(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE SECTION 3.1)

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.

Publicly Announced Unconsolidated Financial Statements and Related Disclosures Together with Independent Auditor's Limited Review Report At 30 September 2020

Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Kat: 2-3-4 Daire: 54-57-59
34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

(Convenience Translation of the Independent Auditors' Report Originally Issued in Turkish, See Note I in Section Three)

REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the Board of Directors of Standard Chartered Yatırım Bankası Türk A.Ş.

Introduction

We have reviewed the accompanying unconsolidated statements of financial position of Standard Chartered Yatırım Bankası Türk A.Ş (the "Bank") at 30 September 2020 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the financial information for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of these interim financial information in accordance with the "Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Legislation" which includes "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 Board and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by aforementioned legislations. Our responsibility is to express a conclusion on these interim unconsolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "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 and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information do not present fairly in all material respects, the unconsolidated financial position of the Bank at 30 September 2020, and its unconsolidated financial performance and its unconsolidated cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the interim activity report included in section seven of the accompanying interim financial information is not consistent, in all material respects, with the reviewed interim financial information and explanatory notes.

Other Matter

The unconsolidated financial statements of the Bank as of 31 December 2019 was audited by another independent audit firm, who issued an unqualified opinion in their audit report dated 16 March 2020. The unconsolidated financial statements of the Bank as of 30 September 2019 was reviewed by the same independent audit firm, who issued an unqualified conclusion on the relevant unconsolidated financial statements in their review report dated 12 November 2019.

Additional paragraph for convenience translation to English

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with "BRSA Accounting and Financial Reporting Legislation" and the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated 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.

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

Damla Harman, SMMM
Partner

16 November 2020
İstanbul, Turkey

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
FINANCIAL REPORT
AS AT AND FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

Address	: Büyükdere Cad, Yapı Kredi Plaza, C Blok, K: 15 Levent/İSTANBUL
Telephone	: (212) 339 37 00
Fax	: (212) 282 63 01
Web-site	:http://www.standardchartered.com.tr

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

- GENERAL INFORMATION ABOUT THE BANK
- FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
- DISCLOSURES AND FOOTNOTES ON FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INTERIM ACTIVITY REPORT

The financial statements and related disclosures and footnotes in auditors' review report are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying financial report is presented in thousands of Turkish Lira (TL), and has been subjected to review and presented attached.

Tracy Jayne CLARKE	**Karin FLINSPACH**	**Belma ÖZMEN**
Chairman of Board of Directors	**Vice Chairman of the Board of Directors, Member of the Audit Committee**	**Member of the Board of Directors and Chairman of Audit Committee**
Alper Tunga KILIÇ	**Kaşif ATUN**	**Francois MASSENA**
Member of the Board of Directors and Member of the Audit Committee	**General Manager**	**Accounting Manager**

The authorized contact person for questions on this financial report:

Name-Surname / Title	: Francois Massena /Manager
Phone No	: +90 (0212) 339 37 32
Fax No	: +90 (0212) 282 63 01
E-mail	: francois.massena@sc.com

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SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. Bank's foundation date, start-up status, history about the changes in this mentioned status:

Standard Chartered Investment Bank Türk A.Ş., (hereinafter referred to as "Standard Chartered Bank" or the "Bank"), was issued by the Under secretariat of the State Planning Organization on 18 August 1989, dated 18 August 1989 and numbered 7075, dated 11 August 1989. According to the articles numbered 4 and 8 of the Banking Law numbered 3182 and the article no. 14502 dated 1 September 1989, it was established on 9 January 1990 in accordance with the Law on Encouragement of Foreign Capital no. The Bank operates under the license of the commercial banking on 18 March 2004 Credit Lyonnais Istanbul, Turkey, Central Branch ("Credit Lyonnais" or "Department") for the deposits, except for all the assets and liabilities, including the paid-up capital and reserve set, debt, debt and took over the rights.

As of 28 December 2007, the title of the Bank "Calyon Bank Türk A.Ş." has been changed to "Calyon Yatırım Bankası Türk A.Ş.".

After obtaining the approval of the Banking Regulation and Supervision Agency, dated 6 February 2010 for the amendment of articles of association, the title of the Bank has been changed to "Credit Agricole Yatırım Bankası Türk A.Ş." in the Extraordinary General Meeting held on 26 February 2010, which was held as per the decision of the Board of Directors dated 9 December 2009. This change of title has been registered in the Trade Registry Gazette on 8 March 2010 numbered 7516.

Which corresponds to 100% of the shares in the capital of the Bank and its affiliated organizations of all Standard Chartered Bank, the Banking Act No. 18 of 5411 within the meaning of the Banking Regulation and Supervision Agency's letter dated 19 October 2012 date, and B.02.1.BDK.0.12.00.00.11.01-21 395 in accordance with the written approval of a duly pursuant to the takeover of the Bank's shareholder structure and control of 4 November 2012 has been changed.

The Banking Regulation and Supervision Agency, dated 8 November 2012 B.02.1BDK.0.12.00.0011.1 – No. 22391 and TC Customs and the Ministry of Commerce dated 20 November 2012 and B.21.0.İTG.0.03.00.01/431.02-46310-1186464-87507274 as approved and amended according to the Articles of Association of the Bank's "Trade Name" Chapter 3, "Credit Agricole Yatırım Bankası Türk A.Ş.", has been changed to "Standard Chartered Yatırım Bankası Türk A.Ş." with the decision, which is approved in the Extraordinary General Meeting held on 22 November 2012 was published in Turkish Trade Registry Gazette dated 30 November 2012.

II. Explanation about the Bank's capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to:

The paid-in capital of the Bank is TL 40,126. This capital is divided into 40,126,000 registered shares with a nominal value of 1 full TL. The controlling shareholder of the Bank is Standard Chartered Bank Limited.

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

III. Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, if available, and the shares of the Bank they possess (if any):

Title	Name	Responsibility	Education
Chairman of the Board of Directors:	Tracy Jayne Clarke	President	Graduate
Vice Chairman:	Karin Flinspach	Vice President Board Member Responsible for Financial Reporting	Graduate
Member of Board:	Kaşif Atun	Member and General Manager	Graduate
	Belma Özmen	Member	Undergraduate
	Alper T. Kılıç	Member	Graduate
Audit Committee:	Belma Özmen	President	Undergraduate
	Alper T. Kılıç	Member	Graduate
General Manager:	Kaşif Atun	General Manager	Graduate

The Bank's chairman and members of the board of directors, the members of the audit committee, general manager and vice general do not hold any shareholding in the Bank.

IV. Information on shareholders having control shares:

Name /Commercial title	Share amounts	Share percentage	Paid-in capital	Unpaid portion
Standard Chartered Bank Limited	Partial	99.99%	40,126	-
Standard Chartered Bank UK Holdings Limited	Partial	0.00%	0,00	-
SCMB Overseas Limited	Partial	0.00%	0,00	-
Standard Chartered Overseas Holdings Limited	Partial	0.00%	0,00	-
Standard Chartered Holdings (International) B.V.	Partial	0.00%	0,00	-
TOTAL	**All**	**100%**	**40,126**	**-**

V. Information on the Bank's service type and field of operation

The Bank does not accept client deposits based on its investment bank status. The Bank's core business activities are to provide Transaction Banking trade financing support and Origination and Client Coverage lending and Treasury services to its clients. As of 30 September 2020, the number of employees in the Bank is 30 (31 December 2019: 29).

VI. Explanations on institutions, which are not subject to the difference between Communique on preparation of Banks' Consolidated Financial Statements and consolidation operations based on TAS, and institutions which are subject to full consolidation or proportional consolidation, reduced from equity or not included in these three methods:

None.

VII. Current or potential, actual or legal obstacles before the immediate transfer of the equity of subsidiaries with the Bank or repayment of debts:

None.

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

SECTION TWO

FINANCIAL STATEMENTS OF THE BANK

	BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five)	Reviewed Current Period (30.09.2020)			Audited Prior Period (31.12.2019)		
	ASSESTS		TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (NET)**		**95,957**	**22**	**95,979**	**63,453**	**99**	**63,552**
1.1.	**Cash and Cash Equivalents**		**95,797**	**22**	**95,819**	**63,293**	**99**	**63,392**
1.1.1.	Cash and Balances with Central Bank	**(I.1.1.)**	43	-	43	87	-	87
1.1.2.	Banks	**(I.1.3.)**	31	22	53	88	99	187
1.1.3.	Money Markets	**(I.1.3.)**	95,723	-	95,723	63,118	-	63,118
1.2.	**Financial Assets Measured at Fair Value Through Profit or Loss**		-	-	-	-	-	-
1.2.1.	Government Securities		-	-	-	-	-	-
1.2.2.	Equity Securities		-	-	-	-	-	-
1.2.3.	Other Financial Assets		-	-	-	-	-	-
1.3.	**Financial Assets Measured at Fair Value Through Other Comprehensive Income**		**160**	-	**160**	**160**	-	**160**
1.3.1.	Government Securities		-	-	-	-	-	-
1.3.2.	Equity Securities		-	-	-	-	-	-
1.3.3.	Other Financial Assets		160	-	160	160	-	160
1.4.	**Derivative Financial Assets**		-	-	-	-	-	-
1.4.1.	Derivative Financial Assets Measured at FVTPL		-	-	-	-	-	-
1.4.2.	Derivative Financial Assets Measured at FVOCI		-	-	-	-	-	-
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)**		-	-	-	-	-	-
2.1.	**Loans**		-	-	-	-	-	-
2.2.	**Lease Receivables**		-	-	-	-	-	-
2.3.	**Factoring Receivables**		-	-	-	-	-	-
2.4.	**Financial Assets measured at amortized cost**		-	-	-	-	-	-
2.4.1.	Government Debt Securities		-	-	-	-	-	-
2.4.2.	Other Financial Assets		-	-	-	-	-	-
2.5.	**Non-Performing Loans**	**(I.2.10.)**	**17**	-	**17**	**4,982**	-	**4,982**
2.6.	**Specific Provisions (-)**	**(I.2.9.)**	**(17)**	-	**(17)**	**(4,982)**	-	**(4,982)**
III.	**PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)**		-	-	-	-	-	-
3.1.	Held for Sale Purpose		-	-	-	-	-	-
3.2.	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**EQUITY INVESTMENTS**		-	-	-	-	-	-
4.1.	**Investments in Associates (Net)**		-	-	-	-	-	-
4.1.1.	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2.	Associates		-	-	-	-	-	-
4.2.	**Subsidiaries (Net)**		-	-	-	-	-	-
4.2.1.	Financial Subsidiaries		-	-	-	-	-	-
4.2.2.	Non-Financial Subsidiaries		-	-	-	-	-	-
4.3.	**Joint Ventures (Net)**		-	-	-	-	-	-
4.3.1.	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2.	Joint Ventures		-	-	-	-	-	-
V.	**PROPERTY AND EQUIPMENT (Net)**		**4,005**	-	**4,005**	**3,752**	-	**3,752**
VI.	**INTANGIBLE ASSETS (Net)**		**515**	-	**515**	**2**	-	**2**
6.1.	Goodwill		-	-	-	-	-	-
6.2.	Other		515	-	515	2	-	2
VII.	**INVESTMENT PROPERTY (Net)**		-	-	-	-	-	-
VIII.	**CURRENT TAX ASSET**		-	-	-	-	-	-
IX.	**DEFERRED TAX ASSET**		**2,065**	-	**2,065**	**1,762**	-	**1,762**
X.	**OTHER ASSETS**	**(I.3.8)**	**24,501**	-	**24,501**	**40,454**	-	**40,454**
	TOTAL ASSETS		**127,043**	**22**	**127,065**	**109,423**	**99**	**109,522**

The accompanying notes are an integral part of these financial statements.

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
BALANCE SHEET AS OF 30 SEPTEMBER 2020

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

	BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five)	Reviewed Current Period (30.09.2020)			Audited Prior Period (31.12.2019)		
	LIABILITIES AND EQUITY		TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**		-	-	-	-	-	-
II.	**FUNDS BORROWED**		-	-	-	-	-	-
III.	**MONEY MARKETS**		-	-	-	-	-	-
IV.	**SECURITIES ISSUED (Net)**		-	-	-	-	-	-
4.1.	Bills		-	-	-	-	-	-
4.2.	Asset Backed Securities		-	-	-	-	-	-
4.3.	Bonds		-	-	-	-	-	-
V.	**FUNDS**		-	-	-	-	-	-
5.1.	Borrower Funds		-	-	-	-	-	-
5.2.	Other		-	-	-	-	-	-
VI.	**FİNANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**		-	-	-	-	-	-
7.1.	Derivative Financial Liabilities at FVTPL		-	-	-	-	-	-
7.2.	Derivative Financial Liabilities at FVOCI		-	-	-	-	-	-
VIII.	**FACTORING LIABILITES**		-	-	-	-	-	-
IX.	**LEASE LIABILITIES**		**241**	-	**241**	**339**	-	**339**
X.	**PROVISIONS**		**7,992**	-	**7,992**	**7,867**	-	**7,867**
10.1.	General Provision	**(II.7.1.)**	364	-	364	608	-	608
10.2.	Restructuring Provisions		-	-	-	-	-	-
10.3.	Reserve for Employee Benefits		7,628	-	7,628	7,259	-	7,259
10.4.	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.5.	Other Provisions		-	-	-	-	-	-
XI.	**CURRENT TAX LIABILITY**	**(II.8.1)**	**3,345**	-	**3,345**	**2,553**	-	**2,553**
XII.	**DEFERRED TAX LIABILITY**		-	-	-	-	-	-
XIII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**		-	-	-	-	-	-
13.1.	Held for Sale Purpose		-	-	-	-	-	-
13.2.	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**		-	-	-	-	-	-
14.1.	Loans		-	-	-	-	-	-
14.2.	Other Debt Instruments		-	-	-	-	-	-
XV.	**OTHER LIABILITIES**		**1,825**	-	**1,825**	**490**	-	**490**
XVI.	**SHAREHOLDERS' EQUITY**		**113,662**	-	**113,662**	**98,273**	-	**98,273**
16.1.	Paid-in capital	**(II.10.1.)**	40,126	-	40,126	40,126	-	40,126
16.2.	Capital Reserves		5,913	-	5,913	5,913	-	5,913
16.2.1.	Share Premium		-	-	-	-	-	-
16.2.2.	Share Cancellation Profits		-	-	-	-	-	-
16.2.3.	Other Capital Reserves		5,913	-	5,913	5,913	-	5,913
16.3.	Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		465	-	465	346	-	346
16.4.	Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		-	-	-	-	-	-
16.5.	Profit Reserves		49,828	-	49,828	30,167	-	30,167
16.5.1.	Legal Reserves		7,526	-	7,526	6,542	-	6,542
16.5.2.	Status Reserves		-	-	-	-	-	-
16.5.3.	Extraordinary Reserves		42,302	-	42,302	23,625	-	23,625
16.5.4.	Other Profit Reserves		-	-	-	-	-	-
16.6.	Profit or Loss		17,330	-	17,330	21,721	-	21,721
16.6.1.	Prior Periods' Profit or (Loss)		2,060	-	2,060	2,060	-	2,060
16.6.2.	Current Period Profit or (Loss)		15,270	-	15,270	19,661	-	19,661
	TOTAL LIABILITIES AND EQUITY		**127,065**	-	**127,065**	**109,522**	-	**109,522**

The accompanying notes are an integral part of these financial statements.

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 30 SEPTEMBER 2020
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

			Reviewed Current Period (30.09.2020)			Audited Prior Period (31.12.2019)		
	STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	**Note (Section Five)**	**TP**	**FC**	**Total**	**TP**	**FC**	**Total**
A	**OFF-BALANCE SHEET LIABILITIES (I+II+III)**		-	-	-	-	-	-
I.	**GUARANTEES AND WARRANTIES**		-	-	-	-	-	-
1.1.	Letters of Guarantee		-	-	-	-	-	-
1.1.1.	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3.	Other Letters of Guarantee		-	-	-	-	-	-
1.2.	Bank Acceptances		-	-	-	-	-	-
1.2.1.	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		-	-	-	-	-	-
1.3.1.	Documentary Letters of Credit		-	-	-	-	-	-
1.3.2.	Other Letters of Credit		-	-	-	-	-	-
1.4.	Prefinancing 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.	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7.	Factoring Guarantees		-	-	-	-	-	-
1.8.	Other Guarantees		-	-	-	-	-	-
1.9.	Other Collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**		-	-	-	-	-	-
2.1.	Irrevocable Commitments		-	-	-	-	-	-
2.1.1.	Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2.	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4.	Loan Granting Commitments		-	-	-	-	-	-
2.1.5.	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7.	Commitments for Cheques		-	-	-	-	-	-
2.1.8.	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9.	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10.	Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11.	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12.	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13.	Other Irrevocable Commitments		-	-	-	-	-	-
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**		-	-	-	-	-	-
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Transactions		-	-	-	-	-	-
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		-	-	-	-	-	-
3.2.2.1	Foreign Currency Swap-Buy		-	-	-	-	-	-
3.2.2.2	Foreign Currency Swap-Sell		-	-	-	-	-	-
3.2.2.3	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
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		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGES RECEIVED (IV+V+VI)**		-	-	-	-	-	-
IV.	**ITEMS HELD IN CUSTODY**		-	-	-	-	-	-
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		-	-	-	-	-	-
4.3	Checks Received for Collection		-	-	-	-	-	-
4.4	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	-	-	-
V.	**PLEDGES RECEIVED**		-	-	-	-	-	-
5.1	Marketable Securities		-	-	-	-	-	-
5.2	Guarantee Notes		-	-	-	-	-	-
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		-	-	-	-	-	-
5.6	Other Pledged Items		-	-	-	-	-	-
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		-	-	-	-	-	-
	Total Off-balance sheet liabilities (A+B)		-	-	-	-	-	-

The accompanying notes are an integral part of these financial statements.

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2020
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

	STATEMENT OF PROFIT OR LOSS	Note (Section Five)	Reviewed Current Period (01.01.2020-30.09.2020)	Reviewed Prior Period (01.01.2019-30.09.2019)	Reviewed Current Period (01.07.2020-30.09.2020)	Reviewed Prior Period (01.07.2019-30.09.2019)
I.	**INTEREST INCOME**		**5,094**	**10,080**	**1,601**	**3,514**
1.1.	Interest on Loans		-	-	-	-
1.2.	Interest on Reserve Requirements		-	-	-	-
1.3.	Interest on Banks	**(IV.1.2.)**	1,293	3,138	-	2,706
1.4.	Interest on Money Market Transactions		3,801	6,942	1,601	808
1.5.	Interest on Marketable Securities Portfolio		-	-	-	-
1.5.1.	Fair Value Through Profit or Loss		-	-	-	-
1.5.2.	Fair Value Through Other Comprehensive Income		-	-	-	-
1.5.3.	Measured at Amortized Cost		-	-	-	-
1.6.	Financial Lease Income		-	-	-	-
1.7.	Other Interest Income		-	-	-	-
II.	**INTEREST EXPENSE (-)**		**10**	**13**	**4**	**3**
2.1.	Interest on Deposits		-	-	-	-
2.2.	Interest on Funds Borrowed		-	-	-	-
2.3.	Interest Expense on Money Market Transactions		-	-	-	-
2.4.	Interest on Securities Issued		-	-	-	-
2.5	Rental Interest Expense		10	13	4	3
2.6.	Other Interest Expenses		-	-	-	-
III.	**NET INTEREST INCOME (I - II)**		**5,084**	**10,067**	**1,597**	**3,511**
IV.	**NET FEES AND COMMISSIONS INCOME**		**(13)**	**(12)**	**(3)**	**(4)**
4.1.	Fees and Commissions Received		5	8	2	3
4.1.1.	Non-cash Loans		-	-	-	-
4.1.2.	Other		5	8	2	3
4.2.	Fees and Commissions Paid		18	20	5	7
4.2.1.	Non-cash Loans		-	-	-	-
4.2.2.	Other		18	20	5	7
V.	**DIVIDEND INCOME**		**90**	**69**	**-**	**-**
VI.	**TRADING INCOME /(LOSS) (Net)**		**158**	**(32)**	**-**	**21**
6.1.	Trading Gains / (Losses) on Securities		-	-	-	-
6.2.	Gains / (Losses) on Derivative Financial Transactions		-	-	-	-
6.3.	Foreign Exchange Gains / (Losses)	**(IV.3.)**	158	(32)	-	21
VII.	**OTHER OPERATING INCOME**	**(IV.4.)**	**40,533**	**31,162**	**16,101**	**10,006**
VIII.	**GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)**		**45,852**	**41,254**	**17,695**	**13,534**
IX.	**LOAN PROVISIONS (-)**	**(IV.5.)**	**-**	**825**	**-**	**825**
X.	**PERSONNEL EXPENSE (-)**	**(IV.6.)**	**8,488**	**6,910**	**2,955**	**2,488**
XI.	**OTHER OPERATING EXPENSES (-)**		**17,183**	**18,924**	**3,906**	**5,146**
XII.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X)**	**(IV.6.)**	**20,181**	**14,595**	**10,834**	**5,075**
XIII.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		**-**	**-**	**-**	**-**
XIV.	**INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD**		**-**	**-**	**-**	**-**
XV.	**INCOME/(LOSS) ON NET MONETARY POSITION**		**-**	**-**	**-**	**-**
XVI.	**PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+…+XV)**	**(IV.7.)**	**20,181**	**14,595**	**10,834**	**5,075**
XVII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**		**(4,911)**	**(4,367)**	**(2,404)**	**(1,341)**
17.1.	Current Tax Provision	**(IV.8.)**	5,248	4,991	2,529	1,945
17.2.	Deferred Tax Income Effect (+)	**(IV.8.)**	-	-	-	-
17.3.	Deferred Tax Expense Effect (-)		337	624	125	604
XVIII.	**CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)**	**(IV.9.)**	**15,270**	**10,228**	**8,430**	**3,734**
XIX.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-	-	-
19.1.	**Income from Non-current Assets Held for Sale**		-	-	-	-
19.2.	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.3.	Income from Other Discontinued Operations		-	-	-	-
XX.	**EXPENSES FOR DISCONTINUED OPERATIONS (-)**		-	-	-	-
20.1.	**Expenses for Non-current Assets Held for Sale**		-	-	-	-
20.2.	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3.	Expenses for Other Discontinued Operations		-	-	-	-
XXI.	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)**		-	-	-	-
XXII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		-	-	-	-
22.1.	**Current Tax Provision**		-	-	-	-
22.2.	Deferred Tax Expense Effect (+)		-	-	-	-
22.3.	Deferred Tax Income Effect (-)		-	-	-	-
XXIII.	**CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)**		-	-	-	-
XXIV.	**NET PROFIT/(LOSS) (XVIII+XXIII)**		**15,270**	**10,228**	**8,430**	**3,734**
	Earnings/(Loss) per share		0.38055	0.25490	0.21009	0.09306

The accompanying notes are an integral part of these financial statements.

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

		Note	Reviewed Current Period (01.01.2020-30.09.2020)	Reviewed Prior Period (01.01.2019-30.09.2019)
I.	**CURRENT PERIOD PROFIT/LOSS**		**15,270**	**10,228**
II.	**OTHER COMPREHENSIVE INCOME**		**119**	**(50)**
2.1.	**Other Income/Expense Items not to be Recycled to Profit or Loss**		119	(50)
2.1.1.	Revaluation Surplus on Tangible Assets		-	-
2.1.2.	Revaluation Surplus on Intangible Assets		-	-
2.1.3.	Defined Benefit Pension Plan Remeasurement Gain/Loss		153	(64)
2.1.4.	Other Comprehensive Income Items Not Reclassified Through Profit or Loss		-	-
2.1.5.	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss		(34)	14
2.2.	**Other Income/Expense Items to be Recycled to Profit or Loss**		-	-
2.2.1.	Foreign Currency Translation Differences		-	-
2.2.2.	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income		-	-
2.2.3.	Cash Flow Hedge Income/Loss		-	-
2.2.4.	Foreign Net Investment Hedge Income/Loss		-	-
2.2.5.	Other Comprehensive Income Items Reclassified Through Profit or Losses		-	-
2.2.6.	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss		-	-
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**		**15,389**	**10,178**

The accompanying notes are an integral part of these financial statements.

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

	Statement of Changes in Shareholders' Equity						**Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss**			**Other Accumulated Comprehensive Income That Will Be Reclassified to Profit or Loss**						
	Prior Period	**Note**	**Paid-in Capital**	**Share Premium**	**Share Certificate Cancel Profits**	**Other Capital Reserves**	**1**	**2**	**3**	**4**	**5**	**6**	**Profit Reserves**	**Prior Period Net Profit/ (Loss)**	**Current Period Net Profit / (Loss)**	**Total Equity**
I.	**Balance at the Beginning of the Period 1 January 2019**		**40,126**	**-**	**-**	**5,913**	**-**	**113**	**-**	**-**	**-**	**-**	**28,844**	**(23,118)**	**26,501**	**78,379**
II.	**Adjustment in accordance with TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effect of adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**		**40,126**	**-**	**-**	**5,913**	**-**	**113**	**-**	**-**	**-**	**-**	**28,844**	**(23,118)**	**26,501**	**78,379**
IV.	**Total comprehensive income (loss)**		-	-	-	-	-	**(50)**	-	-	-	-	-	-	**10,228**	**10,178**
V.	**Capital increase in cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital increase through internal reserves**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Issued capital inflation adjustment difference**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated debt**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase (decrease) through other changes, equity**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit distribution**		-	-	-	-	-	-	-	-	-	-	-	**26,501**	**(26,501)**	-
11.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves		-	-	-	-	-	-	-	-	-	-	-	26,501	(26,501)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
							-		-	-	-	-				
	Balance at the end of the period (III+IV+…...+X+XI) (30.09.2019)		**40,126**	**-**	**-**	**5,913**	**-**	**63**	**-**	**-**	**-**	**-**	**28,844**	**(23,118)**	**10,228**	**88,557**

1. Tangible and Intangible Assets Revaluation Reserve

2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans

3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)

4.Exchange Differences on Translation

5 Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income

6.Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

							Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified to Profit or Loss						
	Current Period	**Note**	**Paid-in Capital**	**Share Premium**	**Share Certificate Cancel Profits**	**Other Capital Reserves**	**1**	**2**	**3**	**4**	**5**	**6**	**Profit Reserves**	**Prior Period Net Profit/ (Loss)**	**Current Period Net Profit / (Loss)**	**Total Equity**
I.	**Balance at the Beginning of the Period**		**40,126**	-	-	**5,913**	-	**346**	-	-	-	-	**30,167**	**2,060**	**19,661**	**98,273**
II.	**Balance at the beginning of the period**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Adjustment in accordance with TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**	**(II.10.1)**	**40,126**	-	-	**5,913**	-	**346**	-	-	-	-	**30,167**	**2,060**	**19,661**	**98,273**
IV.	**Total comprehensive income (loss)**		-	-	-	-	-	**119**	-	-	-	-	-	-	**15,270**	**15,389**
V.	**Capital increase in cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital increase through internal reserves**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Issued capital inflation adjustment difference**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated debt**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase (decrease) through other changes, equity**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit distribution**		-	-	-	-	-	-	-	-	-	-	**19,661**	-	**(19,661)**	-
11.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves		-	-	-	-	-	-	-	-	-	-	19,661	(19,661)	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	19,661	(19,661)	-
	Balance at the end of the period (III+IV+…...+X+XI)		**40,126**	-	-	**5,913**	-	**465**	-	-	-	-	**49,828**	**2,060**	**15,270**	**113,662**

1. Tangible and Intangible Assets Revaluation Reserve
2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)
4.Exchange Differences on Translation
5 Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income
6.Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

	STATEMENT OF CASH FLOWS	Note (Section Five)	Reviewed Current Period (01.01.2020 30.09.2020)	Reviewed Prior Period (01.01.2019- 30.09.2019)
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities**		**25,245**	**17,261**
1.1.1	Interest Received		5,089	7,498
1.1.2	Interest Paid		-	(13)
1.1.3	Dividend Received		90	69
1.1.4	Fees and Commissions Received		5	8
1.1.5	Other Income		54,830	41,326
1.1.6	Collections from Previously Written-off Loans and Other Receivables		-	-
1.1.7	Payments to Personnel and Service Suppliers		(18,332)	(13,068)
1.1.8	Taxes Paid		(7,067)	(2,991)
1.1.9	Other		(9,370)	(15,568)
1.2	**Changes in Operating Assets and Liabilities**		**8,947**	**1,197**
1.2.1	Net (increase) / (decrease) in Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.2	Net (increase) / decrease in Due From Banks And Other Financial Institutions		-	-
1.2.3	Net (increase) / decrease in Loans		-	-
1.2.4	Net (increase) / decrease in Other Assets		843	(283)
1.2.5	Net increase / (decrease) in Bank Deposits		-	-
1.2.6	Net increase / (decrease) in Other Deposits		-	-
1.2.7	Net increase) / (decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8	Net increase / (decrease) in Funds Borrowed		-	-
1.2.9	Net increase / (decrease) in Payables		-	-
1.2.10	Net increase / (decrease) in Other Liabilities		7,654	1,480
I.	**Net Cash Provided from Banking Operations**		**33,742**	**18,458**
B.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**			
II.	**Net Cash Provided from Investing Activities**		**(1,200)**	**(60)**
2.1	Cash Paid for Acquisition of Investments, Associates and Subsidiaries		-	-
2.2	Cash Obtained from Disposal of Investments, Associates and Subsidiaries		-	-
2.3	Purchases of Property and Equipment		(1,200)	(68)
2.4	Disposals of Property and Equipment		-	8
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.7	Purchase of Financial Assets Measured at Amortized Cost		-	-
2.8	Sale of Financial Assets Measured at Amortized Cost		-	-
2.9	Other		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided from Financing Activities**		**(142)**	**(157)**
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 Equity Instruments		-	-
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		(142)	(157)
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**		**5**	**-**
V.	**Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)**		**32,405**	**18,241**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**		**63,393**	**49,212**
VII.	**Cash and Cash Equivalents at the End of the Period**		**95,798**	**67,453**

The accompanying notes are an integral part of these financial statements.

SECTION THREE

ACCOUNTING POLICIES

I. Explanation on basis of presentation:

a. The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Accounting Applications for Banks and Safeguarding of Documents:

The Bank prepares its financial statements in accordance with the “BRSA Accounting and Reporting Regulation” which includes the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards (“TFRS”) published by the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations. The format and content of the accompanying unconsolidated financial statements and footnotes have been prepared in accordance with the “Communique’ on Publicly Announced Financial Statements Explanations and notes to the Financial Statements” and “Communique on Disclosures About Risk Management to be Announced to Public by Banks.

The financial statements have been prepared with historical cost in TL except for the financial assets which are carried at fair value. The accompanying unconsolidated financial statements and the explanatory footnotes, unless otherwise indicated, are prepared in thousands of Turkish Lira (“TL”).

The preparation of financial statements in conformity with BRSA Accounting and Financial Reporting Regulations requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made, and the effects of these corrections are reflected to the income statement. It is not expected to have any significant impact on the Bank's accounting policies, financial position and performance from the amendments of TAS and TFRS issued as of the date of the financial statements.

The accounting policies and valuation principles used in the 2020 period are presented in the accompanying notes and the accounting policies and valuation principles are explained in Notes II to XXIII below.

As explained in the decision of BRSA numbered 7650 dated December 21, 2017, in the scope of paragraph (6) of Article 9 of the ‘Regulation on Procedures and Principles for the Classification of Loans and the Provisions to be Forwarded’ which entered into force as of 1 January 2018, it is been permitted for the Bank to provide provisions in accordance with Articles 10, 11, 13 and 15 of the Regulation instead of TFRS 9. On the other hand, if the transaction volume and diversity of the Bank increase in the following periods, provision should be provided in accordance with TFRS 9 to the loans. Aforementioned exception is only related with provisions.

ACCOUNTING POLICIES (Continued)

I. Explanation on basis of presentation (Continued):

b. Explanation on accounting principles adopted in the preparation of the financial statements and valuation methods:

The accounting policies and valuation methods applied in the presentation of these financial statements are in accordance with the TFRS. These accounting policies and valuation methods are explained in Notes II to XXIII.

c. Explanation on accounting principles adopted in the preparation of valuation methods:

The accounting policies applied in the presentation of these financial statements are in accordance with the TFRS. These accounting policies are explained in Notes II to XXIII.

Additional paragraph for convenience translation to English

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

II. Explanations on strategy of using financial instruments and explanations on foreign currency transactions:

Services have been decreased and on and off-balance sheet exposures have been minimized since 2012. The Bank did not grant any new corporate banking loans in current period and prior period. As a result, the credit, market and liquidity risks are at minimum as at 30 September 2020. The Bank's main activity is intra-group advisory services. Bank gives advisory services to Standard Chartered local and foreign subsidiaries for loan granting to companies located in Turkey or their subsidiaries abroad.

At 30 September 2020, all of the monetary assets and liabilities denominated in foreign currency were converted into Turkish lira using the following foreign exchange rates: USD 7.8080 TL, EUR 9.1281 TL (31 December 2019: USD 5.9400 TL, EUR 6.6621 TL).

III. Explanations on forward transactions, options and derivative instruments:

As of 30 September 2020, and 31 December 2019, the Bank does not have any derivative transactions that are recognized as at fair value through profit or loss.

ACCOUNTING POLICIES (Continued)

IV. Explanations on interest income and expense:

Interest income is recorded according to the effective interest rate method (rate equal to net present value of future cash flows or financial assets and liabilities) defined in the TFRS 9 "Financial Instruments" standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. If the financial asset is impaired and classified as a non-performing receivable, the Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected credit loss models and accordingly, the calculation of expected credit losses includes an interest amount. Therefore, a reclassification is made between the accounts of "Expected Credit Losses" and "Interest Income from Loans" for calculated amount. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), interest income at subsequent reporting periods are calculated by applying the effective interest rate to the gross amount. Interest income and expenses are recognized in the income statement for all interest-bearing instruments on an accrual basis using the effective interest method (the rate that equalizes the future cash flows of financial assets and liabilities to the current net book value).

V. Explanations on fee and commission income and expenses:

All fees and commissions income/expenses are recognized on an accrual basis, except from certain commission income and fees from various banking services which are recorded as income at the time of collection. Fees and commissions expenses paid to the other institutions are recognized as operational costs and recorded by using the effective interest method. 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 recognized as income at the time of collection. Commissions earned from loans where the Bank acts as an intermediary is recorded as income at the end of each month on an accrual basis.

The Bank measures and accounts commission income from its advisory services in accordance with TFRS 15 'Revenue' standard. The Bank takes into account the terms and conditions of the service agreement signed with the parent company in order to determine the transaction price. The amount of commission to be collected by the Bank is calculated on the basis of TL cost and the portion exceeding the determined amount is considered as USD variable cost. While the Bank assesses whether it is probable that there will be no significant reversal in the amount of cumulative revenue recorded in the financial statements when the uncertainty regarding the cost disappears, the Bank considers both the probability and the magnitude of the revenue reversal. In addition, the collection amounts realized after the balance sheet date are considered as events requiring adjustment after balance sheet date and relevant corrections are made. At the end of each calculation period, the Bank updates the estimated transaction price (including updating its assessment of whether a variable price estimate is limited) to accurately reflect the current conditions at the end of the period and the changes in conditions throughout the period. Income accruals are recognized in "Other Assets" line in the statement of financial position, the income and expense amount arising from these receivables are recognized in "Other Operating Income" and "Other Operating Expenses" respectively.

VI. Explanations on financial assets:

The Bank categorizes its financial assets as fair value through profit/loss, fair value through other comprehensive income or measured at amortized cost. Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated January 19, 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

As per TFRS 9, the Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (Continued):

In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss. The bank tests all financial assets within the scope of TFRS 9 "whether the contractual cash flows arise solely from interest and capitals" and assessed the asset classification within the business model.

Measurement categories of financial assets and liabilities

Financial assets are classified compliance with TFRS 9 in four main categories as listed below:

- Financial assets measured at fair value through profit/loss
- Financial assets measured at fair value through other comprehensive income and
- Loan
- Financial assets measured at amortized cost.

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

Financial assets at fair value through profit or loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement

Equity securities, which are classified as financial assets measured at fair value through profit or measured are carried at fair value.

As of 30 September 2020, and 31 December 2019, the Bank has no financial assets at fair value through profit or loss.

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (Continued):

b. Financial assets at fair value through other comprehensive income:

Financial Assets Measured at Fair Value Through Other Comprehensive Income occur from assets other than "Loans", "Financial Assets Measured at Amortized Cost" and financial assets that are not derivative financial instruments. Financial Assets Measured at Fair Value Through Other Comprehensive Income are recorded along with the transaction costs directly related to the acquisition costs are recorded along with values from transaction costs directly related to the acquisition costs.

Financial assets at fair value through other comprehensive income are remeasured at fair value after the recognition. Interest income calculated with effective interest rate method arising from debt securities at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. 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.

As of 30 September 2020, Bank have financial assets at fair value through other comprehensive income TL 160 (31 December 2019: TL 160).

c. Loans

Loans are financial assets that are non-derivative financial instruments and cannot be identified, at fair value through profit / loss or at fair value through other comprehensive income, have fixed or determinable payments and are not quoted in an active market. Loans are recognized initially at fair value that reflects the transaction costs of the acquisition cost value and subsequently recognized by the addition of the "Effective interest rate (internal rate of return) method" are measured at amortized cost. Assets received as collateral and other similar expenses incurred for the transaction costs and expenses are not considered as part of the accounts.

TFRS 9 "Financial Instruments" Standard, issued by POA in January 2017, while changing amendments to the existing guidance in TAS 39 "Financial Instruments: Recognition and Measurement", the accounting, classification, measurement and off-balance sheet applications of TAS 39 has been transferred to TFRS 9. The latest version of TFRS 9 includes guidance on the application of a new expected credit loss model for the calculation of impairment on financial assets, as well as guidance on previous release versions of TFRS 9, including updated practices on new general hedge accounting requirements. TFRS 9 entered into force on 1 January 2018. In this context, banks have been required to apply TFRS 9 as of 1 January 2018 with the "Regulation on Procedures and Principles for Classification of Loans and Provisions to be set Aside" published in the Official Gazette dated 22 June 2016 and numbered 29750.

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (Continue):

c. Loans (Continued):

The Bank is allowed to allocate provisions in accordance with the 10th, 11th, 13th and 15th articles of the Regulation instead of TFRS 9 with the BRSA's decision No. 7650 dated 21 December 2017.

In accordance with the Bank's management's evaluations and estimates, if the possibility of collecting any loan becomes limited or suspicious, and / or for the non-performing loans, published in the Official Gazette dated 22 June 2016 and numbered 29750, the principles and procedures for the classification of loans and the provisions to be set aside by taking into account the Regulation, it sets a special and general provision. Reserves are deducted from the income of that year. Receivables for which provision is provided in the previous periods are deducted from the provisions account when they are collected and reflected in "Other Operating Income" account. In the same year, when receivables are allocated, provisions are deducted from Provision for Loans. Uncollectible receivables are derecognized from the records after all legal procedures are completed.

d. Financial assets measured at amortized cost:

Financial assets measured at amortized cost are assets that are not classified under "loans" with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity; initially recognized at transaction prices at acquisition and not defined as financial assets at fair value through other comprehensive income or derivative financial assets. Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using "effective interest rate'' method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

There are no financial assets that were previously classified as financial assets measured at amortized cost but cannot be subject to this classification for two years due to the violation of classification principles.

As of 30 September 2020, and 31 December 2019, the Bank does not have any financial assets measured at amortized cost.

VII. Explanations on impairment on financial assets:

The impairment on financial assets are evaluated whose indicators are carried at fair value in every balance sheet period. If there are any assets which are not carried at fair value, its provisions should be made as explained below.

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the "effective interest method", or the fair value if one exists is lower than its carrying value, then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in value of the impaired financial asset and is charged against the income for the year.

The principles regarding the accounting of provisions of loans and receivables are explained in details in Note VI of Section Three.

The COVID-19 epidemic, which has recently emerged in China, has spread to various countries around the world, causing potentially fatal respiratory infections, affects both regional and global economic conditions negatively, as well as causing malfunctions in operations, especially in countries exposed to the epidemic. As a result of the spread of COVID-19 around the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and it is still being taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide. Bank did not grant any corporate loan exposures in the current and the previous periods. Since the main activity of the Bank is intra-group advisory services, the commission income from these advisory services may be effected by economic conditions.

ACCOUNTING POLICIES (Continued)

VIII. Explanations on offsetting financial instruments

Financial assets and liabilities are included in this balance sheet if the Bank has a legal right and sanction power for netting and has an intention to collect / pay the related financial asset and liability over their net amount or realizing and paying the related financial asset and debt simultaneously. shown over their net amount.

IX. Explanations on sales and repurchase agreements and securities lending transactions:

Securities subject to repurchase agreements ("Repo") are classified as "Fair value difference through profit or loss", "Financial Assets at Fair Value Through Other Comprehensive Income" and "Financial Assets Measured at *Amortized* Cost" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Funds Provided under Repurchase Agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the "effective interest method".

Funds given against securities purchased under agreements ("Reverse Repo") to resell are accounted under "Receivables from Reverse Repurchase Agreements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the "effective interest method". The Bank has no securities lending transactions.

X. Explanation on assets held for resale, discontinued operations and liabilities related with these assets:

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing loans and receivables and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TFRS 5)".

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. To have a high possibility of sale, a plan should have been made for the sale of the asset (or the asset group to be disposed) and an active program should have been started by the management, aiming to complete the plan and determine the buyers.

The properties obtained from the Group's receivables are shown at the fixed assets held for sale line according to the execution of the forward sales agreement. A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the income statement.

ACCOUNTING POLICIES (Continued)

XI. Explanations on goodwill and other intangible assets:

The intangible assets are classified by adding their direct cost and production costs. After recognizing their cost, intangible assets are recorded by the value which is calculated over the deducting accumulated depreciation and provision for value decrease.

Other intangible assets are amortized using the straight-line method over the approximate useful lives of the related assets. The useful life is five years for other intangible assets which are mainly software programs. The useful life of the asset is determined by assessing the expected useful time of the asset, technical, technological and other types of worn-out and all required maintenance expenses done to utilize the economic benefit from the asset.

The Bank does not have any goodwill as at 30 September 2020 and 31 December 2019.

XII. Explanations on property and equipment

Property and equipment are measured at its cost when initially recognized 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 are carried at cost less accumulated depreciation and provision for value decrease, if any.

Depreciation is calculated over of the cost of property and equipment using the straight-line method based on expected useful lives. The expected useful lives are stated below:

Buildings	50 years
Vehicles (Leasing Assets)	3 years
Other	3-15 years

The depreciation charge for items remaining in property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

On the case of where cost of tangible assets is higher than "net realizable value", value of the asset is reduced to "net realizable value" and impairment loss provision is associated with expense accounts.

Gains and losses on the disposal of tangible assets are determined by deducting the net book value of tangible assets from its sales revenue.

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, the quality of the product or to decrease the costs.

ACCOUNTING POLICIES (Continued)

XII. Explanations on property and equipment (Continued):

There are no pledge, mortgage and other measures or commitments related to the purchase, or another issue that limits their usage rights on tangible assets.

Bank does not expect any changes in accounting estimations, or changes in subsequent period, that have significant impact related to tangible assets.

Investment property is kind of property which is held by the Bank to earn rent. These are listed in the attached financial statements at acquisition costs less accumulated amortization and impairment provisions. Depreciation is calculated over of the cost of property and equipment using the straight- line method based on expected useful lives.

Right of use assets

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, and direct costs paid by lessee in the beginning.

After the commencement date, the Bank measures the right-of-use asset applying a cost model. To apply the cost model, the Bank measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

While assets that are considered as right-of-use assets in tangible fixed assets are subject to depreciation, depreciation are applied within the scope of TAS 16 Tangible Assets standard.

As of 30 September 2020, and 31 December 2019, there is no investment property in the financial statements.

XIII. Explanations on leasing transactions:

In accordance with the "TFRS 16 Leases" Standard assets acquired under finance lease agreements are capitalized at the inception of the lease at the "lower of the fair value of the leased asset or the present value of the amount of cash consideration given 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" has been recognized. Liabilities arising from the leasing transactions are included in "Financial lease payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Bank does not have any leasing transactions as lessor.

The amount of the lease to the financial statement, measurement and presentation of the leases is shown in the gross balance of the balance sheet as equal to the total of all cash payments under the contract and netted with the interest expense arising from the contract. The right of use arising from leasing transactions is capitalized on the date when the leasing is commenced by measuring the present value of the lease payments that have not been paid at that date. In this measurement, the alternative borrowing interest rate given by the Asset Liability Management Department is used if it can be easily determined. During the first application, the Bank has recorded a lease obligation as an operating lease. These liabilities are measured at the present value of the remaining lease payments discounted using the Bank's average borrowing rate.

"TFRS 16 Leases" Standard published by Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29826 dated 16 April 2018 starting from 1 January 2019. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The purpose of the standard is to ensure that the lessees and lessors present these transactions in a truthful way and provide the information appropriate to the need. This information constitutes the basis for the evaluation of the effects of leases on the financial position, financial performance and cash flows of the financial statement users. With the "TFRS 16 Leases" Standard effective as of 1 January 2019, the difference between operating lease and financial leasing has disappeared, and leasing transactions are terminated by lessees as "Property and equipment" in assets (right-of-use assets) and Liabilities from the transactions has started to be shown under the item as "Lease Liabilities". The Bank started to apply the Standard as of 1 January 2019. The Bank applied TFRS 16 with a simplified approach and did not restate the previous year. The mentioned standard has a transition effect amounting to TL 489 in "tangible assets" and "lease liability" in the Bank's financial statements. As of 30 September 2020, The Bank recognized right of use asset classified under tangible assets amounting to TL 331, lease liability amounting to TL 241 and amortization expenses amounting to TL 142 TL, lease interest expenses amounting to TL 10.

ACCOUNTING POLICIES (Continued)

XIII. Explanations on leasing transactions (Continued):

The Bank has applied TFRS 16 with a simplified retrospective approach. The new accounting policies of the Bank regarding to application TFRS 16 are stated below.

Right of Use Assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes:

(a) the amount of lease liabilities recognized,

(b)lease payments made at or before the commencement date less any lease incentives received and

(c)initial direct costs incurred.

Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include;

a) fixed payments (including in-substance fixed payments) less any lease incentives receivable,
b) variable lease payments that depend on an index or a rate,
c) amounts expected to be paid under residual value guarantees.
d) the exercise price of a purchase option reasonably certain to be exercised by the Company / the Group and payments of penalties for terminating a lease,
e) if the lease term reflects the Company / the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company / the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the effective date of the lease, the Bank measures the lease obligation as follows:

a) The book value is increased to reflect the accretion of interest of lease liabilities

b) The book value is reduced to reflect the lease payments made

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

ACCOUNTING POLICIES (Continued)

XIV. Explanations on provisions and contingent liabilities:

Provisions and contingent liabilities are accounted in accordance with "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the matching principle. When the amount of the obligation cannot be estimated and there is no possibility of outflow of resources from the Bank, it is considered that a "Contingent" liability exists, and it is disclosed in the related notes to the financial statements.

XV. Explanations on contingent assets:

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

XVI. Explanations on obligations related to the employee rights:

a. Defined benefit plans:

Under the Turkish Labor Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated due to reasons other than those specified in the Turkish Labor Law. The reserve for employment termination benefits represents the present value of the estimated total future probable obligation of the Bank arising from the retirement of all employees in accordance with the Turkish Labor Law, the termination of the employment without due cause who has completed at least one year's of service, military service obligation and death. The reserve for employment termination benefit has been calculated and recognized in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") in the financial statements. In accordance with the amendment in the TAS 19, effective from 1 January 2015, the actuarial gains/(losses) related to employee benefits are recognized under equity other profit reserves.

b. Defined contribution plans:

The Bank shall pay contributions to the Social Security Institution (Institution) on behalf of its employees at the amounts determined by the law. Other than the contributions being paid, the Bank is not liable to pay any amount to its employees or the Institution. These premiums are charged to personnel expenses in the period when they accrue.

c. Short term benefits for employees:

The liabilities arising from the vacation payments defined as "Short-term benefits provided to employees" within the framework of TAS 19 shall be accrued in the period when they are granted, and they shall not be discounted.

Within the scope of "TAS 19-Employee Benefits", the Bank allocates to rights obligations for employee benefits.

ACCOUNTING POLICIES (Continued)

XVII. Explanations on taxation:

a. Current tax:

Many clauses of Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, came into effect after being published in Official Gazette No. 26205, dated 21 September 2006. Accordingly, to the corporate tax rate in Turkey is 20%. Corporate tax rate is applied as 22% between the years 2018-2020, according to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette dated 5 December 2017. The corporate tax rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and exclusion of deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Advance tax is declared and paid by the 17th day of the second month following each calendar quarter end. 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. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax. (It was changed with 89th article of code 7061 that entered into force on 5 December 2017. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%.)

This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered tax loss.

Taxes which do not accrue on time because the applying exemption for the transfer of the expemted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. However, losses cannot be off settled from retained earnings.

In Turkey, there is not a procedure for an agreement on taxes payable with the tax authorities. Tax returns are required to be filled and delivered to the related tax office until the last evening of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Current tax related to items recognized directly in equity is also credited or charged directly to equity.

ACCOUNTING POLICIES (Continued)

XVII. Explanations on taxation (Continued):

b. Deferred tax:

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12"). 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 asset is not provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

The calculated deferred tax asset and deferred tax liability are presented as net off in financial statements.

Deferred tax related to items recognized directly in equity is also credited or charged directly to equity.

c. Transfer Pricing

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

XVIII. Explanations on borrowings:

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at amortized cost using the effective interest method.

ACCOUNTING POLICIES (Continued)

XIX. Explanations on issuance of share certificates:

Transaction costs regarding the issuance of share certificates are accounted under shareholders' equity after eliminating the tax effects.

The Bank does not have any share certificates issued as at 30 September 2020 and 31 December 2019.

XX. Explanations on drafts and acceptances:

Avalized drafts and acceptances shown as liabilities against assets are included in the "Off-balance sheet commitments".

XXI. Explanations on government incentives:

As at 30 September 2020 and 31 December 2019, the Bank has no government grants.

XXII. Explanations on segment reporting:

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) for which discrete financial information is available.

Information about operating segments is disclosed in Note VII of Section Four.

XXIII. Explanations on other matters:

Significant changes in accounting policies are applied retrospectively and previous period financial statements are rearranged. The unconsolidated financial statements of the Bank are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. Comparative information is rearranged when necessary in order to comply with the presentation of the current period unconsolidated financial statements. The Bank has restated the previous period cash flow statement in order to comply with the presentation of the current period unconsolidated financial statements.

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. Explanation on equity:

Total capital amount is calculated pursuant to "Regulation on Equity of Banks" and capital adequacy ratios are calculated pursuant to "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". As of 30 September 2020, capital adequacy standard ratio calculated based on "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" is 106.38% and above the minimum rate specified in the relevant legislation (31 December 2019:105.32%).

Based on the announcement of BRSA as of 23 March 2020 banks are entitled to use the 2019 year-end exchange rates in calculating of the amount of subject to credit risk while calculation on amounts valued in accordance with TAS and the related specific provision except of monetary and non-monetary items in foreign currency measured in terms of the historical cost in accordance with Regulation on Measurement and Assessment of Capital Adequacy of calculation in accordance with the Regulation on Banks' Equity and used for capital adequacy ratio due to the fluctuations in the financial markets as a result of the COVID-19 epidemic. The Bank did not use this measure in its capital adequacy standard ratio calculation.

	30 September 2020
COMMON EQUITY TIER 1 CAPITAL	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	40,126
Share issue premiums	-
Reserves	49,828
Gains recognized in equity as per TAS	6,378
Profit	41,087
Current Period Profit	15,270
Prior Period Profit	25,817
Free shares from investments and associates, subsidiaries and joint ventures that is not recognized in profit	-
Common Equity Tier 1 Capital Before Deductions	**137,419**
Deductions from Common Equity Tier 1 Capital	**-**
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	23,757
Improvement costs for operating leasing	-
Goodwill (net of related tax liability)	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	515
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,065
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-
Gains arising from securitization transactions	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Direct and indirect investments of the Bank in its own Common Equity	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-
Excess amount arising from mortgage servicing rights	-
Excess amount arising from deferred tax assets based on temporary differences	-
Other items to be defined by the BRSA	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-
Total Deductions from Common Equity Tier 1 Capital	**26,337**
Total Common Equity Tier 1 Capital	**111,082**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Explanation on equity (Continued):

Additional Tier I Capital	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of 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 Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions from Additional Tier I Capital	-
Total Additional Tier I Capital	-
Total Tier I Capital (Tier I Capital=Common Equity + Additional Tier I Capital)	**111,082**
TIER II CAPITAL	
Debt instruments and share issue premiums deemed suitable by the BRSA	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	216
Tier II Capital Before Deductions	**216**
Deductions from Tier II Capital	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	**216**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**111,298**
The sum of Tier I Capital and Tier II Capital (Total Capital)	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-
Net Book Values of Movables and Immovables 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	-
Other items to be defined by the BRSA (-)	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Explanation on equity (Continued):

TOTAL CAPITAL	
Total Capital	111,298
Total risk weighted amounts	104,627
CAPITAL ADEQUACY RATIOS	
Tier 1 Capital Adequacy Ratio	106.17
Core Capital Adequacy Ratio	106.17
Capital Adequacy Ratio	106.38
BUFFERS	
Total buffer requirement	2.50
Capital conservation buffer requirement (%)	2.50
Bank specific counter-cyclical buffer requirement (%)	-
Systemic significant bank buffer ratio (%) **	98.17
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-
Amounts below the Excess Limits as per the Deduction Principles	-
Portion of the total of net long positions of investments in equity items of 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	-
Portion of the total of investments in equity items of 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	-
Other intangibles other than mortgage-servicing rights	
Amount arising from deferred tax assets based on temporary differences	-
Limits related to provisions considered in Tier II calculation	-
General provisions for standard based receivables (before ten thousand twentyfive limitation)	364
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	216
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to %0.6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-
	-

(*) Amounts considered within transition provisions

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Explanation on equity (Continued):

The equity is calculated on the capital adequacy ratio calculation basis having reduced deductible assets on equity from the sum of core capital and supplementary capital within the scope of “Regulation on Equities of Banks” (Regulation).

	31 December 2019
COMMON EQUITY TIER 1 CAPITAL	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	40,126
Share issue premiums	-
Reserves	30,167
Gains recognized in equity as per TAS	6,259
Profit	45,478
Current Period Profit	19,661
Prior Period Profit	25,817
Free shares from investments and associates, subsidiaries and joint ventures that is not recognized in profit	-
Common Equity Tier 1 Capital Before Deductions	**122,030**
Deductions from Common Equity Tier 1 Capital	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	23,757
Improvement costs for operating leasing	-
Goodwill (net of related tax liability)	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,762
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-
Gains arising from securitization transactions	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Direct and indirect investments of the Bank in its own Common Equity	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-
Excess amount arising from mortgage servicing rights	-
Excess amount arising from deferred tax assets based on temporary differences	-
Other items to be defined by the BRSA	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-
Total Deductions from Common Equity Tier 1 Capital	**25,521**
Total Common Equity Tier 1 Capital	**96,509**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Explanation on equity (Continued):

Additional Tier I Capital	-
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of 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 Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Additional Tier I Capital	-
Total Additional Tier I Capital	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	**96,509**
TIER II CAPITAL	
Debt instruments and share issue premiums deemed suitable by the BRSA	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	305
Tier II Capital Before Deductions	**305**
Deductions from Tier II Capital	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	**305**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**96,814**
The sum of Tier I Capital and Tier II Capital (Total Capital)	**96,814**
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-
Net Book Values of Movables and Immovables 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	-
Other items to be defined by the BRSA (-)	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Explanation on equity (Continued):

TOTAL CAPITAL	
Total Capital	96,814
Total risk weighted amounts	91,923
CAPITAL ADEQUACY RATIOS	
Tier 1 Capital Adequacy Ratio	104.99
Core Capital Adequacy Ratio	104.99
Capital Adequacy Ratio	105.32
BUFFERS	
Total buffer requirement	2.50
Capital conservation buffer requirement (%)	2.50
Bank specific counter-cyclical buffer requirement (%)	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-
Amounts below the Excess Limits as per the Deduction Principles	96.99
Portion of the total of net long positions of investments in equity items of 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	-
Portion of the total of investments in equity items of 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	-
Other intangibles other than mortgage-servicing rights	-
Amount arising from deferred tax assets based on temporary differences	
Limits related to provisions considered in Tier II calculation	-
General provisions for standard based receivables (before ten thousand twentyfive limitation)	608
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	305
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to %0.6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

* *Amounts to be considered within transition provisions*
** *It will only be filled in by the systemically important banks that do not have the obligation to prepare consolidated financial statements within the scope of the 4th paragraph of Article 4 of the Regulation on Systemic Important Banks and will be reported as zero by the other banks.*

Explanations on borrowing instruments to be included in equity calculation:

None.

Explanations on reconciliation of equity items and balance sheet amounts:

The principal difference between the equity amount in the statement of shareholders' equity and the shareholders' equity the balance sheet is related to the general provisions. The portion of general provisions up to 1.25% of the amount subject to credit risk is considered as Contribution Capital in the calculation of the Equity amount given in the statement of shareholders' equity. In the balance sheet, intangible assets and deferred tax liabilities are taken into consideration in the calculation of Equity as values to be deducted from capital.

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

II. EXPLANATIONS ON CURRENCY RISK:

The Bank does not carry structural foreign currency risk. The board of directors has set limits for positions monitored on a daily basis. Foreign currency risk is monitored whether it is within legal limits. The Bank's spot foreign exchange bid rates as of the date of the financial statements and for the five days prior to that date are as follows:

	USD	EUR
Balance Sheet Evaluation Rate (30 September 2020):	**7.8080**	**9.1281**
As of 29 September, 2020	7.7507	9.0268
As of 28 September, 2020	7.5546	8.8050
As of 27 September, 2020	7.5546	8.8050
As of 26 September, 2020	7.5546	8.8050
As of 25 September, 2020	7.6630	8.9277

The simple arithmetical average of the Bank's foreign exchange bid rates for the last thirty days is TL 7.5018 for 1 US dollar and TL 8.8535 for 1 EUR.

As of 31 December 2019;

	USD	EUR
Balance Sheet Evaluation Rate:	**5.9400**	**6.6621**

	EUR	USD	Other FC	Total
30 September 2020				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-
Banks	11	5	6	22
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	-
Loans	-	-	-	-
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	-
Financial Assets Measured at Amortized Cost (Net)	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets				
Total Assets	**11**	**5**	**6**	**22**
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds from Interbank Money Market	-	-	-	-
Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-
Miscellaneous Payables	-	-	-	-
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	-	-	-	-
Total Liabilities	**-**	**-**	**-**	**-**
Net On-balance Sheet Position	**11**	**5**	**6**	**22**
Net Off-balance Sheet Position	**-**	**-**	**-**	**-**
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	**-**	**-**	**-**	**-**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

II. EXPLANATIONS ON CURRENCY RISK (Continued)

31 December 2019

Total Assets	16	67	16	99
Total Liabilities	-	-	-	-
Net On-balance Sheet Position	**16**	**67**	**16**	**99**
Net Off-balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-

III. EXPLANATIONS ON INTEREST RATE RISK

Interest rate sensitivity of the assets, liabilities and off-balance sheet items is monitored by the market risk monitoring unit and interest rate sensitive assets and liabilities are managed to minimize the interest rate sensitivity of assets and liabilities. Daily interest rates are monitored by the treasury department and transactions are performed by considering risk/return relationship.

Current year interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 Years	Non- Interest Bearing	Total
30 September 2020							
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques, Purchased) and Balances with the CBRT	-	-	-	-	-	43	43
Banks	-	-	-	-	-	53	53
Financial Assets at F.V. Through Profit/Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	95,723	-	-	-	-	-	95,723
Financial Assets at F.V. Through Other Comprehensive Income (Net)	-	-	-	-	-	160	160
Loans	-	-	-	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	31,086	31,086
Total Assets	**95,723**	**-**	**-**	**-**	**-**	**31,342**	**127,065**
Liabilities	-	-	-	-	-	-	-
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds from Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (**)	1,785	92	188	-	-	125,000	127,065
Total Liabilities	**1,785**	**92**	**188**	**-**	**-**	**125,000**	**127,065**
Balance Sheet Long Position	93,938	-	-	-	-	-	93,938
Balance Sheet Short Position	-	(92)	(188)	-	-	(93,658)	(93,938)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	**93,938**	**(92)**	**(188)**	**-**	**-**	**(93,658)**	**-**

(*) "Other Assets'' line includes Miscellaneous Receivables, Tangible Assets, Intangible Assets and Other Assets.

(**) Equity, employee termination benefits, other provisions and general provisions are is presented under "Other liabilities" item in the "Non-interest bearing" column.

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

III. EXPLANATIONS ON INTEREST RATE RISK (Continued):

31 December 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	Over 5 Years	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques, Purchased) and Balances with the CBRT	-	-	-	-	-	87	87
Banks	-	-	-	-	-	187	187
Financial Assets at F.V. Through Profit/Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	63,118	-	-	-	-	-	63,118
Financial Assets at F.V. Through Other Comprehensive Income (Net)	-	-	-	-	-	160	160
Loans	-	-	-	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	45,970	45,970
Total Assets	**63,118**	**-**	**-**	**-**	**-**	**46,404**	**109,522**
Liabilities							
Bank Deposits							
Other Deposits	-	-	-	-	-	-	-
Funds from Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (**)	454	36	180	159	-	108,693	109,522
Total Liabilities	**454**	**36**	**180**	**159**	**-**	**108,693**	**109,522**
Balance Sheet Long Position	62,664	-	-	-	-	-	62,664
Balance Sheet Short Position	-	(36)	(180)	(159)	-	(62,289)	(62,664)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	**62,664**	**(36)**	**(180)**	**(159)**	**-**	**(62,289)**	**-**

(*) “Other Assets’’ line includes Miscellaneous Receivables, Tangible Assets, Intangible Assets and Other Assets.

(**) Equity is presented under “Other liabilities” item in the “Non-interest bearing” column.

Average interest rates for monetary financial instruments:

30 September 2020	EUR (%)	USD (%)	TL (%)
Assets			
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-
Banks	-	-	-
Financial Assets at Fair Value Through Profit/Loss (Net)	-	-	-
Interbank Money Market Placements	-	-	8.75
Financial Assets at F.V. Through Other Comprehensive Income (Net)	-	-	-
Loans	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-
Liabilities			
Bank Deposits	-	-	-
Other Deposits	-	-	-
Funds from Interbank Money Market	-	-	-
Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued (Net)	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

III. EXPLANATIONS ON INTEREST RATE RISK (Continued):

Average interest rates for monetary financial instruments:

31 December 2019	**EUR (%)**	**USD (%)**	**TL (%)**
Assets			
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-
Banks	-	-	-
Financial Assets at Fair Value Through Profit/Loss (Net)	-	-	-
Interbank Money Market Placements	-	-	10.50
Financial Assets at F.V. Through Other Comprehensive Income (Net)	-	-	-
Loans	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-
Liabilities			
Bank Deposits	-	-	-
Other Deposits	-	-	-
Funds from Interbank Money Market	-	-	-
Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued (Net)	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-

Banking book interest rate risk arising from the nature of the deposits other than time deposits and loan repayments and significant assumptions, including those related to the movement of interest rate risk measurement frequency:

In Official Gazette No. 28756, dated 5 September 2013 "Regulation on Measurement Capital of Banks" monitored items are published, which are taken into account in the calculation of shareholders' equity in accordance with the items excluding subordinated liabilities, with the exception of all balance sheet and off-balance sheet items sensitive to interest arising from the interest rate risk calculation. Interest rate is calculated as risky from banking accounts and reported to BRSA.

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

III. EXPLANATIONS ON INTEREST RATE RISK (Continued):

Economic value differences because of Interest Rate Risk in the Banking Accounts from the Regulation on Measurement and Assessment of Standard Shock Method:

Interest rate risk in the Banking Accounts from Standard Shock Method in accordance with the Regulation on Measurement and Assessment of the economic value differences arising from interest rate fluctuations is as follows:

Current Period

Currency	Shock applied (+/- basis points) *	Gains / Losses	Gains/Equity – Losses/Equity
TL	500	(176.43)	(15.85%)
	(400)	147.27	13.,23%
EUR	200	-	-
	(200)	-	-
USD	200	-	-
	(200)	-	-
Total (for negative shocks)		**(176.43)**	**(15.85)**
Total (for positive shocks)		**147.27**	**13.23%**

**Applied to a currency different intensity and direction are entered in separate lines for each shock.*

Prior Period

Currency	Shock applied (+/- basis points) *	Gains / Losses	Gains/Equity – Losses/Equity
TL	500	(116.36)	(12.02%)
	(400)	97.12	10.03%
EUR	200	-	-
	(200)	-	-
USD	200	-	-
	(200)	-	-
Total (for negative shocks)		**(116.36)**	**(12.02%)**
Total (for positive shocks)		**97.12**	**10.03%**

IV. EXPLANATIONS ON THE POSITION RISK OF SHARES

Bank does not have the position risk of shares (31 December 2019: None). The Bank only has 15,971,094 shares with a nominal value of TL 160 which is transferred by Borsa İstanbul A.Ş. as free of charge in its financial assets at fair value through other comprehensive income portfolio.

V. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

Liquidity risk is the risk where the Bank cannot meet its obligations on time or reaches financial resources with high cost due to the lack of sufficient financial resources. Liquidity risk of the Bank is monitored by the Finance Department within the liquidity limits determined by the BRSA. In the Asset Liability Committee, the liquidity position of the Bank is assessed on a monthly basis, and actions are taken when deemed necessary. The sensitive balance between interest rates and liquidity gap is closely monitored in order to prevent any liquidity risks. In order to pay the liabilities due on time, sufficient cash and cash equivalents are held. The impact of tenor mismatches on profitability is minimized through effective monitoring of liquidity risk. The Bank's short and long-term liquidity needs are mainly provided by the shareholder, Standard Chartered Bank Limited, and other banks. Liquidity risk is minimized for long term loans matching the funds tenors.

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

V. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued):

The Bank relies on its existing liquid pool of capital and undistributed profits to meet its operational needs. The liquidity buffer of the Bank consists of the cash surplus available for allocation to the Central Bank of the Republic of Turkey ("TCMB"), the SCB or the local bank. As a result of the financial uncertainty caused by the coronavirus outbreak, liquidity management has been one of the top priorities of the Bank. According to the regulation published by the BRSA on 26 March 2020 for development and investment banks in order to reduce the operational burden, it was decided to exempt the Liquidity Coverage Ratio (LCR) from the reporting obligations to the Agency until 31 December 2020.

Liquidity Coverage Ratio:

According to the "Regulations on the Banks' Liquidity Coverage Ratio Calculation" published by the BRSA, calculated foreign currency and total liquidity coverage ratio are monitored to ensure that banks keep high levels of liquid assets to cover net cash outflows.

Therefore, these ratios are affected by cash inflows and outflows occurred by level of liquid assets, which can be liquidity any moment and are not subject to any guarantee, and assets, liabilities and off-balance sheet items.

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

V. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued):

		Total Unweighted Value (average) (*)		Total Weighted Value (average) (*)	
Prior Period		**TL+FC**	**FC**	**TL+FC**	**FC**
High Quality Liquid Assets					
1	High Quality Liquid Assets			16,649	-
Cash Outflows					
2	Retail and Small Business Customers, of which;	-	-	-	-
3	Stable Deposits	-	-	-	-
4	Less Stable Deposits	-	-	-	-
5	Unsecured wholesale funding of which;	577	-	577	-
6	Operational Deposits	-	-	-	-
7	Non-operational Deposits	-	-	-	-
8	Other Unsecured Funding	577	-	577	-
9	Secured Funding			-	-
10	Other cash outflows, of which;	-	-	-	-
11	Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	-	-	-	-
12	Obligations related to structured financial products	-	-	-	-
13	Commitments related to debts to financial markets and other off-balance sheet obligations	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations.	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	-	-	-	-
16	**Total Cash Outflows**			**577**	**-**
Cash Inflows					
17	Secured Lending	-	-	-	-
18	Unsecured Lending	50,411	176	50,411	176
19	Other Cash Inflows	-	-	-	-
20	**Total Cash Inflows**	**50,411**	**176**	**50,411**	**176**
				Total Adjusted Value	
21	**Total HQLA Stock**			**16,649**	**-**
22	**Total Net Cash Outflows**			**144**	**-**
23	**Liquidity Coverage Ratio (%)**			**11,546**	**-**

(1) The average of three months liquidity coverage ratio calculated by weekly simple averages.

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

V. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued):

a. Significant elements affecting the result of the liquidity coverage ratio and the change in time of the items considered in calculating the ratio:

The Bank's liquidity coverage ratio is above the limits which is defined in the Regulation.

Money market placements held for the Central Bank of the Republic of Turkey which are among the high-quality liquid assets ensure that the total of liquidity coverage ratio to be above the limits defined in the law.

b. Information about of which items consists the high-quality liquid assets:

The high-quality assets stock consists of money market placements held for the Central Bank of The Republic of Turkey.

c. The items which consist in the fund resources and their density in all funds:

As of 30 September 2020, the Bank's fundamental fund resource is the capital from the main partner bank.

d. Information about cash out based on the derivative transactions and margin call transactions:

None.

e. Information about counterparties fund sources on the basis of products and concentrical limits about warranties:

As of 30 September 2020, the Bank's fundamental funds source is the capital taken from the main partner bank.

f. Liquidity risk occurred by the funding need of the bank's foreign branches and partners which are consolidated and the bank considering the prohibitor to the liquidity transaction operational and legal factors.

There is no risk associated with this issue when the current situation is considered of the Bank that has no foreign branches and consolidated partnership.

g. Information on other cash inflows and cash outflows that are included in the calculation of the liquidity coverage ratio but are not included in the public disclosure template table above and are believed to be related to the liquidity profile of the bank

In this case, there are no cash inflows and cash outflows that are not included in the related table.

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

V. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued):

h. Presentation of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	Over 5 Years	Unclassified	Total
30 September 2020								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques, Purchased) and Balances with the CBRT	43	-	-	-	-	-	-	43
Banks	53	-	-	-	-	-	-	53
Financial Assets at F.V. Through Profit / Loss (Net)	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	95,723	-	-	-	-	-	95,723
Financial Assets at F.V. Through Other Comprehensive Income (Net)	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-	-	-	160	160
Other Assets (*)	7,268	-	-	23,818	-	-	-	31,086
Total Assets	**7,364**	**95,723**	**-**	**23,818**	**-**	**-**	**160**	**127,065**
Liabilities	-	-	-	-	-	-	-	-
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	1,785	92	188	-	-	125,000	127,065
Total Liabilities	**-**	**1,785**	**92**	**188**	**-**	**-**	**125,000**	**127,065**
Liquidity (Gap) / Surplus	**7,364**	**93,938**	**(92)**	**23,630**	**-**	**-**	**(124,840)**	**-**
Net off balance sheet position	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-	-
Non-cash loans	-	-	-	-	-	-	-	-
31 December 2019								
Total Assets	**6,259**	**63,118**	**-**	**39,985**	**-**	**-**	**160**	**109,522**
Total Liabilities	**-**	**454**	**36**	**180**	**159**	**-**	**108,693**	**109,522**
Liquidity (Gap) / Surplus	**6,259**	**62,664**	**(36)**	**39,805**	**(159)**	**-**	**(108,533)**	**-**
Net off balance sheet position	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-	-
Non-cash loans	-	-	-	-	-	-	-	-

(*) "Other Assets" includes Miscellaneous Receivables Assets, Tangible Assets, Intangible Assets and Other Assets.

(**) Equity is presented under "Other liabilities" item in the "Unclassified" column.

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

VI. EXPLANATIONS ON OPERATING SEGMENTS

The Bank's main commercial business units are financing corporate customers and trading finance activities and treasury.

Corporate banking provides financial solutions and banking services to corporate clients. Information on operating segments as of 30 September 2020 and 31 December 2019 are presented in the table below.

Balance sheet and income statement items based on operating segments:

30 September 2020	**Transaction Banking and OCC**	**Global Markets**	**Other**	**Total Operations of Bank**
Operating Income	40,678	5,084	-	45,762
Operating Costs (-)	(25,465)	(206)	-	(25,671)
Net Operating Profit	**15,213**	**4,878**	**-**	**20,091**
General Loan Provision (-)	90	-	-	90
Profit / (Loss) before tax	**15,303**	**4,878**	**-**	**20,181**
Tax expense (-)	-	-	(4,911)	(4,911)
Net Profit / (Loss)	**15,303**	**4,878**	**(4,911)**	**15,270**
Segment Assets	23,818	95,819	7,428	127,065
Unallocated Assets	-	-	-	-
Total Assets	**23,818**	**95,819**	**7,428**	**127,065**
Segment Liabilities	241	113,662	13,162	127,065
Unallocated Liabilities	-	-	-	-
Total Liabilities	**241**	**113,662**	**13,162**	**127,065**

31 December 2019	**Transaction Banking and OCC**	**Global Markets**	**Other**	**Total Operations of Bank**
Operating Income	44,377	12,474	-	56,851
General Loan Provision (-)	-	-	(59)	(59)
Operating Costs (-)	(29,983)	(336)	-	(30,319)
Net Operating Profit	**14,394**	**12,138**	**(59)**	**26,473**
General Loan Provision (-)	69	-	-	69
Profit / (Loss) before tax	**14,463**	**12,138**	**(59)**	**26,542**
Tax expense (-)	-	-	(6,881)	(6,881)
Net Profit / (Loss)	**14,463**	**12,138**	**(6,940)**	**19,661**
Segment Assets	39,985	63,392	6,147	109,524
Unallocated Assets	-	-	-	-
Total Assets	**39,985**	**63,392**	**6,147**	**109,524**
Segment Liabilities	339	98,275	10,910	109,524
Unallocated Liabilities	-	-	-	-
Total Liabilities	**339**	**98,275**	**10,910**	**109,524**

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

VII. EXPLANATIONS ON LEVERAGE RATIO:

a. Explanations on Differences Between Current and Prior Years’ Leverage Ratios:

The Bank’s leverage ratio is calculated in accordance with the principles of the “Regulation on Measurement and Evaluation of Banks’ Leverage Level”. As of 30 September 2020, the Bank’s leverage ratio is 89.66% (31 December 2019: 87.64%). According to Regulation, the minimum leverage ratio is 3%. Total balance sheet asset is increased by 5.08% compared to prior period.

b. Information on leverage ratio:

	30 September 2020(*)	31 December 2019(*)
On-Balance Sheet Items		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	122,962	106,928
Assets that are deducted from core capital	(2,402)	(2,112)
Total on balance sheet exposures	120,560	104,816
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit derivatives	-	-
The potential amount of credit risk with derivative financial instruments and credit derivatives	-	-
The total amount of risk on derivative financial instruments and credit derivatives	-	-
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	-	-
Risk amount of exchange brokerage operations	-	-
Total risks related with securities or commodity financing transactions	-	-
Off -Balance Sheet Items		
Gross notional amount of off-balance sheet items	-	-
Adjustments for conversion to credit equivalent amounts	-	-
The total risk of off-balance sheet items	-	-
Capital and Total Exposures		
Tier 1 Capital	108,100	91,864
Total Exposures	120,560	104,816
Leverage Ratio		
Leverage Ratio	89.66%	87.64%

(*) Three-month average of the amounts in the table.

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):

VIII. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS

Leverage ratio

		Risk Weighted Amounts		Minimum Capital Requirements
		30 September 2020	**31 December 2019**	**30 September 2020**
1	**Credit risk (excluding counterparty credit risk) (CCR)**	**17,287**	**24,418**	**1,383**
2	Standardised approach (SA)	17,287	24,418	1,383
3	Internal rating-based (IRB) approach	-	-	-
4	**Counterparty credit risk**	**-**	**-**	**-**
5	Standardised approach for counterparty credit risk (SA-	-	-	-
6	Internal model method (IMM)	-	-	-
7	**Basic risk weight approach to internal model's equity position in the banking account**	**-**	**-**	**-**
8	**Investments made in collective investment companies – look-through approach**	**-**	**-**	**-**
9	**Investments made in collective investment companies – mandate-based approach**	**-** **-**	**-** **-**	**-** **-**
10	**Investments made in collective investment companies -**	**-**	**-**	**-**
11	**Settlement risk**	**-**	**-**	**-**
12	**Securitization positions in banking accounts**	**-**	**-**	**-**
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	**Market risk**	**22**	**99**	**2**
17	Standardised approach (SA)	22	99	2
18	Internal model approaches (IMM)	-	-	-
19	**Operational Risk**	**87,318**	**67,406**	**6,985**
20	Basic Indicator Approach	87,318	67,406	6,985
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	**The amount of the discount threshold under the equity (subject to a 250% risk weight)**	**-**	**-**	**-**
24	**Floor adjustment**	**-**	**-**	**-**
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**104,627**	**91,923**	**8,370**

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

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS:

1. Explanations Related to Financial Assets:

1.1. Information related to cash and the account of the CBRT:

1.1.a. Information related to cash and the account of CBRT:

	30 September 2020		31 December 2019	
	TL	**FC**	**TL**	**FC**
Cash/Foreign Currency	-	-	-	-
CBRT	43	-	87	-
Other	-	-	-	-
Total	**43**	-	**87**	-

1.1.b. Information on the account of the CBRT:

	30 September 2020		31 December 2019	
	TL	**FC**	**TL**	**FC**
Demand Unrestricted Amount	43	-	87	-
Time Deposit Amount	-	-	-	-
Non - Time Deposit Amount	95,723	-	63,118	-
Reserve Requirements	-	-	-	-
Total	**95,766**	-	**63,205**	-

1.1.c. Information on reserve requirements

As of 30 September 2020, the Bank has no obligations subject to reserve requirements. (31 December 2019: None)

As per the Communiqué No. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Turkey (CBRT), banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the Communiqué. According to Communiqué CBRT published, "Reserve Deposits" can be kept as a TRY, USD and/or EUR and standard gold. CBRT pays interest on required reserves held in Turkish Lira and US Dollars.

The reserve deposit rates vary according to their maturity compositions; the reserve deposit rates are realized between in TRY, USD, EUR and/or standard gold at the rates between 1% and 7% according to their maturities (31 December 2019: between 1% and 7% according to their maturities), foreign currency liabilities in USD, EUR and/or standard gold at the rates between 8% and 22% according to their maturities (31 December 2019: between 5% and 21% according to their maturities) as of 30 September 2020.

On 18 March 2020 , the Central Bank of the Republic of Turkey changed required reserves and TL reserve requirement ratios is associated with the annual growth rates of the total of Stage 1 Standard Cash Loans issued in Turkish Lira and Stage 2 Close monitoring cash loans except banks' FX indexed loans and loans extended to domestic and foreign financial institutions. According to this, TL reserve requirements ratios of the Banks with annual real loan growth rate that are adapted Banks with annual real loan growth rate are above 15.00% (A) are below 15.00% (including 15,00) and Banks with annual real loan growth rate that are adapted Banks with annual real loan growth rate are below 15.00% (A) are above 5.00% (including 5.00), Deposits/participation funds with a maturity of 1 year and more than 1 year have been reduced to TL required reserve ratios, and no change has been made in reserve requirements for other banks.

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

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (Continued)

1. Explanations Related to Financial Assets (Continued)

1.2 Explanations on financial assets at fair value through profit or loss:

i. As at 30 September 2020, there are not any financial assets through profit or loss given as collateral/blocked (31 December 2019: None).

ii. Positive differences related to trading derivative financial assets: None

1.3 Information on banks:

i. Information on banks and other financial institutions:

	30 September 2020		31 December 2019	
	TL	**FC**	**TL**	**FC**
Banks				
Domestic	31	-	88	-
Foreign	-	22	-	99
Headquarters and Branches	-	-	-	-
Total	**31**	**22**	**88**	**99**

1.4 Explanations on financial assets at fair value through profit or loss, net of difference and net present value, which are subject to repurchase agreements and given as collateral / blocked:

None (31 December 2019: None).

1.5 Explanations on financial assets at fair value through profit or loss:

As of 30 September 2020, the financial assets at fair value through other comprehensive income amounting to TL 160 which is transferred by Borsa İstanbul A.Ş. as free of charge with 16,971,094 shares and TL 160 nominal value.

1.6 Explanations on financial assets measured at amortized cost:

None (31 December 2019: None).

1.7 Receivables from leasing transactions:

None (31 December 2019: None).

1.8 Positive differences related to hedging derivative financial assets:

None (31 December 2019: None).

1.9 Explanations on Investment property:

None (31 December 2019: None).

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

None (31 December 2019: None).

2. Explanations on loans:

2.1. Information on all types of loan or advance balances given to shareholders and employees of the Bank:

None (31 December 2019: None).

2.2. Information on first and second group loans and restructured or rescheduled loans and other receivables:

None (31 December 2019: None).

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS

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

2.3. Distribution of cash loans according to maturity structure:

None (31 December 2019: None).

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

As of 30 September 2020, the Bank has no consumer loans, personal credit cards and personnel credit cards (31 December 2019: None).

As of 30 September 2020, there is no given loan for personnel (31 December 2019: None).

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

None (31 December 2019: None).

2.6. Distribution of loans by users:

None (31 December 2019: None).

2.7. Distribution of domestic and foreign loans:

None (31 December 2019: None).

2.8. Loans granted to subsidiaries and associates:

As of 30 September 2020, the Bank has no loans to subsidiaries and associates (31 December 2019: None).

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

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS

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

2. Explanations on loans (Continued):

2.9. Specific provisions provided against loans:

	30 September 2020	31 December 2019
Loans and Other Receivables with Limited Collectability	-	-
Loans and Other Receivables with Doubtful Collectability	-	-
Uncollectible Loans and Other Receivables	17	4,982
Total	**17**	**4,982**

2.10 Information on non-performing loans (Net):

(i) Information on non-performing loans and restructured loans:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other Receivables with doubtful collectability	Uncollectible loans and other receivables
Current period	-	-	17
Gross Amounts Before Provisions	-	-	17
Restructured Loans	-	-	-
Previous period	-	-	4,982
Gross Amounts Before Provisions	-	-	4,982
Restructured Loans	-	-	-

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

	III. Group	IV. Group	V. Group
30 September 2020	Loans and other receivables with limited collectability	Loans and other Receivables with doubtful collectability	Uncollectible loans and other receivables
Balance at the Beginning of the Period	-	-	**4,982**
Additions (+)	-	-	-
Transfers from Other Categories of Non-performing	-	-	-
Transfers to Other Categories of Non-performing	-	-	-
Collections (-)	-	-	-
Write-offs (-)	-	-	4,965
Corporate and Commercial	-	-	4,965
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the	-	-	**17**
Specific Provision (-)	-	-	17
Net Balance on Balance	-	-	-

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

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS

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

(iii). Information on non-performing loans based on types of borrowers in gross and net amounts:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited	Loans and other Receivables with doubtful collectability	Uncollectible loans and other receivables
30 September 2020 (Net)	-	-	-
Loans Given to Real Persons and Legal Persons	-	-	17
Specific Provision Amount (-)	-	-	17
Loans Given to Real Persons and Legal Persons	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2019 (Net)	-	-	-
Loans Given to Real Persons and Legal Persons	-	-	4,982
Specific Provision Amount (-)	-	-	4,982
Loans Given to Real Persons and Legal Persons	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

(iv) Information on non-performing loan receivables granted in foreign currency:

None (31 December 2019: None).

(v) Information on non-performing loans restructured or rescheduled and other receivables:

None (31 December 2019: None).

(vi) Explanations on the write-off policy:

After all kinds of legal procedures are exercised and if there is no probability of collecting the loan, those uncollectible loans are written-off from the Bank's assets. The Bank has followed a policy of deletion from assets in 2020 in line with the decision of the board of directors, which has been taken as a provision of TL 4,965, which is followed in the non-performing loans account and allocated for all.

(vii) The policy followed-up for the collection of uncollectible loans and other receivables:

The Bank is prudent with regards to lending and follow-up policies for doubtful loans. Early precautions have been taken for problematic transactions and the Bank attempts to solve customers' problems via consultative or advisory approach. In cases where no solution can be found to the customer's problem, the Bank tries to collect the receivable with cash-convertible guarantees for loans secured.

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS

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

3. Explanations on investments in associates (Net):

None (31 December 2019: None).

3.1. Explanations on associates (Net):

None (31 December 2019: None).

3.2. Explanations on subsidiaries:

None (31 December 2019: None).

3.3. Explanations on joint ventures:

None (31 December 2019: None).

3.4. Explanations on investment properties:

None (31 December 2019: None).

3.5. Explanations on deferred tax asset:

The Bank has deferred tax assets amounting to TL 2,065 as of 30 September 2020 (31 December 2019: TL 1,762). Temporary differences subject to deferred tax calculation mainly arise from differences between book value and tax value of fixed assets and financial assets and liabilities and provision for employee rights.

3.6. Detailed explanations on the conversion option The number, maturity and interest rate of the Bank's subordinated debt instruments; the creditor of the debt instrument and, if applicable:

None (31 December 2019: None).

3.7. Explanations on assets held for sale:

None (31 December 2019: None).

3.8. Explanations on other assets:

Other assets which are amounting to TL 24,501 (31 December 2019: TL 40,454) are comprised of intra-group receivables amounting to TL 23,818 (31 December 2019: TL 39,985) based on advisory services provided to the Bank. As of September 30, 2020, the Bank made an advance collection of TL 7,966 related to the group receivables arising from the consultancy services it provided to the Group in 2020.

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

1. Explanations on maturity structure of deposits:

The Bank does not accept client deposits based on its investment bank status.

2. Explanations on trading derivative financial liabilities:

As at 30 September 2020, schedule of negative differences for trading derivative financial liabilities: None (31 December 2019: None).

3. Explanations on borrowings:

a. Information on banks and other financial institutions: None (31 December 2019: None).

b. As at 30 September 2020, maturity of borrowing amount: None (31 December 2019: None).

4. Explanations on other liabilities:

There is TL 1.825 other liabilities amount as at 30 September 2020 (31 December 2019: 490 TL). This amount does not exceed 10% of total asset.

5. Explanations on finance leasing agreements:

As at 30 September 2020, the Bank has 241 TL finance lease payable (31 December 2019: 339 TL).

6. Explanations on hedging derivative instruments:

As at 30 September 2020, the Bank has no hedging derivative instruments (31 December 2019: None).

7. Explanations on provisions:

7.1. Information on general provisions

With the decision of BRSA dated 21 December 2017 and numbered 7650, in the scope of paragraph (6) of Article 9 of the "Regulation on Procedures and Principles for the Classification of Loans and the Provisions to be Forwarded" which entered into force as of 1 January 2018, it is permitted by the Bank to allocate provisions in accordance with Articles 10, 11, 13 and 15 of the Regulation instead of TFRS 9.

As a result of the non-implementation of TFRS 9, general provision is made within the framework of Article 10 of the Regulation. With the new application, the general provision rate of 1% in the prior period is 1.5% and the general loan ratio of close monitoring with a ratio of 2% is started to be applied as 3%.

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

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7.2 Information on general provisions:

	30 September 2020	31 December 2019
General Provisions		
Provisions for Group I loans and receivables	-	-
Provisions for Group II loans and receivables	-	-
Provisions for non-cash loans	-	-
Other	364	608
Total	**364**	**608**

7. 3 Explanations on provisions related with foreign currency difference of foreign indexed loans:

As at 30 September 2020, there is no provision for foreign currency difference of foreign indexed loans (31 December 2019: None).

7.4. Specific provisions for non-cash loans that is non-funded and non-transformed into cash:

As at 30 September 2020, the Bank has no specific provision for non-cash loans (31 December 2019: None).

7.5. Explanations on other provisions:

As at 30 September 2020, the Bank has no as other provision (31 December 2019: None).

7.6 Explanations on reserve for employee benefits:

	Current Period	Prior Period
Provision for severance pay	2,121	1,485
Contractual Provision for Severance Pay	2,916	2,151
Employee Premium Provision	1,489	2,721
Unused Vacation	1,059	845
Share Price	43	57
Total	**7,628**	**7,259**

TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits.

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

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (Continued)

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

8.1. Explanations on current tax liability:

i.Information on current tax liability:

As at 30 September 2020, the Bank has TL 2,459 corporate tax payable (31 December 2019: TL 2,092).

ii. Information on taxes payable:

	30 September 2020	31 December 2019
Corporate Tax Payable	2,459	2,092
Taxes on Returns of Marketable Securities	-.	-
Payroll Tax	455	252
Banking Insurance Transaction Tax (BITT)	69	7
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	178	52
Other	8	6
Total	**3,169**	**2,409**

iii.Information on premiums:

	30 September 2020	31 December 2019
Social Security Premiums - Employee	71	58
Social Security Premiums - Employer	91	74
Bank Social Aid Pension Fund Premiums – Employee	-	-
Bank Social Aid Pension Fund Premiums – Employer	-	-
Pension Fund Contributions and Provisions – Employee	-	-
Pension Fund Contributions and Provisions – Employer	-	-
Unemployment Insurance - Employee	5	4
Unemployment Insurance – Employer	9	8
Other	-	-
Total	**176**	**144**

8.2. Explanations on deferred tax liability:

None (31 December 2019: None).

8. Explanations on liabilities for non-current assets related to held for sale and discontinued operations:

None (31 December 2019: None).

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

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (Continued)

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

9. Explanations on liabilities regarding assets held for sale and discontinued operations:

None (31 December 2019: None).

10.1 Presentation of paid-in capital:

	30 September 2020	31 December 2019
Common Stock	40,126	40,126
Preferred Stock	-	-

10.2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling (As nominal; inflation justify balances):

The Bank does not have registered capital system.

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

None (31 December 2019: None).

10.4. Information on transfers from revaluation funds to capital during the current period:

There are no transfers from revaluation funds to capital during the current period (31 December 2019: None).

10.5. Information on capital commitments, until the end of the fiscal year and the subsequent period:

None (31 December 2019: None).

10.6. Information on the effects of estimations made considering the banks income, profitability, prior period indicators on liquidity and uncertainty on these indicators:

There are not any negative indicators as to the profitability and the liquidity of the Bank.

10.7. Privilege on the corporate stock:

There are no privileges on the corporate stock.

10.8. Information on marketable securities value increase fund:

None (31 December 2019: None).

10.9. Information on minority shares:

None (31 December 2019: None).

III. Explanations and footnotes on off-balance sheet accounts:

1. Explanation regarding the liabilities in off-balance sheet accounts:

1.1. Type and amount of irrevocable credit commitments:

None (31 December 2019: None).

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

i) Non-cash loans including guarantees, bank's aval and acceptance loans, collaterals that are accepted as financial commitments and other letters of credit:

None (31 December 2019: None).

ii) Guarantees, contingencies and other similar commitments:

None (31 December 2019: None).

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

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

1. Information on interest income:

1.1. Information on interest income on loans:

None (30 September 2019: None).

1.2. Information on interest income on banks:

	30 September 2020		30 September 2019	
	TL	FC	TL	FC
From the CBRT	3,801	-	6,942	-
From Domestic Banks	26	-	1,705	-
From Foreign Banks	1,267	-	1,428	5
Headquarters and Branches Abroad	-	-	-	-
Total	**5,094**	-	**10,075**	**5**

1.3. Information on interest income on marketable securities:

None (30 September 2019: None).

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

The Bank does not have investments in associates or subsidiaries (30 September 2019: None).

2. Information on interest expense:

2.1. Information on interest expense on borrowings:

None (30 September 2019: None).

2.2. Information on interest expense paid to investments in associates and subsidiaries:

None (30 September 2019: None).

2.3 Information on interest expenses to debt securities issued:

None (30 September 2019: None).

2.4 Maturity structure of the interest expense on deposits:

None (30 September 2019: None).

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

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (Continued)

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

3. Explanations on trading loss/income (Net):

	30 September 2020	30 September 2019
Profit	**176,281**	**176,785**
Profit on capital market operations	-	-
Profit on derivative financial instruments	-	-
Other	-	-
Foreign exchange gains	176,281	176,785
Loss	**176,123**	**176,817**
Loss on capital market operations	-	-
Loss on derivative financial instruments	-	-
Other	-	-
Foreign exchange gains	176,123	176,817
Net trading income/loss	**158**	**(32)**

4. Explanations on other operating income:

For the years ended 30 September 2020, other operating income consisted of incomes from intra-group advisory services provided to the Group amounting to TL 30,706 (30 September 2019: TL 24,778) and provisions no longer required and other income.

5. Provision for impairment of loans and other receivables:

The Bank has no impairment provisions for impairment of loans and other receivables as of 30 September 2020 (30 September 2019: TL 825 General loan provision).

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

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

6. Information related to other operational expenses:

	30 September 2020	30 September 2019
Provision for employment termination benefits	1,553	1,560
Bank social aid pension fund deficit provision	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	292	186
Impairment expenses of intangible assets	-	-
Impairment expenses of goodwill	-	-
Amortization expenses of intangible assets	-	-
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	-	-
Depreciation expenses of assets held for resale	-	-
Impairment expenses of fixed assets held for sale and discontinued operations	-	-
Other operating expenses	8,612	6,158
Operational lease expenses	142	-
Maintenance and repair expenses	721	588
Advertising expenses	9	8
Computer usage expenses	5,919	3,618
Other expenses	1,821	1,944
Loss on sale of assets	-	1
Other*	15,214	17,929
Total	**25,671**	**25,834**

(*) Other operating expenses amounting to TL 8,488 (30 September 2019: TL 6,910) personnel expenses, TL 2901 other tax duties and fees (30 September 2019: TL 2,097), TL 64 (30 September 2019: TL 50) dues, TL 98 (30 September 2019: TL 267) representation and hospitality expenses, TL 1,275 (30 September 2019: TL 4,123) Previous Years Expenses, TL 169 (30 September 2019: TL 2) non-tax-deductible expenses, TL 1,726 (30 September 2019: TL 4,063) Other Provisions, TL 493 (30 September 2019: 392 TL) BRSA expenses are included in other expenses.

7. Explanations on profit and loss from continuing and discontinued operations before tax:

As of 30 September there is no deferred tax expense (30 September 2019: None).

For the year ended 30 September 2020 the Bank's profit from continuing operations before tax is TL 20,181 (30 September 2019: 14,595 TL)

8. Explanation calculated current tax income or expense and the deferred tax income or expense for the period:

In the period ending on 30 September 2020, the deferred tax income of the Bank is TL 337 (30 September 2019: TL 624).

9. Explanations on net profit and loss from continuing and discontinued operations

The Bank's net profit from continuing operations is TL 15,270 (30 September 2019: TL 10,228).

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

EXPLANATIONS AND NOTES RELATED TO FINANCIAL STATEMENTS (Continued)

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

10. Explanations on net profit/(loss):

i. If explanation of the quality, size and repetition rate of income and expense items from ordinary banking transactions are necessary for understanding the Bank’s performance in the period, quality and amount of these items:

Bank's main field of activity; As part of a banking group Standard Charterer’s operations in Turkey with built-in customer support / provide advisory services and advisory services is to ensure that commission income from the Group in return. As of 30 September 2020, 30,706 TL of the profit before tax from the ongoing operations consists of the said revenues.

If it’s possible that a change in the estimation on financial statements effecting the profit/loss has an impact on next periods, explanations on covering next periods are:

None.

ii. Profit/(loss) related to minority:

None.

11. Other income statement items, sub-accounts constituting at least 20% of these balances exceeding 10% of the total income statement:

As of 30 September 2020, the total amount of other operational income in income statement TL 40,533 (30 September 2019: TL 31,162). This amount includes TL 39,526 (30 September 2019: TL 24,778) advisory revenue from in-group.

V. EXPLANATIONS AND NOTES RELATED TO BANK’S RISK GROUP:

1. The volume of transactions relating to the Bank’s risk group, outstanding loan and deposit transactions and profit and loss of the period:

30 September 2020:

	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Banks’ Risk Group (*)						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	39,985	-	99	-
Balance at the End of the Period	-	-	23,818	-	22	-
Interest and Commission Income Received	-	-	1,267	-	-	-

(*) Defined in the 49th Article of subsection 2 of the Banking Act No. 5411.

31 December 2019:

	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
Banks’ Risk Group (*)	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	36,100	-	171	-
Balance at the End of the Period	-	-	39,985	-	99	-
Interest and Commission Income Received	-	-	2,978	-	-	-

(*) Defined in the 49th Article of subsection 2 of the Banking Act No. 5411.

2. Information on deposits of the Bank’s risk group:

None (31 December 2019: None).

EXPLANATIONS AND FOOTNOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Other explanations regarding the activities of the bank:

None.

VII. Explanations and Footnotes Regarding Issues After the Balance Sheet Date:

None.

SECTION SIX

EXPLANATIONS ON AUDITORS' REVIEW REPORT

I. Explanations on auditors' review report:

II. The financial statements as of 30 September 2020 were reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited,) and limited review report dated 16 November 2020 is presented in the introductory part of this report.

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

SECTION SEVEN

INTERIM ACTIVITY REPORT

I. Interim activity report including Assessments of Chairman and General Manager about activities of the interim period.

a. Assessment of Chairman and General Manager

The global strategy of Standard Chartered Bank ("SCB") is to focus on trading, investment and asset acquisition activities in Asia, Africa and the Middle East by creating a network that transcends borders. Turkey is located in a strategic position by meeting local and international operation requirements of customers.

Standard Chartered Investment Bank Turkish Inc.'s goal is to provide transaction banking, banking solutions in corporate finance and financial markets to Turkey-based companies and their subsidiaries located in countries where SCB perform their activities, customers in countries which SCB select as a target market (footprint) and customers out of these countries (network).

The Bank's total assets amounted to TL 127,065. The most important account item in assets is the bank capital placed in domestic banks with a rate of 75%.

The Bank has shareholders equity amounted to TL 113,662.

As of 30 September 2020, the Bank's profit after tax is TL 15,270.

As of 30 September 2020, The Bank's capital adequacy ratio is 106.38% and this ratio is quite above of the minimum amount identified by regulations.

Best Regards

Tracy Jayne CLARKE Chairman	Kaşif ATUN General Manager

b. Financial Summary Information's about Financial Results

	30 September 2020 ('000 TL)	31 December 2019 ('000 TL)
Total Assets	127,065	109,522
Shareholders' Equity	113,662	98,273
Shareholders Equity /Total Assets (%)	89.45	89.73
Capital Adequacy Ratio (%)	106.38	105.32