

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

**Unconsolidated Financial Report
As of and For the Six-Month Period Ended 30 June 2018
With Auditor’s Review Report Thereon**

KPMG Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
15 August 2018

*This report contains “Independent Auditors’ Review
Report” comprising 2 pages and; “Unconsolidated
Financial Statements and Related Disclosures and
Footnotes” comprising 60 pages.*

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

REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying unconsolidated statements of financial position of Standard Chartered Yatırım Bankası Türk A.Ş (the “Bank”) as at 30 June 2018 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial information for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these interim financial information in accordance with the “Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Legislation” which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for those matters not regulated by afore-mentioned legislations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information do not presented fairly in all material respects, the financial position of Standard Chartered Yatırım Bankası Türk A.Ş. at 30 June 2018, and its unconsolidated financial performance and its cash flows for the six-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the accompanying interim activity report in section seven, are not consistent with the reviewed unconsolidated interim financial statements and disclosures in all material respects.

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

Erdal Tıkmak
Partner, SMMM

15 August 2018
İstanbul, Turkey

Additional paragraph for convenience translation to English:

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

**THE UNCONSOLIDATED FINANCIAL REVIEW REPORT OF
STANDARD CHARTERED YATIRIM BANKASI TRK A.. AS OF 30 JUNE 2018**

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The unconsolidated financial report as of 30 June 2018, 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' REVIEW REPORT
- **Section Seven** - INTERIM ACTIVITY 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 (TRY), and has been subjected to independent review and presented attached .

Tracy Jayne CLARKE

Chairman of Board of
Directors

Karin FLINSPACH

Vice Chairman of the Board
and Board Member
Responsible for Financial
Reporting

Oya AYDINLIK

Board of Directors Member
and Chairman of Audit
Committee

Alper Tunga KILIÇ

Board of Directors Member
and Audit Committee
Member

Kaşif ATUN

General Manager

Diğdem Tmtrk GNER

Chief Financial and Operating
Officer

The authorized contact person for questions on this financial report:

Name-Surname / Title : Diğdem Tmtrk Gner /Director
Phone No : +90 (0212) 339 37 51
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CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE SECTION 3.1

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 June 2018

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

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 57797 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 "Calyon Bank Türk A.Ş." has been changed to "Calyon 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.0.12.00.00.11.01-21395 in accordance with the written approval of a duly pursuant to the takeover of the Bank's shareholder structure and control of 4 November 2012 has been changed.

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

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

The Bank's paid-in capital is 40.126 Turkish Liras. This capital is divided into 40.126.000 written shares, each with a nominal value of 1 full TRY.

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

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2018

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

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>TiTRYe</u>	<u>Name</u> <u>Education</u>	<u>Responsibility</u>	<u>Education Status</u>
Chairman of the Board of Directors:	Tracy Jayne Clarke	President	Graduate
Vice Chairman:	Karin Flinspach	Vice President and the Members of the Board of Directors Responsible for Financial Reporting	Graduate
Member of Board:	Kaşif Atun	Member and General Manager	Graduate
	Oya Aydınlık	Member	Under Graduate
	Alper T. Kılıç	Member	Graduate
Audit Committee:	Oya Aydınlık	President	Under Graduate
	Alper T. Kılıç	Member	Graduate
General Manager:	Kaşif Atun	General Manager	Graduate

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

IV. Information on shareholders having control shares:

Name /Commercial title	Share amounts	Share percentage	Paid-in capital	Unpaid portion
Standard Chartered Bank Limited	All	100%	40.126	-

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

The Bank does not accept client deposits based on its investment bank status. The Bank's core business activities are to provide Transaction Banking trade financing support and Origination and Client Coverage lending and Treasury services to its clients. As of 30 June 2018, the number of employees in the Bank is 28 (31 December 2017: 29).

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

None.

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

None.

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

**STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.
UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2018**

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

**SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK**

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five I)	Reviewed Current Period (30.06.2018)			Audited Prior Period (31.12.2017) ^(*)		
			TRY	FC	Total	TRY	FC	Total
ASSETS								
I. FINANCIAL ASSETS (NET)			69.448	241	69.689	58.821	57	58.878
1.1. Cash and Cash Equivalents			69.448	241	69.689	58.821	57	58.878
1.1.1. Cash and Balances with Central Bank	(I.1.1.)		15	-	15	90	-	90
1.1.2. Banks	(I.1.4.)		69.033	241	69.274	58.731	57	58.788
1.1.3. Money Markets			400	-	400	-	-	-
1.2. Financial Assets Measured at Fair Value Through Profit or Loss			-	-	-	-	-	-
1.2.1. Government Securities			-	-	-	-	-	-
1.2.2. Equity Securities			-	-	-	-	-	-
1.2.3. Other Financial Assets			-	-	-	-	-	-
1.3. Financial Assets Measured at Fair Value Through Other Comprehensive Income			-	-	-	-	-	-
1.3.1. Government Securities			-	-	-	-	-	-
1.3.2. Equity Securities			-	-	-	-	-	-
1.3.3. Other Financial Assets			-	-	-	-	-	-
1.4. Financial Assets Measured at Amortized Cost			-	-	-	-	-	-
1.4.1. Government Securities			-	-	-	-	-	-
1.4.2. Other Financial Assets			-	-	-	-	-	-
1.5. Derivative Financial Assets			-	-	-	-	-	-
1.5.1. Derivative Financial Assets Measured at Fair Value Through Profit or Loss			-	-	-	-	-	-
1.5.2. Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income			-	-	-	-	-	-
II. LOANS (NET)			-	-	-	-	-	-
2.1. Loans			-	-	-	-	-	-
2.1.1. Measured at Amortized Cost			-	-	-	-	-	-
2.1.2. Fair Value Through Profit or Loss			-	-	-	-	-	-
2.1.3. Fair Value Through Other Comprehensive Income			-	-	-	-	-	-
2.2. Lease Receivables			-	-	-	-	-	-
2.2.1. Financial Lease Receivables			-	-	-	-	-	-
2.2.2. Operating Lease Receivables			-	-	-	-	-	-
2.2.3. Unearned Income (-)			-	-	-	-	-	-
2.3. Factoring Receivables			-	-	-	-	-	-
2.3.1. Measured at Amortized Cost			-	-	-	-	-	-
2.3.2. Fair Value Through Profit or Loss			-	-	-	-	-	-
2.3.3. Fair Value Through Other Comprehensive Income			-	-	-	-	-	-
2.4. Non-Performing Loans	(I.2.1.)		4.982	-	4.982	4.982	-	4.982
2.5. Special Provisions (-)	(I.2.1.)		(4.982)	-	(4.982)	(4.982)	-	(4.982)
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)			-	-	-	-	-	-
3.1. Held for Sale Purpose			-	-	-	-	-	-
3.2. Related to Discontinued Operations			-	-	-	-	-	-
IV. EQUITY INVESTMENTS			-	-	-	-	-	-
4.1. Investments in Associates (Net)			-	-	-	-	-	-
4.1.1. Associates Valued Based on Equity Method			-	-	-	-	-	-
4.1.2. Unconsolidated Associates			-	-	-	-	-	-
4.2. Subsidiaries (Net)			-	-	-	-	-	-
4.2.1. Unconsolidated Financial Subsidiaries			-	-	-	-	-	-
4.2.2. Unconsolidated Non-Financial Subsidiaries			-	-	-	-	-	-
4.3. Joint Ventures (Net)			-	-	-	-	-	-
4.3.1. Joint Ventures Valued Based on Equity Method			-	-	-	-	-	-
4.3.2. Unconsolidated Joint Ventures			-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)			3.576	-	3.576	3.497	-	3.497
VI. INTANGIBLE ASSETS (Net)			3	-	3	4	-	4
6.1. Goodwill			-	-	-	-	-	-
6.2. Other			3	-	3	4	-	4
VII. INVESTMENT PROPERTY (Net)			-	-	-	-	-	-
VIII. CURRENT TAX ASSET			-	-	-	-	-	-
IX. DEFERRED TAX ASSET			1.276	-	1.276	1.466	-	1.466
X. OTHER ASSETS	(I.4.)		11.268	-	11.268	19.853	-	19.853
TOTAL ASSETS			85.571	241	85.812	83.641	57	83.698

(*) Previous period financial statements have been reclassified as stated in Section Three Note I.

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

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

**STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.
UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2018**

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

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note (Section Five)	Reviewed Current Period (30.06.2018)			Audited Prior Period (31.12.2017) ^(*)		
LIABILITIES AND EQUITY			TP	FC	Total	TP	FC	Total
I.	DEPOSITS		-	-	-	-	-	-
II.	FUNDS BORROWED		-	-	-	-	-	-
III.	MONEY MARKETS		-	-	-	-	-	-
IV.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1.	Bills		-	-	-	-	-	-
4.2.	Asset Backed Securities		-	-	-	-	-	-
4.3.	Bonds		-	-	-	-	-	-
V.	FUNDS		-	-	-	-	-	-
5.1.	Borrower Funds		-	-	-	-	-	-
5.2.	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
7.1.	Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	-	-	-	-	-
7.2.	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	FACTORING LIABILITES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)		-	-	-	-	-	-
9.1.	Financial Lease		-	-	-	-	-	-
9.2.	Operating Lease		-	-	-	-	-	-
9.3.	Other		-	-	-	-	-	-
9.4.	Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
X.	PROVISIONS		6.307	-	6.307	7.776	-	7.776
10.1.	General Provision	(II.6.1.)	1.200	-	1.200	785	-	785
10.2.	Restructuring Provisions		-	-	-	-	-	-
10.3.	Reserve for Employee Benefits		5.107	-	5.107	6.991	-	6.991
10.4.	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.5.	Other Provisions		-	-	-	-	-	-
XI.	CURRENT TAX LIABILITY	(II.7.1.)	1.887	-	1.887	1.343	-	1.343
XII.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1.	Held for Sale Purpose		-	-	-	-	-	-
13.2.	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS		-	-	-	-	-	-
14.1.	Loans		-	-	-	-	-	-
14.2.	Other Debt Instruments		-	-	-	-	-	-
XV.	OTHER LIABILITIES		433	-	433	233	-	233
XVI.	SHAREHOLDERS' EQUITY		77.185	-	77.185	74.346	-	74.346
16.1.	Paid-in capital	(II.11.1.)	40.126	-	40.126	40.126	-	40.126
16.2.	Capital Reserves		5.913	-	5.913	5.913	-	5.913
16.2.1.	Share Premium		-	-	-	-	-	-
16.2.2.	Share Cancellation Profits		-	-	-	-	-	-
16.2.3.	Other Capital Reserves		5.913	-	5.913	5.913	-	5.913
16.3.	Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		(71)	-	(71)	(50)	-	(50)
16.4.	Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		-	-	-	-	-	-
16.5.	Profit Reserves		45.132	-	45.132	44.342	-	44.342
16.5.1.	Legal Reserves		3.590	-	3.590	2.800	-	2.800
16.5.2.	Status Reserves		-	-	-	-	-	-
16.5.3.	Extraordinary Reserves		40.812	-	40.812	40.812	-	40.812
16.5.4.	Other Profit Reserves		730	-	730	730	-	730
16.6.	Profit or Loss		(13.915)	-	(13.915)	(15.985)	-	(15.985)
16.6.1.	Prior Periods' Profit or Loss		(23.118)	-	(23.118)	(23.118)	-	(23.118)
16.6.2.	Current Period Profit or Loss		9.203	-	9.203	7.133	-	7.133
TOTAL LIABILITIES AND EQUITY			85.812	-	85.812	83.698	-	83.698

(*) Previous period financial statements have been reclassified as stated in Section Three Note I.

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

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

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 30 JUNE 2018

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

STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five)	Reviewed Current Period (30.06.2018)			Audited Prior Period (31.12.2017) ^(*)		
		TP	FC	Total	TP	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)							
I. GUARANTEES AND WARRANTIES							
1.1. Letters of Guarantee							
1.1.1. Guarantees Subject to State Tender Law							
1.1.2. Guarantees Given for Foreign Trade Operations							
1.1.3. Other Letters of Guarantee							
1.2. Bank Acceptances							
1.2.1. Import Letter of Acceptance							
1.2.2. Other Bank Acceptances							
1.3. Letters of Credit							
1.3.1. Documentary Letters of Credit							
1.3.2. Other Letters of Credit							
1.4. Prefinancing Given as Guarantee							
1.5. Endorsements							
1.5.1. Endorsements to the Central Bank of the Republic of Turkey							
1.5.2. Other Endorsements							
1.6. Purchase Guarantees on Marketable Security Issuance							
1.7. Factoring Guarantees							
1.8. Other Guarantees							
1.9. Other Collaterals							
II. COMMITMENTS							
2.1. Irrevocable Commitments							
2.1.1. Asset Purchase and Sale Commitments							
2.1.2. Deposit Purchase and Sales Commitments							
2.1.3. Share Capital Commitments to Associates and Subsidiaries							
2.1.4. Loan Granting Commitments							
2.1.5. Securities Issue Brokerage Commitments							
2.1.6. Commitments for Reserve Deposit Requirements							
2.1.7. Commitments for Cheques							
2.1.8. Tax and Fund Liabilities from Export Commitments							
2.1.9. Commitments for Credit Card Limits							
2.1.10. Commitments for Credit Cards and Banking Services Promotions							
2.1.11. Receivables from Short Sale Commitments of Marketable Securities							
2.1.12. Payables for Short Sale Commitments of Marketable Securities							
2.1.13. Other Irrevocable Commitments							
2.2. Revocable Commitments							
2.2.1. Revocable Loan Granting Commitments							
2.2.2. Other Revocable Commitments							
III. DERIVATIVE FINANCIAL INSTRUMENTS							
3.1. Hedging Derivative Financial Instruments							
3.1.1. Transactions for Fair Value Hedge							
3.1.2. Transactions for Cash Flow Hedge							
3.1.3. Transactions for Foreign Net Investment Hedge							
3.2. Trading Transactions							
3.2.1. Forward Foreign Currency Buy/Sell Transactions							
3.2.1.1. Forward Foreign Currency Transactions-Buy							
3.2.1.2. Forward Foreign Currency Transactions-Sell							
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates							
3.2.2.1. Foreign Currency Swap-Buy							
3.2.2.2. Foreign Currency Swap-Sell							
3.2.2.3. Interest Rate Swap-Buy							
3.2.2.4. Interest Rate Swap-Sell							
3.2.3. Foreign Currency, Interest rate and Securities Options							
3.2.3.1. Foreign Currency Options-Buy							
3.2.3.2. Foreign Currency Options-Sell							
3.2.3.3. Interest Rate Options-Buy							
3.2.3.4. Interest Rate Options-Sell							
3.2.3.5. Securities Options-Buy							
3.2.3.6. Securities Options-Sell							
3.2.4. Foreign Currency Futures							
3.2.4.1. Foreign Currency Futures-Buy							
3.2.4.2. Foreign Currency Futures-Sell							
3.2.5. Interest Rate Futures							
3.2.5.1. Interest Rate Futures-Buy							
3.2.5.2. Interest Rate Futures-Sell							
3.2.6. Other							
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)							
IV. ITEMS HELD IN CUSTODY							
4.1. Customer Fund and Portfolio Balances							
4.2. Investment Securities Held in Custody							
4.3. Checks Received for Collection							
4.4. Commercial Notes Received for Collection							
4.5. Other Assets Received for Collection							
4.6. Assets Received for Public Offering							
4.7. Other Items Under Custody							
4.8. Custodians							
V. PLEDGES RECEIVED							
5.1. Marketable Securities							
5.2. Guarantee Notes							
5.3. Commodity							
5.4. Warranty							
5.5. Immovable							
5.6. Other Pledged Items							
5.7. Pledged Items-Depository							
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES							
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)							

(*) Previous period financial statements have been reclassified as stated in Section Three Note I.

The accompanying notes are an integral part of these financial statements

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

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 30 JUNE 2018

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

	Note (Section Five)	Reviewed Current Period (01.01.2018- 30.06.2018)	Reviewed Prior Period (01.01.2017- 30.06.2017)	Reviewed Current Period (01.04.2018- 30.06.2018)	Reviewed Prior Period (01.04.2017- 30.06.2017)
STATEMENT OF PROFIT OR LOSS					
I. INTEREST INCOME		3.954	3.073	2.155	1.693
1.1. Interest on Loans		-	-	-	-
1.2. Interest on Reserve Requirements		-	-	-	-
1.3. Interest on Banks	(IV.1.3.)	3.944	3.066	2.146	1.688
1.4. Interest on Money Market Transactions		10	7	9	5
1.5. Interest on Marketable Securities Portfolio		-	-	-	-
1.5.1. Fair Value Through Profit or Loss		-	-	-	-
1.5.2. Fair Value Through Other Comprehensive Income		-	-	-	-
1.5.3. Measured at Amortized Cost		-	-	-	-
1.6. Financial Lease Income		-	-	-	-
1.7. Other Interest Income		-	-	-	-
II. INTEREST EXPENSE (-)		-	-	-	-
2.1. Interest on Deposits		-	-	-	-
2.2. Interest on Funds Borrowed		-	-	-	-
2.3. Interest Expense on Money Market Transactions		-	-	-	-
2.4. Interest on Securities Issued		-	-	-	-
2.5. Other Interest Expenses		-	-	-	-
III. NET INTEREST INCOME (I - II)		3.954	3.073	2.155	1.693
IV. NET FEES AND COMMISSIONS INCOME		(8)	(8)	(4)	(4)
4.1. Fees and Commissions Received		2	3	1	1
4.1.1. Non-cash Loans		-	-	-	-
4.1.2. Other		2	3	1	1
4.2. Fees and Commissions Paid		(10)	(11)	(5)	(5)
4.2.1. Non-cash Loans		-	-	-	-
4.2.2. Other		(10)	(11)	(5)	(5)
V. PERSONNEL EXPENSE (-)	(IV.7.)	(3.727)	(3.812)	(1.921)	(1.969)
VI. DIVIDEND INCOME		-	-	-	-
VII. TRADING INCOME /(LOSS) (Net)		33	26	18	21
7.1. Trading Gains / (Losses) on Securities		-	-	-	-
7.2. Gains / (Losses) on Derivative Financial Transactions		-	-	-	-
7.3. Foreign Exchange Gains / (Losses)	(IV.4.)	33	26	18	21
VIII. OTHER OPERATING INCOME	(IV.5.)	17.864	10.150	9.994	4.651
IX. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		18.116	9.429	10.242	4.392
X. EXPECTED CREDIT LOSS (-)	(IV.6.)	(415)	-	(2)	1
XI. OTHER OPERATING EXPENSES (-)		(7.034)	(5.956)	(3.665)	(3.031)
XII. NET OPERATING INCOME/(LOSS) (VIII-IX-X)	(IV.7.)	10.667	3.473	6.575	1.362
XIII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES		-	-	-	-
XIV. CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XV. INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(IV.8.)	10.667	3.473	6.575	1.362
XVII. TAX PROVISION FOR CONTINUED OPERATIONS (±)		(1.464)	(994)	(447)	(116)
17.1. Current Tax Provision	(IV.9.)	(1.268)	(806)	(527)	(189)
17.2. Deferred Tax Expense Effect (-)	(IV.9.)	(196)	(188)	-	-
17.3. Deferred Tax Income Effect (+)		-	-	80	73
XVIII. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(IV.10.)	9.203	2.479	6.128	1.246
XIX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
19.1. Income from Non-current Assets Held for Sale		-	-	-	-
19.2. Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.3. Income from Other Discontinued Operations		-	-	-	-
XX. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
20.1. Expenses for Non-current Assets Held for Sale		-	-	-	-
20.2. Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3. Expenses for Other Discontinued Operations		-	-	-	-
XXI. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-	-	-
XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
22.1. Current Tax Provision		-	-	-	-
22.2. Deferred Tax Expense Effect (+)		-	-	-	-
22.3. Deferred Tax Income Effect (-)		-	-	-	-
CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-	-	-
XXIII. NET PROFIT/LOSS (XVIII+XXIII)		9.203	2.479	6.128	1.246
Earning/(Loss) per share		0.22935	0.06178	0.15272	0.03105

(*) Previous period financial statements have been reclassified as stated in Section Three Note I.

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

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

**STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS OF 30 JUNE 2018**

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

	Note	Reviewed Current Period (01.01.2018- 30.06.2018)	Reviewed Prior Period (01.01.2017- 30.06.2017) ^(*)
I. CURRENT PERIOD PROFIT/LOSS		9.203	2.479
II. OTHER COMPREHENSIVE INCOME		(21)	8
2.1. Not Reclassified to Profit or Loss		-	-
2.1.1. Property and Equipment Revaluation Increase/Decrease		-	-
2.1.2. Intangible Assets Revaluation Increase/Decrease		-	-
2.1.3. Defined Benefit Pension Plan Remeasurement Gain/Loss		(27)	10
2.1.4. Other Comprehensive Income Items Not Reclassified Through Profit or Loss		-	-
2.1.5. Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss		6	(2)
2.2. Reclassified to Profit or Loss		-	-
2.2.1. Foreign Currency Translation Differences		-	-
2.2.2. Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income		-	-
2.2.3. Cash Flow Hedge Income/Loss		-	-
2.2.4. Foreign Net Investment Hedge Income/Loss		-	-
2.2.5. Other Comprehensive Income Items Reclassified Through Profit or Losses		-	-
2.2.6. Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss		-	-
III. TOTAL COMPREHENSIVE INCOME (I+II)		9.182	2.487

(*) Previous period financial statements have been reclassified as stated in Section Three Note I.

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

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

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 30 JUNE 2018

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

							Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified to Profit or Loss						
							1	2	3	4	5	6				
	30 June 2017 ^(*)	Note	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves							Profit Reserves	Prior period net profit/(loss)	Current period net profit/(loss)	Total
I.	Balance at the Beginning of the Period		40.126	-	-	5.913	-	(21)	-	-	-	-	43.805	(23.732)	5.899	71.990
II.	Balance at the beginning of the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Adjustment in accordance with TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)		40.126	-	-	5.913	-	(21)	-	-	-	-	43.805	(23.732)	5.899	71.990
IV.	Total comprehensive income (loss)		-	-	-	-	-	8	-	-	-	-	-	-	2.479	2.487
V.	Capital increase in cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	-	-	-	-	-	-	537	614	(5.899)	(4.748)
11.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	(4.748)	(4.748)
11.2	Transfers to legal reserves		-	-	-	-	-	-	-	-	-	-	537	614	(1.151)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the end of the period (III+IV+.....+X+XI)		40.126	-	-	5.913	-	(13)	-	-	-	-	44.342	(23.118)	2.479	69.729

(*) Previous period financial statements have been reclassified as stated in Section Three Note I.

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

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

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

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 30 JUNE 2018

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

						Other Accumulated Comprehensive Income That Will Not Be Reclassified to Profit or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified to Profit or Loss			Profit Reserves	Prior period net profit/(loss)	Current period net profit /(loss)	Total
						1	2	3	4	5	6				
	30 June 2018 ^(*)	Note	Paid-in Capital	Share Premium	Share certificate Cancel profits	Other capital reserves									
I.	Balance at the Beginning of the Period		40.126	-	-	5.913	-	(50)	-	-	-	44.342	(23.118)	7.133	74.346
II.	Balance at the beginning of the period		-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Adjustment in accordance with TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)	(II.11.)	40.126	-	-	5.913	-	(50)	-	-	-	44.342	(23.118)	7.133	74.346
IV.	Total comprehensive income (loss)		-	-	-	-	-	(21)	-	-	-	-	-	9.203	9.182
V.	Capital increase in cash		-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase through internal reserves		-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt		-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity		-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	-	-	-	-	-	790	-	(7.133)	(6.343)
11.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	(6.343)	(6.343)
11.2	Transfers to legal reserves		-	-	-	-	-	-	-	-	-	790	-	(790)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the end of the period (III+IV+.....+X+XI)		40.126	-	-	5.913	-	(71)	-	-	-	45.132	(23.118)	9.203	77.185

(*) Previous period financial statements have been reclassified as stated in Section Three Note I.

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

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

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

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOW AS OF 30 JUNE 2018

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

STATEMENT OF CASH FLOWS		Note (Section Five)	Reviewed Current Period (01.01.2018-30.06.2018)	Reviewed Prior Period (01.01.2017-30.06.2017) ^(*)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		6.558	2.322
1.1.1	Interest Received	(IV.3.)	2.930	2.841
1.1.2	Interest Paid		-	-
1.1.3	Dividend Received		-	-
1.1.4	Fees and Commissions Received		2	3
1.1.5	Other Income	(IV.5.)	17.441	10.057
1.1.6	Collections from Previously Written-off Loans and Other Receivables		-	-
1.1.7	Payments to Personnel and Service Suppliers	(IV.7.)	(6.455)	(7.230)
1.1.8	Taxes Paid	(IV.9.)	(2.618)	(841)
1.1.9	Other	(IV.12.)	(4.742)	(2.508)
1.2	Changes in Operating Assets and Liabilities		9.865	9.118
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3	Net (increase) / decrease in loans		-	-
1.2.4	Net (increase) / decrease in other assets	(I.4.)	8.717	9.368
1.2.5	Net increase / (decrease) in bank deposits		-	-
1.2.6	Net increase / (decrease) in other deposits		-	-
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8	Net increase / (decrease) in funds borrowed		-	-
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities	(II.10.)	1.148	(250)
I.	Net Cash Provided from Banking Operations		16.423	11.440
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES			
II.	Net Cash Provided from Investing Activities		(31)	(1)
2.1	Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3	Purchases of property and equipment		(31)	(1)
2.4	Disposals of property and equipment		-	-
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.7	Purchase of Financial Assets Measured at Amortized Cost		-	-
2.8	Sale of Financial Assets Measured at Amortized Cost		-	-
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities		(6.343)	(4.748)
3.1	Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3	Issued Equity Instruments		-	-
3.4	Dividends Paid		(6.343)	(4.748)
3.5	Payments for Finance Leases		-	-
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(IV.4.)	26	5
V.	Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		10.075	6.696
VI.	Cash and Cash Equivalents at the Beginning of the Period		58.526	56.738
VII.	Cash and Cash Equivalents at the End of the Period		68.601	63.434

(*) Previous period financial statements have been reclassified as stated in Section Three Note I.

The accompanying notes are an integral part of these financial statements

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

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOW AS OF 30 JUNE 2018

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

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 unconsolidated 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 TRY 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.

Attached unconsolidated financial statements have been prepared in the new format in accordance with Communiqué on "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures" published in the Official Gazette dated 20 September 2017 and numbered 30186 and prior period financial statements given as comparison to current period have been restated. Classifications made in this context are summarized below:

- As of 31 December 2017 account named "Loans under Follow-up" in the balance sheet amounting to TRY 4.982, as of 31 December 2017 has been reclassified as "Expected Credit Loss" in the balance sheet .
- As of 30 June 2017 account named "Issued capital inflation adjustment difference" of financial liabilities in the Statement Of Changes In Shareholders' Equity amounting to TRY 5.913, as of 31 December 2017 has been reclassified as "Other Capital Reserves" in the restated Statement Of Changes In Shareholders' Equity .
- As of 30 June 2017 account named "Other Reserves" in the Statement Of Changes In Shareholders' Equity amounting to TRY (13), as of 30 June 2017 has been reclassified as "Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss" in the restated Statement Of Changes In Shareholders' Equity .

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ACCOUNTING POLICIES (Continued)

I. Explanation on basis of presentation (Continued):

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 (Continued):

- As of 30 June 2017 account named "Other Operating Expense" in income statement amounting to TRY 3.812, as of 30 June 2017 has been reclassified as "Personnel Expenses" in the Statement of Profit or Loss.
- As of 30 June 2017 accounts named "Legal Reserves", "Extraordinary Reserves", "Intangible Assets Revaluation Increase/Decrease" amounting to TRY 2.800, TRY 40.812, TRY 730 in the Statement Of Changes In Shareholders' Equity, as of 30 June 2017 has been reclassified as "Profit Reserves" in the restated Statement Of Changes In Shareholders' Equity.

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

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

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

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

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

The Bank provides corporate banking and investment banking services to corporate clients. Starting from 2012, the services provided by the Bank to its customers have been gradually reduced and the balance sheet and off-balance sheet risks have been minimized before the main shareholder change. There is no cash loan facility in the current and previous period in the frame of corporate banking services. In this regard, the Bank's credit, market and liquidity risks are at the minimum level as of 30 June 2018.

At 30 June 2018, all of the monetary assets and liabilities denominated in foreign currency were translated into Turkish lira using the following foreign exchange rates: USD=TRY 4,5607; EUR=TRY 5,3092. (31 December 2017: USD = TRY 3,7719; EUR = TRY 4,5155).

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 30 June 2018 and 31 December 2017, 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, recognized 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.

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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 "Financial Assets Measured at Fair Value Through Profit or Loss", "Financial Assets Measured at Fair Value Through Other Comprehensive Income", "Financial Assets Measured at Amortised Cost" or "Loans". This classification is based on the contractual cash flow characteristics of the related business model used for management of the financial assets at initial recognition. 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 of 30 June 2018 and 31 December 2017.

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ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (Continued)

b. Financial Assets at Fair Value Through Other Comprehensive Income:

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

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

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

As of 30 June 2018 and 31 December 2017 the Bank does not have any financial assets at fair value through other comprehensive income

c. Loans:

Loans are financial assets that are non-derivative financial instruments and cannot be identified as held for trading, at fair value through profit / loss or at fair value through other comprehensive income, have fixed or determinable payments and are not quoted in an active market and . 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" published in the Official Gazette No. 29750 dated 22 June 2016. Provision expenses are deducted from the net income of the year. If there is a subsequent collection from a receivable that was already provisioned in previous years, the recovery amount is classified under "other operating income". If there is a collection of a receivable in the same year with it's provision, this amount must be deducted from "Loan Provision". Uncollectible receivables are written-off after all the legal procedures are finalized.

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ACCOUNTING POLICIES (Continued)

VI. Explanations on financial assets (Continued)

d. Financial Assets Measured at Amortised Cost

Financial assets measured at amortized cost are assets that are not classified under "loans" with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Financial assets measured at amortized cost are initially recognized at transaction prices at acquisition, and subsequently carried at amortised 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 financial assets measured at amortised cost but cannot be subject to this classification for two years due to the violation of classification principles.

As of 30 June 2018 and 31 December 2017 the Bank does not have any financial assets measured at amortised cost.

VII. Explanations on impairment on financial assets:

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

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

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

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", "Financial Assets at Fair Value Through Other Comprehensive Income" and "Financial Assets Measured at Amortised Cost" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Funds Provided under Repurchase Agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the "effective interest method".

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

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ACCOUNTING POLICIES (Continued)

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

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

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

A discontinued operation is a part of an entity which is classified as to be disposed or held for sale. The results related to discontinuing operations are presented separately in the income statement. The Group does not have any discontinued operations.

XI. Explanations on goodwill and other intangible assets:

The Bank does not have any goodwill as of 30 June 2018 and 31 December 2017.

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 amortised 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.

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.

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ACCOUNTING POLICIES (Continued)

XII. Explanations on property and equipment (Continued):

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 amortisation 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 of 30 June 2018 and 31 December 2017.

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.

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.

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ACCOUNTING POLICIES (Continued)

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.

IX. Explanations on taxation:

a. Current tax:

The corporate tax rate of 20% implementation on the Corporate Tax Law No. 5520 was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205, will be applied as 22% for corporation earnings for three years from 1 January 2018 with the regulation dated 28 November 2017 numbered 7061. Furthermore, Cabinet is made authorized to decrease this ratio to 20% from 22%. The bank applies new regulations to its current and deferred tax responsibilities. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (like affiliate gains) and other allowances. If there is no dividend distribution, no further tax charges are made.

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

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ACCOUNTING POLICIES (Continued)

XVII. Explanations on taxation (Continued):

Corporations are required to pay advance corporate tax quarterly at a rate of 22% 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.

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

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

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

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

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.

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ACCOUNTING POLICIES (Continued)

XVIII. Explanations on borrowings:

Trading and derivative financial liabilities are valued with their fair values and the all other financial liabilities are carried at amortised cost by using the internal rate of return 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 of 30 June 2018 and 31 December 2017.

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 of 30 June 2018 and 31 December 2017, 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.

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ACCOUNTING POLICIES (Continued)

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.

The last version of TFRS 9 "Financial Instruments" Standard published in January 2017 by POA, has changed the existing guidance on TAS 39 "Financial Instruments: Recognition and Measurement" and moved the implementations about accounting, classification, measurement and off balance sheet of financial instruments to TFRS 9. The latest version of TFRS 9 includes guidance issued in previous versions of TFRS 9, including the new application of the expected credit loss model for the calculation of impairment in financial assets, as well as updated applications for new general hedge accounting requirements. TFRS 9 is put into force on 1 January 2018. In this context, banks have become obliged to apply TFRS 9 as of 1 January 2018 with the "Regulation on Procedures and Principles for Classification of Loans and Provisions to be Issued" of the BRSA published in the Official Gazette dated 22 June 2016 and numbered 29750.

The Bank is excused from the impairment of financial assets according to TFRS 9 by the BRSA's Decision No. 7650 dated 21 December 2017.

Profit reserves and profit distribution

Except for legal reserves, retained earnings are subject to distribution subject to the legal reserve requirement mentioned below.

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

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. Explanation on equity:

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"

At 30 June 2018, the Bank's capital adequacy standard ratio is 101,40% (31 December 2017: 104,14%). This ratio is well above the minimum ratio required by the legislation.

	Amount	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	45.061	
Gains recognized in equity as per TAS	5.913	
Profit	9.843	
Current Period Profit	9.203	
Prior Period Profit	639	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be immovable within profit for the period	-	
Common Equity Tier I Capital Before Deductions	100.942	
Deductions from Common Equity Tier I 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)	3	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1.276	
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 I Capital	25.036	

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

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Explanation on equity (Continued):

Total Common Equity Tier I Capital	75.906
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 I 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 I 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)	75.906
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)	292
Tier II Capital Before Deductions	292
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 II 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	292
Total Capital (The sum of Tier I Capital and Tier II Capital)	76.198
The sum of Tier I Capital and Tier II Capital (Total Capital)	76.198
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 II 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 II 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 I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Explanation on equity (Continued):

TOTAL CAPITAL	
Total Capital	76.198
Total risk weighted amounts	75.143
CAPITAL ADEQUACY RATIOS	
Tier I Capital Adequacy Ratio	101,02
Core Capital Adequacy Ratio	101,02
Capital Adequacy Ratio	101,40
BUFFERS	
Total buffer requirement	1,875
a) Capital conservation buffer requirement (%)	1,875
b) Bank specific countercyclical buffer requirement (%)	-
c) Higher bank buffer requirement ratio (%)	-
The ratio of Additional Common Equity Tier I 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 (%)	93,02
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)	1.200
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	292
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-

(*)Amounts considered within transition provisions

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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).

	Amount Prior Year	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	43.562	
Gains recognized in equity as per TAS	5.913	
Profit	7.772	
Current Period Profit	7.133	
Prior Period Profit	639	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be immovable within profit for the period	-	
Common Equity Tier I Capital Before Deductions	98.103	
Deductions from Common Equity Tier I 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)	4	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1.466	
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 I Capital	25.227	
Total Common Equity Tier I Capital	72.876	

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

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Explanation on equity (Continued)

Additional Tier I Capital	-
Preferred Stock not Included in Common Equity and the Related Share Premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-
Transition from the Core Capital to Continue to deduce Components	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Additional Tier I Capital	-
Total Additional Tier I Capital	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	72.876
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 (Amounts stated in the first paragraph of the Article 8 of the Regulation on the Bank Capital)	316
Tier II Capital Before Deductions	316
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 II 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	316
Total Capital (The sum of Tier I Capital and Tier II Capital)	73.192
The sum of Tier I Capital and Tier II Capital (Total Capital)	73.192
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 I capital, Additional Tier I capital, Tier II 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 I 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 I capital, Additional Tier I capital, Tier II 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 I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-

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

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

I. Explanation on equity (Continued)

TOTAL CAPITAL	
Total Capital	73.192
Total risk weighted amounts	70.285
CAPITAL ADEQUACY RATIOS	
Tier I Capital Adequacy Ratio	103,69
Core Capital Adequacy Ratio	103,69
Capital Adequacy Ratio	104,14
BUFFERS	
Total buffer requirement	1,25
a) Capital conservation buffer requirement (%)	1,25
b) Bank specific countercyclical buffer requirement (%)	-
c) Higher bank buffer requirement ratio (%)	95,69
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)	785
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	316
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	-
	-

II. EXPLANATIONS ON CURRENCY RISK:

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

	USD	EUR
Balance Sheet Evaluation Rate (30 June 2018)	4,5607	5,3092
As of 29 June 2018	4,6083	5,3310
As of 28 June 2018	4,6349	5,3960
As of 27 June 2018	4,6740	5,4576
As of 26 June 2018	4,6397	5,4071
As of 25 June 2018	4,7077	5,4848

The simple arithmetical average of the Bank's foreign exchange bid rates for the last thirty days are TRY 4,6225 for 1 US dollar and TRY 5,4044 for 1 EUR.

	USD	EUR
As of 31 December 2017		
Balance Sheet Evaluation Rate	3,7719	4,5155

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

II. EXPLANATIONS ON CURRENCY RISK (Continued):

Information on currency risk of the Bank:

	EUR	USD	Other FC	Total
30 June 2018				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Turkey	-	-	-	-
Banks	19	202	20	241
Financial Assets at Fair Value Through Profit and Loss (Net)	-	-	-	-
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Loan	-	-	-	-
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	-	-	-
Total Assets	19	202	20	241
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
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	19	202	20	241
Net Off-balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-
31 December 2017				
Total Assets	11	27	19	57
Total Liabilities	-	-	-	-
Net On-balance Sheet Position	11	27	19	57
Net Off-balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-

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

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

III. EXPLANATIONS ON INTEREST RATE RISK

Interest rate sensitivity of the assets, liabilities and off-balance sheet items is monitored by the market risk monitoring unit and interest rate sensitive assets and liabilities are managed to minimize the interest rate sensitivity of assets and liabilities. Daily interest rates are monitored by the treasury department and transactions are performed by considering risk/return relationship. 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
30 June 2018							
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	-	-	-	-	-	15	15
Banks	69.017	-	-	-	-	257	69.274
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	-	-
Money Market Placements	400	-	-	-	-	-	400
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-	-
Loans Given	-	-	-	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	16.123	16.123
Total Assets	69.417	-	-	-	-	16.395	85.812
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (**)	1.695	-	1.671	5.261	-	77.185	85.812
Total Liabilities	1.695	-	1.671	5.261	-	77.185	85.812
Balance Sheet Long Position	67.722	-	-	-	-	-	67.722
Balance Sheet Short Position	-	-	(1.671)	(5.261)	-	(60.790)	(67.722)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	67.722	-	(1.671)	(5.261)	-	(60.790)	-

(*) "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.

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

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

III. 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 2017							
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	-	-	-	-	-	90	90
Banks	58.712	-	-	-	-	76	58.788
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	-	-
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-	-
Loans Given	-	-	-	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	24.820	24.820
Total Assets	58.712	-	-	-	-	24.986	83.698
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (**)	200	1.366	2.803	-	4.983	74.346	83.698
Total Liabilities	200	1.366	2.803	-	4.983	74.346	83.698
Balance Sheet Long Position	58.512	-	-	-	-	-	58.512
Balance Sheet Short Position	-	(1.366)	(2.803)	-	(4.983)	(49.360)	(58.512)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	58.512	(1.366)	(2.803)	-	(4.983)	(49.360)	-

(*) "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):

III. EXPLANATIONS ON INTEREST RATE RISK (Continued):

Average interest rates for monetary financial instruments:

30 June 2018	<u>EUR (%)</u>	<u>USD (%)</u>	<u>TRY (%)</u>
Assets			
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey (1)	-	-	-
Banks	-	-	13,91
Financial Assets at Fair Value Through Profit and Loss	-	-	-
Money Market Placements	-	-	16,25
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-
Loans Given (2)	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-
Liabilities			
Bank Deposits	-	-	-
Other Deposits	-	-	-
Funds From Interbank Money Market	-	-	-
Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued (Net)	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-
31 December 2017	<u>EUR (%)</u>	<u>USD (%)</u>	<u>TRY (%)</u>
Assets			
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey (1)	-	-	-
Banks	-	-	12,81
Financial Assets at Fair Value Through Profit and Loss	-	-	-
Money Market Placements	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-
Loans Given (2)	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-
Liabilities			
Bank Deposits	-	-	-
Other Deposits	-	-	-
Funds From Interbank Money Market	-	-	-
Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued (Net)	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-

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

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

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

IV. EXPLANATIONS ON THE POSITION RISK OF SHARES

As of 30 June 2018 the Bank's does not have any stock. Therefore, the Bank is not subject to Stock Position Risk.

V. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

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

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 low 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.

The liquidity level of the bank is well above the legal rates. The minimum and maximum values of the foreign currency and total liquidity coverage ratios calculated on a weekly basis in accordance with the "Regulation on the Calculation of Liquidity Covered Rate of Banks" published by the BRSA in the Official Gazette dated 21 March 2014 and numbered 28948 and the corresponding weeks are as follows:

%	FC	FC+TRY	Related Week
Maximum	0,00	1.027,09	06.04.2018
Minimum	0,00	103,04	13.04.2018

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

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

Liquidity Coverage Ratio:

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

Therefore, these ratios are 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.

The most important item affecting the liquidity coverage ratio of the Bank is the domestic bank placement of the Bank's capital at the monthly rates.

High quality liquid assets consist of the demand deposits of the CBRT and the daily interbank money market transactions.

		Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
		TRY+FC	FC	TRY+FC	FC
Current Period					
High Quality Liquid Assets					
1	High Quality Liquid Assets			494	-
Cash Outflows					
2	Retail and Small Business Customers, of which;	-	-	-	-
3	Stable Deposits	-	-	-	-
4	Less Stable Deposits	-	-	-	-
5	Unsecured wholesale funding, of which;	1.034	-	1.034	-
6	Operational Deposits	-	-	-	-
7	Non-operational Deposits	-	-	-	-
8	Other Unsecured Funding	1.034	-	1.034	-
9	Secured Funding			-	-
10	Other cash outflows, of which;	-	-	-	-
11	Derivatives cash outflow and liquidity needs related to market valuation changes	-	-	-	-
12	Obligations related to structured financial products	-	-	-	-
13	Commitments related to debts to financial markets and other off-balance	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations.	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	-	-	-	-
16	Total Cash Outflows			1.034	-
Cash Inflows					
17	Secured Lending	43.603	197	43.603	197
18	Unsecured Lending	-	-	-	-
19	Other Cash Inflows	-	-	-	-
20	Total Cash Inflows	43.603	197	43.603	197
				Total Adjusted Value	
21	Total HQLA Stock			494	-
22	Total Net Cash Outflows			259	-
23	Liquidity Coverage Ratio (%)			191%	-

^(*) Simple arithmetic average of the last three months data calculated by using weekly simple arithmetic averages.

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

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

Liquidity Coverage Ratio (Continued):

		Total Unweighted Value (average) ⁽¹⁾		Total Weighted Value (average) ⁽¹⁾	
		TRY+FC	FC	TRY+FC	FC
Prior Period					
High Quality Liquid Assets					
1	High Quality Liquid Assets			162	-
Cash Outflows					
2	Retail and Small Business Customers, of which;	-	-	-	-
3	Stable Deposits	-	-	-	-
4	Less Stable Deposits	-	-	-	-
5	Unsecured wholesale funding , of which;	439	-	439	-
6	Operational Deposits	-	-	-	-
7	Non-operational Deposits	-	-	-	-
8	Other Unsecured Funding	439	-	439	-
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-	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations.	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	-	-	-	-
16	Total Cash Outflows			439	-
Cash Inflows					
17	Secured Lending	57.420	138	57.420	138
18	Unsecured Lending	-	-	-	-
19	Other Cash Inflows	-	-	-	-
20	Total Cash Inflows	57.420	138	57.420	138
				Total Adjusted Value	
21	Total HQLA Stock			162	-
22	Total Net Cash Outflows			110	-
23	Liquidity Coverage Ratio (%)			147%	-

^(*) Simple arithmetic average of the last three months data calculated by using weekly simple arithmetic averages.

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

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

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

The Bank's liquidity coverage ratio is above the limits which are 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 of the 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 30 June 2018, 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:

The Bank has no derivative transactions as of 30 June 2018.

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

As of 30 June 2018 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):

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	Over 5 Years	Unclassified	Total
30 June 2018								
Assets								
Cash (Cash in Vault, Effective Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Turkey	15	-	-	-	-	-	-	15
Banks	257	69.017	-	-	-	-	-	69.274
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	400	-	-	-	-	-	400
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans Given	-	-	-	-	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-	-	-	-	-
Other Assets (*)	-	110	169	10.964	-	-	4.880	16.123
Total Assets	272	69.527	169	10.964	-	-	4.880	85.812
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	1.695	-	1.671	5.261	-	77.185	85.812
Total Liabilities	-	1.695	-	1.671	5.261	-	77.185	85.812
Liquidity (Gap) / Surplus	272	67.832	169	9.293	(5.261)	-	(72.305)	-
Net off balance sheet position								
Derivative financial assets	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-	-
Non-cash loans	-	-	-	-	-	-	-	-
31 December 2017								
Total Assets	166	58.811	27	19.704	-	-	4.990	83.698
Total Liabilities	-	200	1.366	2.803	-	4.983	74.346	83.698
Liquidity (Gap) / Surplus	166	58.611	(1.339)	16.901	-	(4.983)	(69.356)	-
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.

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

VI. EXPLANATIONS ON LEVERAGE RATIO :

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

The Bank's leverage ratio is calculated in accordance with the principles of the "Regulation on Measurement and Evaluation of Banks' Leverage Level". As of 30 June 2018, the Bank's leverage ratios is 90,41% (31 December 2017: 88,92%). 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:

	30 June 2018(*)	31 December 2017(*)
On-Balance Sheet Items		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	87.457	81.962
Assets that are deducted from core capital	(1.234)	(1.418)
Total on balance sheet exposures	86.223	80.544
Derivative exposures and credit derivatives		
Replacement cost associated with derivative financial instruments and credit derivatives	-	-
The potential amount of credit risk with derivative financial instruments and credit derivatives	-	-
The total amount of risk on derivative financial instruments and credit derivatives	-	-
Investment securities or commodity collateral financing transactions		
The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	-	-
Risk amount of exchange brokerage operations	-	-
Total risks related with securities or commodity financing transactions	-	-
Off -Balance Sheet Items		
Gross notional amount of off-balance sheet items	-	-
Adjustments for conversion to credit equivalent amounts	-	-
The total risk of off-balance sheet items	-	-
Capital and Total Exposures		
Tier 1 Capital	77.962	71.617
Total Exposures	86.223	80.544
Leverage Ratio	90,41	88,92

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

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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.

Corporate banking provides financial solutions and banking services to corporate clients. The Bank provides TRY and foreign currency denominated loans, foreign trade financing, letters of credit, letters of guarantee and foreign currency buy and sell services to corporate clients.

Information on operating segments as of 30 June 2018 and 31 December 2017 is as follows:

Balance sheet and income statement items based on operating segments:

30 June 2018	Transaction Banking and OCC	Global Markets	Other	Total Operations of Bank
Operating Income	14.162	3.945	-	18.116
General Loan Provision (-)	-	-	(414)	(414)
Operating Costs (-)	(6.936)	(99)	-	(7.035)
Net Operating Profit	7.226	3.855	(414)	10.667
General Loan Provision (-)	-	-	-	-
Profit / (Loss) before tax	-	-	-	-
Tax expense (-)	-	-	(1.464)	(1.464)
Net Profit / (Loss)	7.226	3.855	(1.878)	9.203
Segment Assets	10.686	69.689	5.437	85.812
Unallocated Assets	-	-	-	-
Total Assets	10.686	69.689	5.437	85.812
Segment Liabilities	-	-	-	-
Unallocated Liabilities	-	77.185	8.627	85.812
Total Liabilities	-	77.185	8.627	85.812
31 December 2017 (*)	Transaction Banking and OCC	Global Markets	Other	Total Operations of Bank
Operating Income	6.356	3.073	-	9.429
General Loan Provision (-)	-	-	-	-
Operating Costs (-)	(5.875)	(81)	-	(5.956)
Net Operating Profit	481	2.992	-	3.473
General Loan Provision (-)	-	-	-	-
Profit / (Loss) before tax	-	-	-	-
Tax expense (-)	-	-	(994)	(994)
Net Profit / (Loss)	481	2.992	(994)	2.479
Segment Assets	19.702	58.878	5.118	83.698
Unallocated Assets	-	-	-	-
Total Assets	19.702	58.878	5.118	83.698
Segment Liabilities	-	74.346	9.352	83.698
Unallocated Liabilities	-	-	-	-
Total Liabilities	-	74.346	9.352	83.698

(*) The amounts of the balance sheet represent amounts of 30 June 2017.

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

VIII. 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 and effective as of 31 March 2016.

Explanation on leverage ratio

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period	31 December 2017	Current Period
1	Credit risk (excluding counterparty credit risk)	23.358	25.285	1.869
2	Standardized approach (SA)	23.358	25.285	1.869
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	-	-	-
5	Standardized approach for counterparty credit risk	-	-	-
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	-	-	-
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	-	-	-
16	Market risk	241	57	19
17	Standardized approach (SA)	241	57	19
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	51.544	44.943	4.124
20	Basic Indicator Approach	51.544	44.943	4.124
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the	-	-	-
	equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	75.143	70.285	6.012

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

VIII. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS:

b. Credit Risk Explanations

Credit Quality of Assets

	Carrying values under scope of regulatory consolidation		Provisions/Amortization and impairment	Net value (a+b-c)
	Defaulted exposures	Non-defaulted exposures		
1 Loans	4.982	-	4.982	-
2 Debt instruments	-	-	-	-
3 Off-balance sheet receivables	-	-	-	-
4 Total	4.982	-	4.982	-

Default receivables and change in debt instrument stock:

1	Prior report period default loans and debt instrument amount	4.982
2	Default credits and debt instruments since the last reporting period	-
3	Non re-defaulted receivables	-
4	Write-offs	-
5	Other changes	-
6	Defaulted loans and debt securities at end of reporting period (1+2-3-4±5)	4.982

Credit risk mitigation techniques – Overview:

	Unsecured receivables: Amount assessed pursuant to TAS	Claims secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Loans protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
1 Loans	-	-	-	-	-	-	-
2 Debt instruments	-	-	-	-	-	-	-
3 Total	-	-	-	-	-	-	-
4 Default	4.982	-	-	-	-	-	-

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

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VIII. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS(continued)

b. Credit Risk Explanations (continued)

Standard Approach - Credit risk exposure and credit risk mitigation techniques

		The credit conversion rate and the credit amount before the credit risk reduction		The credit conversion rate and the credit amount after the credit risk reduction		Risk weighted amount and risk weighted amount density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Risk weighted amount density
Risk classes							
1	Exposures to central governments or central banks	415	-	415	-	-	-
2	Exposures to regional governments or local authorities	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-
4	Exposures to multilateral development Banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	79.961	-	79.961	-	19.198	400
7	Exposures to corporates	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	-	-
10	Exposures secured by commercial Real Estate	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Exposures in the form of covered Bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	5.436	-	5.436	-	4.160	-
17	Investments in equities	-	-	-	-	-	-
18	Total	85.812	-	85.812	-	23.358	400

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VIII. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS(continued)

b. Credit Risk Explanations (continued)

Receivables based on risk classes and risk weighted

	Risk classes/ Risk Weight	0%	10%	20%	50%	75%	100%	150%	200%	Others	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to regional governments or local authorities	415	-	-	-	-	-	-	-	-	415
2	Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and financial intermediaries	-	-	69.275	10.686	-	-	-	-	-	79.961
7	Exposures to corporates	-	-	-	-	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	-	-	-	-	-	-
10	Exposures secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-	-	-	-	-
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	-	-	-	-
17	Other assets	1.276	-	-	-	-	4.160	-	-	-	5.436
18	Total	1.691	-	69.275	10.686	-	4.160	-	-	-	85.812

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VIII. EXPLANATIONS ON RISK MANAGEMENT AND RISK WEIGHTED AMOUNTS (continued)

c. Explanations on Counterparty credit risk (CCR)

The Bank has no counterparty credit risk transactions.

d. Explanations on Securitization

The Bank has no securitization transactions.

e. Market Risk Explanations

Standardised approach

		RWA
Outright products		-
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	241
4	Commodity risk	-
Options		-
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	241

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

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS:

1. Explanations Related to Financial Assets:

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

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

	30 June 2018		31 December 2017	
	TRY	FC	TRY	FC
Cash/Foreign Currency	-	-	-	-
CBRT	15	-	90	-
Other	-	-	-	-
Total	15	-	90	-

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

	30 June 2018		31 December 2017	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	15	-	90	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	15	-	90	-

1.2. Financial assets at fair value through profit or loss Given or Blocked as Collateral or Subject to Repurchase Agreements with net values and in comparative way:

None (31 December 2017: None).

1.3. Positive differences related to trading derivative financial assets:

None (31 December 2017: None).

1.4. Information on banks:

	30 June 2018		31 December 2017	
	TRY	FC	TRY	FC
Banks				
Domestic	51.104	13	58.731	11
Foreign	17.929	228	-	46
Headquarters and Branches Abroad	-	-	-	-
Total	69.033	241	58.731	57

1.5. Information on Financial Assets at Fair Value Through Other Comprehensive Income Given or Blocked as Collateral or Subject to Repurchase Agreements with net values and in comparative way:

None (31 December 2017: None).

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

1.6. Information on Financial Assets at Fair Value Through Other Comprehensive Income:

None (31 December 2017: None).

1.7. Information on Financial Assets Measured at Amortized Cost:

None (31 December 2017: None).

1.8. Explanations on lease receivables:

None (31 December 2017: None).

1.9. Explanations on hedging derivative instruments:

None (31 December 2017: None).

1.10. Explanations on investment properties:

None (31 December 2017: None).

1.11. Explanations on assets held for sale:

As of 30 June 2018, there are no assets held for sale and discontinued operations (31 December 2017: None).

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

2. Explanations on loans:

2.1. Information's related to loans

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

None (31 December 2017: None).

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

None (31 December 2017: None).

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

As of 30 June 2018, the Bank has no consumer loans, personal credit cards, individual credit cards and personal loans (31 December 2017: None). Information on commercial installment loans and corporate credit cards:

iv. Loans according to type of borrowers:

None (31 December 2017: None).

v. Domestic and foreign loans:

None (31 December 2017: None).

vi. Loans granted to investments in associates and subsidiaries:

As of 30 June 2018, the Bank has no loans granted to investments in associates and subsidiaries (31 December 2017: None).

vii. Specific provisions provided against loans:

	30 June 2018	31 December 2017
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

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

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

2. Explanations on loans(Continued):

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

(i) Information on Non-Performing Loans and Loans which are Restructured or Rescheduled

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period	-	-	4.982
Gross amounts before the provisions	-	-	4.982
Rescheduled loans	-	-	-
Prior Period	-	-	4.982
Gross amounts before the provisions	-	-	4.982
Rescheduled loans	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other Receivables with doubtful collectability	Uncollectible loans and other receivables
31 December 2017			
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	-	-	-

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

None.

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

2. Explanations on loans (Continued):

viii. Information on non-performing loans (Net) (Continued):

(iv). 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
30 June 2018 (Net)			
Loans Given to Real Persons and Legal Persons	-	-	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 2017 (Net)	-	-	-
Loans Given to Real Persons and Legal Persons	-	-	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)	-	-	-

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

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

3. Explanations on investments in associates (Net):

The Bank does not have any associates as of 30 June 2018 (31 December 2017: None).

3.1. Explanations on associates (Net):

The Bank does not have any associates as of 30 June 2018 (31 December 2017: None).

3.2. Explanations on subsidiaries:

The Bank does not have subsidiaries as of 30 June 2018 (31 December 2017: None).

3.3. Explanations on joint ventures:

The Bank does not have any joint ventures as of 30 June 2018 (31 December 2017: None).

4. Explanations on other assets:

Other assets which are amounting to TRY 11.268 (31 December 2017: TRY 19.853) are comprised of intra-group receivables amounting to TRY 10.686 (31 December 2017: TRY 19.655) based on advisory services provided to the Bank.

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

1. Explanations on maturity structure of deposits:

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

2. Explanations on trading derivative financial liabilities:

As of 30 June 2018, the Bank has no trading derivative financial liabilities (31 December 2017: None)

3. Explanations on borrowings:

1. Information on banks and other financial institutions: None (31 December 2017: None).

2. As of 30 June 2018, maturity of borrowing amount: None (31 December 2017: None).

4. Explanations on finance leasing agreements:

As of 30 June 2018, the Bank has no finance lease payable (31 December 2017: None).

5. Explanations on hedging derivative instruments:

As of 30 June 2018, the Bank has no hedging derivative instruments (31 December 2017: None).

6. Explanations on provisions:

i. Information on general provisions:

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

Due to the non-application of TFRS 9, the general provision is provided in accordance with the 10th article of the Regulation. With the new application, the general provision rate for standard cash loans with a nominal value of 1% in the previous period started to applied as 1,5% and the general provision rate for close monitored cash loans with the rate of 2% have started to be applied as 3%.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

6. Explanations on provisions:

i. Information on general provisions (Continued):

	30 June 2018	31 December 2017
General Provisions		
Provisions for Group I loans and receivables	-	-
-Additional provisions for the loans with extended payment	-	-
Provisions for Group II loans and receivables	-	-
-Additional provisions for the loans with extended payment	-	-
Provisions for non-cash loans	-	-
Other	1.200	785
Total	1.200	785

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

As of 30 June 2018, there is no provision for foreign currency difference of foreign indexed loans (31 December 2017: None).

7. Explanations on tax liability:

1.Explanations on current tax liability:

i. Information on current tax liability:

As of 30 June 2018, the Bank has TRY 570 corporate tax payable (31 December 2017: TRY 1.143).

ii. Information on taxes payable:

	30 June 2018	31 December 2017
Corporate Tax Payable	570	1.143
Taxes on Returns of Marketable Securities	-	-
Payroll Tax	175	70
Banking Insurance Transaction Tax (BITT)	65	4
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	7	16
Other	956	3
Total	1.773	1.236

iii. Information on premiums:

	30 June 2018	31 December 2017
Social Security Premiums - Employee	46	44
Social Security Premiums - Employer	59	54
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	3
Unemployment Insurance – Employer	6	6
Other	-	-
Total	114	107

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

7. Explanations on tax liability (Continued):

2.Explanations on deferred tax liability:

As of 30 June 2018 and 31 December 2017, the Bank does not have net deferred tax liability.

8. Explanations on assets held for sale and discontinued operations:

As of 30 June 2018 Bank has no assets held for sale and discontinued operations. (31 December 2017: None)

9. Explanations on the subordinated loans:

As of 30 June 2018 the Bank does not have subordinated loans (31 December 2017: None).

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

Other liabilities do not exceed 10% of the balance sheet total.

11. Explanations on Equity

1. Presentation of paid-in capital:

	30 June 2018	31 December 2017
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:

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:

None (31 December 2017: None).

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

None (31 December 2017: 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. Information on privileges on the corporate stock

There are no privileges on the corporate stock.

8. Information on marketable securities value increase fund

None.

9. Information on minority shares

None.

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

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

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

1. Type and amount of irrevocable credit commitments:

None (31 December 2017: None).

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

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

The Bank has no non-cash loans including guarantees and acceptance loans, collaterals that are accepted as financial commitments and other letters of credit as of 30 June 2018 (31 December 2017: None.).

- ii) Guarantees, contingencies and other similar commitments: None (31 December 2017: None).

- iii) Total amount of non-cash loans: None (31 December 2017: None).

3. Non-cash loans:

The bank has no non-cash loans as of 30 June 2018 (31 December 2017: None).

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

1. Information on interest income:

1. Information on interest income on loans:

None. (30 June 2017: None).

2. Information on Interest Income from Subsidiaries and Associates

None (30 June 2017: None).

3. Information on interest income on banks:

	30 June 2018		30 June 2017	
	TRY	FC	TRY	FC
From the CBRT	-	-	-	-
From Domestic Banks	3.423	-	3.064	-
From Foreign Banks	520	1	2	-
Headquarters and Branches Abroad	-	-	-	-
Total	3.943	1	3.066	-

4. Information on interest income on marketable securities:

None (30 June 2017: None).

2. Information on interest expense:

1. Information on interest expense on deposits:

None (30 June 2017: None).

2. Informations on interest on funds borrowed:

None (30 June 2017: None).

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

None (30 June 2017: None).

4. Information on interest expenses to debt securities issued:

None (30 June 2017: None).

3. Explanations on dividend income:

It is not regulated according to article 25 of the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced".

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

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

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

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

	30 June 2018	30 June 2017
Profit	83.861	50.408
Profit on capital market operations	-	-
Profit on derivative financial instruments	-	-
Foreign exchange gains	83.861	50.408
Loss	83.828	50.382
Loss on capital market operations	-	-
Loss on derivative financial instruments	-	-
Foreign exchange gains	83.828	50.382
Net trading income/loss	33	26

5. Explanations on other operating income:

For the six months period ended in 30 June 2018, other operating income consisted of incomes from intra-group advisory services provided to the Group amounting to TRY 10.674 (30 June 2017: TRY 8.307) and provisions no longer required and other income.

6. Loan reserve requirements:

	30 June 2018	30 June 2017
Special Provisions	-	-
Loans with limited collectability	-	-
Loans with doubtful collectability	-	-
Uncollectible loans	-	-
General Provisions	415	-
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit and Loss	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-
Impairment Losses from Associates, Subsidiaries, Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control (Business Partners)	-	-
Other	-	-
Total	415	-

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

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2018

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information related to other operational expenses:

	30 June 2018	30 June 2017
Personnel expenses	3.727	3.812
Provision for employment termination benefits	126	128
Bank social aid pension fund deficit provision	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	108	99
Impairment expenses of intangible assets	-	-
Impairment expenses of goodwill	-	-
Amortisation expenses of intangible assets	1	1
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	2.728	2.503
Operational lease expenses	-	-
Maintenance and repair expenses	296	273
Advertising expenses	5	8
Computer usage expenses	1.554	1.413
Other expenses	873	809
Loss on sale of assets	-	-
Other	4.071	3.225
Total	10.761	9.768

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

For the six month period ended in 30 June 2018; the Bank's profit from continuing operations before tax is TRY 10.667 (30 June 2017: 3.473 TRY).

9. Explanation on tax provision from continuing and discontinued operations

As of 30 June 2018, the Bank has tax provision amounting of TRY 1.464 (30 June 2017: TRY 994) consisted of current tax expense amounting of TRY 1.268 (30 June 2017: 806) calculated from continuing operations and deferred tax expense amounting of TRY 196 (30 June 2017: 188).

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

The Bank's net profit from continuing operations is TRY 9.203 (30 June 2017: TRY 2.479).

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

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2018

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT:

11. 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.

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

As of 30 June 2018 the total amount of other operational income in income statement TRY 17.864 (30 June 2017: TRY 10.150). This amount includes TRY 10.674 (30 June 2017: TRY 8.307) advisory revenue.

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

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2018

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. 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:

30 June 2018:

	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash(*)	Non-Cash	Cash	Non-Cash
Banks' Risk Group (*)						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	19.674	-	27	-
Balance at the End of the Period	-	-	28.636	-	207	-
Interest and Commission Income Received	-	-	521	-	-	-

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

31 December 2017:

	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
Banks' Risk Group (*)						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	18.168	-	109	-
Balance at the End of the Period	-	-	19.674	-	27	-
Interest and Commission Income Received	-	-	2	-	-	-

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

(**) The amount is the balance as of 30 June 2017.

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

None.

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

None.

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

VII. EXPLANATIONS ON OTHER OPERATIONS OF THE BANK:

With the authorization of the ordinary general assembly meeting of the Bank dated 30 May 2018, the legal reserves amounting to TRY 7.133 for the period 1 January 2017 to 31 December 2017 and the remaining net distributable profit of TRY 5.391 after deducting the tax amounting to TRY 952, on 22 June 2018 with the permission of BRSA's 32521522-101.02-E.8133 dated 20 June 2018.

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

STANDARD CHARTERED YATIRIM BANKASI TURK A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2018

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

SECTION SIX

EXPLANATIONS ON INDEPENDENT AUDITOR'S REVIEW REPORT

I. Explanations on independent auditors' review report:

The unconsolidated financial statements as of 30 June 2018 were audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Independent Auditors' Review Report dated 15 August 2018 is presented in the introduction of this report.

II. Explanations and notes prepared by independent auditors:

None.

SECTION SEVEN

EXPLANATIONS ON THE INTERIM ACTIVITY REPORT

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

a. Assessment of Chairman and General Manager

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

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

As of 30 June 2018, Bank's total assets amounted to TRY 85.812. The most important item in the assets is the bank capital which is the placed in the domestic bank with the share of 81%.

The Bank has shareholders equity amounted of TRY 77.185.

As of 30 June 2018, the Bank's profit after tax is TRY 9.203.

As of 30 June 2018, The Bank's capital adequacy ratio is 101,40% and this ratio is quite above of the minimum amount identified by regulations.

Best Regards

Tracy Jayne CLARKE
Chairman

Kaşif ATUN
General Manager

a. Financial Summary Information's about Financial Results

	30 June 2018 (‘000 TRY)	31 December 2017 (‘000 TRY)
Total Assets	85.812	83.698
Shareholders' Equity	77.185	74.346
Shareholders Equity / Total Assets (%)	89,95	88,83
Capital Adequacy Ratio (%)	101,40	104,14