

STANDARD CHARTERED YATIRIM BANKASI TRK A..

ACTIVITY REPORT OF 2020

Report Period	: 01.01.2020-31.12.2020
Commercial Title of the Bank	: Standard Chartered Yatırım Bankası Türk A..
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working world**

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(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders of Standard Chartered Yatırım Bankası Türk A.Ş.

1) Opinion

We have audited the annual report of Standard Chartered Yatırım Bankası Türk A.Ş. ("the Bank") for the period of 1 January 2020-31 December 2020.

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

2) Basis for Opinion

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

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

We have expressed unqualified opinion in our auditor's report dated March 18, 2021 on the full set unconsolidated financial statements of the Bank for the period of 1 January 2020-31 December 2020.

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

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

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report; reflecting the operations of the Bank for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the unconsolidated financial statements. The development of the Bank and the potential risks to be encountered are also noted in the report. The evaluation of the Board of Directors is also included in this report.

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Bank,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.
- Other matters prescribed in the communiqué on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

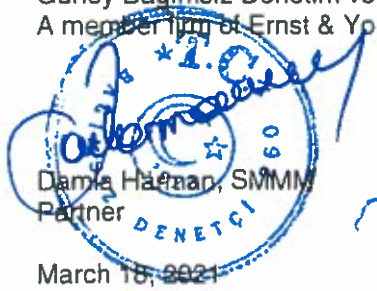
5) Auditor's Responsibilities for the Audit of the Annual Report

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

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

The name of the engagement partner who supervised and concluded this audit is Damla Harman.

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



Damla Harman, SMMM
Partner

March 18, 2021
İstanbul, Türkiye

**STANDARD CHARTERED YATIRIM BANKASI TRK A.S.
DECLARATION RELATED TO ACTIVITY REPORT OF 2020**

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



Karin FLINSPACH
Chairperson of the Board and
Member of the Audit
Committee



Belma ZMEN
Chairperson of the Audit
Committee and Board Member
Responsible for Financial
Reporting



Kaşif ATUN
General Manager



Francois MASSENA
Accounting Manager

A. GENERAL INFORMATION

I. Summary of Financial Information Related to Activity Results

	Unconsolidated 31.12.2020 (TRY 000)
Total Assets	124,320
Credits	0
Securities	0
Borrowings	0
Equity (including net profit)	96,053
Net Profit of the period	15,191
Capital Adequacy Ratio (%)	105.51

II. History of the Bank

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

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

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

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

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

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

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

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

None.

IV. Capital and Shareholding Structure of the Bank

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

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

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

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

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

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

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

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

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

Overall, the Bank's main activity is to provide support and advisory services to SCB Group entities in their relations with their clients based in Turkey and their subsidiaries/affiliates located abroad.

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

The Bank operates under an "Investment Bank" license and therefore does not accept client deposits. The main office is situated in Istanbul and there are no branches. As of 31 December 2020, the number of personnel was 31.

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

• Corporate and Institutional Banking (CIB)

As of 31 December 2020, no client specific transactions were booked.

• Transaction Banking (TB)

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

No TB-related assets/liabilities/contingents or commitments were booked in 2020.

• Financial Markets and Treasury Management

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

• Other Banking and Internal Support Services

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

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

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

In the **Information Technologies** field, all the necessary projects that were planned in 2020 under the scope of Information Technology have been implemented successfully during 2020. Projects related to the Main Banking system are still ongoing.

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

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

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

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

- **Internal Systems Units**

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

Risk Management Unit measures Credit Risk, Market Risk and Operational Risk within the framework of the related regulations of the BRSA and independently from Executive Management, controls and monitors risks within the Bank and reporting directly the results to

the Board of Directors through Audit Committee. This unit maintains its activities within the framework of “Regulation on Risk Management” and “Risk Management Manual” which are approved by the Board of Directors.

Compliance and Internal Control Department, is responsible for all control systems. It requests information based on reporting from various departments in order to control, analyse and monitor the banking activities in a secured way within the framework of Banking Law No.5411 and the BRSA’s “Regulation on the Internal Systems of the Banks and Internal Capital Adequacy Assessment Process”. The Department performs its controls by examining or observing generally or specifically several control documents, processes and tools; reports the findings or communicates warning messages to related departments for corrective action.

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

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

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

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

The Bank reduced its activities in prior years in line with the decision of the Board of Directors. As a result, the Bank has maintained low value of risk resulting along with a strong capital adequacy ratio. The Bank’s main activity is to provide support and advisory services to SCB Group entities in their relations with their clients based in Turkey and their subsidiaries/affiliates located abroad.

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

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

B. INFORMATION ON MANAGEMENT AND CORPORATE GOVERNANCE

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

a) Chairperson and Members of Board of Directors

Karin Flinspach, Chairperson of the Board of Directors: She has a bachelor's degree in European Business Administration from University of Reutlingen. She has 27 years of banking experience. She continues her duties as Regional Head of Transaction Banking, Europe in Standard Chartered Bank London. Having served as a member of the Board of Directors in SCB Turkey since 31 March 2017, she was assigned as the Chairperson of the Board of Directors on 31 December 2020.

Belma Özmen, Vice Chairperson of the Board of Directors (Responsible for Financial Reporting): She has a bachelor's degree in Economics from Hacettepe University. She has managerial experiences in international banks and financial institutions in their administrative and audit functions. She has a total of 36 years of banking experience. She has been working as a Board Member and Chairperson of the Audit Committee at SCB Turkey since 17 September 2019. Belma Ozmen was appointed as Vice Chairperson of the Board of Directors at SCB Turkey as of December 31, 2020.

Kaşif Atun, Board Member and CEO: He has a bachelor's degree in Business Administration from Central Connecticut State University and has a master's degree in Business Administration and Organization. He has 31 years of banking experience. He served as Deputy General Manager responsible for Financial Institutions until 2nd of December, 2015. From that date forward, he has been serving as the CEO and Board member.

Byung Sung Yoon, Board Member: He has a bachelor's degree in International Relations from Seoul National University and a master's degree in Business Administration. Byung Sung Yoon has 16 years of experience in banking sector and 21 years of experiences in finance sector totally. He has been working as Regional Head of of Credit and Portfolio Management since 2015. Byung Sung Yoon was appointed as a member of the Board of Directors of SCB Turkey as of December 31, 2020, following Alper Tunga Kılıç's resignation.

Folkert Lodewijk Ramon Van Wickevoort Crommelin, Board Member: He has a bachelor's degree in Law from the University of Auckland and 26 years of experience in banking sector. Since 2010, he has been serving as the Head of Legal for Standard Chartered Bank Europe Region. Folkert Lodewijk Ramon Van Wickevoort Crommelin has been appointed as a member of the Board of Directors of SCB Turkey as of December 31, 2020, following Tracy Jayne Clarke's resignation.

b) Heads of Internal Systems' Units

Güliz Tınç, Head of Internal Audit: She has undergraduate degree from Marmara University, English Language and Literature Department. She has a banking experience of 36 years. She has been working in the Bank since 1990.

Fatih Sevimli, Risk Manager: He has a bachelor's degree from Bogazici University Business Administration and Political Science and International Relations Departments and a master's degree from The London School of Economics and Political Science in the field of European Political Economy. He has 9 years of experience in banking sector. Fatih Sevimli was appointed as Risk Manager of SCB Turkey on 24 February 2020, replacing former Head of Risk Management, who left the office on 8 November 2019.

Diğdem Tümtürk Güner, Head of Internal Control and Legal Compliance Department: She has a bachelor's degree in Political Science and International Relations Department from Middle East Technical University and a master's degree from University of Wales. Diğdem Tümtürk Güner has 14 years of experience in banking sector. Having served at SCB Turkey since 2013, Diğdem Tümtürk Güner was appointed as the Head of the Legal Compliance and Internal Control Department as of May 31, 2019.

II. Terms of office and professional experiences of the Auditors

Damla Harman, Partner of Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.: She graduated from Marmara University, Department of Banking and Insurance in 2001. She works as a CPA registered with the Istanbul Chamber of Independent Financial Consultants. She holds an Independent Audit license issued by the Public Oversight Accounting and Auditing Standards Authority and Banking, Insurance and Capital Market Auditing Licenses.

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

Audit Committee

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

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

Remuneration Committee

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

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

Corporate Governance Committee

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

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

Executive Committee

Permanent Members: *Kaşif Atun (Head of Committee) – General Manager, Diğdem Tümtürk Güner – Head of Legal & Compliance and Internal Control, Fatih Sevimli - Risk Manager, Erel Seren - Head of Transaction Banking, Francois Massena – Finance Manager, Leya Dalva – Senior Manager of Banking Operations, Şirin Erdoğan - Information Technologies Manager, Bike Tarakçı - Human Resources Director.*

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

Risk Committee

Permanent Members: *Kaşif Atun (Head of Committee) - General Manager, Diğdem Tümtürk Güner – Head of Legal & Compliance and Internal Control, Fatih Sevimli - Risk Manager, Francois Massena – Finance Manager, Leya Dalva – Senior Manager of Banking Operations, Şirin Erdoğan - Information Technologies Manager, Bike Tarakçı - Human Resources Director.*

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

Asset and Liability Management Committee (ALCO)

Permanent Members: *Kaşif Atun (Head of Committee) -General Manager, Fatih Sevimli - Risk Manager, Francois Massena – Finance Manager.*

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

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

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

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

The Audit Committee had been held four times in 2020 in order to review financial reports and annexes, accuracy and compliance to the accounting standards.

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

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

Dear Shareholders,

Profit & Loss Statements, Board of Directors' Report and Auditors' Report relating to 2020 year are presented for your examination and approval.

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

- The size of assets increased by 13.51%.
- Equity reached TRY 113,304 thousand.
- Liquid Assets increased by 14.34% compared to previous year and constituted 95.22% of total assets.
- Our capital adequacy ratio is 105.51% whereas it was 105.32% as of 31.12.2019.

- Return on assets which was 17.95% in 2019 and moved down to 12.22% in 2020.
- Return on equity is realized as 15.48%.
- The paid-up capital is TRY 40,126 thousand.
- The current year profit is realized as TRY 15,191 thousand.

Yours faithfully,

Board of Directors

VI. Information on Human Resources Practices

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

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

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

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

The gross amount of the bonus payments to be made in 2021 for the 2020 performance year is TRY 2,620,358 (The gross amount of the bonus payments made in 2020 for the 2019 performance year was TRY 2,876,005).

As of 31 December 2020, benefits provided to Bank's key management amount to 2,252,648.32 TRY. (31 December 2019: TRY 1,858,101).

As of 31 December 2020, the number of incumbent employees is 31.

Disclosures on the Remuneration Policy of the Bank

The Remuneration Committee

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

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

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

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

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

Personnel Remuneration Policy:

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

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

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

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

	31.12.2020	31.12.2019
	%	%
Share in total placements	0	0
Share in total borrowings	0	0
Share in total non-cash loans	0	0

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

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

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

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

C. FINANCIAL INFORMATION AND ASSESSMENT ON RISK MANAGEMENT

I. Report Prepared by External Auditors

Please see the Annex.

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

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

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

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

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

Internal Audit Unit’s risk-based Audit Plan and Risk Matrix with details were reviewed and submitted to the Board of Directors’ approval by the Audit Committee. In compliance with the Bank’s structure and size, Internal Audit activities, including IT audit activities, are carried out by the Head of Internal Audit. In terms of achieving the purpose of the internal audit functions, all necessary measures were taken by the Board of Directors on the audit of all activities and units of the Bank without any limitation by the internal audit unit. Within the scope of internal audit activities in 2020, ten audit activities, including Information Systems audit in accordance with the internal audit plan and audits related to the Management Declaration as per BRSA’s Communiqué on “Management Declaration” numbered BSD.2010/3, are carried out. The findings of internal audits and external auditors or legal authorities are regularly monitored, and their results are reported to the top management of the Bank and the Audit Committee.

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

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

III. Independent Audit Report

Please see the Annex.

IV. Financial Statements and Information on the Financial Structure

Please see the Annex.

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

- Total equity reached TRY 113,304 thousand and increased by 15.3% compared to previous year.
- Our return on equity is realized as 15.48%.
- Total assets reached TRY 124,320 thousand by an increase of 13.51%.
- The share of liquid assets within the balance sheet is 95.22% (same as in previous year).
- The profit of 2020 is realized as TRY 15.191 thousand.

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

• Credit Risk:

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

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

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

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

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

• Operational and Technology Risk

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

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

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

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

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

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

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

- **Compliance Risk**

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

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

- **Market Risk (Traded Risk)**

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

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

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

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

- **Information and Cyber Security Risk**

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

Impacts of ICS risks include:

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

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

BAU management of ICS risks:

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

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

- **Capital and Liquidity Risk**

Capital risk is defined as the potential for insufficient level, composition or distribution of capital to support our normal activities and liquidity risk is defined as the potential for loss where we may not have sufficient stable or diverse sources of funding or financial resources to meet our obligations as they fall due.

Funding risk is the potential for actual or opportunity loss because the Bank does not have stable or diversified sources of funding in the medium and long term to enable it to meet its financial obligations in pursuit of its desired business strategy or growth objectives.

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

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

- **Reputational and Sustainability Risk**

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

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

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

- **Financial Crimes Risk**

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

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

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

Risk Type	Explanation
Anti-Bribery and Corruption ("ABC")	The risk that the Group, or persons associated with it, will incur criminal liability, regulatory sanctions or reputational damage due to failure to comply with relevant Bribery and Corruption laws or regulations.
Anti-Money Laundering (and	Risk of being engaged by any client or entering into any

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

- **Model Risk**

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

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

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

There is no separate rating note for the Bank. However, as of 31 December 2020 the rating notes of Standard Chartered Bank and Standard Chartered PLC given by the rating agencies are listed below.

	Moody's	Fitch	S&P
Standard Chartered Bank	Short-term deposit rating: P-1 (Stable)	Short-term credit rating: F1 (Negative)	Short-term credit rating: A-1 (Stable)
	Unsecured debt rating: A1 (Stable)	Long-term credit rating: A+ (Negative)	Long-term credit rating: A (Stable)
Standard Chartered PLC	Unsecured debt rating: A2 (Stable)	Long-term credit rating: A (Negative)	Short-term credit rating: A-2 (Stable)
			Long-term credit rating: BBB+ (Stable)

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

	31/12/2015	2015-2014	31/12/2016	2016-2015	31/12/2017	2017-2016	31/12/2018	2018-2017	31/12/2019	2019-2018	31/12/2020	2020-2019
(thsd TRY)		Change		Change		Change		Change		Change		Change
Liquid Assets	73,777	%4.41	75,282	%2.04	78,532	%4.32	85,330	%8.66	103,537	%21.34	118,383	%14.34
Loans	-	%0.00	-	%0.00	-	%0.00	-	%0.00	-	%0.00	-	%0.00
Other Assets	5,439	-%0.38	5,376	-%1.16	5,166	-%3.91	5,474	%5.96	5,985	%9.34	5,937	-%0.80
TOTAL ASSETS	79,216	%4.07	80,658	%1.82	83,698	%3.77	90,804	%8.49	109,522	%20.61	124,320	%13.51
Other Liabilities	9,361	%8.62	8,668	-%7.40	9,352	%7.89	12,425	%32.86	11,249	-%9.46	11,016	-%2.07
Equity (Except Profit)	89,542	%1.28	89,823	%0.31	90,330	%0.56	74,996	-%16.98	76,552	%2.07	96,053	%25.47
Net Profit	(19,687)	-%5.82	(17,833)	-%9.42	(15,984)	-%10.37	3,383	-%121.16	21,721	%542.06	17,251	-%20.58
TOTAL LIABILITIES	79,216	%4.07	80,658	%1.82	83,698	%3.77	90,804	%8.49	109,522	%20.61	124,320	%13.51
SELECTED RATIOS												
ROE	%6.15	%40.73	%8.93	%45.21	%10.61	%18.90	%51.08	%381.35	%25.01	-%51.04	%15.48	-%38.09
ROA	%5.11	%37.27	%7.31	%43.23	%8.52	%16.53	%29.18	%242.45	%17.95	-%38.49	%12.22	-%31.93
CAT	%129.64	%37.87	%108.23	-%16.51	%104.14	-%3.78	%104.43	%0.28	%105.32	%0.85	%105.51	%0.18

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

STANDARD CHARTERED YATIRIM BANKASI TRK A..

**Unconsolidated Financial Statements and Related Disclosures
together with Independent Auditors' Report
As at and for the Year Ended 31 December 2020**

Convenience Translation of the Independent Auditors' Report Originally Issued in Turkish (See Note 1.a in Section Three)

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

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 statement of unconsolidated statement of financial position as at December 31, 2020, unconsolidated statement of profit and loss and unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at December 31, 2020 and financial performance and unconsolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA"), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards ("TFRS") for the matters which are not regulated by these regulations.

Basis for Opinion

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued 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 Financial Statements section of our report. We are independent of the Bank in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Key Audit Subject	How the key audit issue was addressed in the audit
<i>Recognition and presentation of intragroup advisory service revenues on financial statements and disclosures within the scope of TFRS 15 "Revenue from Contracts with Customers"</i>	
As explained in footnote V of the third section, the Bank measures and accounts the intragroup advisory service revenue in accordance with TFRS 15 "Revenue from Customer Contracts" standard. The reasons for disclosing TFRS 15 intragroup advisory service revenues as a key audit matter are as follows: - Advisory service revenues within the scope of TFRS 15 standard constitute a significant balance in terms of balance sheet, profit or loss statement and cash flow statement and thus become the most important financial statement item, - Estimations and assumptions used in intragroup advisory service revenues calculations are important, - The existence of the control environment in TFRS 15 processes.	Our audit procedures in addition to our current audit procedures: - Evaluation of compliance of the accounting policies adopted with regard to TFRS 15 and the Bank's practices, - Analysis and testing of processes and controls originated or re-designed in order to calculate advisory service revenues by Process Audit specialists, - Evaluation of the key judgments, assumptions, methods used for calculation of advisory service revenues by the management, and whether the data source is reasonable or not, and their compliance and standard requirements, - Evaluation of the accuracy and completeness of attributes of the data used for the process of calculating the amount of advisory service revenues, - Auditing of disclosures related to TFRS 15.

Other Matter

The unconsolidated financial statements of the Bank as at December 31, 2019 was audited by another audit firm, which expressed an unqualified opinion in their report issued on March 16, 2020.

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

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is 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.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

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 auditor's 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 BRSA Independent Audit Regulation and ISAs 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 financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement 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 auditor's 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 auditor's 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code (“TCC”) numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank’s bookkeeping activities and financial statements for the period January 1 – December 31, 2020 are not in compliance with the code and provisions of the Bank’s articles of association in relation to financial reporting.

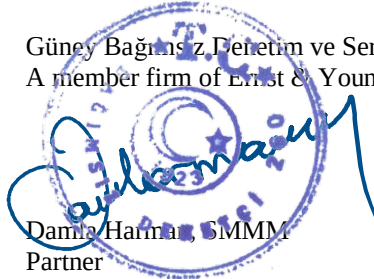
2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The responsible auditor who conducted and finalized this independent audit is Damla Harman.

Additional paragraph for convenience translation to English

As explained in detail in Note I.a of Section Three, accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Damla Harman, SMMM
Partner

March 18, 2021
Istanbul, Turkey

(CONVENIENCE TRANSLATION)
STANDARD CHARTERED YATIRIM BANKASI TRK A.. UNCONSOLIDATED
FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

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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 period ended 31 December 2020, 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 AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- 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 audit and presented attached.



Karin FLINSPACH
Chairperson of the Board and
Member of the Audit
Committee



Belma ZMEN
Chairperson of the Audit
Committee and Board Member
Responsible for Financial
Reporting



Kaşif ATUN
General Manager



Francois MASSENA
Accounting Manager

The authorized contact person for questions on this financial report:

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SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

Standard Chartered Yatırım Bankası Türk A.., (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..” has been changed to “Calyon Yatırım Bankası Türk A..”.

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..” 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.., has been changed to “ Standard Chartered Yatırım Bankası Türk A..” 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.

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):

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Karin Flinspach	President	Graduate
Vice Chairman:	Belma Özmen Board Member Responsible for Financial Reporting	Vice President	Undergraduate
Member of Board:	Kaşif Atun	Member and General Manager	Graduate
	Belma Özmen	Member	Undergraduate
Audit Committee:	Belma Özmen	President	Undergraduate
General Manager:	Kaşif Atun	General Manager	Graduate

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

IV. Information on shareholders having control shares:

<u>Name /Commercial title</u>	<u>Share amounts</u>	<u>Share percentage</u>	<u>Paid-in capital</u>	<u>Unpaid portion</u>
Standard Chartered Bank	Partial	99,99%	40.126	-
Standard Chartered Bank UK Holdings Limited	Partial	0,00%	0.00	-
SCMB Overseas Limited	Partial	0,00%	0.00	-
Standard Chartered Overseas Holdings Limited	Partial	0,00%	0.00	-
Standard Chartered Holdings (International) B.V.	Partial	0,00%	0.00	-
TOTAL	All	100%	40.126	-

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

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

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

None.

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

None.

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
BALANCE SHEET AS OF 31 DECEMBER 2020

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

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five)	Audited Current Period (31.12.2020)			Audited Prior Period (31.12.2019)		
ASSESTS			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (NET)							
1.1.	Cash and Cash Equivalents		91.058	106	91.164	63.453	99	63.552
1.1.1.	Cash and Balances with Central Bank	(I.1.1.)	90.898	106	91.004	63.293	99	63.392
1.1.2.	Banks	(I.1.3.)	50	-	50	87	-	87
1.1.3.	Money Markets	(I.1.3.)	109	106	215	88	99	187
1.2.	Financial Assets Measured at Fair Value Through Profit or Loss	(I.1.2.)	90.739	-	90.739	63.118	-	63.118
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	(I.1.5.)	160	-	160	160	-	160
1.3.1.	Government Securities		-	-	-	-	-	-
1.3.2.	Equity Securities		-	-	-	-	-	-
1.3.3.	Other Financial Assets		160	-	160	160	-	160
1.4.	Derivative Financial Assets		-	-	-	-	-	-
1.4.1.	Derivative Financial Assets Measured at Fair Value Through Profit or Loss		-	-	-	-	-	-
1.4.2.	Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)	(I.1.6.)	-	-	-	-	-	-
2.1.	Loans	(I.2.)	-	-	-	-	-	-
2.2.	Lease Receivables	(I.1.7.)	-	-	-	-	-	-
2.3.	Factoring Receivables		-	-	-	-	-	-
2.4.	Financial Assets Measured At Amortized Cost		-	-	-	-	-	-
2.4.1.	Government Securities		-	-	-	-	-	-
2.4.2.	Other Financial Assets		-	-	-	-	-	-
2.5.	Non-Performing Loans	(I.2.10.)	17	-	17	4.982	-	4.982
2.6.	Specific Provisions (-)	(I.2.9.)	(17)	-	(17)	(4.982)	-	(4.982)
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I.6.)	-	-	-	-	-	-
3.1.	Held for Sale Purpose		-	-	-	-	-	-
3.2.	Related to Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS		-	-	-	-	-	-
4.1.	Investments in Associates (Net)	(I.3.1.)	-	-	-	-	-	-
4.1.1.	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2.	Unconsolidated Associates		-	-	-	-	-	-
4.2.	Subsidiaries (Net)	(I.3.2.)	-	-	-	-	-	-
4.2.1.	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2.	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3.	Joint Ventures (Net)	(I.3.3.)	-	-	-	-	-	-
4.3.1.	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2.	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	PROPERTY AND EQUIPMENT (Net)	(I.8.)	3.889	-	3.889	3.752	-	3.752
VI.	INTANGIBLE ASSETS (Net)	(I.9.)	515	-	515	2	-	2
6.1.	Goodwill		-	-	-	-	-	-
6.2.	Other		515	-	515	2	-	2
VII.	INVESTMENT PROPERTY (Net)	(I.4.)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET		-	-	-	-	-	-
IX.	DEFERRED TAX ASSET	(I.5.)	1.298	-	1.298	1.762	-	1.762
X.	OTHER ASSETS	(I.7.)	27.454	-	27.454	40.454	-	40.454
	TOTAL ASSETS		124.214	106	124.320	109.423	99	109.522

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

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
BALANCE SHEET AS OF 31 DECEMBER 2020

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

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five)	Audited Current Period (31.12.2020)			Audited Prior Period (31.12.2019)		
LIABILITIES AND EQUITY			TP	FC	Total	TP	FC	Total
I.	DEPOSITS	(II.1.)	-	-	-	-	-	-
II.	FUNDS BORROWED	(II.3.)	-	-	-	-	-	-
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.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(II.2.)	-	-	-	-	-	-
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 LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(II.5.)	166	-	166	339	-	339
X.	PROVISIONS		8.797	-	8.797	7.867	-	7.867
10.1.	General Provision	(II.7.1.)	415	-	415	608	-	608
10.2.	Restructuring Provisions		-	-	-	-	-	-
10.3.	Reserve for Employee Benefits	(II.7.5.)	8.382	-	8.382	7.259	-	7.259
10.4.	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.5.	Other Provisions		-	-	-	-	-	-
XI.	CURRENT TAX LIABILITY	(II.8.1.)	22	-	22	2.553	-	2.553
XII.	DEFERRED TAX LIABILITY	(II.8.2.)	-	-	-	-	-	-
XIII.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(II.9.)	-	-	-	-	-	-
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	(II.4.)	2.032	-	2.032	490	-	490
XVI.	SHAREHOLDERS' EQUITY		113.303	-	113.303	98.273	-	98.273
16.1.	Paid-in capital	(II.10.1.)	40.126	-	40.126	40.126	-	40.126
16.2.	Capital Reserves		5.913	-	5.913	5.913	-	5.913
16.2.1.	Share Premium		-	-	-	-	-	-
16.2.2.	Share Cancellation Profits		-	-	-	-	-	-
16.2.3.	Other Capital Reserves		5.913	-	5.913	5.913	-	5.913
16.3.	Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		185	-	185	346	-	346
16.4.	Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		-	-	-	-	-	-
16.5.	Profit Reserves		49.828	-	49.828	30.167	-	30.167
16.5.1.	Legal Reserves		7.526	-	7.526	6.542	-	6.542
16.5.2.	Status Reserves		-	-	-	-	-	-
16.5.3.	Extraordinary Reserves		42.302	-	42.302	23.625	-	23.625
16.5.4.	Other Profit Reserves		-	-	-	-	-	-
16.6.	Profit or (Loss)		17.251	-	17.251	21.721	-	21.721
16.6.1.	Prior Periods' Profit or (Loss)		2.060	-	2.060	2.060	-	2.060
16.6.2.	Current Period Profit or (Loss)		15.191	-	15.191	19.661	-	19.661
TOTAL LIABILITIES AND EQUITY			124.320	-	124.320	109.522	-	109.522

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

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2020
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).)

STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five) (III.1.)	Audited Current Period (31.12.2020)			Audited Prior Period (31.12.2019)		
		TP	FC	Total	TP	FC	Total
A	OFF-BALANCE SHEET LIABILITIES	-	-	-	-	-	-
I.	GUARANTEES AND WARRANTIES	-	-	-	-	-	-
1.1.	Letters of Guarantee	-	-	-	-	-	-
1.1.1.	Guarantees Subject to State Tender Law	-	-	-	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations	-	-	-	-	-	-
1.1.3.	Other Letters of Guarantee	-	-	-	-	-	-
1.2.	Bank Acceptances	-	-	-	-	-	-
1.2.1.	Import Letter of Acceptance	-	-	-	-	-	-
1.2.2.	Other Bank Acceptances	-	-	-	-	-	-
1.3.	Letters of Credit	-	-	-	-	-	-
1.3.1.	Documentary Letters of Credit	-	-	-	-	-	-
1.3.2.	Other Letters of Credit	-	-	-	-	-	-
1.4.	Prefinancing Given as Guarantee	-	-	-	-	-	-
1.5.	Endorsements	-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey	-	-	-	-	-	-
1.5.2.	Other Endorsements	-	-	-	-	-	-
1.6.	Purchase Guarantees on Marketable Security Issuance	-	-	-	-	-	-
1.7.	Factoring Guarantees	-	-	-	-	-	-
1.8.	Other Guarantees	-	-	-	-	-	-
1.9.	Other Collaterals	-	-	-	-	-	-
II.	COMMITMENTS	-	-	-	-	-	-
2.1.	Irrevocable Commitments	-	-	-	-	-	-
2.1.1.	Asset Purchase and Sale Commitments	-	-	-	-	-	-
2.1.2.	Deposit Purchase and Sales Commitments	-	-	-	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries	-	-	-	-	-	-
2.1.4.	Loan Granting Commitments	-	-	-	-	-	-
2.1.5.	Securities Issue Brokerage Commitments	-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements	-	-	-	-	-	-
2.1.7.	Commitments for Cheques	-	-	-	-	-	-
2.1.8.	Tax and Fund Liabilities from Export Commitments	-	-	-	-	-	-
2.1.9.	Commitments for Credit Card Limits	-	-	-	-	-	-
2.1.10.	Commitments for Credit Cards and Banking Services Promotions	-	-	-	-	-	-
2.1.11.	Receivables from Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
2.1.12.	Payables for Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
2.1.13.	Other Irrevocable Commitments	-	-	-	-	-	-
2.2.	Revocable Commitments	-	-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments	-	-	-	-	-	-
2.2.2.	Other Revocable Commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	-	-	-	-	-	-
3.1	Hedging Derivative Financial Instruments	-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge	-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge	-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge	-	-	-	-	-	-
3.2	Trading Transactions	-	-	-	-	-	-
3.2.1	Forward Foreign Currency Buy/Sell Transactions	-	-	-	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy	-	-	-	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell	-	-	-	-	-	-
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	-	-	-	-	-	-
3.2.2.1	Foreign Currency Swap-Buy	-	-	-	-	-	-
3.2.2.2	Foreign Currency Swap-Sell	-	-	-	-	-	-
3.2.2.3	Interest Rate Swap-Buy	-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell	-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options	-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy	-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell	-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy	-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell	-	-	-	-	-	-
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-
3.2.4	Foreign Currency Futures	-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy	-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell	-	-	-	-	-	-
3.2.5	Interest Rate Futures	-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6	Other	-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	-	-	-	-	-	-
IV.	ITEMS HELD IN CUSTODY	-	-	-	-	-	-
4.1	Customer Fund and Portfolio Balances	-	-	-	-	-	-
4.2	Investment Securities Held in Custody	-	-	-	-	-	-
4.3	Checks Received for Collection	-	-	-	-	-	-
4.4	Commercial Notes Received for Collection	-	-	-	-	-	-
4.5	Other Assets Received for Collection	-	-	-	-	-	-
4.6	Assets Received for Public Offering	-	-	-	-	-	-
4.7	Other Items Under Custody	-	-	-	-	-	-
4.8	Custodians	-	-	-	-	-	-
V.	PLEDGES RECEIVED	-	-	-	-	-	-
5.1	Marketable Securities	-	-	-	-	-	-
5.2	Guarantee Notes	-	-	-	-	-	-
5.3	Commodity	-	-	-	-	-	-
5.4	Warranty	-	-	-	-	-	-
5.5	Immovable	-	-	-	-	-	-
5.6	Other Pledged Items	-	-	-	-	-	-
5.7	Pledged Items-Depository	-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET LIABILITIES (A+B)	-	-	-	-	-	-

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

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

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

	Note (Section Five)	Audited Current Period (01.01.2020- 31.12.2020)	Audited Prior Period (01.01.2019- 31.12.2019)
STATEMENT OF PROFIT OR LOSS			
INTEREST INCOME		7.699	12.491
Interest on Loans		-	-
Interest on Reserve Requirements		-	-
Interest on Banks	(IV.1.2.)	1.293	4.994
Interest on Money Market Transactions	(IV.1.2.)	6.406	7.497
Interest on Marketable Securities Portfolio	(IV.1.3.)	-	-
Fair Value Through Profit or Loss		-	-
Fair Value Through Other Comprehensive Income		-	-
Measured at Amortized Cost		-	-
Financial Lease Income		-	-
Other Interest Income		-	-
INTEREST EXPENSE (-)		12	17
Interest on Deposits	(IV.2.4.)	-	-
Interest on Funds Borrowed	(IV.2.1.)	-	-
Interest Expense on Money Market Transactions		-	-
Interest on Securities Issued	(IV.2.3.)	-	-
Lease interest expense		12	17
Other Interest Expenses		-	-
NET INTEREST INCOME (I - II)		7.687	12.474
NET FEES AND COMMISSIONS INCOME		(15)	(15)
Fees and Commissions Received		9	10
Non-cash Loans		-	-
Other		9	10
Fees and Commissions Paid		24	(25)
Non-cash Loans		-	-
Other		24	(25)
DIVIDEND INCOME		90	69
TRADING INCOME /(LOSS) (Net)		163	(46)
Trading Gains / (Losses) on Securities		-	-
Gains / (Losses) on Derivative Financial Transactions		-	-
Foreign Exchange Gains / (Losses)	(IV.3.)	163	(46)
OTHER OPERATING INCOME	(IV.4.)	46.134	44.438
GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		54.059	56.920
LOAN PROVISIONS (-)	(IV.5.)	45	(59)
PERSONNEL EXPENSE (-)	(IV.6.)	11.733	(9.467)
OTHER OPERATING EXPENSES (-)	(IV.6.)	21.902	(20.852)
NET OPERATING INCOME/(LOSS) (VIII-IX-X)		20.379	26.542
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.)	20.379	26.542
TAX PROVISION FOR CONTINUED OPERATIONS (±)		(5.188)	(6.881)
Current Tax Provision	(IV.8.)	4.679	(7.102)
Deferred Tax Income Effect (+)	(IV.8.)	(509)	-
Deferred Tax Expense Effect (-)		-	221
CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(IV.9.)	15.191	19.661
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)		15.191	19.661
Earning/(Loss) per share		0,37858	0,48998

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

STANDARD CHARTERED YATIRIM BANKASI TRK A..
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			Audited Current Period (01.01.2020- 31.12.2020)	Audited Prior Period (01.01.2019- 31.12.2019)
		Note		
I.	CURRENT PERIOD PROFIT/LOSS		15.191	19.661
II.	OTHER COMPREHENSIVE INCOME		(161)	233
2.1.	Other Income/Expense Items not to be Recycled to Profit or Loss		(161)	233
2.1.1.	Revaluation Surplus on Tangible Assets		-	-
2.1.2.	Revaluation Surplus on Intangible Assets		-	-
2.1.3.	Defined Benefit Pension Plan Remeasurement Gain/Loss		(206)	299
2.1.4.	Other Comprehensive Income Items Not Reclassified Through Profit or Loss		-	-
2.1.5.	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss		45	(66)
2.2.	Other Income/Expense Items to be Recycled to Profit or Loss		-	-
2.2.1.	Foreign Currency Translation Differences		-	-
2.2.2.	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income		-	-
2.2.3.	Cash Flow Hedge Income/Loss		-	-
2.2.4.	Foreign Net Investment Hedge Income/Loss		-	-
2.2.5.	Other Comprehensive Income Items Reclassified Through Profit or Losses		-	-
2.2.6.	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss		-	-
III.	TOTAL COMPREHENSIVE INCOME (I+II)		15.030	19.894

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

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified to Profit or Loss							
	31 December 2019	Note	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	1	2	3	4	5	6	Profit Reserves	Prior period net profit/ (loss)	Current period net profit / (loss)	Total
I.	Balance at the Beginning of the Period (1 January 2019)		40.126	-	-	5.913	-	113	-	-	-	-	28.844	(23.118)	26.501	78.379
II.	Adjustment in accordance with TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effect of adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)		40.126	-	-	5.913	-	113	-	-	-	-	28.844	(23.118)	26.501	78.379
IV.	Total comprehensive income (loss)		-	-	-	-	-	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. Tangible and Intangible Assets Revaluation Reserve

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

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

4.Exchange Differences on Translation

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

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

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

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

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

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	STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified to Profit or Loss							
		Note	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves	1	2	3	4	5	6	Profit Reserves	Prior period net profit/ (loss)	Current period net profit / (loss)	Total
	31 December 2020															
I.	Balance at the Beginning of the Period (1 January 2020)		40.126	-	-	5.913	-	346	-	-	-	-	30.167	2.060	19.661	98.273
II.	Balance at the beginning of the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Adjustment in accordance with TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)	(II.10.1)	40.126	-	-	5.913	-	346	-	-	-	-	30.167	2.060	19.661	98.273
IV.	Total comprehensive income (loss)		-	-	-	-	-	(161)	-	-	-	-	-	-	15.191	15.030
V.	Capital increase in cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	-	-	-	-	-	-	19.661	-	(19.661)	-
11.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves		-	-	-	-	-	-	-	-	-	-	19.661	(19.661)	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	19.661	(19.661)	-
	Balance at the end of the period (31 December 2020)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(III+IV+.....+X+XI)		40.126	-	-	5.913	-	185	-	-	-	-	49.828	2.060	15.191	113.303

1. Tangible and Intangible Assets Revaluation Reserve

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

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

4.Exchange Differences on Translation

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

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

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

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

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

STATEMENT OF CASH FLOWS		Note (Section Five)	Audited Current Period (01.01.2020- 31.12.2020)	Audited Prior Period (01.01.2019- 31.12.2019)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		22.896	17.826
1.1.1	Interest Received		7.678	12.151
1.1.2	Interest Paid		-	-
1.1.3	Dividend Received		90	69
1.1.4	Fees and Commissions Received		9	10
1.1.5	Other Income		54.381	41.991
1.1.6	Collections from Previously Written-off Loans and Other Receivables		-	-
1.1.7	Payments to Personnel and Service Suppliers		(25.636)	(18.337)
1.1.8	Taxes Paid		(4.055)	(5.897)
1.1.9	Other		(9.571)	(12.161)
1.2	Changes in Operating Assets and Liabilities		6.467	(3.736)
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		5.032	(2.157)
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		1.435	(1.579)
I.	Net Cash Provided from Banking Operations		29.363	14.090
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES			
II.	Net Cash Provided from Investing Activities		(1.262)	(72)
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		(748)	(80)
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		(514)	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities		(189)	(189)
3.1	Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3	Issued Equity Instruments		-	-
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		(189)	(189)
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		12	-
V.	Net Increase in Cash and Cash Equivalents (I+II+III+IV)		27.924	13.829
VI.	Cash and Cash Equivalents at the Beginning of the Period		63.041	49.212
VII.	Cash and Cash Equivalents at the End of the Period		90.965	63.041

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

STANDARD CHARTERED YATIRIM BANKASI TÜRK A.Ş.
STATEMENT OF PROFIT DISTRUBUTION FOR THE YEAR ENDED 31 DECEMBER 2020
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").)

		Audited Current period ⁽¹⁾	Audited Prior period ⁽²⁾
STATEMENT OF PROFIT DISTRIBUTION		31.12. 2020	31.12.2019
I.	DISTRIBUTION OF CURRENT YEAR PROFIT (1)		
1.1	Current Year Profit / (Loss)	20.379	26.542
1.2	Taxes and Duties Payable(-)	(5.188)	(6.881)
1.2.1	Corporate Tax (Income Tax)	(4.679)	(7.102)
1.2.2	Income Tax Withholding	-	-
1.2.3	Other Taxes and Duties Payable(-) (2)	509	221
A.	NET PROFIT FOR THE YEAR (1.1-1.2)	15.191	19.661
1.3	PRIOR YEAR S' LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(983)
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET PROFIT ATTRIBUTABLE TO [(A-(1.3+1.4+1.5)]	-	18.678
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	-	18.678
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	0,378582	0,489982
3.2	To owners of Ordinary Shares (%)	0,00378582	0,00489982
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 2020.

⁽²⁾ The profit distribution table as of 31 December 2019 has been changed according to the actual profit distribution.

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

SECTION THREE

ACCOUNTING POLICIES

I. Explanation on basis of presentation:

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

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

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

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

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

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

Additional paragraph for convenience translation to English

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

ACCOUNTING POLICIES (Continued)

- I. Explanation on basis of presentation (continued):**
- b. Explanation on accounting principles adopted in the preparation of the financial statements and valuation methods:**
- The accounting policies and valuation methods applied in the presentation of these financial statements are in accordance with the TFRS. These valuation methods are explained in Notes II to XXIV.
- c. Explanation on accounting principles adopted in the preparation of valuation methods:**
- The accounting policies applied in the presentation of these financial statements are in accordance with the TFRS. These accounting policies are explained in Notes II to XXIV.
- II. Explanations on strategy of using financial instruments and explanations on foreign currency transactions:**
- Services have been decreased and on and off-balance sheet exposures have been minimized since 2012. The Bank did not grant any new corporate banking loans in current period and prior period. As a result, the credit, market and liquidity risks are at minimum as at 31 December 2020. The Bank's main activity is intra-group advisory services. Bank gives advisory services to Standard Chartered local and foreign subsidiaries for loan granting to companies located in Turkey or their subsidiaries abroad.
- At 31 December 2020, all of the monetary assets and liabilities denominated in foreign currency were converted into Turkish Lira using the following foreign exchange rates: USD 7,4194 TL, EUR 9,1164 TL (31 December 2019: USD 5,9400 TL, EUR 6,6621 TL).
- III. Explanations on forward transactions, options and derivative instruments:**
- As of 31 December 2020, and 31 December 2019, the Bank does not have any derivative transactions that are recognized as at fair value through profit or loss.

ACCOUNTING POLICIES (Continued)

IV. Explanations on interest income and expense:

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

V. Explanations on fee and commission income and expenses:

All fees and commissions income/expenses are recognized on an accrual basis, except from certain commission income and fees from various banking services which are recorded as income at the time of collection. Fees and commissions expenses paid to the other institutions are recognized as operational costs and recorded by using the effective interest method. Contract based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection. Commissions earned from loans where the Bank acts as an intermediary is recorded as income at the end of each month on an accrual basis.

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

VI. Explanations on financial assets:

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

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

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (continued):

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

Measurement categories of financial assets and liabilities

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

VII. Explanations on financial assets (continued)

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

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

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

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

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

c) Loans:

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

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

ACCOUNTING POLICIES (Continued):

VI. Explanations on financial assets (continued):

c) Loans (Continued)

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

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

d) Financial assets measured at amortized cost:

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

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

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

VII. Explanations on impairment on financial assets:

The impairment on financial assets are evaluated whose indicators are carried at fair value in every balance sheet period. If there 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 detail in Note VI of Section Three.

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

ACCOUNTING POLICIES (Continued):

VIII. Explanations on offsetting financial instruments:

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

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

Securities subject to repurchase agreements (“Repo”) are classified as “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.

ACCOUNTING POLICIES (Continued):

XI. Explanations on goodwill and other intangible assets:

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

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

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

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

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

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

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

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

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.

ACCOUNTING POLICIES (Continued)

XII. Explanations on property and equipment:

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 the cost of property and equipment using the straight-line method based on expected useful lives.

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

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

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

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

XIII. Explanations on leasing transactions:

In accordance with the "TFRS 16 Leases" Standard assets acquired under finance lease agreements are capitalized at the inception of the lease at the "lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset". Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a "Provision for value decrease" has been recognized. Liabilities arising from the leasing transactions are included in "Financial lease payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Bank does not have any leasing transactions as lessor.

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

"TFRS 16 Leases" Standard published by Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29826 dated 16 April 2018 starting from 1 January 2019. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The purpose of the standard is to ensure that the lessees and lessors present these transactions in a truthful way and provide the information appropriate to the need. This information constitutes the basis for the evaluation of the effects of leases on the financial position, financial performance and cash flows of the financial statement users. With the "TFRS 16 Leases" Standard effective as of 1 January 2019, the difference between operating lease and financial leasing has disappeared, and leasing transactions are terminated by lessees as "Property and equipment" in assets (right-of-use assets) and Liabilities from the transactions has started to be shown under the item as "Lease Liabilities". The Bank started to apply the Standard as of 1 January 2019. The Bank applied TFRS 16 with a simplified approach and did not restate the previous year. The mentioned standard has a transition effect amounting to TL 489 in "tangible assets" and "lease liability" in the Bank's financial statements. As of December 31, 2020, The Bank recognized right of use asset classified under tangible assets amounting to TL 110, lease liability amounting to TL 166, and amortization expenses amounting to TL 189, lease interest expenses amounting to TL 12.

ACCOUNTING POLICIES (Continued)

XIII. Explanations on leasing transactions (continued):

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

Right-of-use assets

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

The cost of right-of-use assets includes:

- (a) the amount of lease liabilities recognized,
- (b) lease payments made at or before the commencement date less any lease incentives received and
- (c) initial direct costs incurred.

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

Lease Liabilities

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

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

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

- a) The book value is increased to reflect the accretion of interest of lease liabilities
- b) The book value is reduced to reflect the lease payments made

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

Short-term leases and leases of low-value assets

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

ACCOUNTING POLICIES (Continued)

XIV. Explanations on provisions and contingent liabilities:

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

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

XV. Explanations on contingent assets:

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

XVI. Explanations on obligations related to the employee rights:

a) Defined benefit plans:

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

b) Defined contribution plans:

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

c) Short term benefits for employees:

The liabilities arising from the vacation payments defined as “short-term benefits provided to employees” within the framework of TAS 19 shall be accrued in the period when they are granted, and they shall not be discounted. Within the scope of “TAS 19-Employee Benefits”, the Bank allocates to rights obligations for employee benefits.

ACCOUNTING POLICIES (Continued)

XVII. Explanations on taxation:

a) Current tax:

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

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

Advance tax is declared and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

XVII. Explanations on taxation (Continued):

b) Deferred tax:

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with “Turkish Accounting Standard for Income Taxes” (“TAS 12”). In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. Deferred tax asset is not provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

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

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

The tax rate of 22% valid for 3 years as of January 1, 2018 will be applied as 20% as of January 1, 2021. Therefore, the rate of 20% was used in the deferred tax calculation as of December 31, 2020 (December 31, 2019: 22% for the temporary differences expected to be realized / closed within 2020, the corporate tax rate applicable after 2020 is 20%).

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 2020 and 31 December 2019.

XX. Explanations on drafts and acceptances:

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

XXI. Explanations on government incentives:

As at 31 December 2020 and 31 December 2019, 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:

"IFRS 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 IFRS 16 with a simplified transition application approach and is comparable to the previous year amounts that have not been rearranged.

XXIV. Explanations on other matters:

The Bank transferred its 2019 profits to previous years' profits after allocating legal 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.

Comparative information and classifications

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

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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 2020, capital adequacy standard ratio calculated based on "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" is 105,51% and above the minimum rate specified in the relevant legislation (31 December 2019:105,32%).

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

	Current Period 31 December 2020
COMMON EQUITY TIER 1 CAPITAL	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	40.126
Share issue premiums	-
Reserves	49.829
Gains recognized in equity as per TAS	6.098
Profit	41.008
Current Period Profit	15.191
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	137.061
Deductions from Common Equity Tier 1 Capital	-
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	23.757
Improvement costs for operating leasing	-
Goodwill (net of related tax liability)	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	515
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1.298
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 4 th clause of the 56 th 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 2 nd 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	25.570
Total Common Equity Tier 1 Capital	111.491

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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)	111.491
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)	231
Tier II Capital Before Deductions	231
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	231
Total Capital (The sum of Tier I Capital and Tier II Capital)	111.722
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 (-)	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Explanation on equity (continued):

TOTAL CAPITAL	
Total Capital	111,722
Total risk weighted amounts	105,883
CAPITAL ADEQUACY RATIOS	
Tier 1 Capital Adequacy Ratio	105,30
Core Capital Adequacy Ratio	105,30
Capital Adequacy Ratio	105,51
BUFFERS	
Total buffer requirement	2,50
Capital conservation buffer requirement (%)	2,50
Bank specific counter-cyclical buffer requirement (%)	-
Systemic significant bank buffer ratio (%)	97,30
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-
Amounts below the Excess Limits as per the Deduction Principles	
Portion of the total of net long positions of investments in equity items of 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)	415
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	231
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, 2019 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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Explanation on equity (continued):

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

	31 December 2019
COMMON EQUITY TIER 1 CAPITAL	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	40.126
Share issue premiums	-
Reserves	30.167
Gains recognized in equity as per TAS	6.259
Profit	45.478
Current Period Profit	19.661
Prior Period Profit	25.817
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 1 st 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 4 th 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

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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)	-
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 (-)	-

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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(a+b+c)	2,50
a)Capital conservation buffer requirement (%)	2,50
b)Bank specific counter-cyclical buffer requirement (%)	-
c) Systemically important bank buffer rate (%)**	-
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 to be considered within the scope of transitional provisions

** Consolidated financial transactions within the scope of the 4th paragraph of Article 4 of the Regulation on Systemically Important Banks only

It will be filled by systemically important banks that do not have the obligation to prepare tables, and will be reported as zero by other banks.

Explanations on borrowing instruments to be included in equity calculation:

None.

Explanations on reconciliation of equity items and balance sheet amounts:

The principal difference between the equity amount in the statement of shareholders' equity and the shareholders' equity the 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.

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 analysed 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	90.750	77.047
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	27.473	35.553
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	5.937	7.046
Total	124.320	119.806

(*) 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.

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	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

(*) 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 2019: None).
- b. 1. As at 31 December 2020, The Bank does not have cash loan receivables (31 December 2019: None).
2. As at 31 December 2020, The Bank does not have non-cash loans and receivables (31 December 2019: None).
3. As at 31 December 2020, The Bank does not have cash loans and receivables (31 December 2019: None).
4. As at 31 December 2020, The Bank does not have restructured loan (31 December 2019: None).
5. As at 31 December 2020, The Bank does not have forward transactions, options and similar type of transactions (31 December 2019: None).
- c. As at 31 December 2020, general loan loss provision is amounting to TL 415 (31 December 2019: TL 608).

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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:

<i>Current Period (*)</i>	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	90.789	269	-	-	-	-	5.937	96.995
European Union (EU) Countries	-	4.386	-	-	-	-	-	4.386
OECD Countries (**)	-	10.045	-	-	-	-	-	10.045
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	9.838	-	-	-	-	-	9.838
Other Countries	-	3.056	-	-	-	-	-	3.056
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-
Total	90.789	27.594	-	-	-	-	5.937	124.320

(*) 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 liability items that can not be allocated on a consistent basis

<i>Prior Period (*)</i>	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 liability items that can not be allocated on a consistent basis

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

e. Risk profile by industry or counterparties:

<i>Current Period(*)</i>	Conditional and unconditional exposures to central governments or central banks	Receivables from banks and brokerage houses	Corporate receivables	Retail receivables	Claims secured with real estate mortgages	Overdue receivables	Other Receivables	Total
Agriculture	-	-	-	-	-	-	-	-
Farming and Livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	-	-	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-	-	-
Manufacturing Industry	-	-	-	-	-	-	-	-
Electricity, Water, Gas	-	-	-	-	-	-	-	-
Build	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel and Restaurant Services	-	-	-	-	-	-	-	-
Transport and Communication	-	-	-	-	-	-	-	-
Financial Institutions	90.789	27.594	-	-	-	-	5.937	124.320
Real Estate and Rental Services	-	-	-	-	-	-	-	-
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	90.789	27.594	-	-	-	-	5.937	124.320

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

f. 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	90.739	-	-	-	-
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	-	-	27.219	-	-
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	90.739	-	27.219	-	-

Prior 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	-	-

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

g. 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.

h. 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	92.048	-	254	27.219	-	4.799	-	-	-	1.298
Exposures Post-Credit Conversion Factor and Credit Risk Mitigation	92.048	-	254	27.219	-	4.799	-	-	-	1.298

Prior 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

i. Information about classification concentration:

None (31 December 2019: None).

j. Overdue loans and other receivables

None (31 December 2019: None).

k. Debt securities, treasury bills and other bonds:

As of 31 December 2020, the Bank does not have debt securities, treasury bills or other bonds (31 December 2019: None).

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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:

	<u>USD</u>	<u>EUR</u>
Balance Sheet Evaluation Rate (31 December 2020):	7,4194	9,1164
As of 30 December 2020	7,3405	9,0079
As of 29 December 2020	7,4063	9,0697
As of 28 December 2020	7,4738	9,1370
As of 27 December 2020	7,4738	9,1370
As of 26 December 2020	7,4738	9,1370

The simple arithmetical average of the Bank's foreign exchange bid rates for the last thirty days are TL 7,7095 for 1 US dollar and TL 9,3847 for 1 EUR.

As of 31 December 2019;

	<u>USD</u>	<u>EUR</u>
Balance Sheet Evaluation Rate	5,9400	6,6621

31 December 2020	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-
Banks	-	101	5	106
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	-
Loans	-	-	-	-
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	-
Financial Assets Measured at Amortized Cost (Net)	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets	-	-	-	-
Total Assets	-	101	5	106
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	-	101	5	106
Net Off-balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-

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

III. EXPLANATIONS ON CURRENCY RISK (Continued):

31 December 2019	EUR	USD	Other FC	Total
Total Assets	16	67	16	99
Total Liabilities	-	-	-	-
Net On-balance Sheet Position	16	67	16	99
Net Off-balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-

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 2020							
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques, Purchased) and Balances with the CBRT	-	-	-	-	-	50	50
Banks	-	-	-	-	-	215	215
Financial Assets at F.V. Through Profit/Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	90.739	-	-	-	-	-	90.739
Financial Assets at F.V. Through Other Comprehensive Income (Net)	-	-	-	-	-	160	160
Loans	-	-	-	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	33.156	33.156
Total Assets	90.739	-	-	-	-	33.581	124.320
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (**)	1.772	305	121	-	-	122.122	124.320
Total Liabilities	1.772	305	121	-	-	122.122	124.320
Balance Sheet Long Position	88.967	-	-	-	-	-	88.967
Balance Sheet Short Position	-	(305)	(121)	-	-	(88.541)	(88.967)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	88.967	(305)	(121)	-	-	(88.541)	-

(*) “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.

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

IV. EXPLANATIONS ON INTEREST RATE RISK (Continued):

31 December 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	Over 5 Years	Non- Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques, Purchased) and Balances with the CBRT	-	-	-	-	-	87	87
Banks	-	-	-	-	-	187	187
Financial Assets at F.V. Through Profit/Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	63.118	-	-	-	-	-	63.118
Financial Assets at F.V. Through Other Comprehensive Income (Net)	-	-	-	-	-	160	160
Loans	-	-	-	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	45.970	45.970
Total Assets	63.118	-	-	-	-	46.404	109.522
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (**)	454	36	180	159	-	108.693	109.522
Total Liabilities	454	36	180	159	-	108.693	109.522
Balance Sheet Long Position	62.664	-	-	-	-	-	62.664
Balance Sheet Short Position	-	(36)	(180)	(159)	-	(62.289)	(62.664)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	62.664	(36)	(180)	(159)	-	(62.289)	-

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

(**) Equity is presented under “Other Liabilities” item in the “Non-Interest Bearing” column.

Average interest rates for monetary financial instruments:

31 December 2020	EUR (%)	USD (%)	TL (%)
Assets			
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-
Banks	-	-	-
Financial Assets at Fair Value Through Profit/Loss (Net)	-	-	15,50
Interbank Money Market Placements	-	-	-
Financial Assets at F.V. Through Other Comprehensive Income (Net)	-	-	-
Loans	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-
Liabilities			
Bank Deposits	-	-	-
Other Deposits	-	-	-
Funds From Interbank Money Market	-	-	-
Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued (Net)	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-

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

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)	-	-	-
Interbank Money Market Placements	-	-	10,50
Financial Assets at FVTOCI (Net)	-	-	-
Loans and receivables	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-
Liabilities			
Bank Deposits	-	-	-
Other Deposits	-	-	-
Funds From Interbank Money Market	-	-	-
Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued (Net)	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-

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

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

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	(160,37)	(%14,35)
	(400)	133,63	%11,96
EUR	200	-	-
	(200)	-	-
USD	200	-	-
	(200)	-	-
Total (for negative shocks)		(160,37)	(14,35)
Total (for positive shocks)		133,63	%11,96
<i>*Applied to a currency different intensity and direction are entered in separate lines for each shock.</i>			
Prior Period			
Currency	Shock applied (+/- basis points)*	Gains / Losses	Gains/Equity – Losses/Equity
TL	500	(116,36)	(%12,02)
	(400)	97,12	%10,03
EUR	200	-	-
	(200)	-	-
USD	200	-	-
	(200)	-	-
Total (for negative shocks)		(116,36)	(%12,02)
Total (for positive shocks)		97,12	%10,03

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

V. EXPLANATIONS ON THE POSITION RISK OF SHARES

As of 31 December 2020, the Bank does not have the position risk of shares (31 December 2019: None). The Bank only has 15.971.094 shares with a nominal value of TL 160 which is transferred by Borsa İstanbul A.Ş. as free of charge in its financial assets at fair value through other comprehensive income portfolio.

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.

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. As a result of financial uncertainty due to the coronavirus epidemic, liquidity management has become one of the priorities of the Bank. According to the regulation dated March 26, 2020 published by the BRSA, it was decided to exempt the Liquidity Coverage Ratio (LCR) to reduce the operational burden for investment banks, and liquidity coverage tables were not prepared.

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

Prior Period		Total Unweighted Value (*)		Total Weighted Value(*)	
		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	-	-	-	-
18	Unsecured Lending	50.411	176	50.411	176
19	Other Cash Inflows	-	-	-	-
20	Total Cash Inflows	50.411	176	50.411	176
				Total Adjusted Value	
21	Total HQLA Stock			16.649	-
22	Total Net Cash Inflows			144	-
23	Liquidity Coverage Ratio (%)			11.546	-

(*) 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 law.

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

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

None.

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

As of 31 December 2020, the Bank's fundamental funds source is the capital taken from the main partner bank.

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

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

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

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

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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 2020	50	-	-	-	-	-	-	50
Assets	215	-	-	-	-	-	-	215
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques, Purchased) and Balances with the CBRT	-	-	-	-	-	-	-	-
Banks	-	90.739	-	-	-	-	-	90.739
Financial Assets at F.V. Through Profit / Loss (Net)	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at F.V. Through Other Comprehensive Income (Net)	-	-	-	-	-	-	160	160
Loans	5.937	-	-	27.219	-	-	-	33.156
Financial Assets Measured at Amortized Cost	6.202	90.739	-	27.219	-	-	160	124.320
Other Assets (*)	-	-	-	-	-	-	-	-
Total Assets	-	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-	-
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued (Net)	-	1.772	305	121	-	-	122.122	124.320
Miscellaneous Payables	-	1.772	305	121	-	-	122.122	124.320
Other Liabilities (**)	-	-	-	-	-	-	-	-
Total Liabilities	6.202	88.967	(305)	27.098	-	-	(121.962)	-
Liquidity (Gap) / Surplus	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Net off balance sheet position	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-	-
Non-cash loans	-	-	-	-	-	-	-	-
	6.259	63.118	-	39.985	-	-	160	109.522
31 December 2019	-	454	36	180	159	-	108.693	109.522
Total Assets	-	-	-	-	-	-	-	-
Total Liabilities	6.259	62.664	(36)	39.805	(159)	-	(108.533)	-
Liquidity (Gap) / Surplus	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
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.

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 2020 and 31 December 2019 are presented in the table below.

Balance sheet and income statement items based on operating segments:

31 December 2020	Transaction Banking and OCC	Global Markets	Other	Total Operations of Bank
Operating Income	46.282	7.687	-	53.969
General Loan Provision (-)	-	-	(45)	(45)
Operating Costs (-)	(33.350)	(285)	-	(33.635)
Net Operating Profit	12.932	7.402	(45)	20.289
General Loan Provision (-)	90	-	-	90
Profit / (Loss) before tax	13.022	7.402	(45)	20.379
Tax expense (-)	-	-	(5.188)	(5.188)
Net Profit / (Loss)	13.022	7.402	(5.233)	15.191
Segment Assets	27.219	91.004	6.097	124.320
Unallocated Assets	-	-	-	-
Total Assets	27.219	91.004	6.097	124.320
Segment Liabilities	166	113.304	10.850	124.320
Unallocated Liabilities	-	-	-	-
Total Liabilities	166	113.304	10.850	124.320

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	6.145	109.522
Segment Liabilities	339	98.275	10.908	109.522
Unallocated Liabilities	-	-	-	-
Total Liabilities	339	98.275	10.908	109.522

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 unconsolidated leverage ratio calculated by the Bank in accordance with the "Regulation on Measurement and Evaluation of Leverage Level of Banks" was realized as 90.54% (31 December 2019: 87.64%). The regulation stipulated the minimum leverage ratio as 3%. On-balance sheet asset amount increased by 3.32% compared to the previous period.

b. Information on leverage ratio:

	31 December 2020(*)	31 December 2019(*)
On-Balance Sheet Items		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	125.330	106.928
Assets that are deducted from core capital	(2.309)	(2.112)
Total on balance sheet exposures	123.021	104.816
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit derivatives	-	-
The potential amount of credit risk with derivative financial instruments and credit derivatives	-	-
The total amount of risk on derivative financial instruments and credit derivatives	-	-
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	-	-
Risk amount of exchange brokerage operations	-	-
Total risks related with securities or commodity financing transactions	-	-
Off -Balance Sheet Items		
Gross notional amount of off-balance sheet items	-	-
Adjustments for conversion to credit equivalent amounts	-	-
The total risk of off-balance sheet items	-	-
Capital and Total Exposures		
Tier 1 Capital	111.389	91.864
Total Exposures	123.021	104.816
Leverage Ratio		
Leverage Ratio	%90,54	%87,64

(*) 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.

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

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

	Carrying Value		Fair Value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial Assets				
Due from Money Market	90.739	63.118	90.739	63.118
Due from Banks	215	187	215	187
Available-for-Sale Financial Assets	160	160	160	160
Held-to-maturity Investments	-	-	-	-
Loans	-	-	-	-
Financial Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Borrowings	-	-	-	-
Marketable Securities Issued	-	-	-	-

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.

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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 2020	31 December 2019	31 December 2020
1	Credit risk (excluding counterparty credit risk) (CCR)	18.459	24.418	1.477
2	Standardized approach (SA)	18.459	24.418	1.477
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	106	99	8
17	Standardized approach (SA)	106	99	8
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	87.318	67.406	6.985
20	Basic Indicator Approach	87.318	67.406	6.985
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	105.883	91.923	8.470

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 Committee is held twice a year and if deemed necessary by the Committee Chairman. 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,
- Regularly (at least once a year in any case) to evaluate the Bank's approach to pricing and to propose any changes it deems appropriate,
- 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.

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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	50	50	50	-	-	-	-
Banks	215	215	215	-	-	106	-
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	90.739	90.739	90.739	-	-	-	-
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)	3.889	3.889	3.889	-	-	-	-
Intangible Assets (Net)	515	515	515	-	-	-	-
Real estate for investment purpose (Net)	-	-	-	-	-	-	-
Tax asset	1.298	1.298	1.298	-	-	-	1.298
Other assets	27.454	27.454	27.454	-	-	-	-
Total Assets	124.320	124.320	124.320	-	-	106	1.298

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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):

Liabilities	Carrying values in financial statements prepared as per TAS	Asset carrying value amount under scope of regulatory consolidation	Carrying values of items in accordance with Turkish Accounting Standards				Not subject to capital requirements or subject to deduction from capital
			Credit Risk	Counterparty credit risk	Securitization positions	Market Risk	
Deposits	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Money market borrowings	-	-	-	-	-	-	-
Securities issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	-
Other liabilities	2.031	2.031	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Lease payables	166	166	-	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-	-
Provisions	8.797	8.797	-	-	-	-	-
Tax Liability	22	22	-	-	-	-	-
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-	-
Subordinated Loans	-	-	-	-	-	-	-
Shareholders' equity	113.304	113.304	-	-	-	-	-
Total liabilities	124.320	124.320	-	-	-	-	-

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	124.320	124.320	-	-	106
2	Liabilities carrying value amount under regulatory scope of consolidation	124.320	124.320	-	-	-
3	Total net amount under regulatory scope of consolidation	-	-	-	-	106
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	124.320	124.320	-	-	106

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

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

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

There is no material difference 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	17	-	17	-
2	Debt Securities	-	-	-	-
3	Off-balance exposure	-	-	-	-
4	Total	17	-	17	-

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	4.965
5	Other changes	-
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	17

d. Additional disclosures about the credit quality of assets

There is a non-performing loan balance amounting to TL 17 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.

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

XIII. EXPLANATIONS RELATED TO CREDIT RISK (Continued):

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 Default	17	-	-	-	-	-	-

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.

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	
		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	90.750	-	90.750	-	-	-
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	27.473	-	27.473	-	13.660	-
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	5.937	-	5.937	-	4.639	-
17	Investment on securities	160	-	160	-	160	-
18	Total	124.320	-	124.320	-	18.459	-

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

XIII. EXPLANATIONS RELATED TO CREDIT RISK (continued):

	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	
		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

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

XIII. EXPLANATIONS RELATED 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	90.750	-	-	-	-	-	-	-	-	90.750
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	-	-	254	27.219	-	-	-	-	-	27.473
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	1.298	-	-	-	-	4.639	-	-	-	5.937
18	Total	92.048	-	254	27.219	-	4.799	-	-	-	124.320

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

XIII. EXPLANATIONS RELATED 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	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

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	106
	Commodity risk	-
Options		
	Simplified approach	-
	Delta-plus method	-
	Scenario approach	-
	Securitization	-
Total		106

Prior 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

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XV. EXPLANATIONS ON OPERATIONAL RISK

a. Qualitative disclosures related to operational 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.

Current Year	2 PP Amount	1 PP Amount	CP Amount	Total/ No. of Years of Positive Gross	Rate (%)	Total
Gross Income	54.459	56.919	54.071	55.150	15	6.985
Value at Operational Risk (Total x % 12.5)						87.318
Prior 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

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	(160,37)	(%14,35)
	(400)	133,63	%11,96
EUR	200	-	%0
	(200)	-	%0
USD	200	-	%0
	(200)	-	%0
Total (for negative shocks)		(160,37)	(%14,35)
Total (for positive shocks)		133,63	%11,96

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

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 2020		31 December 2019	
	TL	FC	TL	FC
Cash/Foreign Currency	-	-	-	-
CBRT	50	-	87	-
Other	-	-	-	-
Total	50	-	87	-

1.1.b Information on the account of the CBRT:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Demand Unrestricted Amount	50	-	87	-
Time Deposit Amount	-	-	-	-
Non - Time Deposit Amount	90.739	-	63.118	-
Reserve Requirements	-	-	-	-
Total	90.789	-	63.205	-

Information on reserve requirements

As at 31 December 2020, there is no liabilities subjected to reserve requirements (31 December 2019: None).

As per the Communiqué No. 2005/1 "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. Interest has been paid to required reserves kept in Turkish Lira since November 2014 and to reserve options and free accounts held in USD as of May 2015.

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 6 % according to their maturities (31 December 2019: between 1 % and 7 % according to their maturities), foreign currency liabilities in USD, EUR and/or standard gold at the rates between 5% and 22% according to their maturities (31 December 2019: between 5% and 21% according to their maturities).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

- i. As at 31 December 2020, there are not any financial assets through profit or loss given as collateral/blocked (31 December 2019: None).
- ii. Positive differences related to trading derivative financial assets: None

1.3. Information on banks:

- i. Information on banks and other financial institutions:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Banks				
Domestic	109	-	88	-
Foreign	-	106	-	99
Headquarters and Branches Abroad	-	-	-	-
Total	109	106	88	99

- ii. Information on foreign banks and other financial institutions:

	Unrestricted Amount		Restricted Amount	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
EU Countries	-	16	-	-
USA, Canada	101	67	-	-
OECD Countries (*)	5	16	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	106	99	-	-

(*) 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 2019: None).

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

As of December 31, 2020, the financial assets at fair value through other comprehensive income amounting to TL 160 which is transferred by Borsa İstanbul A.Ş. as free of charge with 16,971,094 shares and TL 160 nominal value.

1.6. Explanations on financial assets measured at amortized cost:

None (31 December 2019: None).

1.7. Receivables from leasing transactions:

None (31 December 2019: None).

1.8. Positive differences related to hedging derivative financial assets:

None (31 December 2019: None).

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

None (31 December 2019: None).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 2019: None).

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

None (31 December 2019: None).

2.3. Information on maturity structure of the loans:

None (31 December 2019: None).

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

As at 31 December 2020, the Bank has no consumer loans, personal credit cards and individual credit cards (31 December 2019: None).

As at 31 December 2020, the Bank has no personnel loans (31 December 2019: None).

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

As at 31 December 2020 the Bank has no commercial installment loans and corporate credit cards (31 December 2019: None).

2.6. Loans according to type of borrowers:

None (31 December 2019: None).

2.7. Domestic and foreign loans:

None (31 December 2019: None).

2.8. Loans granted to investments in associates and subsidiaries:

None (31 December 2019: None).

2.9. Explanations on loans (Continued):

	31 December 2020	31 December 2019
Loans and Other Receivables with Limited Collectability	-	-
Loans and Other Receivables with Doubtful Collectability	-	-
Uncollectible Loans and Other Receivables	17	4.982
Total	17	4.982

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2.10 Information on non-performing loans (Net):

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other Receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current period	-	-	17
Gross Amounts Before Provisions	-	-	17
Restructured Loans	-	-	-
Previous period	-	-	4.982
Gross Amounts Before Provisions	-	-	4.982
Restructured Loans	-	-	-

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other Receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
31 December 2019			
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 (-)	-	-	4.965
Corporate and Commercial Loans	-	-	4.965
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	-	-	17
Specific Provision (-)	-	-	17
Net Balance on Balance Sheet	-	-	-

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

(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. The Bank has followed a policy of deletion from assets in 2020 in line with the decision of the board of directors, which has been followed in the non-performing loans account and allocated for all, amounting to TL 4,965.

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

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

3. Explanations on investments in associates (Net):

3.1. Explanations on associates (Net):

The Bank does not have any subsidiaries as of December 31, 2020. (31 December 2019: None).

3.2. Explanations on subsidiaries:

The Bank does not have any subsidiaries as of December 31, 2020. (31 December 2019: None).

3.3. Explanations on joint ventures:

The Bank does not have any joint ventures as of December 31, 2020. (31 December 2019: None).

4. Explanations on investment properties (Net):

The Bank does not have investment properties as of December 31, 2020. (31 December 2019: None).

5. Explanations on deferred tax asset:

The Bank has deferred tax assets amounting to TL 1.298 as of 31 December 2020 (31 December 2019: TL 1.762). Temporary differences subject to deferred tax calculation mainly arise from differences between book value and tax value of fixed assets and financial assets and liabilities and provision for employee rights.

	Accumulated Temporary Differences		Deferred Tax Assets/ (Liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 A December 2019
Reserve for Employee Benefits	8.382	7.259	1.271	1.597
Difference between the carrying amount of fixed assets and the tax base	137	260	27	57
Other	-	490	-	108
Deferred Tax Assets	6.464	8.009	1.298	1.762
Deferred Tax Liabilities	-	-	-	-
Deferred Tax Assets/ (Liabilities) (Net)	6.464	8.009	1.298	1.762

6. Explanations on assets held for sale:

As of December 31, 2020, the Bank does not have fixed assets for sale purposes and discontinued operations. (31 December 2019: None).

7. Explanations on other assets:

Other assets which are amounting to TL 27.454 (31 December 2019: TL 40.454) are comprised of intra-group receivables amounting to TL 27.219 (31 December 2019: TL 39.985) based on advisory services provided to the Bank.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Explanations on tangible assets:

	Balance at the Beginning of the Year	Acquisitions	Disposals	Transfers	Balance at the End of the Year
31.12.2020 (Current Period)					
Acquisition Cost					
Real Estates	5.766	-	-	-	5.766
Right Of Use Assets	489	-	-	-	489
Vehicles	-	-	-	-	-
Other Tangible Assets	1.746	748	-	-	2.494
Total Acquisition Cost	8.001	748	-	-	8.749
Accumulated Depreciation (-)					
Real Estates	2.707	120	-	-	2.827
Right Of Use Assets	189	189	-	-	378
Vehicles	-	-	-	-	-
Other Tangible Assets	1.353	302	-	-	1.655
Accumulated Depreciation (-)	4.249	611	-	-	4.860
Net Carrying Value	3.752	137	-	-	3.889

	Balance at the Beginning of the Year	Acquisitions	Disposals	Transfers	Balance at the End of the Year
31.12.2019 (Prior Period)					
Acquisition Cost					
Real Estates	5.766	-	-	-	5.766
Usage Right Assets	-	489	-	-	489
Vehicles	-	-	-	-	-
Other Tangible Assets	1.854	80	188	-	1.746
Total Acquisition Cost	7.620	569	188	-	8.001
Accumulated Depreciation (-)					
Real Estates	2.587	120	-	-	2.707
Usage Right Assets	-	189	-	-	189
Vehicles	-	-	-	-	-
Other Tangible Assets	1.351	9	7	-	1.353
Accumulated Depreciation (-)	3.938	318	7	-	4.249
Net Carrying Value	3.682	251	181	-	3.752

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Explanations on intangible assets:

	Balance at the Beginning of the Year	Acquisitions	Disposals	Transfers	Balance at the End of the Year
31.12.2020 (Current Period)					
Acquisition Cost					
Intangible Assets	39	514	-	-	553
Total Acquisition Cost	39	514	-	-	553
Accumulated Depreciation (-)					
Intangible Assets	37	1	-	-	38
Accumulated Depreciation (-)	37	1	-	-	38
Net Carrying Value	2	513	-	-	515

	Balance at the Beginning of the Year	Acquisitions	Disposals	Transfers	Balance at the End of the Year
31.12.2019 (Prior Period)					
Acquisition Cost					
Intangible Assets	105	-	66	-	39
Total Acquisition Cost	105	-	66	-	39
Accumulated Depreciation (-)					
Intangible Assets	101	-	64	-	37
Accumulated Depreciation (-)	101	-	64	-	37
Net Carrying Value	4	-	2	-	2

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

3. Explanations on borrowings:

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

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

4. Explanations on other liabilities:

There is TL 2.031 other liabilities amount as at 31 December 2020 (31 December 2019: 490 TL). This amount does not exceed 10% of total assets.

5. Explanations on finance leasing agreements:

As at 31 December 2020, the Bank has 166 TL finance lease payable (31 December 2019: 339).

	Current Period		Prior Period	
	Gross Net	Gross Net	Gross Net	Gross Net
Less than 1 Year	489	166	189	131
Between 1-4 Years	-	-	300	208
Longer than 4 Years	-	-	-	-
Total	489	166	489	339

6. Explanations on hedging derivative instruments:

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

7. Explanations on provisions:

7.1. Information on general provisions:

With the decision of 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 2020	31 December 2019
General Provisions		
Provisions for Group I loans and receivables	-	-
Provisions for Group II loans and receivables	-	-
Provisions for non-cash loans	-	-
Other	415	608
Total	415	608

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

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

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

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

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

7.4. Explanations on other provisions:

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

7.5. 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 2020	31 December 2019
Discount rate (%)	13,30	13,70
Rate for the Probability of Retirement (%)	9,50	10,00

The (full) price ceiling of retirement pay liability is TL 7.117,17 as at 31 December 2020 (31 December 2019: TL 6.379,15)

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

	31 December 2020	31 December 2019
Balance at prior period end	1.485	1.606
Interest costs	275	306
Service costs	108	90
Payments during the period (-)	-	(218)
Canceled provision	-	-
Actuarial loss / (gains) (*)	206	(299)
Balance at the end of the period	2.074	1.485

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

	Current Period	Prior Period
Termination Pay Liability	2.074	1.485
Severance Pay Provision	3.075	2.151
Personnel Performance Bonus Liability	2.029	2.721
Provision for Unused Vacation Liability	1.121	845
Share Price	83	57
Total	8.382	7.259

The Bank calculates and accounts for severance pay using actuarial method in accordance with TAS 19 - Employee Benefits.

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

8.1 Explanations on current tax liability:

i. Information on current tax liability:

As at 31 December 2020, the Bank has TL 2.459 corporate tax payable (31 December 2019: TL 2.092).

ii. Information on taxes payable:

	31 December 2020	31 December 2019
Corporate Tax Payable	(669)	2.092
Taxes on Returns of Marketable Securities	-	-
Real Property Income Tax	341	252
Payroll Tax	119	7
Banking Insurance Transaction Tax (BITT)	-	-
Foreign Exchange Transaction Tax	45	52
Value Added Tax Payable	8	6
Total	(156)	2.409

iii. Information on premiums:

	31 December 2020	31 December 2019
Social Security Premiums - Employee	72	58
Social Security Premiums - Employer	92	74
Bank Social Aid Pension Fund Premiums – Employee	-	-
Bank Social Aid Pension Fund Premiums – Employer	-	-
Pension Fund Contributions and Provisions – Employee	-	-
Pension Fund Contributions and Provisions – Employer	-	-
Unemployment Insurance - Employee	5	4
Unemployment Insurance – Employer	9	8
Other	-	-
Total	178	144

8.2. Explanations on deferred tax liability:

The Bank does not have net deferred tax liabilities as of December 31, 2020 and December 31, 2019.

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

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

As of December 31, 2020, the Bank does not have any debts regarding fixed assets for sale. (31 December 2019: None).

10. Explanations on Equity:

10.1 Presentation of paid-in capital:

	31 December 2020	31 December 2019
Common Stock	40.126	40.126
Preferred Stock	-	-

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

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

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

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

None (31 December 2019: None).

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

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

10.7. Privilege on the corporate stock:

None (31 December 2019: None).

10.8. Information on marketable securities value increase fund:

None

10.9. Information on minority shares:

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:

As of December 31, 2020, the Bank does not have any irrevocable loan commitments. (31 December 2019: None).

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

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

None (31 December 2019: None).

- ii) Guarantees, contingencies and other similar commitments:

None (31 December 2019: None).

1.3 Explanations on non-cash loans:

None (31 December 2019: None).

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 2019: None).

1.2. Information on interest income on banks:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
From the CBRT	6.406	-	7.497	-
From Domestic Banks	26	-	2.016	-
From Foreign Banks	1.267	-	2.972	6
Headquarters and Branches Abroad	-	-	-	-
Total	7.699	-	12.485	6

1.3. Information on interest income on marketable securities:

None (31 December 2019: None).

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

The Bank does not have investments in associates or subsidiaries.

2. Information on interest expense:

2.1. Information on interest expense on borrowings:

None (31 December 2019: None).

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

None (31 December 2019: None).

2.3. Information on interest expenses to debt securities issued:

None (31 December 2019: None).

2.4. Maturity structure of the interest expense on deposits:

None (31 December 2019: None).

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 2020	31 December 2019
Profit	322.652	217.849
Profit on capital market operations	-	-
Profit on derivative financial instruments	-	-
Other	-	-
Foreign exchange gains	322.652	217.849
Loss	322.489	217.895
Loss on capital market operations	-	-
Loss on derivative financial instruments	-	-
Other	-	-
Foreign exchange gains	322.489	217.895
Net trading income/loss	163	(46)

4. Explanations on other operating income:

For the year ended 31 December 2020, other operating income consisted of incomes from intra-group advisory services provided to the Group amounting to TL 36.300 (31 December 2019: TL 39.778), provisions no longer required and other income.

5. Provision for impairment of loans and other receivables:

The depreciation provisions of the Bank for loans and other receivables as of December 31, 2020 are 45 TL. (31 December 2019: There is a General Loan Equivalent of 59 TL).

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

6. Information related to other operational expenses:

	31 December 2020	31 December 2019
Provision for employment termination benefits	1.308	1.348
Bank social aid pension fund deficit provision	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	422	246
Impairment expenses of intangible assets	-	-
Impairment expenses of goodwill	-	-
Amortization expenses of intangible assets	-	-
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	-	-
Depreciation expenses of assets held for resale	-	-
Impairment expenses of fixed assets held for sale and discontinued operations	-	-
Other operating expenses	12.334	8.870
Rental expenses related to TFRS 16 exceptions	189	189
Maintenance and repair expenses	1.070	819
Advertising expenses	9	8
Computer Usage Expenses	7.487	5.059
Other expenses	3.579	2.795
Loss on sale of assets	-	1
Other(*)	19.571	19.854
Total	33.635	30.319

(*) Other operating expenses amounting to TL 11.733 (31 December 2019: TL 9.467) Personnel Expenses, TL 3.066 (31 December 2019: TL 2.192) other taxes and fees paid, TL 92 (31 December 2019: TL 69) dues, 124 TL (31 December 2019: TL 386) representation expenses, TL 1.333 (31 December 2019: TL 4.152) Previous Years Expenses, TL 677 (31 December 2019: TL 566) Other Provisions, TL 169 (31 December 2019: 3 TL) BRSA expenses and other expenses amounting TL 2.377 (31 December 2019: TL 3.019) are included in other expenses.

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

For the year ended 31 December 2020; the Bank’s profit from continuing operations before tax is TL 20.379 (31 December 2019: TL 26.542).

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

For the year ended 31 December 2020; the Bank does not have deferred tax expense (31 December 2019: None.)

As of 31 December 2020, the Bank’s deferred tax income is TL 0. (31 December 2019: TL 221).

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

The Bank’s net profit from continuing operations is TL 15.191 (31 December 2019: TL 19.661).

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:

The main field of activity of the Bank is; Standard Chartered as part of a banking group's customers residing in Turkey with the support / provide advisory services and advisory services is to provide advisory services to Group revenue in return. As of December 31, 2020, 36.300 TL of the profit before tax from the ongoing operations consists of the said income. If it's possible that a change in the estimation on financial statements effecting the profit/loss has an impact on next periods, explanations on covering next periods are:

None.

- ii. Profit/(loss) related to minority:

None.

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

As of 31 December 2020 the total amount of other operational income in income statement is TL 46.134 (31 December 2019: TL 44.438). This amount includes TL 45.120 (31 December 2019: TL 39.985) advisory revenue from in-group.

V. Explanations and footnotes on cash flow statement:

1. Elements that make up cash and cash equivalent assets, and the accounting policy used in determining these elements:

The Central Bank deposits in banks including the Central Bank as "Cash"; Interbank money market placements with an original maturity of less than three months and time deposits in banks are defined as "cash equivalent assets".

	Current Period	Prior Period
Cash	265	227
Cash and effective warehouse	-	-
Cash and balances with central bank	50	90
Banks	215	187
Cash equivalents	90.700	62.764
Money market placements	90.700	62.764
Total cash and cash equivalents	90.965	63.041

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. 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 2020:

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	
	Cash	Non-Cash	Cash (**)	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	39.985	-	99	-
Balance at the End of the Period	-	-	27.219	-	106	-
Interest and Commission Income Received	-	-	1.267	-	-	-

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

31 December 2019:

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	
	Cash	Non-Cash	Cash (**)	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	36.100	-	171	-
Balance at the End of the Period	-	-	39.985	-	99	-
Interest and Commission Income Received	-	-	2.978	-	-	-

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

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

None (31 December 2019: None).

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	-	-	1.267	2.978	-	-

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 2020, benefits provided to the Bank's key management amount to TL 2.253 (31 December 2019: TL 1.858).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

None.

VIII. 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	31				
			Country of Incorporation			
Foreign Rep. Offices	-	-	-			
				Total Assets	Statutory Share Capital	
Foreign Branch	-	-	-	-	-	-
Off-Shore Banking Region Branch	-	-	-	-	-	-

(*) Head-office included domestic branch number.

IX. Explanations and Footnotes Regarding Issues After the 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 2020, have been audited by Gney Baėımsız Denetim ve Serbest Muhasebeci Mali Mavirlik A (member firm of Ernst&Young Global Limited) and the independent auditors’ report dated 18 March 2021, is presented before the accompanying financial statements.

II. Disclosures and footnotes prepared by independent auditors

None.