

**STANDARD CHARTERED
YATIRIM BANKASI TRK A..**

**Unconsolidated Financial Report
As at and for the Year Ended
31 December 2016
With Independent Auditors' Report Thereon**

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A
31 March 2017

*This report contains "Independent Auditors' Report"
comprising 2 pages and; " Unconsolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 72 pages.*

**Convenience translation of the Independent Auditors' Report
Originally Prepared and Issued in Turkish (See Section 3.1)**

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

Report on Financial Statements;

We have audited the accompanying unconsolidated balance sheet of Standard Chartered Yatırım Bankası Türk A.Ş. ("the Bank") as of 31 December 2016 and the related unconsolidated income statement, unconsolidated statement of cash flows and unconsolidated statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Board of Directors' Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the establishment of an internal control system, selection and application of appropriate accounting policies for the preparation and fair presentation of the financial statements in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks" published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency (BRSA) and declarations by the Banking Regulation and Supervision Board, free of material misstatement, whether due to fraud or error, that could lead to false information within.

Auditors' Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Independent Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the financial position of Standard Chartered Yatırım Bankası Türk Anonim Şirketi as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with BRSA Accounting and Reporting Legislation.

Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") no.6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities, for the period 1 January - 31 December 2016 are not in compliance with the TCC and provisions of the Bank's articles of association in relation to financial reporting.

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

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative

Funda Aslanoğlu
Partner

İstanbul, Türkiye
31 March 2017

Additional paragraph for convenience translation to English:

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

STANDARD CHARTERED YATIRIM BANKASI TRK A..
UNCONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2016

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The unconsolidated financial report as at and for the year ended 31 December 2016, 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:

- **Section One** - GENERAL INFORMATION ABOUT THE BANK
- **Section Two** - UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- **Section Three** - EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** - INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
- **Section Five** - DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** - INDEPENDENT AUDITORS' REPORT

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

**Scott William
BARTON**
Chairman of Board of
Directors

**Richard Antony
Fentem JAGGARD**
Vice Chariman
of the Board of
Directors,
Member of the
Audit Committee

Oya AYDINLIK
Chairman of Audit
Committee

**Alper Tunga
KILIÇ**
Deputy Chairman
and Financial
Reporting

Kaşif ATUN
General Manager

Özlem BALTACI
Accounting Manager

The authorized contact person for questions on this financial report:

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Standard Chartered Yatırım Bankası Türk A.Ş.
Notes to the Unconsolidated Financial Statements
for the Year Ended 31 December 2016 (Currency: Thousands
of Turkish Lira (“TL”))

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

Standard Chartered Yatırım Bankası Türk A.Ş. (later chapters “Standard Chartered Bank” or “Bank”), the State Planning Organization Directorate of Foreign Investment Law No. 7075 dated 11 August 1989, the State Department dated 18 August 1989 57 797 of the Banking Law No. 3182 on the display in accordance with Articles 4 and 8 of Council of Ministers No. 14 502 reference to the notice dated 1 September 1989, in accordance with the Law on Encouragement of Foreign Capital numbered 6224, was founded on 9 January 1990. 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 “Credit Agricole Bank Türk A.Ş.” has been changed to “Credit Agricole Yatırım Bankası Türk A.Ş.”.

The Bank has obtained approval from 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 has been changed to “Credit Agricole Yatırım Bankası Türk A.Ş. This change of title, has been registered in the Trade Registry Gazette on 8 March 2010 with the 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.02.1.BDK.0.12.00.0011.1 – No. 22391 and TC Customs and the Ministry of Commerce dated 20 November 2012 and B.21.0.İTG.0.03.00.01/431.02-46310-1186464-87507274 as approved and amended according to the Articles of Association of the Bank’s “Trade Name” Chapter 3, “Credit Agricole Yatırım Bankası Türk A.Ş., has been changed to “ Standard Chartered Yatırım Bankası Türk A.Ş.” with the decision, which is approved in the Extraordinary General Meeting held on 22 November 2012 was published in Turkish Trade Registry Gazette dated 30 November 2012.

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

The Bank’s shareholder is Standard Chartered Bank Limited.

Standard Chartered Yatırım Bankası Türk A.Ş.
Notes to the Unconsolidated Financial Statements
for the Year Ended 31 December 2016 (Currency: Thousands
of Turkish Lira ("TL"))

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Scott W. Barton	President	Graduate
Vice Chairman:	Richard A. F. Jaggard	Vice President	Graduate
Member of Board:	Kaşif Atun	Member and General Manager	Graduate
	Richard A. F. Jaggard	Member	Under Graduate
	Oya Aydınlık	Member	Under Graduate
	Alper T. Kılıç	Member	Graduate
Audit Committee:	Oya Aydınlık	President	Under Graduate
	Richard A. F. Jaggard	Member	Under Graduate
General Manager:	Kaşif Atun	General Manager	Graduate

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

IV. Information on shareholders having control shares:

<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 Limited	All	100%	40.126	-

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

The Bank does not accept client deposits based on its investment bank status. The Bank's core business activities are to provide Transaction Banking trade financing support and Origination and Client Coverage lending and Treasury services to its clients. As of 31 December 2016, the number of employees in the Bank is 32 (31 December 2015: 33).

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:

Due to lack of subsidiaries, Bank has not prepared consolidated financial statements.

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

None.

Standard Chartered Yatırım Bankası Türk A.Ş.

Balance Sheet (Statement of Financial Position)

As of 31 December 2016

(Thousands of Turkish Lira (TL))

*Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3.1*

SECTION TWO

FINANCIAL STATEMENTS OF THE BANK

I.	BALANCE SHEET (STATEMENTS OF FINANCIAL POSITION)	Note (Section Five)	Audited Current period 31 December 2016			Audited Prior period 31 December 2015		
			TL	FC	Total	TL	FC	Total
I.	ASSETS							
I.	CASH AND BALANCES WITH CENTRAL BANK	I-a	77		77	93		93
II.	FINANCIAL ASSETS AT FV THROUGH PROFIT or (LOSS) (Net)	I-b						
2.1	Trading Financial Assets							
2.1.1	Government Debt Securities							
2.1.2	Share Certificates							
2.1.3	Trading Derivative Financial Assets							
2.1.4	Other Marketable Securities							
2.2	Financial Assets Designated at Fair Value through Profit or (Loss)							
2.2.1	Government Debt Securities							
2.2.2	Share Certificates							
2.2.3	Other Marketable Securities							
2.3	Trading Derivative Financial Assets							
III.	BANKS	I-c	56.819	141	56.960	53.406	75	53.481
IV.	MONEY MARKETS		100		100	2.000		2.000
4.1	Interbank Money Market Placements		100		100	2.000		2.000
4.2	Receivables from Istanbul Stock Exchange Money Market							
4.3	Receivables from Reverse Repurchase Agreements							
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d						
5.1	Share Certificates							
5.2	Government Debt Securities							
5.3	Other Marketable Securities							
VI.	LOANS AND RECEIVABLES	I-e						
6.1	Loans							
6.1.1	Loans to Bank's risk group							
6.1.2	Government Debt Securities							
6.1.3	Other							
6.2	Loans under Follow-up		4.982		4.982	4.982		4.982
6.3	Specific Provisions (-)		(4.982)		(4.982)	(4.982)		(4.982)
VII.	FACTORING RECEIVABLES							
VIII.	HELD-TO-MATURITY SECURITIES (Net)	I-f						
8.1	Government Debt Securities							
8.2	Other Marketable Securities							
IX.	INVESTMENTS IN ASSOCIATES (Net)	I-g						
9.1	Consolidated Based on Equity Method							
9.2	Unconsolidated							
9.2.1	Financial Investments in Associates							
9.2.2	Non-financial Investments in Associates							
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11.2	Unconsolidated							
11.2.1	Financial Joint Ventures							
11.2.2	Non-financial Joint Ventures							
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12.1	Financial Lease Receivables							
12.2	Operating Lease Receivables							
12.3	Other							
12.4	Unearned Income (-)							
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	I-k						
13.1	Fair Value Hedge							
13.2	Cash Flow Hedge							
13.3	Foreign Net Investment Hedge							
XIV.	PROPERTY AND EQUIPMENT (Net)	I-l	3.687		3.687	3.902		3.902
XV.	INTANGIBLE ASSETS (Net)	I-n	5		5	7		7
15.1	Goodwill							
15.2	Other		5		5	7		7
XVI.	INVESTMENT PROPERTY (Net)	I-m						
XVII.	TAX ASSET	I-o	1.533		1.533	1.375		1.375
17.1	Current Tax Asset							
17.2	Deferred Tax Asset		1.533		1.533	1.375		1.375
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-p						
18.1	Held for Sale							
18.2	Discontinued Operations							
XIX.	OTHER ASSETS	I-r	18.296		18.296	18.358		18.358
	TOTAL ASSETS		80.517	141	80.658	79.141	75	79.216

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Balance Sheet (Statement of Financial Position)
As of 31 December 2016
(Thousands of Turkish Lira (TL))

*Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3.1*

I. BALANCE SHEET (STATEMENTS OF FINANCIAL POSITION)	Note (Section Five)	Audited Current period 31 December 2016			Audited Prior period 31 December 2015		
		TL	FC	Tot	TL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a						
1.1. Deposits of Bank's Risk Group							
1.2. Other							
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b						
III. BORROWINGS	II-c						
IV. MONEY MARKETS							
4.1 Funds from Interbank Money Market							
4.2 Funds from Istanbul Stock Exchange Money Market							
4.3 Funds Provided From Repurchase Agreements							
V. MARKETABLE SECURITIES ISSUED (Net)							
5.1 Bills							
5.2 Asset Backed Securities							
5.3 Bonds							
VI. FUNDS							
6.1. Borrower Funds							
6.2 Other							
VII. MISCELLANEOUS PAYABLES							
VIII. OTHER LIABILITIES	II-d	284		284	304		304
IX. FACTORING PAYABLES							
X. LEASE PAYABLES (Net)	II-e						
10.1 Financial Lease Payables							
10.2 Operational Lease Payables							
10.3 Other							
10.4 Deferred Financial Lease Expenses (-)							
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-f						
11.1 Fair Value Hedge							
11.2 Cash Flow Hedge							
11.3 Foreign Net Investment Hedge							
XII. PROVISIONS	II-g	7.126		7.126	8.224		8.224
12.1 General Loan Loss Provision		752		752	718		718
12.2 Restructuring Provisions							
12.3 Reserve for Employee Benefits		6.374		6.374	6.061		6.061
12.4 Insurance Technical Provisions (Net)							
12.5 Other Provisions					1.445		1.445
XIII. TAX LIABILITY	II-h	1.258		1.258	833		833
13.1 Current Tax Liability		1.258		1.258	833		833
13.2 Deferred Tax Liability							
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	II-i				--		
14.1. Held for Sale							
14.2 Discontinued Operations							
XV. SUBORDINATED LOANS	II-j						
XVI. EQUITY	II-k	71.990		71.990	69.855		69.855
16.1 Paid-in Capital		40.126		40.126	40.126		40.126
16.2 Capital Reserves		6.643		6.643	6.643		6.643
16.2.1 Share Premium							
16.2.2 Share Cancellation Profits							
16.2.3 Marketable Securities Valuation Differences							
16.2.4 Tangible Assets Revaluation Differences		730		730	730		730
16.2.5 Intangible Assets Revaluation Differences							
16.2.6 Revaluation Differences of Investment Property							
16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures							
16.2.8 Hedging Reserves (Effective Portion)							
16.2.9 Value Differences of Assets Held for Sale and Discontinued Operations							
16.2.10 Other Capital Reserves		5.913		5.913	5.913		5.913
16.3 Profit Reserves		43.054		43.054	42.773		42.773
16.3.1 Legal Reserves		2.536		2.536	2.334		2.334
16.3.2 Status Reserves							
16.3.3 Extraordinary Reserves		40.539		40.539	40.355		40.355
16.3.4 Other Profit Reserves		(21)		(21)	84		84
16.4 Income or (Loss)		(17.833)		(17.833)	(19.687)		(19.687)
16.4.1 Prior Years' Income or (Loss)		(23.732)		(23.732)	(23.732)		(23.732)
16.4.2 Current Year Income or (Loss)		5.899		5.899	4.045		4.045
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		80.658		80.658	79.216		79.216

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Statement of Off Balance Sheet Commitments

As of 31 December 2016

(Thousands of Turkish Lira (TL))

Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I

	Note (Section Five)	Audited Current period 31 December 2016			Audited Prior period 31 December 2015		
		TL	FC	Total	TL	FC	Total
II. OFF-BALANCE SHEET COMMITMENTS							
A. OFF-BALANCE SHEET COMMITMENTS (I-II+III)					51.001		51.001
I. GUARANTEES AND WARRANTIES	III-a-2				1		1
1.1. Letters of Guarantee		-	-	-	1	-	1
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	1	-	1
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. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-a-1				51.000		51.000
2.1. Irrevocable Commitments		-	-	-	51.000	-	51.000
2.1.1. Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	51.000	-	51.000
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	III-b						
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. Foreign Currency and Interest Rates Swap Transactions		-	-	-	-	-	-
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 (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							
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 AVALISED DRAFTS AND WARRANTIES							
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		-	-	-	51.001	-	51.001

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Statement of Profit or Loss
For the Year Ended 31 December 2016 (Thousands of
Turkish Lira (TL))

*Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I*

		Audited Current Period 1 January - 31 December 2016	Audited Prior Period 1 January - 31 December 2015
III. INCOME STATEMENT	Note (Section Five)		
I. INTEREST INCOME	IV-a	5.275	5.870
1.1 Interest on Loans	IV-a-1	-	-
1.2 Interest Received from Reserve Requirements		-	-
1.3 Interest Received from Banks	IV-a-2	5.137	5.749
1.4 Interest Received from Money Market Transactions		138	121
1.5 Interest Received from Marketable Securities Portfolio	IV-a-3	-	-
1.5.1 Trading Financial Assets		-	-
1.5.2 Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3 Available-for-sale Financial Assets		-	-
1.5.4 Held-to-Maturity Investments		-	-
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		-	-
II. INTEREST EXPENSE	IV-b		
2.1 Interest on Deposits	IV-b-4	-	-
2.2 Interest on Funds Borrowed	IV-b-1	-	-
2.3 Interest Expense on Money Market Transactions		-	-
2.4 Interest on Securities Issued	IV-b-3	-	-
2.5 Other Interest Expenses		-	-
III. NET INTEREST INCOME (I + II)		5.275	5.870
IV. NET FEES AND COMMISSIONS INCOME		(21)	324
4.1 Fees and Commissions Received		6	346
4.1.1 Non-cash Loans		-	346
4.1.2 Other		6	-
4.2 Fees and Commissions Paid		(27)	(22)
4.2.1 Non-cash Loans		(1)	(1)
4.2.2 Other		(26)	(21)
V. DIVIDEND INCOME	IV-c		
VI. TRADING INCOME/(LOSS) (Net)	IV-d	(45)	233
6.1 Trading Gains/(Losses) on Securities		-	-
6.2 Trading Gains/(Losses) on Derivative Financial Instruments		-	-
6.3 Foreign Exchange Gains/(Losses)		(45)	233
VII. OTHER OPERATING INCOME	IV-e	19.852	22.652
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		25.061	29.079
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES(-)	IV-f	(34)	
X. OTHER OPERATING EXPENSES (-)	IV-g	(17.375)	(22.901)
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		7.652	6.178
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES ACCOUNTED BASED ON EQUITY METHOD			
XIV. INCOME/(LOSS) ON NET MONETARY POSITION			
XV. INCOME/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX	IV-h	7.652	6.178
XVI. PROVISION FOR TAXES ON CONTINUING OPERATIONS (-)	IV-i	(1.753)	(2.133)
16.1 Current Tax Provision		(1.885)	(1.951)
16.2 Deferred Tax (Expense)/Income		132	(182)
XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV-XVI)		5.899	4.045
XVIII. INCOME FROM DISCONTINUED OPERATIONS			
18.1 Income from Non-Current Assets Held for Resale		-	-
18.2 Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
18.3 Other Income from Discontinued Operations		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)			
19.1 Expense from Non-Current Assets Held for Resale		-	-
19.2 Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
19.3 Other Expenses from Discontinued Operations		-	-
XX. INCOME/(LOSS) FROM DISCONTINUED OPERATIONS BEFORE TAXES			
XXI. PROVISION FOR TAXES ON DISCONTINUED OPERATIONS (-)			
21.1 Current Tax Provision		-	-
21.2 Deferred Tax Provision		-	-
XXII. NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX- XXI)			
XVIII. NET INCOME/(LOSS) (XVII+XXII)	IV-j	5.899	4.045
Earnings / (Loss) per share (TL, full)		0,14701	0,10081

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

IV. STATEMENT OF GAINS AND LOSSES RECOGNIZED IN EQUITY		Audited Current period 1 January- 31 December 2016	Audited Prior period 1 January- 31 December 2015
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS		-	-
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS		-	-
III. REVALUATION DIFFERENCES OF INTANGIBLE ASSETS		-	-
IV. FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS		-	-
V. INCOME/(LOSS) ON CASH FLOW HEDGE (Effective Portion of Fair Value Changes)		-	-
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of Fair Value Changes)		-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ELIMINATION OF ERRORS		-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS		(131)	135
IX. DEFERRED TAX ON VALUATION DIFFERENCES		26	(27)
X. NET INCOME/(LOSS) ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)		(105)	108
XI. CURRENT PERIOD INCOME/(LOSS)		5.899	4.045
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)		-	-
11.2 Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement		-	-
11.3 Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement		-	-
11.4 Other		5.899	4.045
XII. TOTAL RECOGNIZED INCOME/(LOSS) FOR THE PERIOD (X+XI)		5.794	4.153

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Statement of Changes in Equity
As at and For the Year Ended 31 December 2016
(Thousands of Turkish Lira (TL))

*Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3.1*

1 January-31 December 2016 Current Period	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Years' Income/ (Loss)	Marketable Securities Valuation Differences	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Diff. of Assets Held for Sale and Discontinued Operations	Total Equity
I. Prior Period End Balance	II-k	40.126	5.913			2.334		40.355	84	4.045	(23.732)		730				69.855
Changes in the Period																	
II. Increase/Decrease due to Merger																	
III. Marketable Securities Valuation Differences																	
IV. Hedging Reserves (Effective Portion)																	
4.1 Cash Flow Hedge																	
4.2 Foreign Investment for Purpose of Hedge																	
V. Revaluation Differences of Tangible Assets																	
VI. Revaluation Differences of Intangible Assets																	
VII. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures																	
VIII. Foreign Exchange Difference																	
IX. Changes due to Disposal of Assets																	
X. Changes due to Reclassification of the Assets																	
XI. Effect of Changes in Investment in Associates																	
XII. Capital Increase																	
12.1 Cash																	
12.2 Internal Resources																	
XIII. Share Premium																	
XIV. Share Cancellation Profits																	
XV. Adjustment to Share Capital																	
XVI. Other									(105)								(105)
XVII. Current Year Income or Loss										5.899							5.899
XVII. Profit Distribution						202		184		(4.045)							(3.659)
18.1 Dividend Paid										(3.659)							(3.659)
18.2 Transfers to Reserves						202		184		(386)							
18.3 Other																	
Period End Balance (I+II+III++XVI+ XVII+ XVIII)		40.126	5.913			2.536		40.539	(21)	5.899	(23.732)		730				71.990

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Statement of Changes in Equity
As at and For The Year Ended 31 December 2015
(Thousands of Turkish Lira (TL))

*Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3.1*

	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Years' Income / (Loss)	Marketable Securities Valuation Differences	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Diff. of Assets Held for Sale and Discontinued Operations	Total Equity
1 January -31 December 2015 Prior Period																	
I. Prior Period End Balance		40.126	5.913	-	-	2.192	-	39.470	(24)	2.828	(23.732)	-	730	-	-	-	67.503
Changes in the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/Decrease due to Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable Securities Valuation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Foreign Investment for Purpose of Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation Differences of Tangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes due to Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes due to Reclassification of the Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of Changes in Investment in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-	108	-	-	-	-	-	-	-	108
XVII. Current Year Profit or Loss		-	-	-	-	-	-	-	-	4.045	-	-	-	-	-	-	4.045
XVIII. Profit Distribution		-	-	-	-	142	-	885	-	(2.828)	-	-	-	-	-	-	(1.801)
18.1 Dividend Paid		-	-	-	-	-	-	-	-	(1.801)	-	-	-	-	-	-	(1.801)
18.2 Transfers to Reserves		-	-	-	-	142	-	885	-	(1.027)	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (I+II+III++XVI+ XVII+ XVIII)		40.126	5.913	-	-	2.334	-	40.355	84	4.045	(23.732)	-	730	-	-	-	69.855

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

	Note (Section Five)	Audited Current period 1 January- 31 December 2016	Audited Prior period 1 January- 31 December 2015
VI. STATEMENT OF CASH FLOWS			
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		4.886	3.580
1.1.1 Interest received		5.259	5.828
1.1.2 Interest paid		-	-
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		6	346
1.1.5 Other income		19.810	22.532
1.1.6 Collections from previously written-off loans and other receivables		-	-
1.1.7 Payments to personnel and service suppliers		(13.976)	(18.339)
1.1.8 Taxes paid		(2.976)	(3.122)
1.1.9 Other	VI-c	(3.237)	(3.665)
1.2 Changes in operating assets and liabilities		319	(1.167)
1.2.1 Net (increase)/decrease in trading securities		-	-
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net decrease in due from banks		-	-
1.2.4 Net (increase)/decrease in loans		-	-
1.2.5 Net (increase)/decrease in other assets		62	(2.721)
1.2.6 Net increase/(decrease) in bank deposits		-	-
1.2.7 Net increase/(decrease) in other deposits		-	-
1.2.8 Net increase/(decrease) in borrowings		-	-
1.2.9 Net increase/(decrease) in payables		-	-
1.2.1 Net increase in other liabilities	VI-c	257	1.554
I. Net cash provided from banking operations		5.205	2.413
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(13)	(338)
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3 Acquisitions of property and equipment	V-d	(13)	(338)
2.4 Proceeds from sale of property and equipment		-	-
2.5 Cash paid for purchase of investments available-for-sale		-	-
2.6 Cash obtained from sale of investments available-for-sale		-	-
2.7 Cash paid for purchase of investment securities		-	-
2.8 Proceeds from sale / redemption of investment securities		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from / (used for) financing activities		(3.659)	(1.801)
3.1 Cash obtained from borrowings and securities issued		-	-
3.2 Cash used for repayment of borrowings and securities issued		-	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid	VI-e	(3.659)	(1.801)
3.5 Payments for financial leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	VI-c	14	35
V. Net decrease in cash and cash equivalents (I+II+III+IV)		1.547	309
VI. Cash and cash equivalents at the beginning of the period	VI-a	55.191	54.882
VII. Cash and cash equivalents at the end of the period	VI-a	56.738	55.191

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

Standard Chartered Yatırım Bankası Türk A.Ş.
Statement of Profit Distribution
As at and For The Year Ended 31 December 2016
(Thousands of Turkish Lira (TL))

*Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3.1*

VII.	STATEMENT OF PROFIT DISTRIBUTION	Audited Current period 31 December 2016	Audited Prior period 31 December 2015
I.	DISTRIBUTION OF CURRENT YEAR PROFIT (1)		
1.1	Current Year Profit / (Loss)	7.652	6.178
1.2	Taxes and Duties Payable(-)	(1.753)	(2.133)
1.2.1	Corporate Tax (Income Tax)	(1.885)	(1.951)
1.2.2	Income Tax Withholding	-	-
1.2.3	Other Taxes and Duties Payable(-) (2)	132	(182)
A.	NET PROFIT FOR THE YEAR (1.1-1.2)	5.899	4.045
1.3	PRIOR YEAR S' LOSSES (-)	(23.732)	(23.732)
1.4	FIRST LEGAL RESERVES (-)	-	(202)
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET PROFIT ATTRIBUTABLE TO [(A-(1.3+1.4+1.5)]	-	-
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	(3.659)
1.6.1	To owners of Ordinary Shares	-	(3.659)
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	-	(184)
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	0,14701	0,10081
3.2	To owners of Ordinary Shares(%)	0,0014701	0,0010081
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) Board of Directors meeting was not held as of 31 December 2016 financial reporting date.

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 financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents” published in the Official Gazette No.26333 dated 1 November 2006 by the Banking Regulation and Supervision Agency (“BRSA”) which refers to “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards”(“TFRS”) and other decrees, notes and explanations related to the accounting and financial reporting principles (all “BRSA Accounting and Financial Reporting Regulations”) published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No.28337 dated 28 June 2012. The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act, the Turkish Commercial Code and Turkish tax legislation.

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

The preparation of financial statements in conformity with BRSA Accounting and Financial Reporting Regulations requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement.

The amendments of TAS and TFRS, which have entered into force as of 1 January 2016, except TFRS 9 Financial Instruments, will have no impact on the accounting policies, financial condition and performance of the Bank.

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.

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 TAS. These accounting policies and valuation methods are explained in Notes II to XXVIII.

ACCOUNTING POLICIES (Continued)

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

The Bank provides Transaction Banking and Global Markets services to the corporates. The level of activity of the bank declined during 2012 as the previous main shareholder reduced off balance sheet exposures and balance sheet footings. The Bank did not extend any new loans in year 2015 and in the year 2016. As a result the credit, market and liquidity risks are at minimum as at 31 December 2016.

At 31 December 2016, all of the monetary assets and liabilities denominated in foreign currency were translated into Turkish lira using the following foreign exchange rates: USD=TL 3,5192; EUR=TL 3,7099. (31 December 2015: USD = TL 2,9181; EUR = TL 3,1838).

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

Derivative instruments are measured at fair value on initial recognition and subsequently re-measured at their fair values. The accounting method of the income or loss arising from derivative instruments depends on derivative being used for hedging purposes or not and depends on the type of the item being hedged. As of 31 December 2016 and 31 December 2015, the Bank has no derivative instruments for hedging purposes.

Certain derivative transactions, even though they provide effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement ("TAS 39")" and are therefore treated as "financial assets at fair value through profit or loss".

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

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

ACCOUNTING POLICIES (Continued)

IV. Explanations on interest income and expense:

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

V. Explanations on fee and commission income and expenses:

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

VI. Explanations on financial assets:

The Bank classifies and accounts its financial assets as “Fair value through profit or loss”, “Available-for-sale”, “Loans and receivables” or “Held-to-maturity”. Sales and purchases of the financial assets mentioned above are recognized at the “settlement dates”. The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of holding the investment.

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

This category has two sub-categories: “Trading financial assets” and “Financial assets designated at fair value through profit/loss at initial recognition.”

Trading financial assets are financial assets which were either acquired for generating a profit from short-term fluctuations in prices or dealer’s margin, or are financial assets included in a portfolio in which a pattern of short-term profit making exists.

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. The trading financial assets which are actively traded in stock exchange or other organized markets are measured at market prices. All gains and losses arising from these evaluations are recognized in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

Derivative financial instruments are classified as trading financial assets unless they are designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in details in Note III of Section Three.

The Bank has no financial assets designated as financial assets at fair value through profit or loss as at 31 December 2016 and 31 December 2015.

ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (Continued)

b. Available-for-sale financial assets:

Available-for-sale financial assets are defined as financial assets other than the ones classified as “Loans and receivables”, “Held-to-maturity assets” or “Financial asset at fair value through profit or loss”. Financial assets available for sale are recorded along with values from transaction costs directly related to the acquisition costs.

Financial assets available for sale classified as available-for-sale financial assets are subsequently re-measured at fair value. When fair value calculations based on market prices cannot be obtained reliably, available-for-sale financial assets are carried at amortized cost using the effective interest method. “Unrealized gains and losses” arising from changes in the fair value of financial assets classified as available-for-sale are recognized in the shareholders’ equity as “Marketable Securities Valuation Differences”, until there is a permanent decline in the fair values of such assets or they are disposed of. When these financial assets are disposed of or impaired, the related fair value differences accumulated in the shareholders’ equity are transferred to the income statement.

Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

As at 31 December 2016 and 31 December 2015 the Bank does not have any available for sale financial assets.

c. Loans and receivables:

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

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the “Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks’ Loans and Other Receivables and the Provision for These Loans and Other Receivables” (“Provisioning Regulation”) published in the Official Gazette No. 26333 dated 1 November 2006 and no. 27119 dated 23 January 2009. Provision expenses are deducted from the net income of the year. If there is a subsequent collection from a receivable that was already provisioned in previous years, the recovery amount is classified under “other operating income”. Uncollectible receivables are written-off after all the legal procedures are finalized.

d. Held-to-maturity financial assets:

Held-to-maturity financial assets are assets that are not classified under “loans and receivables” with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognized at transaction prices at acquisition, and subsequently carried at amortized cost using the “effective yield method”; interest earned whilst holding held-to-maturity securities is reported as interest income. Interest income from held-to-maturity financial assets is reflected in the income statement.

There are no financial assets that were previously classified as held-to-maturity but cannot be subject to this classification for two years due to the violation of classification principles.

As at 31 December 2016 and 31 December 2015 the Bank does not have any held-to-maturity financial assets.

ACCOUNTING POLICIES (Continued)

VII. Explanations on impairment on financial assets:

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

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

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

VIII. Explanations on offsetting financial instruments:

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

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

Securities subject to repurchase agreements (“Repo”) are classified as “Fair value difference through profit or loss”, “Available-for-sale” and “Held-to-maturity” 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:

The Bank has no discontinued operations.

Assets held-for-resale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the “Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal” published in the Official Gazette dated November 2006, No.26333.

XI. Explanations on goodwill and other intangible assets:

The Bank does not have any goodwill as at 31 December 2016 and 31 December 2015.

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

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

ACCOUNTING POLICIES (Continued)

XII. Explanations on property and equipment:

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value decrease, if any.

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

Buildings	50 years
Machinery, furniture fixture, special costs, software and vehicles	5 years
Other	3-15 years

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

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

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

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

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

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

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

XIII. Explanations on leasing transactions:

The Bank does not have any leasing transactions as at 31 December 2016 and 31 December 2015.

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.

Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

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:

i. Defined benefit plans:

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

ii. 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.

iii. Short term benefits for employees:

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

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

ACCOUNTING POLICIES (Continued)

XVII. Explanations on taxation:

a. Current tax:

The Corporate Tax Rate in Turkey is payable at the rate of 20%. Corporate tax is calculated on the total income of the Bank after adjusting for certain disallowable expenses in accordance with tax laws, and deducting exempt income (such as exception of participation income) and reductions. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or 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.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years.

In Turkey, there is not a procedure for an agreement on taxes payable with the tax authorities. Tax returns are required to be filled and delivered to the related tax office until the evening 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

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.

ACCOUNTING POLICIES (Continued)

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 2016 and 31 December 2015.

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 2016 and 31 December 2015, the Bank has no government grants.

XXII. Explanations on segment reporting:

An operating segment is a component of an entity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- (b) whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- (c) for which discrete financial information is available.

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

XXIII. Explanations on other matters:

Changes in accounting policies applied retrospectively by restating prior period financial statements. There are no changes in accounting policies in the current period.

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. Explanation on equity:

The Bank's capital adequacy standard ratio is 108,23% (31 December 2015: 129,64 %). Capital adequacy ratios are calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", "Regulation on Credit Risk Mitigation Techniques" and "Regulation on Calculation of Risk Weighted Amounts for Securitizations" published in the Official Gazette no. 29111 dated 6 September 2014, effectiveness date is 31 December 2016.

	Current Period 31 December 2016	Amounts related to treatment before 1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	40.126	
Share issue premiums	-	
Reserves	43.054	
Gains recognized in equity as per TAS	6.643	
Profit	5.926	
Current Period Profit	5.899	
Prior Period Profit	27	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be 20mmovable20 within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	95.749	
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)	5	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1.533	
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	25.295	
Total Common Equity Tier 1 Capital	70.454	

Standard Chartered Yatırım Bankası Türk A.Ş.

Notes to the Financial Statements

As at and For The Year Ended 31 December 2016

(Thousands of Turkish Lira (TL))

*Convenience Translation of Financial
and Related Disclosures and Footnotes Originally
Issued in Turkish, See Section Note 3.1*

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)	70.454
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)	303
Tier II Capital Before Deductions	303
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	303
Total Capital (The sum of Tier I Capital and Tier II Capital)	70.757
The sum of Tier I Capital and Tier II Capital (Total Capital)	70.757
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 (-)	-

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Explanation on equity (continued):

TOTAL CAPITAL	
Total Capital	70,757
Total risk weighted amounts	65,376
CAPITAL ADEQUACY RATIOS	
Tier 1 Capital Adequacy Ratio	107,77
Core Capital Adequacy Ratio	107,77
Capital Adequacy Ratio	108,23
BUFFERS	
Total buffer requirement	-
Capital conservation buffer requirement (%)	-
Bank specific counter-cyclical buffer requirement(%)	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets(%)	-
Amounts below the Excess Limits as per the Deduction Principles	-
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 tenthousandtwentyfive limitation)	752
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	303
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	-

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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). The difference between Total Capital and Equity in the consolidated balance sheet mainly arises from the general provision. On the other hand, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

	Prior Period
TIER I CAPITAL	
Paid-in Capital to be Entitled for Compensation after All Creditors	40.126
Share premium	-
Share Cancellation Profits	-
Reserves	42.773
Other Comprehensive Income according to TAS	6.643
Profit	4.072
Net Current Period Profit	4.045
Prior Period Profit	27
Provisions for Possible Losses	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I Capital Before Deductions	93.614
Deductions from Tier I Capital	
Current and Prior Period's Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	23.757
Leasehold Improvements on Operational Leases (-)	-
Goodwill and Other Intangible Assets and Related Deferred Tax Liabilities (-)	7
Net Deferred Tax / Liability(-)	1.375
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the %15 Threshold of Tier I Capital as per the Article 2, Clause 2 of Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier Capital (-)	-
Mortgage Servicing Rights not Deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Core Capital (-)	-
Total Deductions from Tier I Capital	25.139
Total Tier I Capital	68.475
ADDITIONAL CORE CAPITAL	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Additional Core Capital before Deductions	-
Deductions from Additional Core Capital	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks of Financial Institutions where the Bank Owns more than 10% of Issued Share Capital (-)	-
Other Items to be Defined by the BRSA (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)**I. Explanation on equity (continued):**

Total Deductions from Additional Core Capital	-
Total Additional Core Capital	-
Deductions from Core Capital	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total Core Capital	68.475
TIER II CAPITAL	-
Debt Instruments and Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	298
Tier II Capital before Deductions	298
Deductions from Tier II Capital	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	298
CAPITAL	68.773
Loans Granted against the Articles 50 and 51 of the Banking 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 (-)	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by BRSA (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in equity Items of Unconsolidated Banks and Financial Institutions where the Banks Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
EQUITY	68.773
Amounts Below the Thresholds for Deduction	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-

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 taking into consideration customers' financial strength, commercial capacities, credit needs, the Bank's lending credit policies and macro-economic conditions are carried out.

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

Since the Bank is operating under investment banking license, it is not subject to Article 54 of the Banking Law about the regulatory lending limits. All credit limits are reviewed at least once a year. Credit clients belonging to the same risk group are analyzed and reviewed together 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	177	1.827
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	75.105	70.573
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	-	-
Other Receivables	5.376	5.835
Total	80.658	78.235

(*) 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.

- a.** The Bank does not have international banking operations and credit transactions. The Bank does not have any significant credit risk concentration.

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

- b.**
1. As at 31 December 2016, the Bank does not have cash loan receivables.
 2. As at 31 December 2016, the Bank does not have non-cash loans and receivables (31 December 2015: TL 1; total receivables from loan customers, constitute 100% of the loan portfolio).
 3. As at 31 December 2016, the Bank does not have cash loans and receivables (31 December 2015: does not have cash loans and receivables and TL 1 of non-cash loans and receivables comprised all of the Bank's loan portfolio).
 4. As at 31 December 2016, The Bank does not have restructured loan (31 December 2015: None).
 5. As at 31 December 2016, The Bank does not have forward transactions, options and similar type of transactions (31 December 2015: None).
- c.** As at 31 December 2016, general loan loss provision is amounting to TL 752 (31 December 2015: TL 718).
- d. Concentration of credit risk based on borrowers and geographical regions:**

	Loans and Advances Given to Customers		Loans and Advances Given to Banks and Other Financial Institutions		Marketable Securities (*)		Other Loans (**)	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Loan concentration based on type of borrowers								
Private Sector	-	-	-	-	-	-	-	-
Public Sector	-	-	-	-	-	-	-	-
Banks	-	-	56.960	53.481	-	-	-	-
Individuals	-	-	-	-	-	-	-	-
Share certificates	-	-	-	-	-	-	-	-
Total	-	-	56.960	53.481	-	-	-	-
Concentration based on geographical regions								
Domestic	-	-	56.829	32	-	-	-	-
European Union Countries	-	-	47	53.420	-	-	-	-
OECD Countries (***)	-	-	-	-	-	-	-	-
Off-shore banking regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	81	24	-	-	-	-
Other Countries	-	-	3	5	-	-	-	-
Total	-	-	56.960	53.481	-	-	-	-

(*) Consist of Financial Assets at FV through P/L, Available for Sale Financial Assets, Held to Maturity Securities.

(**) Including the items defined as loan in Article 48 of the Banking Act No. 5411 other than those listed in first three columns of Uniform Chart of Accounts ("UCA")

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

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

II. EXPLANATIONS ON CREDIT RISK (Continued):

e. Information according to geographical concentration:

	Assets	Liabilities (***)	Non cash Loans	Capital Expenditures	Net Profit
31 December 2016					
Domestic	62.382	8.505	-	-	5.899
European Union Countries	10.938	163	-	-	-
OECD Countries (*)	-	-	-	-	-
Off-shore banking regions	-	-	-	-	-
USA, Canada	5.069	-	-	-	-
Other Countries	2.269	-	-	-	-
Subsidiaries, Investments and Joint Ventures	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	80.658	8.668	-	-	5.899
31 December 2015					
Domestic	7.564	9.122	1	-	4.045
European Union Countries	71.622	239	-	-	-
OECD Countries (*)	-	-	-	-	-
Off-shore banking regions	-	-	-	-	-
USA, Canada	24	-	-	-	-
Other Countries	6	-	-	-	-
Subsidiaries, Investments and Joint Ventures	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	79.216	9.361	1	-	4.045

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

(**) Unallocated assets / liabilities which could not be distributed according to a consistent principle.

(***) Shareholders' Equity is not included.

f. Sectoral concentration for cash loans:

None.

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

II. EXPLANATIONS ON CREDIT RISK:

g. Distribution of maturity risk factors according to their outstanding maturities:

Current Period Risk Classifications	According to outstanding maturities				
	1 month	1-3 month	3-6 month	6-12 month	1 year and over
1.Claims on sovereigns and Central Banks	100	-	-	-	-
2.Claims on regional governments or local authorities	-	-	-	-	-
3.Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-
4.Claims on banks and intermediary institutions	56.799	-	-	-	-
5.Claims on corporate	-	-	-	-	-
6.Claims included in the regulatory retail portfolios	-	-	-	-	-
7. Overdue loans	-	-	-	-	-
8. Other receivables	27	124	-	18.145	-
Total	56.926	124	-	18.145	-

Prior Period Risk Classifications	According to outstanding maturities				
	1 month	1-3 month	3-6 month	6-12 month	1 year and over
1.Claims on sovereigns and Central Banks	2.000	-	-	-	-
2.Claims on regional governments or local authorities	-	-	-	-	-
3.Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-
4.Claims on banks and intermediary institutions	58.383	-	-	-	-
5.Claims on corporate	-	-	-	-	-
6.Claims included in the regulatory retail portfolios	-	-	-	-	-
7. Overdue loans	-	-	-	-	-
8. Other receivables	19	135	18.203	-	-
Total	55.402	135	18.203	-	-

h. Information about amounts exposed to credit risk:

	31 December 2016	31 December 2015
Balance sheet items exposed to credit risk		
Loans and advances to Banks	75.105	71.684
Loans and advances to Customers	-	-
Trading financial assets	-	-
Other assets	151	155
Off-balance sheet items exposed to credit risk		
Financial guarantees	-	1
Loan commitments and other liabilities	-	-

i. Information about classification concentration:

None.

j. Overdue loans and other receivables

None.

k. Debt securities, treasury bills and other bonds:

As of 31 December 2016, the Bank does not have debt securities, treasury bills or other bonds (31 December 2015: None).

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 legal limits. The Bank's spot foreign exchange bid rates as of the date of the financial statements and for the five days prior to that date are as follows:

	<u>USD</u>	<u>EUR</u>
Balance Sheet Evaluation Rate (31 December 2016):	3,5192	3,7099
As of 30 December 2016	3,5192	3,7099
As of 29 December 2016	3,5318	3,6939
As of 28 December 2016	3,5329	3,6901
As of 27 December 2016	3,5135	3,6711
As of 26 December 2016	3,5041	3,6639

The simple arithmetical average of the Bank's foreign exchange bid rates for the last thirty days are TL 3,4927 for 1 US dollar and TL 3,6832 for 1 EUR

	<u>USD</u>	<u>EUR</u>
Balance Sheet Evaluation Rate (31 December 2015):	2,9181	3,1838

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):**III. EXPLANATIONS ON CURRENCY RISK (Continued):****Information on currency risk of the Bank:**

	EUR	USD	Other FC	Total
31 December 2016				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-
Banks	25	91	25	141
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets (Net)	-	-	-	-
Loans and receivables	-	-	-	-
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	-
Held-to-Maturity Investments (Net)	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets	-	-	-	-
Total Assets	25	91	25	141
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	25	91	25	141
Net Off-balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-
31 December 2015				
Total Assets	5	33	37	75
Total Liabilities	-	-	-	-
Net On-balance Sheet Position	5	33	37	75
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):**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. The probable fluctuations in market interest rates are taken into account when calculating value-at-risk, so expected effects are within limits. Internal Control and Treasury Operations departments check the accuracy of applied interest rates for daily transactions. Any interest rate risk on balance sheet is managed within the limits set by the Board of Directors.

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 2016							
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques, Purchased) and Balances with the CBRT	-	-	-	-	-	77	77
Banks	56.799	-	-	-	-	161	56.960
Financial Assets at F.V. Through Profit/Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	100	-	-	-	-	-	100
Available-for-Sale Financial Assets	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	-	-	-
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	23.521	23.521
Total Assets	56.899	-	-	-	-	23.759	80.658
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (**)	418	1.869	-	6.381	-	71.990	80.658
Total Liabilities	418	1.869	-	6.381	-	71.990	80.658
Balance Sheet Long Position	56.481	-	-	-	-	-	56.481
Balance Sheet Short Position	-	(1.869)	-	(6.381)	-	(48.231)	(56.481)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	56.481	(1.869)	-	(6.381)	-	(48.231)	-

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

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

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

IV. EXPLANATIONS ON INTEREST RATE RISK (Continued):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	Over 5 Years	Non- Interest Bearing	Total
31 December 2015							
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques, Purchased) and Balances with the CBRT	-	-	-	-	-	93	93
Banks	53.383	-	-	-	-	98	53.481
Financial Assets at F.V. Through Profit/Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	2.000	-	-	-	-	-	2.000
Available-for-Sale Financial Assets	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	-	-	-
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	23.642	23.642
Total Assets	55.383	-	-	-	-	23.833	79.216
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (**)	878	3.447	-	5.036	-	69.855	79.216
Total Liabilities	878	3.447	-	5.036	-	69.855	79.216
Balance Sheet Long Position	54.505	-	-	-	-	-	54.505
Balance Sheet Short Position	-	(3.447)	-	(5.036)	-	(46.022)	(54.505)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	54.505	(3.447)	-	(5.036)	-	(46.022)	-

(*) "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.

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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 2016	<u>EUR (%)</u>	<u>USD (%)</u>	<u>TL (%)</u>
Assets			
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-
Banks	-	-	8,5
Financial Assets at Fair Value Through Profit/Loss (Net)	-	-	-
Interbank Money Market Placements	-	-	7,25
Available-for-Sale Financial Assets (Net)	-	-	-
Loans and receivables	-	-	-
Held-to-Maturity Investments (Net)	-	-	-
Liabilities			
Bank Deposits	-	-	-
Other Deposits	-	-	-
Funds From Interbank Money Market	-	-	-
Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued (Net)	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-

Average interest rates for monetary financial instruments:

31 December 2015	<u>EUR (%)</u>	<u>USD (%)</u>	<u>TL (%)</u>
Assets			
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-
Banks	-	-	10,4
Financial Assets at Fair Value Through Profit/Loss (Net)	-	-	-
Interbank Money Market Placements	-	-	7,25
Available-for-Sale Financial Assets (Net)	-	-	-
Loans and receivables	-	-	-
Held-to-Maturity Investments (Net)	-	-	-
Liabilities			
Bank Deposits	-	-	-
Other Deposits	-	-	-
Funds From Interbank Money Market	-	-	-
Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued (Net)	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-

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

In Official Gazette No. 28756, dated 5 September 2013 "Regulation on Measurement Capital of Banks" monitored items are published, which are taken into account in the calculation of shareholders' equity in accordance with the items excluding subordinated liabilities, with the exception of all balance sheet and off-balance sheet items sensitive to interest arising from the interest rate risk calculation. Calculations 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 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	(107,06)	(0,15%)
	(400)	89,44	0,13%
EUR	200	-	0%
	(200)	-	0%
USD	200	-	0%
	(200)	-	0%
Total (for negative shocks)		(107,06)	(0,15%)
Total (for positive shocks)		89,44	0,13%

*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 at 31 December 2016 the Bank's does not have any stock. Therefore, the Bank is not subject to Stock Position Risk.

VI. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

Liquidity risk is the risk where the bank can not 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.

The Bank relies on its existing liquid pool of capital and undistributed profits to meet its operational needs. The liquidity buffer of the Bank consists of the cash surplus available for allocation to the Central Bank of the Republic of Turkey ("TCMB"), the SCB or the local bank. The Bank has little liquidity outflow and the liquidity ratios are well above the legal liquidity limits. The Bank routinely conducts two liquidity stress tests including an 8-day and 30-day general stress test. Violations of the stress test results are monitored by the Asset Liability Committee.

According to BRSA regulation published No. 26333, dated 1 November 2006 on "Measurement and Assessment of the Adequacy of Banks' Liquidity", as of 1 June 2007 the liquidity ratios that are measured for terms of 7 should not be less than 80% and 100%, respectively. Foreign currency liquidity adequacy ratio mean the ratio of foreign currency assets to foreign currency liabilities and the total liquidity adequacy ratio means the ratio of total assets to total liabilities. The highest, lowest and average liquidity adequacy ratios for the year ended 2015 and 2014 with their prior year comparatives are given below.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):**VI. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued):**

	Current Period		Prior Period	
	FC	TL+FC	FC	TL+FC
Avarage (%)	-	1.554,87	-	1.330,31
Max (%)	-	2.687,68	-	2.434,62
Haftası		11 November 2016		13 November 2015
Min (%)	-	301,60	-	380,49
Haftası		30 December 2016		30 October 2015

Liquidity Coverage Ratio:

According to the "Regulations on the Banks' Liquidity Coverage Ratio Calculation" published by the BDDK, 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 effected by cash inflows and outflows occurred by level of liquid assets, which can be liquidity any moment and are not subject to any guarantee, and assets, liabilities and off-balance sheet items.

		Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
		TL+FC	FC	TL+FC	FC
Current Period					
High Quality Liquid Assets					
1	High Quality Liquid Assets			1.278	-
Cash Outflows					
2	Retail and Small Business Customers, of which;	-	-	-	-
3	Stable Deposits	-	-	-	-
4	Less Stable Deposits	-	-	-	-
5	Unsecured wholesale funding , of which;	332	2	332	2
6	Operational Deposits	-	-	-	-
7	Non-operational Deposits	-	-	-	-
8	Other Unsecured Funding	332	2	332	2
9	Secured Funding			-	-
10	Other cash outflows, of which;	-	-	-	-
11	Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	-	-	-	-
12	Obligations related to structured financial products	-	-	-	-
13	Commitments related to debts to financial markets and other off-balance sheet obligations	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations.	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	-	-	-	-
16	Total Cash Outflows			332	2
Cash Inflows					
17	Secured Lending	56.508	134	56.508	134
18	Unsecured Lending	-	-	-	-
19	Other Cash Inflows	-	-	-	-
20	Total Cash Inflows	56.508	134	56.508	134
				Total Adjusted Value	
21	Total HQLA Stock			1.278	-
22	Total Net Cash Inflows			56.176	132
23	Liquidity Coverage Ratio(%)			2,27	-

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

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

Liquidity Coverage Ratio:

Prior Period		Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
		TL+FC	FC	TL+FC	FC
High Quality Liquid Assets					
1	High Quality Liquid Assets			2,241	-
Cash Outflows					
2	Retail and Small Business Customers, of which;	-	-	-	-
3	Stable Deposits	-	-	-	-
4	Less Stable Deposits	-	-	-	-
5	Unsecured wholesale funding , of which;	689	47	689	47
6	Operational Deposits	-	-	-	-
7	Non-operational Deposits	-	-	-	-
8	Other Unsecured Funding	689	47	689	47
9	Secured Funding			-	-
10	Other cash outflows, of which;	-	-	-	-
11	Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	-	-	-	-
12	Obligations related to structured financial products	-	-	-	-
13	Commitments related to debts to financial markets and other off- balance sheet obligations	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations.	1	-	1	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	-	-	-	-
16	Total Cash Outflows			690	47
Cash Inflows					
17	Secured Lending	56,460	112	56,460	112
18	Unsecured Lending	-	-	-	-
19	Other Cash Inflows	-	-	-	-
20	Total Cash Inflows	56,460	112	56,460	112
				Total Adjusted Value	
21	Total HQLA Stock			2,241	-
22	Total Net Cash Outflows			55,770	65
23	Liquidity Coverage Ratio(%)			4,02	-

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.

Deposits 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 deposits 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 2016, 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 concentrational limits about warranties:

As of 31 December 2016 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 2016								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques, Purchased) and Balances with the CBRT	77	-	-	-	-	-	-	77
Banks	161	56.799	-	-	-	-	-	56.960
Financial Assets at F.V. Through Profit / Loss (Net)	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	100	-	-	-	-	-	100
Available-for-Sale Financial Assets (Net)	-	-	-	-	-	-	-	-
Loans and Receivables	-	-	-	-	-	-	-	-
Held-to-maturity Investments (Net)	-	-	-	-	-	-	-	-
Other Assets (*)	-	27	124	18.145	-	-	5.225	23.521
Total Assets	238	56.926	124	18.145	-	-	5.225	80.658
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	418	1.869	-	6.381	-	71.990	80.658
Total Liabilities	-	418	1.869	-	6.381	-	71.990	80.658
Liquidity (Gap) / Surplus	238	56.508	(1.745)	18.145	(6.381)	-	(66.765)	-
Net off balance sheet position	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-	-
Non-cash loans	-	-	-	-	-	-	-	-
31 December 2015								
Total Assets	191	55.402	135	18.203	-	-	5.285	79.216
Total Liabilities	-	878	3.447	-	5.036	-	69.855	79.216
Liquidity (Gap) / Surplus	191	54.524	(3.312)	18.203	(5.036)	-	(64.570)	-
Net off balance sheet position	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-	-
Non-cash loans	-	-	-	-	-	-	-	-

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

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

i. Analysis of financial liabilities by remaining contractual maturities:

None (31 December 2015: None).

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. The Bank provides TL and foreign currency denominated loans, foreign trade financing, letters of credit, letters of guarantee and foreign currency buy and sell services to corporate clients. (Transaction banking and Origination Client Coverage services).

Information on operating segments as at 31 December 2016 and 31 December 2015 is as follows:

Balance sheet and income statement items based on operating segments:

31 December 2016	Transaction Banking and <u>OCC</u>	Global <u>Markets</u>	<u>Other</u>	Total Operations <u>of the Bank</u>
Operating Income	19.786	5.275	-	25.061
General Loan Provision (-)	-	-	-	-
Operating Costs (-)	(16.962)	(413)	-	(17.375)
Net Operating Profit	2.824	4.862	-	7.686
General Loan Provision (-)	-	-	(34)	(34)
Profit / (Loss) before tax	2.824	4.862	(34)	7.652
Tax expense (-)	-	-	(1.753)	(1.753)
Net Profit / (Loss)	2.824	4.862	(1.787)	5.899
Segment Assets	18.145	57.138	5.375	80.658
Unallocated Assets	-	-	-	-
Total Assets	18.145	57.138	5.375	80.658
Segment Liabilities	-	-	-	-
Unallocated Liabilities	-	71.990	8.668	80.658
Total Liabilities	-	71.990	8.668	80.658
31 December 2015	Transaction Banking and <u>OCC</u>	Global <u>Markets</u>	<u>Other</u>	Total Operations <u>of the Bank</u>
Operating Income	23.209	5.870	-	29.079
General Loan Provision (-)	-	-	-	-
Operating Costs (-)	(22.160)	(741)	-	(22.901)
Net Operating Profit	1.049	5.129	-	6.178
General Loan Provision	-	-	-	-
Profit / (Loss) before tax	1.049	5.129	-	6.178
Tax expense (-)	-	-	(2.133)	(2.133)
Net Profit / (Loss)	1.049	5.129	(2.133)	4.045
Segment Assets	18.203	55.574	5.439	79.216
Unallocated Assets	-	-	-	-
Total Assets	18.203	55.574	5.439	79.216
Segment Liabilities	-	-	-	-
Unallocated Liabilities	-	69.855	9.361	79.216
Total Liabilities	-	69.855	9.361	79.216

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

VIII. EXPLANATIONS ON LEVERAGE RATIO :

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

The Bank's leverage ratio is calculated in accordance with the principles of the "Regulation on Measurement and Evaluation of Banks' Leverage Level". As of 31 December 2016, the Bank's leverage ratios is 88,69% (31 December 2015: 60,70%). Change of leverage ratio is mainly related to increase in the amount of risk on balance sheet items. According to Regulation, the minimum leverage ratio is 3%.

b. Information on leverage ratio:

	31 December 2016(*)	31 December 2015(*)
On-Balance Sheet Items		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	79.666	80.303
Assets that are deducted from core capital	(1.517)	(1.471)
Total on balance sheet exposures	78.149	78.832
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	-	28.489
Adjustments for conversion to credit equivalent amounts	-	6.861
The total risk of off-balance sheet items	-	35.350
Capital and Total Exposures		
Tier 1 Capital	69.314	69.306
Total Exposures	78.149	114.182
Leverage Ratio		
Leverage Ratio	88,69	60,70

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):**IX. Explanations regarding the presentation of financial assets and liabilities at their fair values:**

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

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

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

	Carrying Value		Fair Value	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Financial Assets				
Due from Money Market	100	2.000	100	2.000
Due from Banks	56.960	53.481	56.960	53.481
Available-for-Sale Financial Assets	-	-	-	-
Held-to-maturity Investments	-	-	-	-
Loans	-	-	-	-
Financial Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Borrowings	-	-	-	-
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-

IFRS 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:

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

As at 31 December 2016 the Bank has no financial assets carried at fair value.

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

None.

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

XI. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS:

The notes under this caption is prepared as per the “Regulation on Calculation of Risk Management Disclosures” published in the Official Gazette no. 29511 dated 23 October 2015.

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

The board of directors is responsible for determine the Bank’s risk management structure and monitoring the effective using of the risk management. Operations of risk management are performed by the Risk Management Department according to the regulations and independently from the performer 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 effectively.

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

Capital and Income Volatility: The Bank should continue its strong capital position which involves management buffers that support bank’s strategic purposes.

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

Liquidity Risk: The Bank should be able to ensure its payments and warranty commitments without applying to Central Bank’s (or its Group’s) extraordinary support in the case of the strong but reasonable liquidity stress scenario.

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

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

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

XI. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS:

b. Explanation on leverage ratio

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	24.308	23.862	1.945
2	Standardised approach (SA)	24.308	23.862	1.945
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	-	-	-
5	Standardised approach for counterparty credit risk (SA-CCR)	-	-	-
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 -%1250	-	-	-
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	141	76	11
17	Standardised approach (SA)	141	76	11
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	40.927	29.113	3.274
20	Basic Indicator Approach	40.927	29.113	3.274
21	Standart 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)	65.376	53.051	5.230

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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 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 capita
			Credit Risk	Counterparty credit risk	Securitization positions	Market Risk	
Assets							
Cash and Balances with the Central Bank	77	77	77	-	-	-	-
Available-for-Sale Financial Assets	-	-	-	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-
Banks	56.960	56.960	56.960	-	-	141	-
Receivables from Money markets	100	100	100	-	-	-	-
Financial assets available for sale (net)	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	-	-	-
Receivables from factoring	-	-	-	-	-	-	-
Investments held to maturity (net)	-	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-	-
Associates (net)	-	-	-	-	-	-	-
Jointly controlled entities (joint ventures) (net)	-	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-	-
Tangible Assets (net)	3.687	3.687	3.687	-	-	-	-
Intangible Assets (net)	5	5	5	-	-	-	-
Real estate for investment purpose (net)	-	-	-	-	-	-	-
Tax asset	1.533	1.533	1.533	-	-	-	-
Assets Held For Sale and Discontinued Operations (net)	-	-	-	-	-	-	-
Other assets	18.296	18.296	18.296	-	-	-	-
Total Assets	80.658	80.658	80.658	-	-	141	-

Standard Chartered Yatırım Bankası Türk A.Ş.

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(Thousands of Turkish Lira (TL))

*Convenience Translation of Financial
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Issued in Turkish, See Section Note 3.1*

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 (Continued):**

	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				
			Credit Risk	Counterparty credit risk	Securitization positions	Market Risk	Not subject to capital requirements or subject to deduction from capita
Liabilities							
Deposits	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Money market borrowings	-	-	-	-	-	-	-
Securities issued	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	-
Other liabilities	284	284	-	-	-	-	-
Factoring payables	-	-	-	-	-	-	-
Finance lease payables	-	-	-	-	-	-	-
Derivative financial liabilities held for risk management	-	-	-	-	-	-	-
Provisions	7.126	7.126	-	-	-	-	-
Tax Liability	1.258	1.258	-	-	-	-	-
Liabilities regarding assets held for sale and discontinued operations (net)	-	-	-	-	-	-	-
Subordinated Loans	-	-	-	-	-	-	-
Shareholders' equity	71.990	71.990	-	-	-	-	-
Total liabilities	80.658	80.658	-	-	-	-	-

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):**XII. RELATION BETWEEN FINANCIAL STATEMENTS AND RISK AMOUNTS:****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	80.658	80.658	-	-	141
2 Liabilities carrying value amount under regulatory scope of consolidation	80.658	80.658	-	-	-
3 Total net amount under regulatory scope of consolidation	-	-	-	-	141
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	80.658	80.658	-	-	141

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

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

XIII. EXPLANATIONS RELATED TO CREDIT RISK:**a. Information related to Credit Risk**

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

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

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

b. Credit quality of assets:

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

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

XIII. EXPLANATIONS RELATED TO CREDIT RISK (Continued):

c. Changes in stock of defaulted loans and debt securities

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

d. Additional disclosures about the credit quality of assets

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

e. Disclosures about credit risk mitigation techniques

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

f. Credit risk mitigation techniques – overview

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued):**XIII. EXPLANATIONS RELATED TO CREDIT RISK (continued):****h. Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects**

Asset Classes	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	177	-	177	-	-	-
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	75.105	-	75.105	-	20.465	100
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	5.376	-	5.376	-	3.843	100
17 Investment on securities	-	-	-	-	-	-
18 Total	80.658	-	80.658	-	24.308	200

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

XIII. EXPLANATIONS RELATET TO CREDIT RISK (continued):

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

											Total credit exposures amount (post CCF and post-CRM)
Asset Classes/ Risk weight	0%	10%	20%	50%	75%	100%	150%	200%	Others		
1 Sovereigns and their central banks	177	-	-	-	-	-	-	-	-	177	
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	-	-	56.960	18.145	-	-	-	-	-	75.105	
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	-	-	-	-	-	-	-	-	-	-	
17 Other Receivables	1.533	-	-	-	-	3.843	-	-	-	5.376	
18 Total	1.710	-	56.960	18.145	-	3.843	-	-	-	80.658	

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

	RWA
Outright products	
Interest rate risk (general and specific)	-
Equity risk (general and specific)	-
Foreign exchange risk	141
Commodity risk	-
Options	
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitization	-
Total	141

XV. EXPLANATIONS ON OPERATIONAL RISK**a. Qualitative disclosures related to operational risk**

"Basic Indicator Method" was used in the operational risk calculation of the Bank. Operational risk principal amount is calculated in accordance with the third part of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette No: 29111 and dated September 6, 2014, "Calculation of Operational Risk Base Amount", 2015, 2014 and 2013 in terms of "Basic Indicator Method" using the annual gross revenues.

	2 PP Amount	1 PP Amount	CP Amount	Total/ No. of Years of Positive Gross	Rate (%)	Total
Gross Income	17.158	20.666	27.660	21.828	15	3.274
Value at Operational Risk (Total x % 12.5)						40.927

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.

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

XVI. EXPLANATIONS ON BANKING BOOK INTEREST RATE RISK (Continued):

a. Qualitative disclosures related to banking book interest rate risk (Continued)

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	(107,06)	(%0,15)
	(400)	89,44	%0,13
EUR	200	-	%0
	(200)	-	%0
USD	200	-	%0
	(200)	-	%0
Total (for negative shocks)		(107,06)	(%0,15)
Total (for positive shocks)		89,44	%0,13

*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:

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

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

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Cash/Foreign Currency	-	-	-	-
CBRT	77	-	93	-
Other	-	-	-	-
Total	77	-	93	-

2. Information on the account of the CBRT:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Demand Unrestricted Amount	77	-	93	-
Time Deposit Amount	-	-	-	-
Non - Time Deposit Amount	-	-	-	-
Reserve Requirements	-	-	-	-
Total	77	-	93	-

3. Information on reserve requirements

As per the Communiqué No. 2005/1 “Reserve Deposits” of the Central Bank of Turkey (CBT), banks keep reserve deposits at the CBT for their TL and FC liabilities mentioned in the communiqué. According to Communiqué CBT published, “Reserve Deposits” can be kept as a TRY, USD and/or EUR and standard gold.

The reserve deposit rates vary according to their maturity compositions; the reserve deposit rates are realized between in TRY, USD, EUR and/or standard gold at the rates between 4% and 10,5% according to their maturities (31 December 2015: between 5% and 11,5% according to their maturities), foreign currency liabilities in USD, EUR and/or standard gold at the rates between 4% and 24% according to their maturities (31 December 2015: between 5% and 25% according to their maturities).

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

- As at 31 December 2016, there are not any financial assets through profit or loss given as collateral/blocked (31 December 2015: None).
- Positive differences related to trading derivative financial assets: None

c. Information on banks:

1. Information on banks and other financial institutions:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
Banks				
Domestic	56.819	10	23	8
Foreign	-	131	53.383	67
Headquarters and Branches Abroad	-	-	-	-
Total	56.819	141	53.406	75

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

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

c. Information on banks:

2. Information on foreign banks and other financial institutions:

	Unrestricted Amount		Restricted Amount	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
EU Countries	47	53.420	-	-
USA, Canada	81	24	-	-
OECD Countries (*)	3	6	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	131	53.450	-	-

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

d. Explanations on available-for-sale financial assets:

1. Characteristics and carrying values of available-for-sale financial assets given as collateral:

As at 31 December 2016, there are not any available for sale financial assets given as collateral/blocked (31 December 2015: None).

2. Information on available for sale financial assets:

As at 31 December 2016, there are not any available for sale financial assets (31 December 2015: None).

e. Explanations on loans:

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

None.

2. Information on first and second group loans and restructured or rescheduled loans and other receivables;

None.

3. Information on maturity structure of the loans:

None.

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

As at 31 December 2016, the Bank has no consumer loans, personal credit cards and individual credit cards (31 December 2015: None). As at 31 December 2016, the Bank has no personnel loans (31 December 2015: None).

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

As at 31 December 2016, the Bank has no commercial installment loans and corporate credit cards (31 December 2015: None).

6. Loans according to type of borrowers:

None.

7. Domestic and foreign loans:

None.

8. Loans granted to investments in associates and subsidiaries:

As of 31 Decemebr 2016, the Bank has no loans granted to investments in associates and subsidiaries (31 December 2015: None).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

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

e. Explanations on loans (Continued):

9. Specific provisions provided against loans:

	31 December 2016	31 December 2015
Loans and Other Receivables with Limited Collectability	-	-
Loans and Other Receivables with Doubtful Collectability	-	-
Uncollectible Loans and Other Receivables	4.982	4.982
Total	4.982	4.982

10. Information on non-performing loans (Net):

As at 31 December 2016, there are not any non-performing loans (31 December 2015: None).

10. (i). 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 2016			
Balance at the Beginning of the Period	-	-	4.982
Additions (+)	-	-	-
Transfers from Other Categories of Non-performing Loans (+)	-	-	-
Transfers to Other Categories of Non-performing Loans (-)	-	-	-
Collections (-)	-	-	-
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	-	-	4.982
Specific Provision (-)	-	-	4.982
Net Balance on Balance Sheet	-	-	-

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

e. Explanations on loans (Continued):

10. (ii). 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 2016 (Net)			
Loans Given to Real Persons and Legal Persons (Gross)	-	-	4.982
Specific Provision Amount (-)	-	-	4.982
Loans Given to Real Persons and Legal Persons (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2015 (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)	-	-	-

10. (iii). Information on non-performing loan receivables granted in foreign currency: None (31 December 2015: None)

10. (iv). Information on non-performing loans restructured or rescheduled and other receivables: None.

11. 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.

12. 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)

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

f. Explanations on held-to-maturity investments (Net):

The Bank does not have any investment securities held to maturity as at 31 December 2016 (31 December 2015: None).

g. Explanations on investments in associates (Net):

The Bank does not have any associates as at 31 December 2016 (31 December 2015: None).

h. Explanations on subsidiaries (Net):

The Bank does not have any subsidiaries as at 31 December 2016 (31 December 2015: None).

i. Explanations on joint ventures:

The Bank does not have any joint ventures as at 31 December 2016 (31 December 2015: None).

j. Explanations on lease receivables (net):

The Bank does not have any lease receivables as at 31 December 2016 (31 December 2015: None).

k. Explanations on hedging derivative instruments:

The Bank does not have any hedging derivative instruments as at 31 December 2016 (31 December 2015: None).

l. Explanations on tangible assets:

	Balance at the Beginning of the Year	Acquisitions	Disposals	Transfers	Balance at the End of the Year
31.12.2016 (Current Period)					
Acquisition Cost					
Real Estates	5.833	-	-	(67)	5.766
Vehicles	78	-	-	-	78
Other Tangible Assets	1.418	20	-	67	1.505
Total Acquisition Cost	7.329	20	-	-	7.349
Accumulated Depreciation (-)					
Real Estates	2.418	132	-	(209)	2.341
Vehicles	78	-	-	-	78
Other Tangible Assets	931	97	-	215	1.243
Accumulated Depreciation (-)	3.427	229	-	6	3.662
Net Carrying Value	3.902				3.687

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

l. Explanations on tangible assets (Continued):

	Balance at the Beginning of the Year	Acquisitions	Disposals	Transfers	Balance at the End of the Year
31.12.2015 (Prior Period)					
Acquisition Cost					
Real Estates	5.673	160	-	-	5.833
Vehicles	211	-	(133)	-	78
Other Tangible Assets	1.320	177	(79)	-	1.418
Total Acquisition Cost	7.204	337	(212)	-	7.329
Accumulated Depreciation (-)					
Real Estates	2.310	128	-	(20)	2.418
Vehicles	210	1	(133)	-	78
Other Tangible Assets	922	83	(79)	5	931
Accumulated Depreciation (-)	3.442	212	(212)	(15)	3.427
Net Carrying Value	3.762				3.902

m. Explanations on investment properties

The Bank does not have any reclassified its investment property of real estate as at 31 December 2016 (31 December 2015: None).

n. Explanations on intangible assets:

	Balance at the Beginning of the Year	Acquisitions	Disposals	Transfers	Balance at the End of the Year
31.12.2016 (Current Period)					
Acquisition Cost					
Intangible Assets	105	-	-	-	105
Total Acquisition Cost	105	-	-	-	105
Accumulated Depreciation (-)					
Intangible Assets	98	2	-	-	100
Accumulated Depreciation (-)	98	2	-	-	100
Net Carrying Value	7				5

	Balance at the Beginning of the Year	Acquisitions	Disposals	Transfers	Balance at the End of the Year
31.12.2015 (Prior Period)					
Acquisition Cost					
Intangible Assets	337	1	(233)	-	105
Total Acquisition Cost	337	1	(233)	-	105
Accumulated Depreciation (-)					
Intangible Assets	314	2	(233)	15	98
Accumulated Depreciation (-)	314	2	(233)	15	98
Net Carrying Value	23				7

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

o. Explanations on deferred tax asset:

As explained in Section Six “Other Explanations and Disclosures”, banks can account for deferred tax asset on the amounts of deductible temporary differences, tax losses and carry forward balances of tax allowances and exemptions. The Bank has calculated and recognized deferred tax asset on deductible temporary differences and has recorded a net deferred tax asset of TL 1.533 (31 December 2015: TL 1.375) at 31 December 2016. Bank management foresees taxable profit which will be available in the future periods against which the deferred tax asset can be utilized.

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Reserve for Employee Benefits	6.374	6.061	1.275	1.212
Difference Between Carrying Value and Tax Base of Tangible and Intangible Assets	641	421	128	84
Other	650	394	130	79
Deferred Tax Assets	7.665	6.876	1.533	1.375
Deferred Tax Liabilities	-	-	-	-
Deferred Tax Assets/(Liabilities) (Net)	7.665	6.876	1.533	1.375

p. Explanations on assets held for sale:

As at 31 December 2016, there are no assets held for sale (31 December 2015: None).

q. Explanations on other assets:

Other assets which are amounting to TL 18.296 (31 December 2015: TL 18.358) are comprised of intra-group receivables amounting to TL 18.145 (31 December 2015: 18.203) based on advisory services provided to the Bank.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

a. Explanations on maturity structure of deposits:

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

b. Explanations on trading derivative financial liabilities:

As at 31 December 2016, schedule of negative differences for trading derivative financial liabilities:

None. (31 December 2015: None)

c. Explanations on borrowings:

1. Information on banks and other financial institutions: None (31 December 2015: None).

2. As at 31 December 2016, maturity of borrowing amount: None (31 December 2015: None).

d. Explanations on other liabilities:

There is TL 284 other liabilities amount as at 31 December 2016 (31 December 2015: 304). This amount doesn't exceed % 10 of total asset.

e. Explanations on finance leasing agreements:

As at 31 December 2016, the Bank has no finance lease payable (31 December 2015: None).

f. Explanations on hedging derivative instruments:

As at 31 December 2016, the Bank has no hedging derivative instruments (31 December 2015: None).

g. Explanations on provisions:

1. Information on general provisions:

	31 December 2016	31 December 2015
General Provisions		
Provisions for Group I loans and receivables	-	-
-Additional provisions for the loans with extended payment plan	-	-
Provisions for Group II loans and receivables	-	-
-Additional provisions for the loans with extended payment plan	-	-
Provisions for non-cash loans	-	-
Other	752	718
Total	752	718

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

g. Explanations on provisions (Continued):

2. 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 2016	31 December 2015
Discount rate (%)	5,19	4,25
Rate for the Probability of Retirement (%)	88	88

The (full) price ceiling of retirement pay liability is TL 4.297,21 as at 31 December 2016 (31 December 2015: TL 3.828,37)

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

	31 December 2016	31 December 2015
Balance at prior period end	1.150	2.893
Interest costs	133	96
Service costs	100	74
Payments during the period (-)	-	(86)
Canceled provision	-	(1.692)
Actuarial gains (*)	131	(135)
Balance at the end of the period	1.514	1.150

The Bank has retirement pay liability amounting to TL 1.514 (31 December 2015: TL 1.150), termination pay liability amounting to TL 2.461 (31 December 2015: TL 2.382), provision for unused vacation liability amounting to TL 725 (31 December 2015: TL 766), personnel performance bonus liability amounting to TL 1.655 (31 December 2015: TL 1.763) and a share price of TL 19 (31 December 2015: None).

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

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

As at 31 December 2016, there is no provision for foreign currency difference of foreign indexed loans (31 December 2015: None).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

g. Explanations on provisions (Continued):

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

As at 31 December 2016, the Bank has no specific provision for non-cash loans (31 December 2015: None).

5. Explanations on other provisions:

As at 31 December 2016, the Bank has no tax fine as other provision (31 December 2015: 1.445).

h. Explanations on tax liability:

1. Explanations on current tax liability:

i. Information on current tax liability:

As at 31 December 2016, the Bank has TL 961 corporate tax payable (31 December 2015: TL 19).

ii. Information on taxes payable:

	31 December 2016	31 December 2015
Corporate Tax Payable	961	19
Taxes on Returns of Marketable Securities	-	-
Payroll Tax	173	684
Banking Insurance Transaction Tax (BITT)	4	-
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	19	24
Other	4	22
Total	1.161	749

iii. Information on premiums:

	31 December 2016	31 December 2015
Social Security Premiums - Employee	39	34
Social Security Premiums - Employer	50	43
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	3	2
Unemployment Insurance – Employer	5	5
Other	-	-
Total	97	84

2. Explanations on deferred tax liability:

As at 31 December 2016 and 31 December 2015, the Bank does not have net deferred tax liability.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

None (31 December 2015: None)

j. Explanations on loans used by Bank:

1. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institutions that the loan was borrowed from, and conversion option, if any:

None (31 December 2015: None)

2. Informations on the subordinated loans:

None (31 December 2015: None)

k. Explanations on Equity:

1. Presentation of paid-in capital:

	31 December 2016	31 December 2015
Common Stock	40.126	40.126
Preferred Stock	-	-

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.

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

None.

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 2015: None).

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

None (31 December 2015: None).

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.

7. Privilege on the corporate stock:

There are no privileges on the corporate stock.

8. Information on marketable securities value increase fund:

None.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

1. Type and amount of irrevocable credit commitments:

All credit commitments of the Bank are irrevocable as at 31 December 2016 (31 December 2015: TL 51.000 of purchase and sales commitments of term deposits).

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

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

None (31 December 2015: TL 1).

ii) Guarantees, contingencies and other similar commitments:

None (31 December 2015: TL 1).

3. i) Total amount of non-cash loans:

None (31 December 2015: TL 1).

ii) Non-cash loans in the sector risk concentrations:

None (31 December 2015: TL 1).

iii) Non-cash Loans classified under Group I and Group II:

None (31 December 2015: TL 1).

b. Information on derivative instruments:

None

c. Explanations on Credit risk exposure from derivatives

As at 31 December 2016 the Bank has no credit risk exposure from derivatives (31 December 2015: None)

d. Information on contingent liabilities and assets:

1. Bank for contingent assets; the probability of occurrence of the condition comes close to certain assets are reflected in the financial statements, If the probability of occurrence of this condition is described in the footnotes.

As at 31 December 2016, the Bank does not have any contingent assets (31 December 2015: None).

2. The Bank, if the probability of the condition for contingent liabilities and provision can be measured reliably are, this cannot be measured reliably are disclosed in the footnotes. For contingent liabilities, the condition does not exist or is less than the probability of occurrence of this is explained in the footnotes.

As at 31 December 2016, the Bank does not have any provision for contingent liabilities (31 December 2015: None).

e. Services supplied on behalf of others:

As at 31 December 2016 the Bank has no services supplied on behalf of others. (31 December 2015: None).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

None. (31 December 2015: None).

2. Information on interest income on banks:

	31 December 2016		31 December 2015	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	4.165	-	-	-
From Foreign Banks	971	1	5.749	-
Headquarters and Branches Abroad	-	-	-	-
Total	5.136	1	5.749	-

3. Information on interest income on marketable securities:

None (31 December 2015: None).

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

The Bank does not have investments in associates or subsidiaries.

b. Information on interest expense:

1. Information on interest expense on borrowings:

None (31 December 2015: None).

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

None (31 December 2015: None).

3. Information on interest expenses to debt securities issued:

None (31 December 2015: None).

4. Maturity structure of the interest expense on deposits:

Since the Bank is an investment bank, it does not accept deposits.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

c. Explanations on dividend income:

None (31 December 2015: None).

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

	31 December 2016	31 December 2015
Profit	59.485	44.637
Profit on capital market operations	-	-
Profit on derivative financial instruments	-	-
Other	-	-
Foreign exchange gains	59.485	44.637
Loss	59.530	44.404
Loss on capital market operations	-	-
Loss on derivative financial instruments	-	-
Other	-	-
Foreign exchange gains	59.530	44.404
Net trading income/loss	(45)	233

e. Explanations on other operating income:

For the years ended 31 December 2016 and 31 December 2015, other operating income consisted of incomes from intra-group advisory services provided to the Group amounting to TL 18.145 (31 December 2015: TL 20.980) and provisions no longer required and other income.

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

For the year ended 31 December 2016 the Bank has provision expense of TL 34 (31 December 2015: None.)

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

g. Information related to other operational expenses:

	31 December 2016	31 December 2015
Personnel expenses	9.265	12.945
Provision for employment termination benefits	312	604
Bank social aid pension fund deficit provision	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	229	212
Impairment expenses of intangible assets	-	-
Impairment expenses of goodwill	-	-
Amortization expenses of intangible assets	1	2
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	-	-
Depreciation expenses of assets held for resale	-	-
Impairment expenses of fixed assets held for sale and discontinued operations	-	-
Other operating expenses	4.711	5.394
Operational lease expenses	-	-
Maintenance and repair expenses	623	951
Advertising expenses	5	19
Computer usage expenses	2.379	2.431
Other expenses	1.704	1.993
Loss on sale of assets	-	-
Tax expenses	1.065	1.198
Prior period expenses	990	1.471
Other	802	1.075
Total	17.375	22.901

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

For the year ended 31 December 2016; the Bank's loss from continuing operations before tax is TL 7.652.

i. Explanations on net operating income/expense from continuing and discontinued operations after tax:

1) Explanation calculated current tax income or expense and the deferred tax income or expense for the period:

For the year ended 31 December 2016; the Bank has deferred tax income amounting to TL 132 (31 December 2015: TL 182 deferred tax expense).

2) Explanation the formation or closure of the temporary differences and deferred tax income or expense arising from the statement:

The formation of temporary differences and deferred tax income is TL 132 (31 December 2015: TL 182 deferred tax expense).

j. Explanations on profit and loss from continuing and discontinued operations after tax:

For the year ended 31 December 2016; the Bank's loss from continuing operations after tax is TL 5.899 (31 December 2015: TL 4.045).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

k. Explanations on net profit/(loss):

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

None.

- 2. 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.

- 3. Profit/(loss) related to minority:**

None.

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

As of 31 December 2016 the total amount of other operational income in income statement TL 19.852 (31 December 2015: TL 22.652). This amount includes TL 18.145 (31 December 2015: TL 20.980) advisory revenue.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanation and notes related to changes in shareholders' equity:

a. Information related to capital increase.

None

b. Explanations on financial assets available for sale:

Unrealized gains and losses arising from changes in fair value of the financial assets available for sale are not recognized in the income statement, they are recognized in the "Marketable Securities Revaluation Fund" until the disposal, sale, redemption or incurring loss of those assets. Fair value differences recognized under equity arising from the application of fair value are reflected to the income statement when these assets are sold or when the valuation difference is collected.

As at 31 December 2016, the Bank does not have any available for sale financial assets.

c. Explanations on inflation adjustment differences of shareholders' equity balances:

As per the BRSA circular announced on 28 April 2005, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA decree numbered 1623 and dated 21 April 2005.

d. Explanations on dividends:

Decision made by Board of Directors of Standard Chartered on 16 May 2016, that 3.110 TL remaining dividend of gross amount after tax deducted of TL 3.659, to shareholders will be done with permission Courtesy No 32521522-101.02.01 [11]. -E.12559 of BRSA on 30 May 2016.

e. Explanations on legal and extraordinary reserve accounts:

As of 31 December 2016, after dividend payment legal reserve account amounts TL 2.536 (31 December 2015: TL 2.334), and extraordinary reserve account amounts TL 40.539 (31 December 2015: TL 40.355).

VI. Explanations and notes related to statement of cash flow:

a. Information on cash and cash equivalents:

1. Information on cash and cash equivalents at the beginning of the year:

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and effectives together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market placements and time deposits in banks with original maturities less than three months are defined as "Cash Equivalents".

	31 December 2016	31 December 2015
Cash	191	382
Cash and Effectives	98	285
Demand Deposits in Banks	93	97
Cash Equivalents	55.000	54.500
Interbank Money Market Placements	2.000	500
Time Deposits in Banks	53.000	54.000
Total Cash and Cash Equivalents	55.191	54.882

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and notes related to statement of cash flow:

2. Information on cash and cash equivalents at the end of period:

	31 December 2016	31 December 2015
Cash	238	191
Cash and Effectives	161	98
Demand Deposits in Banks	77	93
Cash Equivalents	56.500	55.000
Interbank Money Market Placements	100	2.000
Time Deposits in Banks	56.400	53.000
Total Cash and Cash Equivalents	56.738	55.191

b. Informations on cash and cash equivalents which are not in free circulation due to legal delimitation and other reasons:

None.

c. Explanations on the other cash flow items and effect of changes in foreign exchange rates on cash and cash equivalents:

The “Other” item under “Operating profit before changes in operating assets and liabilities” amounting to TL 3.237 (31 December 2015: TL 3.665) consists mainly of items such as fees and commissions, foreign exchange gains / losses, other operating income excluding income from doubtful receivables and other operating expense excluding personnel expenses.

The “Net increase / decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 257 (31 December 2015: TL 1.554) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated approximately TL 14 as of 31 December 2016 (31 December 2015: TL 35).

d. Explanations on changes of cash flow from investing activities on cash and cash equivalents:

Amount of TL 13 (31 December 2015: TL 338) of item of purchased goods in cash flows from investing activities is affected by change in inventory purchases and leasehold expenses.

e. Explanations on changes of cash flow from financing activities on cash and cash equivalents:

Amount of TL 3.659 (31 December 2015: 1.801) of Financing activities provided by / (used for) net cash items from the change in dividend payment.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

- a. 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 2016:

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	-	-	71.618	-	35	-
Balance at the End of the Period	-	-	18.168	-	109	-
Interest and Commission Income Received	-	-	971	-	-	-

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

(**) In the note regarding the bank's other assets, within the direct and indirect partners of the bank, there is TL 18.145 transaction in the balance of the end of the period.

31 December 2015:

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	-	-	69.438	-	-	-
Balance at the End of the Period	-	-	71.618	-	35	-
Interest and Commission Income Received	-	-	5.749	-	-	-

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

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

None (31 December 2015: None).

- c. 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	-	-	53.000	54.000	-	-
Balance at the End of the Period	-	-	-	53.000	-	-
Interest Income Received	-	-	971	5.749	-	-

- d. Information on funds received from the Banks' risk group:

None.

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

None.

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

As of 31 December 2016, benefits provided to Bank's key management amount to TL 1.707 (31 December 2015: TL 3.161).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	32			
			Country of Incorporation		
Foreign Rep. Offices	-	-	-		
				Total Assets	Statutory Share Capital
Foreign Branch	-	-	-	-	-
Off-Shore Banking Region Branch	-	-	-	-	-

^(*) Head-office included domestic branch number.

SECTION SIX

EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

I. Explanations on independent auditors’ report:

The unconsolidated financial statements as of and for the year ended 31 December 2016 were audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Independent Auditors’ Report dated 31 March 2017 is presented in the introduction of this report.

II. Explanations and notes prepared by independent auditors:

None.