	12.425	-%32,86	11.249	-%9,46	11.016	-%2,07	26.825	-%143,51	54.707	-%103,94
Equity	90.330	%0,56	74.996	-%16,98	76.552	%2,07	96.053	%25,47	97.719	%1,73	139.728	%42,99
(Except Profit)												
Net Profit	(15.984)	-%10,37	3.383	-%121,16	21.721	-%542,06	17.251	-%20,58	52.958	-%206,99	128.422	-%142,50
TOTAL LIABILITIES	83.698	%3,77	90.804	%8,49	109.522	%20,61	124.320	%13,51	177.502	%42,78	322.857	%81,89
SELECTED RATIOS												
ROE	%10,61	%18,90	%51,08	%381,35	%25,01	-%51,04	%15,48	-%38,09	%35,06	%126,46	%39,52	%12,71
ROA	%8,52	%16,53	%29,18	%242,45	%17,95	-%38,49	%12,22	-%31,93	%22,04	%80,35	%23,53	%6,75
CAT	%104,14	-%3,78	%104,43	-%0,28	%105,32	-%0,85	%105,51	-%0,18	%109,78	-%4,05	%91,99	-%16,21