(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.

Unconsolidated Financial Report As at and for the Year Ended 31 December 2019 With Independent Auditors' Report Thereon

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English (See Note I in Section Three)

To the General Assembly of Standard Chartered Yatırım Bankası Türk A.Ş.;

A) Report on the Unconsolidated Financial Statements

Opinion

We have audited the accompanying unconsolidated financial statements of Standard Chartered Yatırım Bankası Türk Anonim Şirketi ("the Bank") which comprise the unconsolidated balance sheet as at 31 December 2019 and the unconsolidated statement of profit of loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of Standard Chartered Yatırım Bankası Türk A.Ş. as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards ("TSA"s) published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Bank in accordance with the POA's Code of Ethics for Independent Auditors ("Code of Ethics") together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

It was decided that we did not have a key audit issue to report in our report.

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Regulation on Independent Audit of the Banks and TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with Regulation on Independent Audit of the Banks and TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2018 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Erdal Tıkmak, SMMM
Partner

16 March 2020
Istanbul, Turkey

Additional paragraph for convenience translation to English:
The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
UNCONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019

Address	: Büyükdere Cad, Yapı Kredi Plaza, C Blok, K: 15 Levent/İSTANBUL
Telephone	: (212) 339 37 00
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E-mail	: tr.info@sc.com

The unconsolidated financial report as at and for the year ended 31 December 2019, 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
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and related disclosures and footnotes in auditors' 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 unconsolidated financial report is presented in thousands of Turkish Lira (TL), and has been subjected to independent audit and presented attached.

Tracy Jayne CLARKE	**Karin FLINSPACH**	**Belma ÖZMEN**
Chairperson of Board of Directors	**Vice Chairperson of the Board of Directors, Member of the Audit Committee**	**Member of the Board of Directors and Chairperson 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:

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Standard Chartered Yatırım Bankası Türk A.Ş.
Notes to the Unconsolidated Financial Statements
for the Year Ended 31 December 2019
(Currency: Thousands of Turkish Lira (“TL”))

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 Yatırım Bankası Türk A.Ş., (hereinafter referred to as “Standard Chartered Bank” or “the Bank”), was established on 9 January 1990 upon the by the Undersecretariat 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 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.

(Currency: 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
Chairperson of the Board of Directors:	Tracy Jayne Clarke	President	Graduate
Vice Chairperson:	Karin Flinspach	Vice President Board Member Responsible for Financial Reporting	Graduate
Member of Board:	Kaşif Atun	Member and General Manager	Graduate
	Belma Özmen(*)	Member	Under Graduate
	Alper T. Kılıç	Member	Graduate
Audit Committee:	Belma Özmen	President	Under Graduate
	Alper T. Kılıç	Member	Graduate
General Manager:	Kaşif Atun	General Manager	Graduate

(*) As of September 17, 2019 Oya Aydınlık has left her position as member of the Board of Directors and Chairperson of the Audit Committee. On the same date, Belma Özmen was appointed as a member of the Board of Directors and Chairperson of the Audit Committee.

The Bank's chairperson 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	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 31 December 2019, the number of employees in the Bank is 29 (31 December 2018: 30).

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.

Standard Chartered Yatırım Bankası Türk A.Ş.
Balance Sheet (Statement of Financial Position)
As of 31 December 2019
(Thousands of Turkish Lira (TL))

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

	BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Audited Current Period (31.12.2019)			Audited Prior Period (31.12.2018)		
	ASSESTS		TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (NET)**		**63.453**	**99**	**63.552**	**49.232**	**171**	**49.403**
1.1.	**Cash and Cash Equivalents**		**63.293**	**99**	**63.392**	**49.072**	**171**	**49.243**
1.1.1.	Cash and Balances with Central Bank	**(I.1.1.)**	87	-	87	59	-	59
1.1.2.	Banks	**(I.1.4.)**	88	99	187	183	171	354
1.1.3.	Money Markets		63.118	-	63.118	48.830	-	48.830
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.	**Financial Assets Measured at Amortized Cost**		-	-	-	-	-	-
1.4.1.	Government Securities		-	-	-	-	-	-
1.4.2.	Other Financial Assets		-	-	-	-	-	-
1.5.	**Derivative Financial Assets**		-	-	-	-	-	-
1.5.1.	Derivative Financial Assets Measured at Fair Value Through Profit or Loss		-	-	-	-	-	-
1.5.2.	Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	**LOANS (NET)**		-	-	-	-	-	-
2.1.	**Loans**		-	-	-	-	-	-
2.1.1.	Measured at Amortized Cost		-	-	-	-	-	-
2.1.2.	Fair Value Through Profit or Loss		-	-	-	-	-	-
2.1.3.	Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
2.2.	**Lease Receivables**		-	-	-	-	-	-
2.2.1.	Financial Lease Receivables		-	-	-	-	-	-
2.2.2.	Operating Lease Receivables		-	-	-	-	-	-
2.2.3.	Unearned Income (-)		-	-	-	-	-	-
2.3.	**Factoring Receivables**		-	-	-	-	-	-
2.3.1.	Measured at Amortized Cost		-	-	-	-	-	-
2.3.2.	Fair Value Through Profit or Loss		-	-	-	-	-	-
2.3.3.	Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
2.4.	**Non-Performing Loans**	**(I.2.1.)**	**4.982**	-	**4.982**	**4.982**	-	**4.982**
2.5.	**Special Provisions (-)**	**(I.2.1.)**	**(4.982)**	-	**(4.982)**	**(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.	Unconsolidated Associates		-	-	-	-	-	-
4.2.	**Subsidiaries (Net)**		-	-	-	-	-	-
4.2.1.	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2.	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3.	**Joint Ventures (Net)**		-	-	-	-	-	-
4.3.1.	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2.	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	**PROPERTY AND EQUIPMENT (Net)**		**3.752**	-	**3.752**	**3.619**	-	**3.619**
VI.	**INTANGIBLE ASSETS (Net)**		**2**	-	**2**	**2**	-	**2**
6.1.	Goodwill		-	-	-	-	-	-
6.2.	Other		2	-	2	2	-	2
VII.	**INVESTMENT PROPERTY (Net)**		-	-	-	-	-	-
VIII.	**CURRENT TAX ASSET**		-	-	-	-	-	-
IX.	**DEFERRED TAX ASSET**		**1.762**	-	**1.762**	**1.607**	-	**1.607**
X.	**OTHER ASSETS**	**(I.4.)**	**40.454**	-	**40.454**	**36.173**	-	**36.173**
	TOTAL ASSETS		**109.423**	**99**	**109.522**	**90.633**	**171**	**90.804**

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Balance Sheet (Statement of Financial Position)
As of 31 December 2019
(Thousands of Turkish Lira (TL))

	BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) LIABILITIES AND EQUITY	Note (Section Five)	Audited Current Period (31.12.2019) TP	FC	Total	Audited Prior Period (31.12.2018) TP	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 Fair Value Through Profit or Loss		-	-	-	-	-	-
7.2.	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	**FACTORING LIABILITES**		-	-	-	-	-	-
IX.	**LEASE LIABILITIES (Net)**		**339**	-	**339**	-	-	-
X.	**PROVISIONS**		**7.867**	-	**7.867**	**7.221**	-	**7.221**
10.1.	General Provision	**(II.7.1.)**	608	-	608	549	-	549
10.2.	Restructuring Provisions		-	-	-	-	-	-
10.3.	Reserve for Employee Benefits		7.259	-	7.259	6.672	-	6.672
10.4.	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.5.	Other Provisions		-	-	-	-	-	-
XI.	**CURRENT TAX LIABILITY**	**(II.8.1.)**	**2.553**	-	**2.553**	**4.804**	-	**4.804**
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**		**490**	-	**490**	**400**	-	**400**
XVI.	**SHAREHOLDERS' EQUITY**		**98.273**	-	**98.273**	**78.379**	-	**78.379**
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**		**346**	-	**346**	**113**	-	**113**
16.4.	**Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss**		-	-	-	-	-	-
16.5.	**Profit Reserves**		**30.167**	-	**30.167**	**28.844**	-	**28.844**
16.5.1.	Legal Reserves		6.542	-	6.542	5.219	-	5.219
16.5.2.	Status Reserves		-	-	-	-	-	-
16.5.3.	Extraordinary Reserves		23.625	-	23.625	23.625	-	23.625
16.5.4.	Other Profit Reserves		-	-	-	-	-	-
16.6.	**Profit or (Loss)**		**21.721**	-	**21.721**	**3.383**	-	**3.383**
16.6.1.	Prior Periods' Profit or (Loss)		2.060	-	2.060	(23.118)	-	(23.118)
16.6.2.	Current Period Profit or (Loss)		19.661	-	19.661	26.501	-	26.501
	TOTAL LIABILITIES AND EQUITY		**109.522**	-	**109.522**	**90.804**	-	**90.804**

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Off-Balance Sheet Items
As of 31 December 2019
(Thousands of Turkish Lira (TL))

	STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five)	Audited Current Period (31.12.2019)			Audited Prior Period (31.12.2018)		
			TP	FC	Total	TP	FC	Total
A	**BİLANÇO DIŞI YÜKÜMLÜLÜKLER (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**		-	-	-	-	-	-
	BİLANÇO DIŞI HESAPLAR TOPLAMI (A+B)		-	-	-	-	-	-

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Statement of Profit or Loss
For the Year Ended 31 December 2019
(Thousands of Turkish Lira (TL))

STATEMENT OF PROFIT OR LOSS	Note (Section Five)	Audited Current Period (01.01.2019-31.12.2019)	Audited Prior Period (01.01.2018-31.12.2018)
INTEREST INCOME		**12.491**	**10.844**
Interest on Loans		-	-
Interest on Reserve Requirements		-	-
Interest on Banks	(IV.1.2.)	4.994	6.425
Interest on Money Market Transactions		7.497	4.419
Interest on Marketable Securities Portfolio		-	-
Fair Value Through Profit or Loss		-	-
Fair Value Through Other Comprehensive Income		-	-
Measured at Amortized Cost		-	-
Financial Lease Income		-	-
Other Interest Income		-	-
INTEREST EXPENSE (-)		**17**	-
Interest on Deposits		-	-
Interest on Funds Borrowed		-	-
Interest Expense on Money Market Transactions		-	-
Interest on Securities Issued		-	-
Lease interest expense		17	-
Other Interest Expenses		-	-
NET INTEREST INCOME (I - II)		**12.474**	**10.844**
NET FEES AND COMMISSIONS INCOME		**(15)**	**(17)**
Fees and Commissions Received		10	4
Non-cash Loans		-	-
Other		10	4
Fees and Commissions Paid		(25)	(21)
Non-cash Loans		-	-
Other		(25)	(21)
DIVIDEND INCOME		**69**	**151**
TRADING INCOME /(LOSS) (Net)		**(46)**	**97**
Trading Gains / (Losses) on Securities		-	-
Gains / (Losses) on Derivative Financial Transactions		-	-
Foreign Exchange Gains / (Losses)	(IV.3.)	(46)	97
OTHER OPERATING INCOME	(IV.4.)	**44.438**	**43.384**
GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		**56.920**	**54.459**
EXPECTED CREDIT LOSS (-)	(IV.5.)	**(59)**	-
PERSONNEL EXPENSE (-)	(IV.6.)	**(9.467)**	**(7.550)**
OTHER OPERATING EXPENSES (-)		**(20.852)**	**(13.070)**
NET OPERATING INCOME/(LOSS) (VIII-IX-X)	(IV.6.)	**26.542**	**33.839**
EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
INCOME/(LOSS) ON NET MONETARY POSITION		-	-
PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+…+XV)	(IV.7.)	**26.542**	**33.839**
TAX PROVISION FOR CONTINUED OPERATIONS (±)		**(6.881)**	**(7.338)**
Current Tax Provision	(IV.8.)	(7.102)	(7.479)
Deferred Tax Income Effect (+)	(IV.8.)	-	-
Deferred Tax Expense Effect (-)		221	141
CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(IV.9.)	**19.661**	**26.501**
INCOME FROM DISCONTINUED OPERATIONS			
Income from Non-current Assets Held for Sale		-	-
Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
Income from Other Discontinued Operations		-	-
EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
Expenses for Non-current Assets Held for Sale		-	-
Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
Expenses for Other Discontinued Operations		-	-
PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-
TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
Current Tax Provision		-	-
Deferred Tax Expense Effect (+)		-	-
Deferred Tax Income Effect (-)		-	-
CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-
NET PROFIT/(LOSS) (XVIII+XXIII)		**19.661**	**26.501**
Earning/(Loss) per share		0,48998	0,66044

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

(Thousands of Turkish Lira (TL))

		Note	Audited Current Period (01.01.2019-31.12.2019)	Audited Prior Period (01.01.2018-31.12.2018)
I.	**CURRENT PERIOD PROFIT/LOSS**		**19.661**	**26.501**
II.	**OTHER COMPREHENSIVE INCOME**		**233**	**163**
2.1.	**Not Reclassified to Profit or Loss**		233	163
2.1.1.	Property and Equipment Revaluation Increase/Decrease		-	-
2.1.2.	Intangible Assets Revaluation Increase/Decrease		-	-
2.1.3.	Defined Benefit Pension Plan Remeasurement Gain/Loss		299	4
2.1.4.	Other Comprehensive Income Items Not Reclassified Through Profit or Loss		-	160
2.1.5.	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss		(66)	(1)
2.2.	**Reclassified 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)**		**19.894**	**26.664**

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Statement of Changes in Shareholders' Equity
For The Year Ended 31 December 2019
(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						
	31 December 2018	**Note**	**Paid-in Capital**	**Share Premium**	**Share certificate Cancel profits**	**Other capital reserves**	**Revaluation surplus on tangible and intangible assets**	**Defined Benefit Plans' Actuarial Gains/Losses**	**Others**	**Translation Differences**	**Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI**	**Others**	**Profit Reserves**	**Prior period net profit/ (loss)**	**Current period net profit / (loss)**	**Total**
I.	**Balance at the Beginning of the Period (1 January 2018)**		**40.126**	-	-	**5.913**	-	**(50)**	-	-	-	-	**44.342**	**(23.118)**	**7.133**	**74.346**
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)**		**40.126**	-	-	**5.913**	-	**(50)**	-	-	-	-	**44.342**	**(23.118)**	**7.133**	**74.346**
IV.	**Total comprehensive income (loss)**		-	-	-	-	-	**163**	-	-	-	-	-	-	**26.501**	**26.664**
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**		-	-	-	-	-	-	-	-	-	-	**(15.498)**	-	**(7.133)**	**(22.631)**
11.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	**(17.917)**	-	(7.133)	(25.050)
11.2	Transfers to legal reserves		-	-	-	-	-	-	-	-	-	-	2.419	-	-	2.419
11.3	Other															
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the end of the period (31 December 2018) (III+IV+…...+X+XI)		**40.126**	-	-	**5.913**	-	**113**	-	-	-	-	**28.844**	**(23.118)**	**26.501**	**78.379**

1. Accumulated Revaluation Surplus on Tangible Assets,
2. Accumulated Defined Benefit Plans' Actuarial Gains/Losses,
3. Other (The accumulated amounts of other comprehensive income items that will not be reclassified as other profit or loss and the share of other comprehensive income items that will not be reclassified as other profit or loss)
4. Translation Differences,
5. Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income,
6. Other (Cash flow hedge gains/losses of investments classified in other comprehensive income to be reclassified to profit or loss as the profit and loss shares and other amounts of other comprehensive income items that will be accumulated)

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Statement of Changes in Shareholders' Equity
For The Year Ended 31 December 2019
(Thousands of Turkish Lira (TL))
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							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						
	31 December 2019	Note	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others	Profit Reserves	Prior period net profit/ (loss)	Current period net profit / (loss)	Total
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.	**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.11.)**	**40.126**	-	-	**5.913**	-	**113**	-	-	-	-	**28.844**	**(23.118)**	**26.501**	**78.379**
IV.	**Total comprehensive income (loss)**		-	-	-	-	-	**233**	-	-	-	-	-	-	**19.661**	**19.894**
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**		-	-	-	-	-	-	-	-	-	-	**1.323**	**25.178**	**(26.501)**	-
11.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves		-	-	-	-	-	-	-	-	-	-	**1.323**	**25.178**	**(26.501)**	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the end of the period (31 December 2019) (III+IV+…...+X+XI)		**40.126**	-	-	**5.913**	-	**346**	-	-	-	-	**30.167**	**2.060**	**19.661**	**98.273**

1. Accumulated Revaluation Surplus on Tangible Assets,
2. Accumulated Defined Benefit Plans' Actuarial Gains/Losses,
3. Other (The accumulated amounts of other comprehensive income items that will not be reclassified as other profit or loss and the share of other comprehensive income items that will not be reclassified as other profit or loss)
4. Translation Differences,
5. Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income,
6. Other (Cash flow hedge gains/losses of investments classified in other comprehensive income to be reclassified to profit or loss as the profit and loss shares and other amounts of other comprehensive income items that will be accumulated)

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Statement of Cash Flows
For the Year Ended 31 December 2019
(Thousands of Turkish Lira (TL))

	STATEMENT OF CASH FLOWS	Note (Section Five)	Audited Current Period (01.01.2019-31.12.2019)	Audited Prior Period (01.01.2018-31.12.2018)
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		**18.178**	**25.217**
1.1.1	Interest Received		12.503	10.522
1.1.2	Interest Paid		-	-
1.1.3	Dividend Received		69	151
1.1.4	Fees and Commissions Received		10	4
1.1.5	Other Income		41.991	43.384
1.1.6	Collections from Previously Written-off Loans and Other Receivables		-	-
1.1.7	Payments to Personnel and Service Suppliers		(18.337)	(10.242)
1.1.8	Taxes Paid		(5.897)	(8.994)
1.1.9	Other		(12.161)	(9.608)
1.2	Changes in Operating Assets and Liabilities		**(3.736)**	**(11.587)**
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		(2.157)	(16.015)
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		(1.579)	4.428
I.	**Net Cash Provided from Banking Operations**		**14.442**	**13.630**
B.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**			
II.	**Net Cash Provided from Investing Activities**		**(72)**	**(346)**
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		(80)	(346)
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**		**(189)**	**(22.631)**
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		-	(22.631)
3.5	Payments for Finance Leases		(189)	-
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**		**-**	**33**
V.	**Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)**		**14.181**	**(9.314)**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**		**49.212**	**58.526**
VII.	**Cash and Cash Equivalents at the End of the Period**		**63.393**	**49.212**

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Statement of Profit Distribution
For the Year Ended 31 December 2019
(Thousands of Turkish Lira (TL))

		Audited Current period[(1)]	Audited Prior period[(2)]
VII.	**STATEMENT OF PROFIT DISTRIBUTION**	**31 December 2019**	**31 December 2018**
I.	**DISTRIBUTION OF CURRENT YEAR PROFIT (1)**		
1.1	Current Year Profit / (Loss)	26.542	33.839
1.2	Taxes and Duties Payable(-)	(6.881)	(7.338)
1.2.1	Corporate Tax (Income Tax)	(7.102)	(7.479)
1.2.2	Income Tax Withholding	-	-
1.2.3	Other Taxes and Duties Payable(-) (2)	221	141
A.	**NET PROFIT FOR THE YEAR (1.1-1.2)**	**19.661**	**26.501**
1.3	PRIOR YEAR S' LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET PROFIT ATTRIBUTABLE TO [(A-(1.3+1.4+1.5)]**		-
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of Ordinary Shares	-	-
1.6.2	To owners of Preferred Shares	-	-
1.6.3	Preferred Shares (Preemptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit / Loss Share Certificates	-	-
1.7	Dividends To Personnel (-)	-	-
1.8	Dividends To Board of Directors (-)	-	-
1.9	Second Dividend To Shareholders (-)	-	-
1.9.1	To owners of Ordinary Shares	-	-
1.9.2	To owners of Preferred Shares	-	-
1.9.3	Preferred Shares (Preemptive Rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit / Loss Share Certificates	-	-
1.10	Second Legal Reserves (-)	-	-
1.11	Statutory Reserves (-)	-	-
1.12	Extraordinary Reserves	-	25.178
1.13	Other Reserves	-	-
1.14	Special Funds	-	
II.	**DISTRIBUTION FROM RESERVES**		
2.1	Distributed reserves	-	-
2.2	Second legal reserves (-)	-	-
2.3	Dividends to shareholders (-)	-	-
2.3.1	To owners of Ordinary Shares	-	-
2.3.2	To owners of Preferred Shares	-	-
2.3.3	Preferred Shares (Preemptive Rights)	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders of Profit / Loss Share Certificates	-	-
2.4	Dividends To Personnel (-)	-	-
2.5	Dividends To Board of Directors (-)	-	-
III.	**EARNINGS PER SHARE**		
		-	
3.1	To owners of Ordinary Shares	0,489982	0,660443
3.2	To owners of Ordinary Shares (%)	0,00489982	0,00660443
3.3	To owners of Preferred Shares	-	-
3.4	To owners of Preferred Shares (%)	-	-
IV.	**DIVIDEND PER SHARE**		
4.1	To owners of Ordinary Shares	-	-
4.2	To owners of Ordinary Shares (%)	-	-
4.3	To owners of Preferred Shares	-	-
4.4	To owners of Preferred Shares (%)	-	-

(1) General assembly meeting was not held as of authorization date of the financial statement as of 31 December 2019.
(2) The profit distribution table as of 31 December 2018 has been changed according to the actual profit distribution.

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 financial statements have been prepared with historical cost in TL except for the financial assets and liabilities which are carried at fair value.

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.

With the decision of BRSA dated December 21, 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. On the other hand, if the transaction volume and diversity of the Bank increase in the following periods, provision should be made in accordance with TFRS 9 to the loans.

The standards which are effective as of 1 January 2019

On January 1, 2019, the Bank has started to apply for the first time the TFRS 16 Leases standard in its financial statements, which was published on April 16, 2018 in the Official Gazette and No. 29826, effective as of January 1, 2019. The implementation and implications of TFRS 16 are described in footnote Section Three XXIII.

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 valuation methods are explained in Notes II to XXIV.

c. Explanation on accounting principles adopted for understanding of the financial statements:

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

ACCOUNTING POLICIES (Continued)

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

The level of activity of the Bank declined after 2012, and on and off balance sheet exposures were minimized before the change in the shareholder structure. The Bank did not extend any new loans in 2018 and 2019. As a result; credit, market and liquidity risks are at minimum as at 31 December 2019.

At 31 December 2019, all of the monetary assets and liabilities denominated in foreign currency were translated into Turkish Lira using the following foreign exchange rates: USD 5,9400 TL, EUR 6,6621 TL (31 December 2018: USD 5,2810 TL, EUR 6,0422 TL).

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

Derivative instruments are measured at fair value on initial recognition and subsequently re-measured at their fair values. The accounting method of the income or loss arising from derivative instruments depends on derivative being used for hedging purposes or not and depends on the type of the item being hedged.

Certain derivative transactions, even though they provide effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in Financial Instruments ("IFRS 9") and are therefore treated as "financial assets at fair value through profit or loss".

"Financial assets at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "Financial assets at fair value through profit or loss" in "Trading derivative financial instruments" and if the fair value difference is negative, it is disclosed under "Trading derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted under "Trading gains / (losses) on derivative financial instruments" in the income statement.

The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models.

As of 31 December 2019 and 31 December 2018, the Bank has no derivative instruments for hedging purposes.

IV. Explanations on interest income and expense:

Interest income and expenses are recognized in the income statement on accrual basis by using the effective interest method. The Bank ceases accruing interest income on non-performing loans and, any interest income accruals from such loans are reversed and no income is accounted until the collection is made according to the related regulation.

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.

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets:

The Bank classifies and accounts its financial assets as “Financial Assets Measured at Fair Value through Profit/Loss”, “Financial Assets Measured at Fair Value through Other Comprehensive Income”, “Financial Assets Measured at Amortized Cost”. Sales and purchases of the financial assets mentioned above are recognized at the “settlement dates”. The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of holding the investment.

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

Financial assets at fair value through profit or loss are assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or 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 fair value through profit/loss are recognized at their fair value and are valued at their fair value after they are recognized. Gains and losses resulting from the valuation are included in the profit/loss accounts.

Securities representing a share in the capital, which are classified as financial assets at fair value through profit/loss, are recognized at their fair value.

The Bank has no financial assets designated as financial assets at fair value through profit or loss as at 31 December 2019 and 31 December 2018.

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

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and profit share at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with internal rate of return method arising from financial assets 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.

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. Financial assets at fair value through other comprehensive income 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.

At 31 December 2019, the Bank has financial assets of 160 TL at fair value reflected in other comprehensive income (31 December 2018: 160 TL).

ACCOUNTING POLICIES (Continued)

c. Loan:

Loans and receivables are non-derivative financial instruments held for trading, at fair value through profit / loss or as available for sale which are not defined, with fixed or determinable payments that are not quoted in an active market and financial assets. 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" which are measured at amortized cost using. Assets received as collateral and other similar expenses incurred for the transaction costs and expenses are not considered as part of the accounts.

The TFRS 9 "Financial Instruments Standard", the latest version of which was released on January 2017, has changed the current guidance in the TAS 39 "Financial Instruments: Accounting and Measurement Standard" but applications for the accounting, classification, measurement and off-balance sheet of financial instruments included in TAS 39 are now moving to TFRS 9. The latest version of TFRS 9 expected credit losses impairment of financial assets the application of the model for the calculation of new, updated applications, as well as the new general hedge accounting requirements, including redirects in previous versions of published TFRS 9 includes gradually released. TFRS 9 came into force on 1 January 2018. As published in the Official Gazette on January September 2016 with 29750 no, BRSA classification of loans and provisions for the procedures and principles related to regulation on banks from 1 January 2018 TFRS 9 has become mandatory to apply.

The Bank has been allowed to separate provisions under Articles 10, 11, 13 and 15 of the Regulation, instead of TFRS 9, by the BRSA's Decision No. 7650 dated 21 December 2017.

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published in the Official Gazette No. 29750 dated 22 June 2016. Provision expenses are deducted from the net income of the year. If there is a subsequent collection from a receivable that was already provisioned in previous years, the recovery amount is classified under "other operating income". Uncollectible receivables are written-off after all the legal procedures are finalized.

d. Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit share are classified as financial assets measured at amortized cost. 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 internal rate of return method. Profit share income obtained from financial assets measured at amortized cost is accounted in income statement.

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

The Bank does not have financial assets that are classified as ''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 is 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.

ACCOUNTING POLICIES (Continued)

VIII. Explanations on offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis or to realize the asset and settle the liability simultaneously.

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

Securities subject to repurchase agreements ("Repo") are classified as "financial assets at fair value 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. The Group does not have any discontinued operations.

XI. Explanations on goodwill and other intangible assets:

The Bank does not have any goodwill as at 31 December 2019 and 31 December 2018.

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.

ACCOUNTING POLICIES (Continued)

XII. Explanations on property and equipment:

Property and equipment is 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 is 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
Machinery, furniture fixture, special costs, software and vehicles	5 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.

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.

The 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.

The Bank applies TAS 36 Impairment of Assets to determine whether the real estates considered as right-of-use assets are impaired and to account for any impairment loss identified.

As of 31 December 2019 and 31 December 2018, there is no investment property in the financial statements.

XIII. Explanations on leasing transactions:

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.

ACCOUNTING POLICIES (Continued)

XIII. Explanations on leasing transactions (Continued):

The amount of the lease to the financial statement, measurement and presentation of the leases are 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.

With the TFRS 16 Leases Standard effective from 1 January 2019, the difference between operating lease and leasing is eliminated and leasing transactions are recognized by the lessee as property (right of use assets) in tangible assets and as liabilities in (Liabilities from Lease Payables). Implementation and impacts related to the transition to TFRS 16 are explained in Note XXIII of Section Three.

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 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:

The corporate tax rate which was applied as 20% as per the Corporate Tax Law No. 5520 starting from 1 January 2006 was decided to be applied as 22% between the years 2018-2020, according to Law No: 7061 dated 28 November 2017. Accordingly, the Council of Ministers has the authority to decrease this rate from 22% upto 20%. The Bank applies this new rate in its current and deferred tax calculations. 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 at a rate of 22% over their quarterly profits by the 14th 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 in accordance with 89th article of the Code numbered 7061 that came 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 as tax loss.

Taxes which does not accrued on time because the applying exemption for the transfer of the expected 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 applicable in the condition of liquidation of business (except for the transfers and divisions that are made 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 offset 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 evening of the 25th 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" was published on 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.

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 31 December 2019 and 31 December 2018.

XX. Explanations on drafts and acceptances:

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

(Thousands of Turkish Lira (TL))

ACCOUNTING POLICIES (Continued)

XXI. Explanations on government incentives:

As at 31 December 2019 and 31 December 2018, the Bank has no government incentives.

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. Classification:

"TFRS 16 Leases Standard'' was published in the Official Gazette dated 16 April 2018 and numbered 30393, effective from 1 January 2019. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. The Bank started to apply the related standard for the first time on 1 January 2019.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank uses the incremental borrowing rate. The Bank uses its incremental borrowing rate as the discount rate.

The Bank has applied TFRS 16 with a simplified transition application approach and is comparable to the previous year amounts that have not been rearranged.

The classification and adjustment effects of the first application of TFRS 16 Leases Standard dated 1 January 2019 are given below.

	31.12.2018	**TFRS 16 Classification Effect**	**TFRS 16 Transition Effect**	**01.01.2019**
Tangible Assets (Net) (*)	3.619	-	489	4.108
Liabilities from leasing transactions (Net) (**)	-	-	489	489

(*) For leases classified as operating leases in accordance with TAS 17, the Bank has reflected in the financial statements TL 489 of the lease liability and the right to use, as of 1 January 2019, in accordance with TFRS 16.

(**) As of 1 January 2019, the weighted average of the incremental borrowing rates applied to the Euro lease liabilities reflected in the statement of financial position is 4%.

XXIV. Explanations on other matters:

Our Bank's profits for 2018 have been transferred to previous year's profits following the separation of statutory reserves.

Profit reserves and profit distribution:

Legal reserves consist of first and second reserves as prescribed in the Turkish Commercial Code ("TCC"). The Turkish Commercial Code stipulates that the first legal reserve should be divided by 5% from the profit up to 20% of the total paid capital. The second legal reserve is appropriated at the rate of 10% on all cash dividend distributions in excess of 5% of the paid-in capital. Holding companies are not subject to this practice. Under the provisions of the Turkish Commercial Code, the legal reserves can only be used to cover losses and are not available for profit distribution unless they exceed 50% of the paid-in capital.

(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 31 December 2019, capital adequacy standard ratio calculated based on "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" is 105,32% and above the minimum rate specified in the relevant legislation (31 December 2018:104,43%).

	Current Period 31 December 2019	Amounts related to treatment before 1/1/2014(*)
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	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be movable within profit for the period	-	
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**	

(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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
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 (-)	-

(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 (%)	-
Systemic significant bank buffer ratio (%) **	-
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 (%)	96,99
Amounts below the Excess Limits as per the Deduction Principles	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
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 twenty-five 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 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.

(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).

	Current Period 31 December 2018	Amounts related to treatment before 1/1/2014(*)
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	28.797	
Gains recognized in equity as per TAS	6.072	
Profit	27.142	
Current Period Profit	26.501	
Prior Period Profit	641	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be 25movable25 within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	**102.137**	
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)	1.607	
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	**25.366**	
Total Common Equity Tier 1 Capital	**76.771**	

(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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
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)	**76.771**
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)	276
Tier II Capital Before Deductions	**276**
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	**276**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**77.046**
The sum of Tier I Capital and Tier II Capital (Total Capital)	**77.046**
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 (-)	-

(Thousands of Turkish Lira (TL))

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Explanation on equity (continued):

TOTAL CAPITAL	
Total Capital	77.046
Total risk weighted amounts	73.777
CAPITAL ADEQUACY RATIOS	
Tier 1 Capital Adequacy Ratio	104,06
Core Capital Adequacy Ratio	104,06
Capital Adequacy Ratio	104,43
BUFFERS	
Total buffer requirement	1,875
Capital conservation buffer requirement (%)	1,875
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 (%)	96,06
Amounts below the Excess Limits as per the Deduction Principles	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
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 twenty-five limitation)	549
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	276
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	-

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 unconsolidated 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.

(Thousands of Turkish Lira (TL))

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

II. EXPLANATIONS ON CREDIT RISK:

Board of Directors determines the credit risk appetite and sets the credit limits to ensure that Bank's exposure is aligned with its risk appetite. Credit limits are determined while taking into consideration customers' financial strength, commercial capacities, credit needs, the Bank's lending credit policies and macro-economic conditions are carried out.

Credit limits approved by Board of Directors are made available to credit clients only upon completion of required credit documentation and satisfaction of conditions precedent. In addition, the unavoidable calculation conditions for the loans are audited from the place where it is predicted in the existing deposit and it updated in case of necessity.

Since the Bank is operating under investment banking license, it is not subject to Article 54 of the Banking Law about the regulatory lending limits. All credit limits are reviewed at least once a year. Credit clients belonging to the same risk group are analyzed and reviewed together with taking into consideration total exposure and limits on the group.

All the on and off-balance sheet credit utilizations are controlled and monitored by the Risk Management Unit in terms of concentration of the credit risk by country, sectors, company/group, maturity profile, collaterals and internal credit grades.

The credit default events, classification of the doubtful credits and related provision levels are determined by the Bank in line with BRSA regulation published No. 26333, dated 1 November 2006, "Procedures & Principles for Determination of Qualification of Loans and Other Receivables by Banks and Provisions to Be Set Aside". The Bank calculates and records general and specific provisions in accordance with the Provisions regulation under the value adjustments and provisions.

Classes of risk	**Current Period Risk Amount(*)**	**Average Risk Amount(**)**
Contingent and non-contingent receivables from central bank or government	63.187	31.339
Regional governments or local authorities and non-contingent receivables	-	-
Administrative units and non-trade initiative contingent liabilities and receivables	-	-
Multilateral development banks and non-contingent receivables	-	-
International organizations and non-contingent receivables	-	-
Banks and brokerage firms and non-contingent receivables	40.191	59.443
Corporate Receivables which are contingent and non-contingent	-	-
Corporate Receivables which are contingent and non-contingent	-	-
Retail Receivables which are contingent and non-contingent	-	-
Overdue Receivables	-	-
Receivables identified as high risk by the Board		
Mortgage covered bonds	-	-
Securitization positions	-	-
Banks and brokerage firms and short term corporate receivables are short term receivables	-	-
The nature of collective investments in investment companies	-	-
Equity Investments	160	160
Other Receivables	5.984	6.431
Total	**109.522**	**97.373**

(*) Credit risk refers to the amount of total risk reduction and pre-loan.

(**) Average risk amount is determined by taking the arithmetic average of the values in the reports prepared on a monthly basis.

(Thousands of Turkish Lira (TL))

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

Classes of risk	Prior Period Risk Amount(*)	Average Risk Amount(**)
Contingent and non-contingent receivables from central bank or government	48.889	20.543
Regional governments or local authorities and non-contingent receivables	-	-
Administrative units and non-trade initiative contingent liabilities and receivables	-	-
Multilateral development banks and non-contingent receivables	-	-
International organizations and non-contingent receivables	-	-
Banks and brokerage firms and non-contingent receivables	36.283	62.924
Corporate Receivables which are contingent and non-contingent	-	-
Corporate Receivables which are contingent and non-contingent	-	-
Retail Receivables which are contingent and non-contingent	-	-
Overdue Receivables	-	-
Receivables identified as high risk by the Board		
Mortgage covered bonds	-	-
Securitization positions	-	-
Banks and brokerage firms and short term corporate receivables are short term receivables	-	-
The nature of collective investments in investment companies	-	-
Equity Investments	160	13
Other Receivables	5.472	5.563
Total	**90.804**	**89.043**

(*) It refers to the total risk amount before credit risk mitigation and credit conversion.

(**)The average risk amount is determined by taking the arithmetic average of the values in the reports prepared at the end of the month.

a. The Bank does not have international banking operations and credit transactions. The Bank does not have any significant credit risk concentration (31 December 2018: None).

b. 1. As at 31 December 2019, The Bank does not have cash loan receivables (31 December 2018: None).

2. As at 31 December 2019, The Bank does not have non-cash loans and receivables (31 December 2018: None).

3. As at 31 December 2019, The Bank does not have cash loans and receivables (31 December 2018: None).

4. As at 31 December 2019, The Bank does not have restructured loan (31 December 2018: None).

5. As at 31 December 2019, The Bank does not have forward transactions, options and similar type of transactions (31 December 2018: None).

c. As at 31 December 2019, general loan loss provision is amounting to TL 608 (31 December 2018: TL 549).

(Thousands of Turkish Lira (TL))

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

d. Concentration of credit risk based on borrowers and geographical regions:

Current Period (*)	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Other	Total
Domestic	63.205	248	-	-	-	-	5.985	69.438
European Union (EU) Countries	-	7.681	-	-	-	-	-	7.681
OECD Countries (**)	-	16.160	-	-	-	-	-	16.160
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	8.459	-	-	-	-	-	8.459
Other Countries	-	7.784	-	-	-	-	-	7.784
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-
Total	**63.205**	**40.332**	**-**	**-**	**-**	**-**	**5.985**	**109.522**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversion.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes assets and liabilitiy items that can not be allocated on a consistent basis

Prior Period (*)	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates	Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Other	Total
Domestic	48.889	183	-	-	-	-	5.632	54.704
European Union (EU) Countries	-	6.275	-	-	-	-	-	6.275
OECD Countries (**)	-	13.296	-	-	-	-	-	13.296
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	7.097	-	-	-	-	-	7.097
Other Countries	-	9.432	-	-	-	-	-	9.432
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-
Total	**48.889**	**36.283**	**-**	**-**	**-**	**-**	**5.632**	**90.804**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversion.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes assets and liabilitiy items that can not be allocated on a consistent basis

(Thousands of Turkish Lira (TL))

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

e. Distribution of risk bearing maturities according to the remaining maturities:

Current Period	**Time To Maturity**				
Classes of risk	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**Over 1 year**
1. Contingent and non-contingent receivables from central bank or government	63.118	-	-	-	-
2. Regional governments or local authorities and non-contingent receivables	-	-	-	-	-
3. Administrative units and non-trade initiative contingent liabilities and receivables	-	-	-	-	-
4. Multilateral development banks and non-contingent receivables	-	-	-	-	-
5. International organizations and non-contingent receivables	-	-	-	-	-
6. Banks and brokerage firms and non-contingent receivables	-	-	39.985	-	-
7. Corporate Receivables which are contingent and non-contingent	-	-	-	-	-
8. Retail Receivables which are contingent and non-contingent	-	-	-	-	-
9. Retail Receivables which are contingent and non-contingent	-	-	-	-	-
10. Retail Receivables which are contingent and non-contingent	-	-	-	-	-
11. Overdue Receivables	-	-	-	-	-
12. Receivables identified as high risk by the Board					
13. Mortgage covered bonds	-	-	-	-	-
14. Banks and brokerage firms and short term corporate receivables are short term receivables	-	-	-	-	-
15. Securitization positions	-	-	-	-	-
16. The nature of collective investments in investment companies	-	-	-	-	-
17. Other Receivables	-	-	-	-	-
Totals	**63.118**	**-**	**39.985**	**-**	**-**

Prior Period **Classes of risk**	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**Over 1 year**
1. Contingent and non-contingent receivables from central bank or government	48.830	-	-	-	-
2. Regional governments or local authorities and non-contingent receivables	-	-	-	-	-
3. Administrative units and non-trade initiative contingent liabilities and receivables	-	-	-	-	-
4. Multilateral development banks and non-contingent receivables	-	-	-	-	-
5. International organizations and non-contingent receivables	-	-	-	-	-
6. Banks and brokerage firms and non-contingent receivables	-	-	35.929	-	-
7. Corporate Receivables which are contingent and non-contingent	-	-	-	-	-
8. Retail Receivables which are contingent and non-contingent	-	-	-	-	-
9. Retail Receivables which are contingent and non-contingent	-	-	-	-	-
10. Retail Receivables which are contingent and non-contingent	-	-	-	-	-
11. Overdue Receivables	-	-	-	-	-
12. Receivables identified as high risk by the Board					
13. Mortgage covered bonds	-	-	-	-	-
14. Banks and brokerage firms and short term corporate receivables are short term receivables	-	-	-	-	-
15. Securitization positions	-	-	-	-	-
16. The nature of collective investments in investment companies	-	-	-	-	-
17. Other Receivables	-	-	-	-	-
Totals	**48.830**	**-**	**35.929**	**-**	**-**

(Thousands of Turkish Lira (TL))

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

f. Explanation on credit risk:

The Bank did not designate any CDA approved by BRSA for domestic credit customers. In this respect, the RAV calculation for domestic resident credit customers takes into account the risk weights specified for institutions that are not rated in the legislation. Credit ratings of S&P, Moody's and Fitch are used for the customers resident abroad.

A risk of 0% is applied for receivables from the T.C. Central Administration or CBRT, which are denominated in TL and payable in TL.

g. Exposures by risk weights

Current Period

Risk Weight	0%	10%	20%	50%	75%	100%	150%	200%	1250%	Equity excluded
Exposures Before Credit Conversion Factor and Credit Risk Mitigation	64.949	-	206	39.985	-	4.384	-	-	-	**1.762**
Exposures Post-Credit Conversion Factor and Credit Risk Mitigation	64.949	-	206	39.985	-	4.384	-	-	-	**1.762**

Prior Period

Risk Weight	0%	10%	20%	50%	75%	100%	150%	200%	1250%	Equity exclud
Exposures Before Credit Conversion Factor and Credit Risk Mitigation	50.497	-	354	35.929	-	4.024	-	-	-	**1.609**
Exposures Post-Credit Conversion Factor and Credit Risk Mitigation	50.497	-	354	35.929	-	4.024	-	-	-	**1.609**

h. Information about classification concentration:

None (31 December 2018: None).

i. Overdue loans and other receivables

None (31 December 2018: None).

j. Debt securities, treasury bills and other bonds:

As of 31 December 2019, the Bank does not have debt securities, treasury bills or other bonds (31 December 2018: None).

(Thousands of Turkish Lira (TL))

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

III. 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 regulatory 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 (31 December 2019):	**5.9400**	**6.6621**
As of 30 December 2019	5.9402	6.6506
As of 29 December 2019	5.9402	6.6506
As of 28 December 2019	5.9402	6.6506
As of 27 December 2019	5.9370	6.6117
As of 26 December 2019	5.9302	6.5759

The simple arithmetical average of the Bank's foreign exchange bid rates for the last thirty days are TL 5.7066 for 1 US dollar and TL 6.2894 for 1 EUR.

As of 31 December 2018;

	USD	EUR
Balance Sheet Evaluation Rate	**5,2810**	**6,0422**

(Thousands of Turkish Lira (TL))

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

III. EXPLANATIONS ON CURRENCY RISK (Continued):

	EUR	USD	Other FC	Total
31 December 2019				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-
Banks	16	67	16	99
Financial Assets at Fair Value Through Profit or Loss (Net)				
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets (Net)	-	-	-	-
Loans and receivables	-	-	-	-
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	-
Held-to-Maturity Investments (Net)	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets				
Total Assets	**16**	**67**	**16**	**99**
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	**16**	**67**	**16**	**99**
Net Off-balance Sheet Position	**-**	**-**	**-**	**-**
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	**-**	**-**	**-**	**-**
31 December 2018				
Total Assets	19	134	18	171
Total Liabilities	-	-	-	-
Net On-balance Sheet Position	**19**	**134**	**18**	**171**
Net Off-balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-

(Thousands of Turkish Lira (TL))

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

IV. 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.

Information related to the interest rate mismatch of the Bank:

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
31 December 2019							
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
Available-for-Sale Financial Assets	-	-	-	-	-	160	160
Loans and receivables	-	-	-	-	-	-	-
Held-to-Maturity Investments	-	-	-	-		-	-
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, employee termination benefits, other provisions and general provisions are presented under "Other Liabilities" item in the "Non-Interest Bearing" column.

(Thousands of Turkish Lira (TL))

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

IV. EXPLANATIONS ON INTEREST RATE RISK (Continued):

31 December 2018	**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	-	-	-	-	-	59	59
Banks	-	-	-	-	-	354	354
Financial Assets at F.V. Through Profit/Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	48.830	-	-	-	-	-	48.830
Available-for-Sale Financial Assets	-	-	-	-	-	160	160
Loans and receivables	-	-	-	-	-	-	-
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)		-	-	-	-	41.401	41.401
Total Assets	**48.830**	**-**	**-**	**-**	**-**	**41.974**	**90.804**
Liabilities							
Bank Deposits							
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-		-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (**)	354	-	46	-	-	90.404	90.804
Total Liabilities	**354**	**-**	**46**	**-**	**-**	**90.404**	**90.804**
Balance Sheet Long Position	48.476	-	-	-	-	-	48.476
Balance Sheet Short Position	-	-	(46)	-	-	(48.430)	(48.476)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	**48.476**	**-**	**(46)**	**-**	**-**	**(48.430)**	**-**

(*) “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.

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

IV. 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)	-	-	10,50
Interbank Money Market Placements	-	-	-
Available-for-Sale Financial Assets (Net)	-	-	-
Loans and receivables	-	-	-
Held-to-Maturity Investments (Net)	-	-	-
Liabilities			
Bank Deposits	-	-	-
Other Deposits	-	-	-
Funds From Interbank Money Market	-	-	-
Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued (Net)	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-

Average interest rates for monetary financial instruments:

31 December 2018	**EUR (%)**	**USD (%)**	**TL (%)**
Assets			
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-
Banks	-	-	14,73
Financial Assets at Fair Value Through Profit/Loss (Net)	-	-	-
Interbank Money Market Placements	-	-	22,50
Available-for-Sale Financial Assets (Net)	-	-	-
Loans and receivables	-	-	-
Held-to-Maturity Investments (Net)	-	-	-
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. Calculations are made early repayments of loans made any assumptions for demand and time deposits. Arising from the banking book; interest rate risk is calculated on a monthly basis and reported to the BRSA.

(Thousands of Turkish Lira (TL))

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

IV. 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	(116,36)	(%12,02)
	(400)	97,12	%10,03
EUR	200	-	%0
	(200)	-	%0
USD	200	-	%0
	(200)	-	%0
Total (for negative shocks)		**(116,36)**	**(%12,02)**
Total (for positive shocks)		**97,12**	**%10,03**

**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	(80,16)	(0,10%)
	(400)	66,61	0,08%
EUR	200	-	0%
	(200)	-	0%
USD	200	-	0%
	(200)	-	0%
Total (for negative shocks)		**(80,16)**	**(0,10%)**
Total (for positive shocks)		**66,61**	**0,08%**

V. EXPLANATIONS ON THE POSITION RISK OF SHARES

As of 31 December 2019, the Bank does not have the position risk of shares (31 December 2018: 160 TL). 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.

VI. 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.

(Thousands of Turkish Lira (TL))

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

VI. 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. The Bank has little liquidity outflow and the liquidity ratios are well above the legal liquidity limits. The Bank routinely conducts two liquidity stress tests including an 8-day and 30-day general stress test. Violations of the stress test results are monitored by the Asset Liability Committee.

Liquidity of the Bank is above the legal rates. Within the framework of "Regulation on Calculation of Liquidity Covered Rate of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, maximum and minimum Liquidity Cover Rate on weekly basis the Bank calculates are below:

	Current Period		Prior Period	
	FC	**TL+FC**	FC	**TL+FC**
Average (%)	-	6.264,77	-	46.373,66
Max (%)	-	24.987,12	-	81.835,72
Week		6 December 2019		19 October 2018
Min (%)	-	940,81	-	19.506,17
Week		15 November 2019		16 November 2018

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 liquid a t any moment and are not subject to any guarantee, assets, liabilities and off-balance sheet items.

(Thousands of Turkish Lira (TL))

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

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

		Total Unweighted Value (*)		Total Weighted Value(*)	
Current 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	-	-	-	-
12	Obligations related to structured financial products	-	-	-	-
13	Commitments related to debts to financial markets and other off-balance sheet	-	-	-	-
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	50.411	176	50.411	176
18	Unsecured Lending	-	-	-	-
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 Inflows**			**144**	**-**
23	**Liquidity Coverage Ratio(%)**			**11.546%**	**-**

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

(Thousands of Turkish Lira (TL))

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

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

		Total Unweighted Value (*)		Total Weighted Value (*)	
Prior Period		**TL+FC**	**FC**	**TL+FC**	**FC**
High Quality Liquid Assets					
1	High Quality Liquid Assets			64.398	-
Cash Outflows					
2	Retail and Small Business Customers, of which;	-	-	-	-
3	Stable Deposits	-	-	-	-
4	Less Stable Deposits	-	-	-	-
5	Unsecured wholesale funding, of which;	497		497	
6	Operational Deposits	-	-	-	-
7	Non-operational Deposits	-	-	-	-
8	Other Unsecured Funding	497	-	497	-
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**			**497**	
Cash Inflows					
17	Secured Lending	253	170	253	170
18	Unsecured Lending	-	-	-	-
19	Other Cash Inflows	-	-	-	-
20	**Total Cash Inflows**	**253**	**170**	**253**	**170**
				Total Adjusted Value	
21	**Total HQLA Stock**			**64.398**	**-**
22	**Total Net Cash Inflows**			**244**	**-**
23	**Liquidity Coverage Ratio (%)**			**26.386%**	**-**

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

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

VI. 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 31 December 2019, 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 (31 December 2018: None).

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

As of 31 December 2019 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 of the Bank is considered such that it 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.

(Thousands of Turkish Lira (TL))

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

VI. 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
31 December 2019								
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 (Net)	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	63.118	-	-	-	-	-	63.118
Available-for-Sale Financial Assets (Net)	-	-	-	-	-	-	160	160
Loans and Receivables	-	-	-	-	-	-	-	-
Held-to-maturity Investments (Net)	-	-	-	-	-	-	-	-
Other Assets (*)	5.985	-	-	39.985	-	-	-	45.970
Total Assets	**6.259**	**63.118**	**-**	**39.985**	**-**	**-**	**160**	**109.522**
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	454	36	180	159	-	108.693	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	-	-	-	-	-	-	-	-
31 December 2018								
Total Assets	5.885	48.830	-	35.929	-	-	160	90.804
Total Liabilities	-	3.160	2.336	2.099	-	-	83.209	90.804
Liquidity (Gap) / Surplus	**5.885**	**45.670**	**(2.336)**	**33.830**	**-**	**-**	**(83.049)**	**-**
Net off balance sheet position	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-	-
Non-cash loans	-	-	-	-	-	-	-	-

(*) ‘‘Other Assets’’ include Miscellaneous Receivables, Tangible Assets, Intangible Assets and Other Assets.

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

i. Analysis of financial liabilities by remaining contractual maturities:

None (31 December 2018: None).

(Thousands of Turkish Lira (TL))

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

VII. 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 31 December 2019 and 31 December 2018 are presented in the table below.

Balance sheet and income statement items based on operating segments:

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**

31 December 2018	Transaction Banking and OCC	Global Markets	Other	Total Operations of Bank
Operating Income	43.464	10.844	-	54.308
General Loan Provision (-)	-	-	-	-
Operating Costs (-)	(20.380)	(240)	-	(20.620)
Net Operating Profit	**23.084**	**10.604**	**-**	**33.688**
General Loan Provision (-)	151	-	-	151
Profit / (Loss) before tax	**23.386**	**10.604**	**-**	**33.839**
Tax expense (-)	-	-	(7.338)	(7.338)
Net Profit / (Loss)	**23.386**	**10.604**	**(7.338)**	**26.501**
Segment Assets	35.929	49.243	5.632	90.804
Unallocated Assets	-	-	-	-
Total Assets	**35.929**	**49.243**	**5.632**	**90.804**
Segment Liabilities	-	78.379	12.425	90.804
Unallocated Liabilities	-	-	-	-
Total Liabilities	**-**	**78.379**	**12.425**	**90.804**

(Thousands of Turkish Lira (TL))

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

VIII. 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 31 December 2019, the Bank's leverage ratio is 87,64% (31 December 2018: 89,00%). According to the Regulation, the minimum leverage ratio is 3%.

b. Information on leverage ratio:

	31 December 2019(*)	31 December 2018(*)
On-Balance Sheet Items		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	106.928	96.342
Assets that are deducted from core capital	(2.112)	(1.534)
Total on balance sheet exposures	104.816	94.808
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	91.864	84.377
Total Exposures	104.816	94.808
Leverage Ratio		
Leverage Ratio	87,64	89,00

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

IX. Explanations regarding the presentation of financial assets and liabilities at their fair values:

The following table summarizes the carrying values and fair values of some financial assets and liabilities of the Bank. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value approaches to the fair value.

The fair values of due from banks and other financial institutions and funds borrowed from other financial institutions are determined by calculating the discounted cash flows using the current market interest rates.

	Carrying Value		Fair Value	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Financial Assets				
Due from Money Market	63.118	48.830	63.118	48.830
Due from Banks	187	354	187	354
Available-for-Sale Financial Assets	160	160	160	160
Held-to-maturity Investments	-	-	-	-
Loans	-	-	-	-
Financial Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Borrowings	-		-	
Marketable Securities Issued	-	-	-	-

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

IX. Explanations regarding the presentation of financial assets and liabilities at their fair values (Continued):

TFRS 7 "Financial Instruments: Disclosures", requires classification of line items at fair value presented at the financial statements according to the defined levels. These levels depend on the observability of data used for fair value calculations. Classification for fair value is generated as followed below:

Current Period	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	160	160
Financial Assets Measured at Fair Value through Profit/Loss	-	-	-	-
Derivative Financial Assets Held for Trading	-	-	-	-
Derivative Financial Assets Held for Hedging Purpose	-	-	-	-
Financial Assets at Fair Value	**-**	**-**	**160**	**160**
Derivative Financial Liabilities Held for Trading	-	-	-	-
Funds Borrowed (*)	-	-	-	-
Derivative Financial Liabilities Held for Hedging Purpose	-	-	-	-
Financial Liabilities at Fair Value	**-**	**-**	**-**	**-**

Prior Period	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	160	160
Financial Assets Measured at Fair Value through Profit/Loss	-	-	-	-
Derivative Financial Assets Held for Trading	-	-	-	-
Derivative Financial Assets Held for Hedging Purpose	-	-	-	-
Financial Assets at Fair Value	**-**	**-**	**160**	**160**
Derivative Financial Liabilities Held for Trading	-	-	-	-
Funds Borrowed (*)	-	-	-	-
Derivative Financial Liabilities Held for Hedging Purpose	-	-	-	-
Financial Liabilities at Fair Value	**-**	**-**	**-**	**-**

Level 1: Assets or liabilities with prices recorded (unadjusted) in active markets

Level 2: Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities

Level 3: Assets and liabilities where no observable market data can be used for valuation

X. EXPLANATIONS REGARDING TRANSACTIONS ON BEHALF OF OTHERS AND FIDUCIARY TRANSACTIONS:

The Bank does not have any transaction on behalf of others and fiduciary transactions.

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

XI. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS:

The notes and explanations prepared in accordance with the Communiqué published in the Official Gazette no. 29511 on 23 October 2015 and which came into force as of 31 March 2016 are given in this section.

a. The Bank's Risk Management Strategy and Risk Weighted Amounts:

The Board of Directors is responsible for determining the Bank’s risk management structure and monitoring the effective using of the risk management tools. Operations of risk management are performed by the Risk Management Department according to the regulations and independently from the executive units. The Risk Management Department reports directly to the Board of Directors via the Audit Committee. The Board of Directors is ultimately responsible for ensuring that risk management strategies that are consistent with the Bank's capital and risk level are established, implemented and sustained efficiently.

The Bank has a strong internal control structure that determines the procedures and limitations to be taken with regard to the risks and strives to ensure that the risks taken in this regard remain within the risk appetite and that no financial stratification is entered. The effectiveness of the risk management processes ensuring that the Bank's risk level remains within the risk appetite is provided through permanent controls at three levels ("level") by the internal control system. Each of the “control level” represents a different responsible area of risk management and control.

The "Risk Appetite Declaration", which determines the level of risk that the Bank wants to take in order to achieve its strategic targets, has been approved by the Board of Directors and the definition is as follows:

General: The Bank will not give up its risk appetite in order to increase its income or achieve high earning.

Credit Risk: The Bank manages its credit risk by following the principles which aim to vary customers, sectors and products.

Market Risk: The Bank prevents big losses (financial or nominal) in the Group’s brand value which arising from the market risk by controlling the Bank’s trading portfolio and operations.

Country Risk: The Bank manages its country risk by following the principles which aim to vary countries and monitor its activities by considering compliance with regulations.

Capital and Liquidity Risk: The Bank should continue its strong capital position which involves management buffers that support the Bank’s strategic purposes. The Bank should be able to ensure its payments and warranty commitments without applying to the Central Bank’s (or its Group’s) extraordinary support in the case of the strong but reasonable liquidity stress scenario.

Operational Risk: The Bank prevents significant losses (financial or nominal) in its or Group’s brand value which arise from the operational losses including related operation transactions by controlling the Bank’s operational risks.

Financial Crimes: The Bank has no tolerance for violations of laws and regulations related to Financial Crimes although these cases cannot be completely prevented.

Compliance: The Bank does not have any tolerance for violations of laws and regulations, and the Group endeavors to minimize these risks due to the fact that legal non-compliance cannot be completely eliminated.

Code of Ethics: The Bank strives to maintain the standards set out in Code of Ethics and to continuously demonstrate our ethical structure with the principle of “Do the Right Thing” at the heart of our way of doing business.

Information Systems and Cyber Security: The Bank aims to avoid risk and uncertainty for our critical information assets and systems. Considering the Bank's comprehensive activities and reputation, its tolerance is very low, which may lead to significant losses that may affect them.

Reputational Risk: The Bank will protect its reputation without damaging its and Group’s brand value significantly.

Climate Risk: The Bank aims to measure and manage financial and non-financial risks from climate change and reduce emissions associated with our own operations and clients' financing under the Paris Agreement.

(Thousands of Turkish Lira (TL))

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

XI. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS(Continued):

b. Overview of Risk Weighted Amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		31 December 2019	31 December 2018	31 December 2019
1	**Credit risk (excluding counterparty credit risk) (CCR)**	**24.418**	**22.061**	**1.953**
2	Standardized approach (SA)	24.418	22.061	1.953
3	Internal rating-based (IRB) approach	-	-	-
4	**Counterparty credit risk**	-	-	-
5	Standardized approach for counterparty credit risk (SA-	-	-	-
6	Internal model method (IMM)	-	-	-
7	**Basic risk weight approach to internal models 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**	**99**	**171**	**8**
17	Standardized approach (SA)	99	171	8
18	Internal model approaches (IMM)	-	-	-
19	**Operational Risk**	**67.406**	**51.544**	**5.392**
20	Basic Indicator Approach	67.406	51.544	5.392
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)**	**91.923**	**73.776**	**7.353**

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

XI. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (Continued)

c. Qualitative explanations on remuneration policies:

The Remuneration Committee of the Bank consists of two non-executive Board members. The Committee is held at least every six months and more if deemed necessary by the Committee Chairperson.

The duties and responsibilities of the Committee are as follows:

- To carry out the monitoring and auditing process in order to ensure that the remuneration policy and procedures are carried out in accordance with the relevant laws and regulations as well as the risk management principles,
- To revise and update, if necessary, remuneration policy at least once annually to ensure compliance with laws and regulations in Turkey,
- Ensuring fair remuneration of Board Members with and without executive duties and ensuring that members of the Board who are not executive members have only fixed salaries,
- To follow up the update requirements in the policies, procedures and regulations for the areas that they are responsible for, to take action to keep them current.

The basic principles of remuneration policy apply to all bank employees. In accordance with the Bank's measurement principle, bank personnel, who are considered to perform a function that has a significant effect on board members, senior management and bank risk profile, have been evaluated within the scope of the qualifying employee. The Bank's remuneration approach is supported by the following principles in line with effective risk management and strategy:

- Provides competitive pricing opportunities that enable personnel to choose, motivate and sustain their loyalty.
- A clearly defined performance management framework ensures that staff have clear objectives and take feedbacks in line with the Bank's strategy.
- The principles on how to conduct remuneration, including how performance objectives and feedback are conducted, are clearly defined. In line with these principles, fixed and variable remuneration and benefits are related to the performance of the individuals and the work they are responsible for.
- Employees are supported through flexible working practices to ensure optimum balance of business requirements and personal living conditions.
- An appropriate mix of fixed and variable wages is provided and the fixed salary level is determined in accordance with the employee's role and the risk profile of the job.
- Variable remuneration considers the success, behavior and ethics of each individual and ensures that the award is consistent with the Bank's performance.
- Pricing should be fair and transparent. Work on equal pay is considered as part of a global review of paid wages and in accordance with the standards of equality we are committed to comply with.
- The main benefit for all employees is to maintain reputation and ensure the safety of personnel.

(Thousands of Turkish Lira (TL))

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

XII. RELATION BETWEEN FINANCIAL STATEMENTS AND RISK AMOUNTS:

a. Differences and Matching Between Asset and Liabilities' Carrying Values in Financial Statements and In Capital Adequacy Calculation

			Carrying values of items in accordance with Turkish Accounting Standards				
	Carrying values in financial statements prepared as per TAS	**Asset carrying value amount under scope of regulatory consolidation**	**Credit Risk**	**Counterparty credit risk**	**Securitization positions**	**Market Risk**	**Not subject to capital requirements or subject to deduction from capital**
Assets							
Cash and Balances with the Central Bank	87	87	87	-	-	-	-
Banks	187	187	187	-	-	99	
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-
Financial Assets At Fair Value Reflected In Other Comprehensive Income	160	160	160	-	-	-	-
Receivables from Money markets	63.118	63.118	63.118	-	-	-	-
Derivative Financial Assets	-	-	-	-	-	-	-
Loans (Net)	-	-	-	-	-	-	-
Subsidiaries (Net)	-	-	-	-	-	-	-
Associates (Net)	-	-	-	-	-	-	-
Assets Held For Sale and Discontinued Operations(Net)	-	-	-	-	-	-	-
Jointly Controlled Partnerships (Business Partnerships) (Net)	-	-	-	-	-	-	-
Tangible Assets (Net)	3.752	3.752	3.752	-	-	-	-
Intangible Assets (Net)	2	2	2	-	-	-	2
Real estate for investment purpose (Net)	-	-	-	-	-	-	-
Tax asset	1.762	1.762	1.762	-	-	-	1.762
Other assets	40.454	40.454	40.454	-	-	-	-
Total Assets	**109.522**	**109.522**	**109.522**	**-**	**-**	**99**	**1.764**

(Thousands of Turkish Lira (TL))

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

XII. RELATION BETWEEN FINANCIAL STATEMENTS AND RISK AMOUNTS(Continued):

a. Differences and Matching Between Asset and Liabilities' Carrying Values in Financial Statements and In Capital Adequacy Calculation (Continued):

			Carrying values of items in accordance with Turkish Accounting Standards				
Liabilities	**Carrying values in financial statements prepared as per TAS**	**Asset carrying value amount under scope of regulatory consolidation**	**Credit Risk**	**Counterparty credit risk**	**Securitization positions**	**Market Risk**	**Not subject to capital requirements or subject to deduction from capital**
Deposits	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Money market borrowings	-	-	-	-	-	-	-
Securities issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Lease payables	339	339	-	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-	-
Provisions	7.867	7.867	-	-	-	-	-
Tax Liability	2.553	2.553	-	-	-	-	-
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-	-
Subordinated Loans	490	490	-	-	-	-	-
Shareholders' equity	98.273	98.273	-	-	-	-	-
Total liabilities	**109.522**	**109.522**	**-**	**-**	**-**	**-**	**-**

(Thousands of Turkish Lira (TL))

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

XII. RELATION BETWEEN FINANCIAL STATEMENTS AND RISK AMOUNTS(Continued):

b. Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements

		Total	Credit risk	Securitization positions	Counterparty credit risk	Market Risk
1	Asset carrying value amount under scope of regulatory consolidation	109.522	109.522	-	-	99
2	Liabilities carrying value amount under regulatory scope of consolidation	109.522	109.522	-	-	-
3	Total net amount under regulatory scope of consolidation	-	-	-	-	99
4	Off-balance Sheet Amounts	-	-	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
10	**Risk Amounts**	**109.522**	**109.522**	**-**	**-**	**99**

c. Explanations of differences between accounting and regulatory exposure amounts:

There is no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

XIII. EXPLANATIONS RELATED TO CREDIT RISK:

a. Information related to Credit Risk

Credit risk refers to the risk that the bank may be exposed to because of its counterparty cannot fulfill its payment obligations by not meeting the contractual requirements. In terms of credit risk, the Standard Approach is applied to capital adequacy calculation according to Basel II. The Bank's risk appetite is determined by the Board of Directors. The Board of Directors has not delegated the authority to determine credit limits to any sub-credit committee. Each loan proposal / application is submitted to the Board of Directors for approval. The limits approved by the Board are allocated to the customers.

All credit risks are reviewed at least once a year. Clients involved in the same risk group are assessed together taking into account the total risk / limits on the group.

The distribution of credit portfolio is continuously monitored by the Risk Management Department in terms of country, sector, customer / customer groups, maturity, collateral received and credit rating.

b. Credit quality of assets:

		Gross Carrying Values of TAS		Allowances/ Impairments	Net Values
		Defaulted exposures	Non-defaulted exposures		
1	Loans	4.982	-	4.982	-
2	Debt Securities	-	-	-	-
3	Off-balance exposure	-	-	-	-
4	**Total**	**4.982**	**-**	**4.982**	**-**

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

XIII. EXPLANATIONS RELATED TO CREDIT RISK (Continued):

c. Changes in stock of defaulted loans and debt securities

1	Defaulted loans and debt securities at end of the previous reporting period	4.982
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	-
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)**	**4.982**

d. Additional disclosures about the credit quality of assets

There is a non-performing loan balance amounting to TL 4.982 for 100% specific provisions followed in the follow-up accounts.

e. Disclosures about credit risk mitigation techniques:

The Bank does not currently have a credit portfolio. The Bank's target customer base is comprised of the leading institutional and financial institutions in Turkey. In this regard, it is not considered to apply collateral / credit risk mitigation techniques for credits that are considered to be granted.

f. Credit risk mitigation techniques – overview

		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	-	-	-	-	-	-	-
2	Debt Securities	-	-	-	-	-	-	-
3	**Total**	-	-	-	-	-	-	-
4	Of which defaulted	4.982	-	-	-	-	-	-

g. Qualitative disclosures related to ratings and calculations of banks using the standard approach to credit risk

The bank has not appointed any CRA approved by the BRSA for domestic credit customers. In this regard, it takes into account the risk weighted amounts stated in the regulation for non-rated institutions in the calculation of domestic loan customers' risk weighted assets. S&P, Moody's and Fitch's credit ratings are used for loan customers residents abroad.

(Thousands of Turkish Lira (TL))

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

XIII. EXPLANATIONS RELATED TO CREDIT RISK (continued):

h. Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

	Current Period	**Exposures before Credit Conversion Factor and Credit Risk Mitigation**		**Exposures post-Credit Conversion Factor and Credit Risk Mitigation**		**Risk Weighted Average and Risk Weighted Average Density**	
	Asset Classes/Risk Weight	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Sovereigns and their central banks	63.187	-	63.187	-	-	-
2	Non-central government public sector entities	-	-	-	-	-	-
3	Regional governments or local authorities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organizations	-	-	-	-	-	-
6	Banks and intermediary institutions	40.191	-	40.191	-	20.034	63.118
7	Corporates	-	-	-	-	-	-
8	Regulatory retail portfolios	-	-	-	-	-	-
9	Secured by residential property	-	-	-	-	-	-
10	Secured by commercial real estate	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-
12	Higher-risk categories	-	-	-	-	-	-
13	Secured by mortgages	-	-	-	-	-	-
14	Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
15	Undertakings for collective investments in mutual funds	-	-	-	-	-	-
16	Other assets	5.984	-	5.984	-	4.224	-
17	Investment on securities	160	-	160	-	160	-
18	**Total**	**109.522**	**-**	**109.522**	**-**	**24.418**	**63.118**

	Prior Period	**Exposures before Credit Conversion Factor and Credit Risk Mitigation**		**Exposures post-Credit Conversion Factor and Credit Risk Mitigation**		**Risk Weighted Average and Risk Weighted Average Density**	
	Asset Classes/Risk Weight	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Sovereigns and their central banks	48.889	-	48.889	-	-	-
2	Non-central government public sector entities	-	-	-	-	-	-
3	Regional governments or local authorities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organizations	-	-	-	-	-	-
6	Banks and intermediary institutions	36.283	-	36.283	-	18.035	-
7	Corporates	-	-	-	-	-	-
8	Regulatory retail portfolios	-	-	-	-	-	-
9	Secured by residential property	-	-	-	-	-	-
10	Secured by commercial real estate	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-
12	Higher-risk categories	-	-	-	-	-	-
13	Secured by mortgages	-	-	-	-	-	-
14	Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
15	Undertakings for collective investments in mutual funds	-	-	-	-	-	-
16	Other assets	5.472	-	5.472	-	3.866	-
17	Investment on securities	160	-	160	-	160	-
18	**Total**	**90.804**	**-**	**90.804**	**-**	**22.061**	**-**

(Thousands of Turkish Lira (TL))

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

XIII. EXPLANATIONS RELATET TO CREDIT RISK (continued):

i. Standardised approach – exposures by asset classes and risk weights

Current Period

	Asset Classes/ Risk weight	0%	10%	20%	50%	75%	100%	150%	200%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	63.187	-	-	-	-	-	-	-	-	63.187
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-
3	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	International organizations	-	-	-	-	-	-	-	-	-	-
6	Banks and intermediary institutions	-	-	206	39.985	-	-	-	-	-	40.191
7	Corporates	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
9	Secured by residential property	-	-	-	-	-	-	-	-	-	-
10	Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-	-	-	-	-
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Secured by mortgages	-	-	-	-	-	-	-	-	-	-
14	Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
15	Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
16	Investment on securities	-	-	-	-	-	160	-	-	-	160
17	Other Receivables	1.762	-	-	-	-	4.222	-	-	-	5.984
18	**Total**	**64.949**	**-**	**206**	**39.985**	**-**	**4.382**	**-**	**-**	**-**	**109.522**

(Thousands of Turkish Lira (TL))

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

XIII. EXPLANATIONS RELATET TO CREDIT RISK (continued):

i. Standardised approach – exposures by asset classes and risk weights (continued):

Prior Period

	Asset Classes/ Risk weight	0%	10%	20%	50%	75%	100%	150%	200%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	48.889	-	-	-	-	-	-	-	-	48.889
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-
3	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	International organizations	-	-	-	-	-	-	-	-	-	-
6	Banks and intermediary institutions	-	-	354	35.929	-	-	-	-	-	36.283
7	Corporates	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
9	Secured by residential property	-	-	-	-	-	-	-	-	-	-
10	Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-	-	-	-	-
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-
13	Secured by mortgages	-	-	-	-	-	-	-	-	-	-
14	Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-
15	Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-
16	Investment on securities	-	-	-	-	-	160	-	-	-	160
17	Other Receivables	1.607	-	-	-	-	3.865	-	-	-	5.472
18	**Total**	**50.496**	**-**	**354**	**35.929**	**-**	**4.053**	**-**	**-**	**-**	**90.804**

XIV. EXPLANATIONS ON MARKET RISK

a. Qualitative disclosures related to market risk

Market risk refers to a probable loss that may occur in revenues or in economic value due to unfavorable changes in rates or prices in financial markets. In terms of market risk, the Standard Approach is applied to capital adequacy calculation according to Basel II.

The Board of Directors determines the risk appetite and sets market risk limits to ensure that the Bank's risk exposure is within the specified risk appetite. Exchange rate and interest rate risk are measured and controlled by the Risk Management Department in terms of positions, risk exposures and stress tests. Market risk limits are reviewed at least once a year, taking into account the Bank's strategy and risk appetite.

b. Market risk under standardized approach

Current Year		RWA
Outright products		
	Interest rate risk (general and specific)	-
	Equity risk (general and specific)	-
	Foreign exchange risk	99
	Commodity risk	-
Options		
	Simplified approach	-
	Delta-plus method	-
	Scenario approach	-
	Securitization	-
Total		**99**

Prior Year		RWA
Outright products		
	Interest rate risk (general and specific)	-
	Equity risk (general and specific)	-
	Foreign exchange risk	171
	Commodity risk	-
Options		
	Simplified approach	-
	Delta-plus method	-
	Scenario approach	-
	Securitization	-
Total		**171**

(Thousands of Turkish Lira (TL))

XV. EXPLANATIONS ON OPERATIONAL RISK

a. Qualitative disclosures related to operational risk

"Basic Indicator Method" was used in the operational risk calculation of the Bank. Operational risk principal amount is calculated in accordance with the third part of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette "Calculation of Operational Risk Base Amount", 2018, 2017 and 2016 in terms of "Basic Indicator Method" using the annual gross revenues.

Current Year	2 PP Amount	1 PP Amount	CP Amount	Total/ No. of Years of Positive Gross	Rate (%)	Total
Gross Income	28.330	54.459	56.919	46.569	15	5.393
Value at Operational Risk (Total x % 12.5)						67.406

Prior Year	2 PP Amount	1 PP Amount	CP Amount	Total/ No. of Years of Positive Gross	Rate (%)	Total
Gross Income	29.080	25.061	28.330	27.490	15	4.124
Value at Operational Risk (Total x % 12.5)						51.544

XVI. EXPLANATIONS ON BANKING BOOK INTEREST RATE RISK

a. Qualitative disclosures related to banking book interest rate risk

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. Arising from the banking book; interest rate risk is calculated on a monthly basis and reported to the BRSA.

Interest rate risk in the Banking Accounting 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:

Currency	Shock applied (+/- basis points)*	Gains / Losses	Gains/Equity – Losses/Equity
TL	500	(116,36)	(%12,02)
	(400)	97,12	%10,03
EUR	200	-	%0
	(200)	-	%0
USD	200	-	%0
	(200)	-	%0
Total (for negative shocks)		**(116,36)**	**(%12,02)**
Total (for positive shocks)		**97,12**	**%10,03**

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

(Thousands of Turkish Lira (TL))

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS:

1.1. Explanations on cash and the account of the CBRT:

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

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Cash/Foreign Currency	-	-	-	-
CBRT	87	-	59	-
Other	-	-	-	-
Total	**87**	**-**	**59**	**-**

1.1.b Information on the account of the CBRT:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Demand Unrestricted Amount	87	-	59	-
Time Deposit Amount	-	-	-	-
Non - Time Deposit Amount	63.118	-	48.830	-
Reserve Requirements	-	-	-	-
Total	**63.205**	**-**	**48.889**	**-**

i. Information on reserve requirements

As at 31 December 2019, there is no liabilities subjected to reserve requirements (31 December 2018: 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 that the CBRT published, "Reserve Deposits" can be kept as a TRY, USD and/or EUR and standard gold.

The reserve deposit rates vary according to their maturity compositions; the reserve deposit rates are realized in TRY, USD, EUR and/or standard gold at the rates between 1 % and 7 % according to their maturities (31 December 2018: between 1,5 % and 8 % according to their maturities), foreign currency liabilities in USD, EUR and/or standard gold at the rates between 5% and 21% according to their maturities (31 December 2018: between 4% and 20% according to their maturities).

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

i. As at 31 December 2019, there are not any financial assets through profit or loss given as collateral/blocked (31 December 2018: None).

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

1.3. Information on banks:

i. Information on banks and other financial institutions:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Banks				
Domestic	88	-	183	-
Foreign	-	99	-	171
Headquarters and Branches Abroad	-	-	-	-
Total	**88**	**99**	**183**	**171**

(Thousands of Turkish Lira (TL))

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

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

1.3. Information on banks:

ii. Information on foreign banks and other financial institutions:

	Unrestricted Amount		Restricted Amount	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
EU Countries	16	19	-	-
USA, Canada	67	134	-	-
OECD Countries (*)	16	18	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	**99**	**171**	-	-

(*) OECD countries except EU countries, USA and Canada.

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 2018: None).

1.5. Explanations on financial assets at fair value through other comprehensive income:

The Bank's investment in Borsa İstanbul A.Ş. and 15.971.094 shares with a nominal value of TL 160 transferred by Borsa İstanbul A.Ş. (31 December 2018: 160 TL).

	31 December 2019	31 December 2018
Debt Securities	-	-
Listed	-	-
Unlisted	-	-
Common Stocks	160	160
Listed	-	-
Unlisted	160	160
Provision for Impairment (-)	-	-
Total	**160**	**160**

1.6. Explanations on financial assets measured at amortized cost:

None (31 December 2018: None).

1.7. Receivables from leasing transactions:

None (31 December 2018: None).

1.8. Positive differences related to hedging derivative financial assets:

None (31 December 2018: None).

1.9. Explanations on investment property:

None (31 December 2018: None).

1.10. Explanations on property and equipment held for sale purpose and related to discontinued operations:

None (31 December 2018: None).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

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

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 2018: None).

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

None (31 December 2018: None).

2.3. Information on maturity structure of the loans:

None (31 December 2018: None).

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

As at 31 December 2019, the Bank has no consumer loans, personal credit cards and individual credit cards (31 December 2018: None).

As at 31 December 2019, the Bank has no personnel loans (31 December 2018: None).

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

As at 31 December 2019 the Bank has no commercial installment loans and corporate credit cards (31 December 2018: None).

2.6. Loans according to type of borrowers:

None (31 December 2018: None).

2.7. Domestic and foreign loans:

None (31 December 2018: None).

2.8. Loans granted to investments in associates and subsidiaries:

As of 31 December 2019, the Bank has no loans granted to investments in associates and subsidiaries (31 December 2018: None).

(Thousands of Turkish Lira (TL))

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

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

2.9. Explanations on loans (Continued):

	31 December 2019	31 December 2018
Loans and Other Receivables with Limited Collectability	-	-
Loans and Other Receivables with Doubtful Collectability	-	-
Uncollectible Loans and Other Receivables	4.982	4.982
	4.982	**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	-	-	4.982
Gross Amounts Before Provisions	-	-	4.982
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
31 December 2019	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 Loans (+)	-	-	-
Transfers to Other Categories of Non-performing Loans (-)	-	-	-
Collections (-)	-	-	-
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	-	-	**4.982**
Specific Provision (-)	-	-	4.982
Net Balance on Balance Sheet	-	-	-

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Explanations on loans (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 collectability	**Loans and other Receivables with doubtful collectability**	**Uncollectible loans and other receivables**
31 December 2019 (Net)	-	-	-
Loans Given to Real Persons and Legal Persons (Gross)	-	-	4.982
Specific Provision Amount (-)	-	-	4.982
Loans Given to Real Persons and Legal Persons (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2018 (Net)	-	-	-
Loans Given to Real Persons and Legal Persons (Gross)	-	-	4.982
Specific Provision Amount (-)	-	-	4.982
Loans Given to Real Persons and Legal Persons (Net)	-	-	-
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.

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

(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.

(Thousands of Turkish Lira (TL))

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Explanations on investments in associates (Net):

3.1. Explanations on associates (Net):

None (31 December 2018: None).

3.2. Explanations on subsidiaries:

None (31 December 2018: None).

3.3. Explanations on joint ventures:

None (31 December 2018: None).

3.4. Explanations on investment properties (Net):

None (31 December 2018: None).

3.5. Explanations on deferred tax asset:

The Bank has deferred tax assets amounting to TL 1.762 as of 31 December 2019 (31 December 2018: TL 1.607). 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.

The calculation of deferred tax, the statutory tax rates that are valid as of the balance sheet date are used in accordance with the applicable tax legislation. According to the law published in the Official Gazette of 5 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 has been increased from 20% to 22%. According to this law, deferred tax assets and liabilities are calculated with a tax rate of 22% for the periods in which assets are realized or liabilities are fulfilled, and a tax rate of 20% for the periods in 2021 and later.

	Accumulated Temporary Differences		**Deferred Tax Assets/ (Liabilities)**	
	31 December 2019	**31 December 2018**	**31 December 2019**	**31 A December 2018**
Reserve for Employee Benefits	7.259	6.640	1.597	1.461
Difference between the carrying amount of fixed assets and the tax base	260	262	57	58
Other	490	400	108	88
Deferred Tax Assets	**8.009**	**7.302**	**1.762**	**1.607**
Deferred Tax Liabilities	-	-	-	-
Deferred Tax Assets/ (Liabilities) (Net)	**8.009**	**7.302**	**1.762**	**1.607**

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 2018: None).

3.7. Explanations on assets held for sale:

None (31 December 2018: None).

3.8. Explanations on other assets:

Other assets which are amounting to TL 40.454 (31 December 2018: TL 36.173) are comprised of intra-group receivables amounting to TL 39.985 (31 December 2018: TL 35.929) based on advisory services provided to the Bank.

(Thousands of Turkish Lira (TL))

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

3.9. Explanations on tangible assets:

	Balance at the Beginning of the Year	Acquisitions	Disposals	Transfers	Balance at the End of the Year
31.12.2018 (Current Period)					
Acquisition Cost					
Real Estates	5.766	-	-	-	5.766
Right Of Use Assets	-	489	-	-	489
Vehicles	-	-	-	-	-
Other Tangible Assets	1.854	80	245	-	1.689
Total Acquisition Cost	**7.620**	**569**	**245**	**-**	**7.944**
Accumulated Depreciation (-)					
Real Estates	2.467	-	-	-	2.467
Right Of Use Assets	-	189	-	-	189
Vehicles	-	-	-	-	-
Other Tangible Assets	1.534	9	7	-	1.536
Accumulated Depreciation (-)	**4.001**	**198**	7	**-**	**4.192**
Net Carrying Value	**3.619**	**371**	238	-	**3.752**

	Balance at the Beginning of the Year	Acquisitions	Disposals	Transfers	Balance at the End of the Year
31.12.2018 (Prior Period)					
Acquisition Cost					
Real Estates	5.766	-	-	-	5.766
Vehicles	-	-	-	-	-
Other Tangible Assets	1.508	346	-	-	1.854
Total Acquisition Cost	**7.274**	**346**	**-**	**-**	**7.620**
Accumulated Depreciation (-)					
Real Estates	2.467	-	-	-	2.467
Vehicles	-	-	-	-	-
Other Tangible Assets	1.310	224	-	-	1.534
Accumulated Depreciation (-)	**3.777**	**224**	**-**	**-**	**4.001**
Net Carrying Value	**3.497**	**122**	**-**	**-**	**3.619**

(Thousands of Turkish Lira (TL))

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3.10. Explanations on intangible assets:

	Balance at the Beginning of the Year	Acquisitions	Disposals	Transfers	Balance at the End of the Year
31.12.2019 (Current Period)					
Acquisition Cost					
Intangible Assets	105	-	-	-	105
Total Acquisition Cost	**105**	**-**	**-**	**-**	**105**
Accumulated Depreciation (-)					
Intangible Assets	101	9	7	-	103
Accumulated Depreciation (-)	**101**	**9**	**7**	**-**	**103**
Net Carrying Value	**4**	**(9)**	**(7)**	**-**	**2**

	Balance at the Beginning of the Year	Acquisitions	Disposals	Transfers	Balance at the End of the Year
31.12.2018 (Prior Period)					
Acquisition Cost					
Intangible Assets	105	-	-	-	105
Total Acquisition Cost	**105**	**-**	**-**	**-**	**105**
Accumulated Depreciation (-)					
Intangible Assets	101	2	-	-	103
Accumulated Depreciation (-)	**101**	**2**	**-**	**-**	**103**
Net Carrying Value	**4**	**(2)**			**2**

(Thousands of Turkish Lira (TL))

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

1. Explanations on maturity structure of deposits:

The Bank does not accept client deposits due to its investment bank status.

2. Explanations on trading derivative financial liabilities:

As at 31 December 2019, schedule of negative differences for trading derivative financial liabilities: None. (31 December 2018: None)

3. Explanations on borrowings:

a. Information on banks and other financial institutions: None (31 December 2018: None).

b. As at 31 December 2019, maturity of borrowing amount: None (31 December 2018: None).

4. Explanations on other liabilities:

There is TL 490 other liabilities amount as at 31 December 2019 (31 December 2018: 400 TL). This amount does not exceed 10% of total assets.

5. Explanations on finance leasing agreements:

As at 31 December 2019, the Bank has 339 TL finance lease payable (31 December 2018: None).

	Current Period		Prior Period	
	Gross Net	**Gross Net**	**Gross Net**	**Gross Net**
Less than 1 Year	189	131	-	-
Between 1-4 Years	300	208	-	-
Longer than 4 Years	-	-	-	-
Total	**489**	**339**	**-**	**-**

6. Explanations on hedging derivative instruments:

As at 31 December 2019, the Bank has no hedging derivative instruments (31 December 2018: None).

7. Explanations on provisions:

7.1. Information on general provisions:

With the decision of the 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 for 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, which was 1% in the prior period, became 1,5% and the general loan ratio of close monitoring of 2% is started to be applied as 3%.

	31 December 2019	31 December 2018
General Provisions		
Provisions for Group I loans and receivables	-	-
Provisions for Group II loans and receivables	-	-
Provisions for non-cash loans	-	-
Other	608	549
Total	**608**	**549**

(Thousands of Turkish Lira (TL))

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

As at 31 December 2019, there is no provision for foreign currency difference of foreign indexed loans (31 December 2018: None).

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

As at 31 December 2019, the Bank has no specific provision for non-cash loans (31 December 2018: None).

7.5. Explanations on other provisions:

As at 31 December 2019, the Bank has no as other provision (31 December 2018: None).

7.6. Explanations on reserve for employee benefits:

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2019	**31 December 2018**
Discount rate (%)	13,70	3,48
Rate for the Probability of Retirement (%)	10,00	15,00

The (full) price ceiling of retirement pay liability is TL 6.379,15 as at 31 December 2019 (31 December 2018: TL 5.434,42)

Movements in the reserve for employment termination benefits during the periods are as follows:

	31 December 2019	**31 December 2018**
Balance at prior period end	1.606	1.663
Interest costs	306	204
Service costs	90	117
Payments during the period (-)	218	374
Canceled provision	-	-
Actuarial loss / (gains) (*)	(299)	(4)
Balance at the end of the period	**1.485**	**1.606**

(*) The actuarial gains/(losses) are recognized under the equity.

The Bank has termination pay liability amounting to TL 1.485 (31 December 2018: TL 1.606), 2.151 TL (31 December 2018: 1.812 TL) contractual severance pay provision , provision for unused vacation liability amounting to TL 845 (31 December 2018: TL 864), personnel performance bonus liability amounting to TL 2.721 (31 December 2018: TL 2.336) and a share price of TL 57 (31 December 2018: TL 54).

The Bank has no notice pay provision as of 31 December 2019 (31 December 2018: TL 391).

The Bank has TL 57 share amount provision as of 31 December 2019 (31 December 2018: TL 54).

(Thousands of Turkish Lira (TL))

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Explanations on current tax liability:

i. Information on current tax liability:

As at 31 December 2019, the Bank has TL 2.092 corporate tax payable (31 December 2018: TL 1.998).

ii. Information on taxes payable:

	31 December 2019	31 December 2018
Corporate Tax Payable	2.092	1.998
Taxes on Returns of Marketable Securities	-	-
Real Property Income Tax	-	-
Payroll Tax	252	200
Banking Insurance Transaction Tax (BITT)	7	12
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	52	25
Other	6	2.447
Total	**2.409**	**4.682**

iii. Information on premiums:

	31 December 2019	31 December 2018
Social Security Premiums - Employee	58	49
Social Security Premiums - Employer	74	63
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	4	3
Unemployment Insurance – Employer	8	7
Other	-	-
Total	**144**	**122**

8.2. Explanations on deferred tax liability:

None (31 December 2018: None).

(Thousands of Turkish Lira (TL))

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED 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 2018: None).

10. Explanations on Equity:

10.1 Presentation of paid-in capital:

	31 December 2019	31 December 2018
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 unadjusted 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 2018: 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 2018: None).

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

None (31 December 2018: 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:

None (31 December 2018: None).

10.8. Information on marketable securities value increase fund:

None (31 December 2018: None).

10.9. Information on minority shares:

None (31 December 2018: None).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. EXPLANATIONS AND NOTES RELATED TO OFF BALANCE SHEET ACCOUNTS:

1. Explanations and notes related to off balance sheet commitments:

1.1. Type and amount of irrevocable credit commitments:

None (31 December 2018: None).

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

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

None (31 December 2018: None).

ii) Guarantees, contingencies and other similar commitments:

None (31 December 2018: None).

1.3 Explanations on non-cash loans:

None (31 December 2018: None).

(Thousands of Turkish Lira (TL))

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED 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. (31 December 2018: None).

1.2. Information on interest income on banks:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
From the CBRT	7.497	-	4.419	-
From Domestic Banks	2.016	-	5.221	-
From Foreign Banks	2.972	6	1.202	2
Headquarters and Branches Abroad	-	-	-	-
Total	**12.485**	**6**	**10.842**	**2**

1.3. Information on interest income on marketable securities:

None (31 December 2018: None).

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

The Bank does not have investments in associates or subsidiaries.

2. Information on interest expense:

2.1. Information on interest expense on borrowings:

None (31 December 2018: None).

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

None (31 December 2018: None).

2.3. Information on interest expenses to debt securities issued:

None (31 December 2018: None).

2.4. Maturity structure of the interest expense on deposits:

None (31 December 2018: None).

(Thousands of Turkish Lira (TL))

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	31 December 2019	31 December 2018
Profit	**217.849**	**317.225**
Profit on capital market operations	-	-
Profit on derivative financial instruments	-	-
Other	-	-
Foreign exchange gains	217.849	317.225
Loss	**217.895**	**317.128**
Loss on capital market operations	-	-
Loss on derivative financial instruments	-	-
Other	-	-
Foreign exchange gains	217.895	317.128
Net trading income/loss	**(46)**	**97**

4. Explanations on other operating income:

For the year ended 31 December 2019, other operating income consisted of incomes from intra-group advisory services provided to the Group amounting to TL 39.985 (31 December 2018: TL 35.929), provisions no longer required and other income.

5. Provision for impairment of loans and other receivables:

	31 December 2019	31 December 2018
Specific Provisions	-	-
Provisions for Limited Liabilities	-	-
Provisions for Suspicious Loans	-	-
Losses for Uncollectible Loans	-	-
General Provisions	59	-
Specific Provisions	-	-
Financial Assets Fair Value through Profit / Loss	-	-
Financial Assets Fair Value through Other Comprehensive Income	-	-
Subsidiaries, Subsidiaries and Joint Ventures Partnerships Impairment Losses	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	-
Total	**59**	**-**

(Thousands of Turkish Lira (TL))

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to other operational expenses:

	31 December 2019	31 December 2018
Provision for employment termination benefits	1.348	390
Bank social aid pension fund deficit provision	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	246	224
Impairment expenses of intangible assets	-	-
Impairment expenses of goodwill	-	-
Amortization expenses of intangible assets	-	2
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	8.870	6.489
Rental expenses related to TFRS 16 exceptions	189	-
Maintenance and repair expenses	819	626
Advertising expenses	8	5
Other expenses	7.854	5.858
Loss on sale of assets	1	-
Other(*)	19.854	13.515
Total	**30.319**	**20.620**

(*) Other operating expenses amounting to TL 9.467 (31 December 2018: TL 7.550) Personnel Expenses, TL 2.192 (31 December 2018: TL 1.515) other taxes and fees paid, TL 69 (31 December 2018: TL 66) dues, 386 TL (31 December 2018: TL 234) representation expenses, TL 4.129 (31 December 2018: TL 1.234) Previous Years Expenses, TL 3.019 (31 December 2018: TL 2.469) Other Provisions, TL 566 (31 December 2018: 440 TL) BRSA expenses and other expenses amounting TL 26 (31 December 2018: TL 7) are included in other expenses.

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

For the year ended 31 December 2019; the Bank's profit from continuing operations before tax is TL 26.542 (31 December 2018: TL 33.839).

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

For the year ended 31 December 2019; the Bank does not have deferred tax expense (31 December 2018: None.)

As of 31 December 2019, the Bank's deferred tax income is TL 221 (31 December 2018: TL 141).

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

The Bank's net profit from continuing operations is TL 19.661 (31 December 2018: TL 26.501).

(Thousands of Turkish Lira (TL))

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED 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:

None.

ii. 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.

iii. 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 31 December 2019 the total amount of other operational income in income statement is TL 44.438 (31 December 2018: TL 43.384). This amount includes TL 39.985 (31 December 2018: TL 35.929) 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:

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**	**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 Law No. 5411.

(**) In the note regarding the Bank's other assets, within the direct and indirect partners of the Bank, there is TL 39.985 transaction in the balance of the end of the period.

31 December 2018:

	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	-	-	19.674	-	27	-
Balance at the End of the Period	-	-	35.929	-	171	-
Interest and Commission Income Received	-	-	2.987	-	-	-

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

(**) In the note regarding the Bank's other assets, within the direct and indirect partners of the Bank, there is TL 35.929 transaction in the balance of the end of the period.

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

(Thousands of Turkish Lira (TL))

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

None (31 December 2018: None).

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

3. Information about the placements of the Banks' risk group:

Banks' Risk Group	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	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Banks						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Interest Income Received	-	-	2.978	167	-	-

4. Information on forward and option agreements and other derivative transactions with the Bank's risk group:

None.

5. Information regarding benefits provided to the Bank's key management:

As of 31 December 2019, benefits provided to the Bank's key management amount to TL 1.858 (31 December 2018: TL 1.373).

VI. Other explanations related to the Bank's activities:

None.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations and notes related to the domestic, foreign and off-shore branches and foreign representatives of the bank:

	Number[(*)]	**Number of Employees**			
Domestic Branch	1	29			
			Country of Incorporation		
Foreign Rep. Offices	-	-	-		
				Total Assets	**Statutory Share Capital**
Foreign Branch	-	-	-	-	-
Off-Shore Banking Region Branch	-	-	-	-	-

[(*)] Head-office included domestic branch number.

VIII. Explanations on matters arising subsequent to balance sheet date

None.

SECTION SIX

OTHER EXPLANATIONS

I. Other disclosures on activities of the bank :

None.

SECTION SEVEN

I. Disclosure on independent auditors' report

The unconsolidated financial statements of the Bank as of 31 December 2019, have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member of KPMG International Cooperative) and the independent auditors' report dated 13 March 2020, is presented before the accompanying financial statements.

II. Disclosures and footnotes prepared by independent auditors

None.