

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

**STANDARD CHARTERED YATIRIM BANKASI
TÜRK A.Ş.**

Unconsolidated Interim Financial Report
As at and for the Nine Months Period Ended
30 September 2014
With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
14 November 2014

*This report contains "Independent Auditors' Review
Report" comprising 1 page and; "Unconsolidated
Financial Statements and Related Disclosures and
Footnotes" comprising 53 pages.*

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

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

We have reviewed the unconsolidated balance sheet of Standard Chartered Yatırım Bankası Türk A.Ş. ('the bank') as at 30 September 2014 and the unconsolidated statements of income, changes in equity and cash flows for the nine-months period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors, is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the regulations with the "Accounting and Recording Rules" and "Independent Auditing Standards" of (Turkish) Banking Law No 5411. These regulations require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not present fairly, in all material respects, the financial position of Standard Chartered Bank Yatırım Bankası Türk A.Ş. as at 30 September 2014, and the results of its operations and its cash flows for the nine-months period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 of the (Turkish) Banking Law No 5411; and other communiqués, disclosures and explanations circulars issued by the Banking Regulation and Supervision Board and explanations by Banking Regulation and Supervision Agency on accounting and financial reporting principles.

İstanbul
14 November 2014

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

Alper Güvenç
Partner, SMMM

Additional paragraph for convenience translation to English:

As explained in Section 3.1, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

STANDARD CHARTERED YATIRIM BANKASI TRK A.Ő.
UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS AT AND FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2014

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The unconsolidated interim financial report as at and for the nine-months period ended 30 September 2014, 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 INTERIM 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 INTERIM FINANCIAL STATEMENTS
- **Section Six** - INDEPENDENT AUDITORS' REVIEW REPORT

The unconsolidated interim financial statements and related disclosures and footnotes that were subject to limited review, 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 interim financial report is presented in thousands of Turkish Lira (TL), and has been subjected to limited review.

**William Richard
HOLMES
Chairman of Board of
Directors**

**Scott W. Barton
Deputy Chairman
and Financial
Reporting**

**Richard Antony
Fentem JAGGARD
Deputy Chairman and
Audit Committee Member**

**Dilek YARDIM
General Manager**

**Oya AYDINLIK
Deputy Chairman**

**zlem BALTACI
Accounting Manager**

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Standard Chartered Bank Yatırım Bankası Türk A.Ş.
Unconsolidated Interim Financial Report as at and
As at and for the Nine-Months Period Ended 30 September 2014
(Currency: Thousands of Turkish Lira (“TL”))

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

Standard Chartered Yatırım Bankası Türk A.Ş. (later chapters "Standard Chartered Bank" or "Bank"), the State Planning Organization Directorate of Foreign Investment Law No. 7075 dated 11 August 1989, the State Department dated 18 August 1989 57 797 of the Banking Law No. 3182 on the display in accordance with Articles 4 and 8 of Council of Ministers No. 14 502 reference to the notice dated 1 September 1989, in accordance with the Law on Encouragement of Foreign Capital numbered 6224, was founded on 9 January 1990. The Bank operates under the license of the commercial banking on 18 March 2004 Credit Lyonnais Istanbul, Turkey, Central Branch ("Credit Lyonnais" or "Department") for the deposits, except for all the assets and liabilities, including the paid-up capital and reserve set, debt, debt and took over the rights.

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

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

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

The Banking Regulation and Supervision Agency, dated 8 November 2012 B.02.1BDK.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 shareholder is Standard Chartered Bank Limited.

Standard Chartered Bank Yatırım Bankası Türk A.Ş.
Unconsolidated Interim Financial Report as at and
As at and for the Nine-Months Period Ended 30 September 2014
(Currency: Thousands of Turkish Lira (“TL”))

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	W. Richard Holmes	President	Graduate
Vice Chairmen:	Scott W. Barton (*)	Vice President and Member of the Board Responsible for Financial Reporting	Graduate
Member of Board:	Dilek Yardım	Member and General Manager	Graduate
	Richard A. F. Jaggard	Member	Graduate
	Oya Aydınlık	Member	Under Graduate
Audit Committee:	Oya Aydınlık	Member	Under Graduate
	Richard A. F. Jaggard	Member	Under Graduate
General Manager:	Dilek Yardım	General Manager	Graduate
Deputy General Manager	Kaşif Atun	Origination and Client Coverage, Vice General Manager	Graduate

(*) Mr. Lee Patrick Bailey resigned from Vice General Manager of Financial Reporting on 30.09.2014. Mr Scott W. Barton is assigned as the Vice President and Member of the Board responsible for Financial Reporting on 17.10.2014.

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

IV. Information on shareholders having control shares:

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

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

The Bank does not accept client deposits based on its investment bank status. The Bank’s core business activities are to provide Transaction Banking trade financing support and Origination and Client Coverage lending and Treasury services to its clients. As of 30 September 2014, the number of employees in the Bank is 32 (31 December 2013: 32).

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

I. BALANCE SHEET (STATEMENTS OF FINANCIAL POSITION)	Note (Section Five)	Reviewed Current period 30 September 2014			Audited Prior period 31 December 2013		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. CASH AND BALANCES WITH CENTRAL BANK	I-a	150	800	950	148	20	168
II. FINANCIAL ASSETS AT FV THROUGH PROFIT or (LOSS) (Net)	I-b						
2.1 Trading Financial Assets		-	-	-	-	-	-
2.1.1 Government Debt Securities		-	-	-	-	-	-
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Trading Derivative Financial Assets		-	-	-	-	-	-
2.1.4 Other Marketable Securities		-	-	-	-	-	-
2.2 Financial Assets Designated at Fair Value through Profit or (Loss)		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Other Marketable Securities		-	-	-	-	-	-
2.3 Trading Derivative Financial Assets		-	-	-	-	-	-
III. BANKS	I-c	55.097	1.665	56.762	51.199	166	51.365
IV. MONEY MARKETS		1.700		1.700	2.112		2.112
4.1 Interbank Money Market Placements		1.700		1.700	2.000		2.000
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	112	-	112
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d						
5.1 Share Certificates		-	-	-	-	-	-
5.2 Government Debt Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	I-e				3		3
6.1 Loans		-	-	-	3	-	3
6.1.1 Loans to Bank's risk group		-	-	-	-	-	-
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other		-	-	-	3	-	3
6.2 Loans under Follow-up		4.982	-	4.982	4.982	-	4.982
6.3 Specific Provisions (-)		(4.982)	-	(4.982)	(4.982)	-	(4.982)
VII. FACTORING RECEIVABLES							
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-f						
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-g						
9.1 Consolidated Based on Equity Method		-	-	-	-	-	-
9.2 Unconsolidated		-	-	-	-	-	-
9.2.1 Financial Investments in Associates		-	-	-	-	-	-
9.2.2 Non-financial Investments in Associates		-	-	-	-	-	-
X. SUBSIDIARIES (Net)	I-h						
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	I-i						
11.1 Consolidated Based on Equity Method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-financial Joint Ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-j						
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING DERIVATIVE FINANCIAL ASSETS	I-k						
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	I-l	3.799		3.799	3.980		3.980
XV. INTANGIBLE ASSETS (Net)	I-n	24		24	27		27
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		24	-	24	27	-	27
XVI. INVESTMENT PROPERTY (Net)	I-m						
XVII. TAX ASSET		1.387		1.387	1.525		1.525
17.1 Current Tax Asset		-	-	-	-	-	-
17.2 Deferred Tax Asset		1.387	-	1.387	1.525	-	1.525
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-p						
18.1 Held for Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-r	13.242	6	13.248	14.104	6	14.110
TOTAL ASSETS		75.399	2.471	77.870	73.098	192	73.290

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

I. BALANCE SHEET (STATEMENTS OF FINANCIAL POSITION)	Note (Section Five)	Reviewed Current period 30 September 2014			Audited Prior period 31 December 2013		
		TL	FC	Total	TP	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	-	-	-	-	-	-
1.1. Deposits of Bank's Risk Group		-	-	-	-	-	-
1.2. Other		-	-	-	-	-	-
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	-	-	-	-	-	-
III. BORROWINGS	II-c	-	2.277	2.277	-	-	-
IV. MONEY MARKETS		-	-	-	-	-	-
4.1. Funds from Interbank Money Market		-	-	-	-	-	-
4.2. Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3. Funds Provided From Repurchase Agreements		-	-	-	-	-	-
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1. Bills		-	-	-	-	-	-
5.2. Asset Backed Securities		-	-	-	-	-	-
5.3. Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1. Borrower Funds		-	-	-	-	-	-
6.2. Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		9	1	10	80	1	81
VIII. OTHER LIABILITIES	II-d	764	-	764	599	-	599
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	II-e	-	-	-	-	-	-
10.1. Financial Lease Payables		-	-	-	-	-	-
10.2. Operational Lease Payables		-	-	-	-	-	-
10.3. Other		-	-	-	-	-	-
10.4. Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-f	-	-	-	-	-	-
11.1. Fair Value Hedge		-	-	-	-	-	-
11.2. Cash Flow Hedge		-	-	-	-	-	-
11.3. Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	II-g	6.238	-	6.238	7.044	-	7.044
12.1. General Loan Loss Provision		697	-	697	653	-	653
12.2. Restructuring Provisions		-	-	-	-	-	-
12.3. Reserve for Employee Benefits		5.541	-	5.541	6.391	-	6.391
12.4. Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5. Other Provisions		-	-	-	-	-	-
XIII. TAX LIABILITY	II-h	965	-	965	835	-	835
13.1. Current Tax Liability		965	-	965	835	-	835
13.2. Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	II-i	-	-	-	-	-	-
14.1. Held for Sale		-	-	-	-	-	-
14.2. Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	II-j	-	-	-	-	-	-
XVI. EQUITY	II-k	67.616	-	67.616	64.731	-	64.731
16.1. Paid-in Capital		40.126	-	40.126	40.126	-	40.126
16.2. Capital Reserves		6.643	-	6.643	6.643	-	6.643
16.2.1. Share Premium		-	-	-	-	-	-
16.2.2. Share Cancellation Profits		-	-	-	-	-	-
16.2.3. Marketable Securities Valuation Differences		-	-	-	-	-	-
16.2.4. Tangible Assets Revaluation Differences		730	-	730	730	-	730
16.2.5. Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6. Revaluation Differences of Investment Property		-	-	-	-	-	-
16.2.7. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8. Hedging Reserves (Effective Portion)		-	-	-	-	-	-
16.2.9. Value Differences of Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10. Other Capital Reserves		5.913	-	5.913	5.913	-	5.913
16.3. Profit Reserves		41.700	-	41.700	39.241	-	39.241
16.3.1. Legal Reserves		2.192	-	2.192	2.069	-	2.069
16.3.2. Status Reserves		-	-	-	-	-	-
16.3.3. Extraordinary Reserves		39.470	-	39.470	37.140	-	37.140
16.3.4. Other Profit Reserves		38	-	38	32	-	32
16.4. Income or (Loss)		(20.853)	-	(20.853)	(21.279)	-	(21.279)
16.4.1. Prior Years' Income or (Loss)		(23.732)	-	(23.732)	(23.732)	-	(23.732)
16.4.2. Current Year Income or (Loss)		2.879	-	2.879	2.453	-	2.453
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		75.592	2.278	77.870	73.289	1	73.290

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

Standard Chartered Bank Yatırım Bankası Türk A.Ş.
Unconsolidated Statement of Off Balance Sheet Commitments
As at 30 September 2014
(Thousands of Turkish Lira (TL))

*Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note 1*

II. OFF-BALANCE SHEET COMMITMENTS	Note (Section Five)	Reviewed Current period 30 September 2014			Audited Prior period 31 December 2013		
		TL	FC	Total	TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)							
I. GUARANTEES AND WARRANTIES	III-a-2.2						
1.1. Letters of Guarantee		1	-	1	1	-	1
1.1.1. Guarantees Subject to State Tender Law		1	-	1	1	-	1
1.1.2. Guarantees Given for Foreign Trade Operations		1	-	1	1	-	1
1.1.3. Other Letters of Guarantee		-	-	-	-	-	-
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	-	-	-	-	-
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-a-1						
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	III-b						
3.1. Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Transactions		-	-	-	-	-	-
3.2.1. Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2. Foreign Currency and Interest Rates Swap Transactions		-	-	-	-	-	-
3.2.2.1. Foreign Currency Swap-Buy		-	-	-	-	-	-
3.2.2.2. Foreign Currency Swap-Sell		-	-	-	-	-	-
3.2.2.3. Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3. Foreign Currency, Interest Rate and Securities Options		-	-	-	-	-	-
3.2.3.1. Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2. Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES (IV+V+VI)							
IV. ITEMS HELD IN CUSTODY							
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Checks Received for Collection		-	-	-	-	-	-
4.4. Commercial Notes Received for Collection		-	-	-	-	-	-
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES							
5.1. Marketable Securities		-	-	-	-	-	-
5.2. Guarantee Notes		-	-	-	-	-	-
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		-	-	-	-	-	-
5.6. Other Pledged Items		-	-	-	-	-	-
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED AVALISED DRAFTS AND WARRANTIES							
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1	-	1	1	-	1

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

Standard Chartered Bank Yatırım Bankası Türk A.Ş.
Unconsolidated Statement of Income
For the Nine-Months Period Ended 30 September 2014
(Thousands of Turkish Lira (TL))

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

III. INCOME STATEMENT	Note (Section five)	Reviewed Current period 1 January- 30 September 2014	Reviewed Prior period 1 January- 30 September 2013	Reviewed Current period 1 July- 30 September 2014	Reviewed Prior period 1 July- 30 September 2013
I. INTEREST INCOME	IV-a	3.533	2.255	1.155	903
1.1 Interest on Loans	IV-a-1	-	1	-	-
1.2 Interest Received from Reserve Requirements		-	-	-	-
1.3 Interest Received from Banks	IV-a-2	3.424	2.201	1.110	883
1.4 Interest Received from Money Market Transactions		109	53	45	20
1.5 Interest Received from Marketable Securities Portfolio	IV-a-3	-	-	-	-
1.5.1 Trading Financial Assets		-	-	-	-
1.5.2 Financial Assets at Fair Value through Profit or Loss		-	-	-	-
1.5.3 Available-for-sale Financial Assets		-	-	-	-
1.5.4 Held-to-Maturity Investments		-	-	-	-
1.6 Financial Lease Income		-	-	-	-
1.7 Other Interest Income		-	-	-	-
II. INTEREST EXPENSE	IV-b	2		2	
2.1 Interest on Deposits	IV-b-4	-	-	-	-
2.2 Interest on Funds Borrowed	IV-b-1	2	-	2	-
2.3 Interest Expense on Money Market Transactions		-	-	-	-
2.4 Interest on Securities Issued	IV-b-3	-	-	-	-
2.5 Other Interest Expenses		-	-	-	-
III. NET INTEREST INCOME (I + II)		3.531	2.255	1.153	903
IV. NET FEES AND COMMISSIONS INCOME		(17)	(7)	(7)	(4)
4.1 Fees and Commissions Received		-	5	-	-
4.1.1 Non-cash Loans		-	4	-	-
4.1.2 Other		-	1	-	-
4.2 Fees and Commissions Paid		17	12	7	4
4.2.1 Non-cash Loans		1	-	-	-
4.2.2 Other		16	12	7	4
V. DIVIDEND INCOME	IV-c				
VI. TRADING INCOME/(LOSS) (Net)	IV-d	(27)	13	8	7
6.1 Trading Gains/(Losses) on Securities		-	-	-	-
6.2 Trading Gains/(Losses) on Derivative Financial Instruments		-	-	-	-
6.3 Foreign Exchange Gains/(Losses)		(27)	13	8	7
VII. OTHER OPERATING INCOME	IV-e	13.925	382	5.537	23
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		17.412	2.643	6.691	929
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES(-)	IV-f	44		44	
X. OTHER OPERATING EXPENSES (-)	IV-g	13.201	11.046	4.078	3.866
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		4.167	(8.403)	2.569	(2.937)
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER					
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES ACCOUNTED BASED ON EQUITY METHOD					
XIV. INCOME/(LOSS) ON NET MONETARY POSITION					
XV. INCOME/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)	IV-h	4.167	(8.403)	2.569	(2.937)
XVI. PROVISION FOR TAXES ON CONTINUING OPERATIONS (-)	IV-i	(1.288)	1.782	(636)	593
16.1 Current Tax Provision		(1.147)	-	(769)	-
16.2 Deferred Tax (Expense)/Income		(141)	1.782	133	593
NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV-XVI)		2.879	(6.621)	1.933	(2.344)
XVIII. INCOME FROM DISCONTINUED OPERATIONS					
18.1 Income from Non-Current Assets Held for Resale		-	-	-	-
18.2 Sale Income from Associates, Subsidiaries and Joint Ventures		-	-	-	-
18.3 Other Income from Discontinued Operations		-	-	-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)					
19.1 Expense from Non-Current Assets Held for Resale		-	-	-	-
19.2 Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.3 Other Expenses from Discontinued Operations		-	-	-	-
XX. INCOME/(LOSS) FROM DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)					
XXI. PROVISION FOR TAXES ON DISCONTINUED OPERATIONS (-)					
21.1 Current Tax Provision		-	-	-	-
21.2 Deferred Tax Provision		-	-	-	-
NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX-XXI)					
XVIII. NET INCOME/(LOSS) (XVII+XXII)	IV-j	2.879	(6.621)	1.933	(2.344)
Earnings / (Loss) per share (TL, full)		0.07175	(0.16501)	0.04817	(0.05842)

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

IV. STATEMENT OF GAINS AND LOSSES RECOGNIZED IN EQUITY	Reviewed Current period	Reviewed Prior period
	1 January- 30 September 2014	1 January- 30 September 2013
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	-	-
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	-	-
III. REVALUATION DIFFERENCES OF INTANGIBLE ASSETS	-	-
IV. FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. INCOME/(LOSS) ON CASH FLOW HEDGE (Effective Portion of Fair Value Changes)	-	-
VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of Fair Value Changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ELIMINATION OF ERRORS	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	3	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	3	-
X. NET INCOME/(LOSS) ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	6	-
XI. CURRENT PERIOD INCOME/(LOSS)	2.879	(6.621)
11.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	-	-
11.2 Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.3 Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
11.4 Other	2.879	(6.621)
XII. TOTAL RECOGNIZED INCOME/(LOSS) FOR THE PERIOD (X+XI)	2.885	(6.621)

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

Standard Chartered Bank Yatırım Bankası Türk A.Ş.
Unconsolidated Statement of Changes in Equity
For the Nine-Months Period Ended 30 September 2014
(Thousands of Turkish Lira (TL))

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

	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Years' Income/ (Loss)	Marketable Securities Valuation Differences	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Diff. of Assets Held for Sale and Discontinued Operations	Total Equity
1 January -30 September 2014																	
I. Prior Period End Balance		40.126	5.913	-	-	2.069	-	37.140	32	2.453	(23.732)	-	730	-	-	-	64.731
Changes in the Period																	
II. Increase/Decrease due to Merger																	
III. Marketable Securities Valuation Differences																	
IV. Hedging Reserves (Effective Portion)																	
4.1 Cash Flow Hedge																	
4.2 Foreign Investment for Purpose of Hedge																	
V. Revaluation Differences of Tangible Assets																	
VI. Revaluation Differences of Intangible Assets																	
VII. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures																	
VIII. Foreign Exchange Difference																	
IX. Changes due to Disposal of Assets																	
X. Changes due to Reclassification of the Assets																	
XI. Effect of Changes in Investment in Associates																	
XII. Capital Increase																	
12.1 Cash																	
12.2 Internal Resources																	
XIII. Share Premium																	
XIV. Share Cancellation Profits																	
XV. Adjustment to Share Capital																	
XVI. Other									6								6
XVII. Current Year Profit or Loss										2.879							2.879
XVIII. Profit Distribution						123		2.330		(2.453)							
18.1 Dividend Paid																	
18.2 Transfers to Reserves						123		2.330		(2.453)							
18.3 Other																	
Period End Balance (I+II+III++XVI+ XVII+ XVIII)		40.126	5.913	-	-	2.192	-	39.470	38	2.879	(23.732)	-	730	-	-	-	67.616

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

Standard Chartered Bank Yatırım Bankası Türk A.Ş.
Unconsolidated Statement of Changes in Equity
For the Nine-Months Period Ended 30 September 2014
(Thousands of Turkish Lira (TL))

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

	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Years Income (Loss)	Marketable Securities Valuation Differences	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Diff. of Assets Held for Sale and Discontinued Operations	Total Equity
I. Prior Period End Balance		40.126	5.913			2.069		37.140		(4.474)	(19.258)		730				62.246
Changes in the Period																	
II. Increase/Decrease due to Merger																	
III. Marketable Securities Valuation Differences																	
IV. Hedging Reserves (Effective Portion)																	
4.1 Cash Flow Hedge																	
4.2 Foreign Investment for Purpose of Hedge																	
V. Revaluation Differences of Tangible Assets																	
VI. Revaluation Differences of Intangible Assets																	
VII. Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures																	
VIII. Foreign Exchange Difference																	
IX. Changes due to Disposal of Assets																	
X. Changes due to Reclassification of the Assets																	
XI. Effect of Changes in Investment in Associates																	
XII. Capital Increase																	
12.1 Cash																	
12.2 Internal Resources																	
XIII. Share Premium																	
XIV. Share Cancellation Profits																	
XV. Adjustment to Share Capital																	
XVI. Other																	
XVII. Current Year Income or Loss										(6.621)							(6.621)
XVIII. Profit Distribution										4.474	(4.474)						
18.1 Dividend Paid										4.474	(4.474)						
18.2 Transfers to Reserves																	
18.3 Other																	
Period End Balance (I+II+III++XVI+ XVII+ XVIII)		40.126	5.913			2.069		37.140		(6.621)	(23.732)		730				55.625

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

Standard Chartered Bank Yatırım Bankası Türk A.Ş.
Statement of Cash Flows
For the Nine-Months Period Ended 30 September 2014
(Thousands of Turkish Lira (TL))

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

VI. STATEMENT OF CASH FLOWS	Note (Section Five)	Reviewed Current period 1 January- 30 September 2014	Reviewed Prior period 1 January- 30 September 2013
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		1.114	(7.601)
1.1.1 Interest received		3.585	2.255
1.1.2 Interest paid		(2)	-
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		-	5
1.1.5 Other income		13.888	382
1.1.6 Collections from previously written-off loans and other receivables		-	-
1.1.7 Payments to personnel and service suppliers		(11.214)	(4.298)
1.1.8 Taxes paid		(1.952)	(96)
1.1.9 Other	VI-c	(3.191)	(5.849)
1.2 Changes in operating assets and liabilities		3.924	111
1.2.1 Net (increase)/decrease in trading securities		-	-
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets		-	-
1.2.3 Net decrease in due from banks		-	-
1.2.4 Net (increase)/decrease in loans		3	23
1.2.5 Net (increase)/decrease in other assets		68	(1.244)
1.2.6 Net increase/(decrease) in bank deposits		-	-
1.2.7 Net increase/(decrease) in other deposits		-	-
1.2.8 Net increase/(decrease) in borrowings		2.277	-
1.2.9 Net increase/(decrease) in payables		-	-
1.2.10 Net increase in other liabilities	VI-c	1.576	1.332
I. Net cash provided from banking operations		5.038	(7.490)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(22)	(205)
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3 Acquisitions of property and equipment		(22)	(204)
2.4 Proceeds from sale of property and equipment		-	-
2.5 Cash paid for purchase of investments available-for-sale		-	-
2.6 Cash obtained from sale of investments available-for-sale		-	-
2.7 Cash paid for purchase of investment securities		-	-
2.8 Proceeds from sale / redemption of investment securities		-	-
2.9 Other		-	(1)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from / (used for) financing activities		-	-
3.1 Cash obtained from borrowings and securities issued		-	-
3.2 Cash used for repayment of borrowings and securities issued		-	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for financial leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		3	-
V. Net decrease in cash and cash equivalents (I+II+III+IV)		5.019	(7.695)
VI. Cash and cash equivalents at the beginning of the period	VI-a	53.533	62.418
VII. Cash and cash equivalents at the end of the period	VI-a	58.552	54.723

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

**SECTION THREE
ACCOUNTING POLICIES**

I. Explanation on basis of presentation:

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

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

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

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

The accounting policies and valuation methods adopted in the presentation of these financial statements are in accordance with the TAS and TFRS.

Additional paragraph for convenience translation to English

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

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

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

ACCOUNTING POLICIES (Continued)

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

The Bank provides Transaction Banking and Global Markets services to the corporates. The level of activity of the bank declined during 2012 as the previous main shareholder reduced off balance sheet exposures and balance sheet footings. The Bank did not extend any new loans in year 2012 and in the year 2013. As a result the credit, market and liquidity risks are at minimum as at 30 September 2014.

At 30 September 2014, all of the monetary assets and liabilities denominated in foreign currency were translated into Turkish lira using the following foreign exchange rates: USD = TL 2,2772; EUR = TL 2,8746. (31 December 2013: USD = TL 2,1304; EUR = TL 2,9344).

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 September 2014, the Bank has no derivative instruments for hedging purposes.

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

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

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

ACCOUNTING POLICIES (Continued)

IV. Explanations on interest income and expense:

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

V. Explanations on fee and commission income and expenses:

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

Commissions earned from loans where the Bank acts as an intermediary is recorded as income at the end of each month on an accrual basis.

VI. Explanations on financial assets:

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

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

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

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

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

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

The Bank has no financial assets designated as financial assets at fair value through profit or loss as at 30 September 2014 and 31 December 2013.

ACCOUNTING POLICIES (Continued)

b. Available-for-sale financial assets:

Available-for-sale financial assets are defined as financial assets other than the ones classified as “Loans and receivables”, “Held-to-maturity assets” or “Financial asset at fair value through profit or loss”.

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

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

As at 30 September 2014 and 31 December 2013 the Bank does not have any available for sale financial assets.

c. Loans and receivables:

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

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

d. Held-to-maturity financial assets:

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

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

As at 30 September 2014 and 31 December 2013 the Bank does not have any held-to-maturity financial assets.

ACCOUNTING POLICIES (Continued)

VII. Explanations on impairment on financial assets:

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

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

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

VIII. Explanations on offsetting financial instruments:

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

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

Securities subject to repurchase agreements (“Repo”) are classified as “Fair value difference through profit or loss”, “Available-for-sale” and “Held-to-maturity” according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under “Funds Provided under Repurchase Agreements” in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the “effective interest method”.

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

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

The Bank has no discontinued operations.

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

XI. Explanations on goodwill and other intangible assets:

The Bank does not have any goodwill as at 30 September 2014 and 31 December 2013.

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

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

ACCOUNTING POLICIES (Continued)

XII. Explanations on property and equipment:

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

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

Buildings	50 years
Machinery, furniture fixture, special costs, software and vehicles	5 years

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.

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.

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

XIII. Explanations on leasing transactions:

The Bank does not have any leasing transactions as at 30 September 2014 and 31 December 2013.

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

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

ACCOUNTING POLICIES (Continued)

XIV. Explanations on provisions and contingent liabilities:

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

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

XV. Explanations on contingent assets:

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

XVI. Explanations on obligations related to the employee rights:

a. Defined benefit plans:

Under the Turkish Labor Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated due to reasons other than those specified in the Turkish Labor Law. The reserve for employment termination benefits represents the present value of the estimated total future probable obligation of the Bank arising from the retirement of all employees in accordance with the Turkish Labor Law, the termination of the employment without due cause who has completed at least one year’s of service, military service obligation and death. The reserve for employment termination benefit has been calculated and recognized in accordance with “Turkish Accounting Standard for Employee Rights” (“TAS 19”) in the financial statements. In accordance with the amendment in the IAS 19 (2011), effective from 1 January 2013, the actuarial gains/(losses) related to employee benefits are recognized under other comprehensive income.

b. Defined contribution plans:

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

c. Short term benefits for employees:

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

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

ACCOUNTING POLICIES (Continued)

XVII. Explanations on taxation:

a. Current tax:

The Corporate Tax Rate in Turkey is payable at the rate of 20% for 2014. Corporate tax is calculated on the total income of the Bank after adjusting for certain disallowable expenses in accordance with tax laws, and deducting exempt income (such as exception of participation income) and reductions. No further tax is payable unless the profit is distributed.

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

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

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

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

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

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

b. Deferred tax:

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

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

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

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

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on borrowings:

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

XIX. Explanations on issuance of share certificates:

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

The Bank does not have any share certificates issued as at 30 September 2014 and 31 December 2013.

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 grants:

As at 30 September 2014 and 31 December 2013, the Bank has no government grants.

XXII. Profit reserves and profit appropriation:

Retained earnings other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. The deferred tax income cannot be subject to dividend payment.

Under the Turkish Commercial Code (“TCC”) the legal reserves are composed of first and second reserves. First legal reserve is appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve is appropriated at the rate of 10% of distributions in excess of 5% of issued and fully paid-in share capital. However, holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

XXIII. 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 VIII of Section Four.

XXIV. Earnings per Shares

Earnings per share disclosed in the income statement are calculated by divided by the weighted average number of shares outstanding.

	30 September 2014	30 September 2013
Net Profit / (Loss)	2.879	(6.621)
Weighted average number of shares (thousands)	40.126	40.126
Earnings / (Loss) per share – (TL full)	0,07175	(0,16501)

In case the number of shares increases by way of bonus issues as a result of the capital increases made by using the internal sources, the calculation of earnings per share is made by adjusting the weighted average number of shares, which were previously calculated as at the comparable periods. The adjustment means that the number of shares used in calculation is taken into consideration as if the bonus issue occurred at the beginning of the comparable period. In case such changes in the number of shares occur after the balance sheet date, but before the ratification of the financial statements to be published, the calculation of earnings per share are based on the number of new shares.

ACCOUNTING POLICIES (Continued)

XXV. Related parties:

Parties defined in article 49 of the Banking Law No. 5411, Bank's Senior Management, and Board Members are deemed as related parties. Transactions regarding related parties are presented in Note VII of Section Five.

XXVI. Cash and cash equivalents:

For the purposes of cash flow statement cash include cash, effectives and demand deposits including balances with the central bank; and cash equivalents include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXVII. Reclassifications:

None.

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. Explanation on capital adequacy ratio:

The Bank's Common Equity Tier I capital ratio is 139,31 %, Tier I capital ratio is 139,31 %, capital adequacy standard ratio is 139,79 % respectively. Capital adequacy ratios are calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", "Regulation on Credit Risk Mitigation Techniques" and "Regulation on Calculation of Risk Weighted Amounts for Securitizations" published in the Official Gazette no.28337 dated 28 June 2012, effectiveness date is 1 July 2012, and the calculations are made according to the "Regulation on Equities of Banks" published in the Official Gazette numbered 28756 dated 5 September 2013.

Information related to standard capital adequacy ratio:

	Risk Weights						
	0%	10%	20%	50%	100%	150%	200%
Amount subject to credit risk	-	-	13.930	-	4.187	-	-
Classification of Risk							
Contingent and non-contingent receivables from government and central banks	2.650	-	-	-	-	-	-
Non contingent receivables from regional governments or municipal governments	-	-	-	-	-	-	-
Contingent and non-contingent receivables from administrative unites or non-trade initiatives	-	-	-	-	-	-	-
Contingent and non-contingent receivables from multilateral development banks	-	-	-	-	-	-	-
Contingent and non-contingent receivables from international organizations	-	-	-	-	-	-	-
Contingent and non-contingent receivables from banks and brokerage firm	-	-	69.648	-	-	-	-
Contingent and non-contingent corporate receivables	-	-	-	-	-	-	-
Contingent and non-contingent retail receivables	-	-	-	-	-	-	-
Contingent and non-contingent receivables which are collateralized by real estate mortgages	-	-	-	-	-	-	-
Non performing receivables	-	-	-	-	-	-	-
Receivables identified as high risky by the Board	-	-	-	-	-	-	-
Mortgage covered bonds	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short term receivables and short term corporate receivables from banks and brokerage firms	-	-	-	-	-	-	-
Collective investments in investment companies	-	-	-	-	-	-	-
Other receivables	-	-	-	-	4.187	-	-

Summary information about capital adequacy ratio ("CAR"):

	30 September 2014	31 December 2013
Amount subject to credit risk "ASCR" (ASCR*0,08)	1.449	1.384
Amount subject to market risk "ASMR" (ASMR)	15	15
Amount subject to operational risk "ASOR" (ASOR)	2.338	2.436
Equity	66.433	65.359
Equity / ((ASCR+ASMR+ASOR) *12,5*100)	139,79	136,33
Core Capital / ((ASCR+ASMR+ASOR) *12,5*100)	139,31	-
Tier 1 capital / ((ASCR+ASMR+ASOR) *12,5*100)	139,31	-

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

Information about equity items:

	30 September 2014
TIER I CAPITAL	
Paid-in Capital to be Entitled for Compensation after All Creditors	40.126
Share Premium	-
Share Cancellation Profits	-
Legal Reserves	48.343
Other Comprehensive Income according to TAS	-
Profit	2.906
Net Current Period Profit	2.879
Prior Period Profit	27
Provisions for Possible Losses	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Tier I Capital Before Deductions	91.375
Deductions From Tier I Capital	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	23.757
Leasehold Improvements on Operational Leases (-)	-
Goodwill and Intangible Assets and Related Deferred Tax Liabilities (-)	24
Net Deferred tax assets / liabilities (-)	1.387
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-
Investments in own common equity (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-
Mortgage Servicing Rights not deducted (-)	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-
Other items to be Defined by the BRSA (-)	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-
Total regulatory adjustments to Tier I capital	25.168
Tier I capital	66.207
ADDITIONAL CORE CAPITAL	
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Additional Core Capital before Deductions	-
Deductions from Additional Core Capital	
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
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 (-)	-
Deductions from Additional Core Capital in cases where there are no adequate Tier II Capital (-)	-
Total Deductions from Additional Core Capital	-
Total Additional Core Capital	-
Deductions from Core Capital	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Total Core Capital	66.207
TIER II CAPITAL	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained before 1.1.2014)	-
Pledged Assets of the Shareholders to be used for the Bank's Capital Increases	-
General Provisions	226
Tier II Capital before Deductions	226
Deductions from Tier II Capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be Defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	226

CAPITAL	66.433
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Subordinated Debts or Debt Instruments Purchased from Such Parties and Qualified as Subordinated Debts (-)	-
Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
Other items to be Defined by the BRSA (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Core Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-
EQUITY	66.433
Amounts lower than Excesses as per Deduction Rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Tier I Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

Information about equity items:

	31 December 2013
CORE CAPITAL	
Paid-in capital	40.126
Nominal capital	40.126
Capital commitments (-)	
Inflation adjustment to share capital	5.913
Share premium	
Share cancellation profits	
Legal reserves	2.069
First legal reserve (Turkish Commercial Code 466/1)	2.069
Second legal reserve (Turkish Commercial Code 466/2)	
Other legal reserve per special legislation	
Statutory reserves	
Extraordinary reserves	37.172
Reserves allocated by the General Assembly	37.172
Retained earnings	
Accumulated losses	
Foreign currency share capital exchange difference	
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	
Profit	2.480
Current period net profit	2.453
Prior years' profits	27
Provision for possible losses up to 25% of the Core Capital	
Profit on disposal of associates, subsidiaries and immovables	730
Primary subordinated debts up to 15% of the Core Capital	
Losses that cannot be covered by reserves (-)	23.757
Current period loss (net)	
Prior years' losses	23.757
Leasehold improvements (-)	
Intangible assets (-)	27
Deferred tax asset exceeding 10% of the Core Capital (-)	
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	
Total Core Capital	64.706
SUPPLEMENTARY CAPITAL	653
General loan loss reserves	653
45% of the movables revaluation fund	
45% of the immovables revaluation fund	
Bonus shares of investment in associates, subsidiaries and joint ventures	
Primary subordinated loans that are not considered in the calculation of the Core Capital	
Secondary subordinated loans	
45% marketable securities valuation differences of Investments in associates and subsidiaries and Available for sale financial assets	
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (except inflation adjustment of legal reserves, status reserves and extraordinary reserves)	
Total Supplementary Capital	653
CAPITAL	65.359
DEDUCTIONS FROM THE CAPITAL	
Investments in Unconsolidated Financial Institutions (Domestic, Foreign) and Banks	
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and Debt Instruments That Have Primary Secondary Subordinated Loan Nature Purchased From Them	
Investment in Financial Institutions (Domestic, Foreign) and Banks, in which less than 10% equity interest is exercised and that exceeds 10% and more of the total core and supplementary capital of the Bank	
Loans extended as contradictory to the articles 50 and 51 of the law	
The net carrying value of Bank's Immovables that are 50% of shareholders' equity and immovables or commodities that are received on behalf of the receivables from customers and are to be disposed according to banking law article 57 as they have been held for more than five years from the acquisition date	
Other	
Total Equity	65.359

c) The approach used to evaluate the internal capital requirement for the purpose of evaluating its adequacy for the current and future operations within the internal capital adequacy process:

In parallel with the Bank's preparation of yearly business plan and strategic plan, the legal capital adequacy requirements are evaluated prospectively. In the legal capital requirement calculations the credit risk within the first pillar bloc and the market risk calculations are performed in accordance with standard approach and the operational risk calculations are performed in accordance with basic indicator approach.

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. Explanations on credit risk:

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

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

Credit limits approved by Board of Directors are made available to credit clients only upon completion of required credit documentation and satisfaction of conditions precedent.

Since the Bank is operating under investment banking license, it is not subject to Article 54 of the Banking Law about the regulatory lending limits.

All credit limits are reviewed at least once a year. Credit clients belonging to the same risk group are analyzed and reviewed together taking into consideration total exposure and limits on the group.

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

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

- a.** The Bank does not have international banking operations and credit transactions. The Bank does not have any significant credit risk concentration.
- b.**
 - 1. As at 30 September 2014, the Bank has no loans and receivables.
 - 2. As at 30 September 2014, non-cash loans and receivables of the Bank is TL 1 (31 December 2013: TL 1).
 - 3. As at 30 September 2014, TL 1 of non-cash loans and receivables comprised all of the Bank's loan portfolio (31 December 2013: TL 3 cash, and TL 1 of non-cash).
- c.** As at 30 September 2014, general loan loss provision is amounting to TL 697 (31 December 2013: TL 653).

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. Explanations on market risk:

General market risk and the risk due to fluctuations in exchange rates and interest rates arising from the trading portfolio of the Bank such as financial instruments of which its yield depends on the interest rate, marketable securities, derivative instruments, position values related to all assets and liability items in all currencies is monitored and measured by the market risk monitoring unit as explained below.

Limits for all types of position that the Bank may open are assigned by the Board of Directors on a yearly basis. The position limits determined on a yearly basis can be updated because of the unexpected changes in market conditions without waiting for the one year period to expire and new limits are informed to the related departments as soon as they are determined. Detailed information about the market conditions are used in updating these limits.

The Bank considers foreign currency risk, liquidity risk and interest rate risk as the most important components of market risk. All market risk limits are reviewed systematically once a year. The market risk is calculated and reported in accordance with the Section 2 of the “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio” published in the Official Gazette No. 28337 dated 28 June 2012 namely “Calculation of Market Risk with Standard Method”.

a. Information on market risk:

	Balance
(I) Capital Requirement for General Market Risk - Standard Method	-
(II) Capital Requirement for Specific Risk -Standard Method	-
<i>Capital requirement for specific risk of securitization positions – Standard Method</i>	-
(III) Capital Requirement for Currency Risk - Standard Method	15
(IV) Capital Requirement for Commodity Risk - Standard Method	-
(V) Capital Requirement for Clearance Risk-Standard Method	-
(VI) Capital Requirement for Market Risk Due to Options-Standard Method	-
(VII) Capital Requirement for Counterparty Risk-Standard Method	-
(VIII) Total Capital Requirement for Market Risk for Banks Applying Risk Measurement Model	-
(IX) Total Capital Requirement for Market Risk (I+II+III+IV+V+VI+VII)	15
(X) Amount Subject to Market Risk (12,5xIX) or (12,5xVIII)	188

b. Average market risk table of calculated market risk during the period at month ends:

	<u>30 September 2014</u>			<u>31 December 2013</u>		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	-	-	-	-	-	-
Share Certificates Risk	-	-	-	-	-	-
Currency Risk	13	16	10	8	15	3
Commodity Risk	-	-	-	-	-	-
Clearance Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Amount Subject to Risk	163	200	125	100	188	38

c. Counter-party credit risk:

As at 30 September 2014 the Bank was not exposed to counterparty credit risk.

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

IV. Explanations on operational risk:

In the calculation of the Bank's operational risk, "Basic Indicator Method" is used. The amount subject to operational risk is calculated in accordance with the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks" published in the Official Gazette numbered 28337 on 28 June 2012. . The calculation is performed parallel to the practice within the country, by multiplying 15% of the Bank's last three years' average gross revenue with 12,5. Amount subject to operational risk is TL 2,338 for the current period (31 December 2013: TL 2,436).

V. Explanations on currency risk:

The Bank does not carry structural foreign currency risk. The Bank utilizes derivative instruments in order to balance its net foreign currency position. 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:

As at 30 September 2014:

	<u>USD</u>	<u>EUR</u>
Balance Sheet Evaluation Rate:	2,2772	2,8746
As of 29 September 2014	2,2789	2,8914
As of 26 September 2014	2,2557	2,8748
As of 25 September 2014	2,2482	2,8607
As of 24 September 2014	2,2325	2,8677
As of 23 September 2014	2,2319	2,8745

The simple arithmetical average of the Bank's foreign exchange bid rates for the last thirty days are TL 2,2095 for 1 US dollar and TL 2,8500 for 1 EUR

As of 31 December 2013;

	<u>USD</u>	<u>EUR</u>
Balance Sheet Evaluation Rate:	2,1304	2,9344

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

Information on currency risk of the Bank:

	EUR	USD	Other FC	Total
30 September 2014				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	800	-	800
Banks	18	1.642	5	1.665
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets (Net)	-	-	-	-
Loans and receivables	-	-	-	-
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	-
Held-to-Maturity Investments (Net)	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets (Net)	-	-	-	-
Intangible Assets (Net)	-	-	-	-
Other Assets	-	6	-	6
Total Assets	18	2.448	5	2.471
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	-	-	-	-
Borrowings	-	2.277	-	2.277
Funds Borrowed From Other Financial Institutions	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-
Miscellaneous Payables	1	-	-	1
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	-	-	-	-
Total Liabilities	1	2.277	-	2.278
Net On-balance Sheet Position	17	171	5	193
Net Off-balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-
31 December 2013				
Total Assets	127	46	19	192
Total Liabilities	1	-	-	1
Net On-balance Sheet Position	126	46	19	191
Net Off-balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-

Standard Chartered Bank Yatırım Bankası Türk A.Ş.

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)**VI. 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 Year	Over 5 Years	Non- Interest Bearing	Total
30 September 2014							
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques, Purchased) and Balances with the CBRT Banks	-	-	-	-	-	950	950
Financial Assets at F.V. Through Profit/Loss	56.654	-	-	-	-	108	56.762
Interbank Money Market Placements	1.700	-	-	-	-	-	1.700
Available-for-Sale Financial Assets	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	-	-	-
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	18.458	18.458
Total Assets	58.354	-	-	-	-	19.516	77.870
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	10	10
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	2.277	-	-	-	-	-	2.277
Other Liabilities (**)	286	-	7.681	-	-	67.616	75.583
Total Liabilities	2.563	-	7.681	-	-	67.626	77.870
Balance Sheet Long Position	55.791	-	-	-	-	-	55.791
Balance Sheet Short Position	-	-	(7.681)	-	-	(48.110)	(55.791)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	55.791	-	(7.681)	-	-	(48.110)	-

(*) "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)

Prior 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 Year	Over 5 Years	Non- Interest Bearing	Total
31 December 2013							
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques, Purchased) and Balances with the CBRT Banks	-	-	-	-	-	168	168
Financial Assets at F.V. Through Profit/Loss	51.112	-	-	-	-	253	51.365
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	2.112	-	-	-	-	-	2.112
Loans and receivables	-	-	3	-	-	-	3
Held-to-Maturity Investments	-	-	-	-	-	-	-
Other Assets (*)	-	-	-	-	-	19.642	19.642
Total Assets	53.224	-	3	-	-	20.063	73.290
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	81	81
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (**)	311	524	7.643	-	-	64.731	73.209
Total Liabilities	311	524	7.643	-	-	64.812	73.290
Balance Sheet Long Position	52.913	-	-	-	-	-	52.913
Balance Sheet Short Position	-	(524)	(7.640)	-	-	(44.749)	(52.913)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	52.913	(524)	(7.640)	-	-	(44.749)	-

(*) "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)**Average interest rates for monetary financial instruments:**

30 September 2014	<u>EUR (%)</u>	<u>USD (%)</u>	<u>TL (%)</u>
Assets			
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-
Banks	-	0,08	7,85
Financial Assets at Fair Value Through Profit/Loss (Net)	-	-	-
Interbank Money Market Placements	-	-	7,50
Available-for-Sale Financial Assets (Net)	-	-	-
Loans and receivables	-	-	-
Held-to-Maturity Investments (Net)	-	-	-
Liabilities			
Bank Deposits	-	-	-
Other Deposits	-	-	-
Funds From Interbank Money Market	-	-	-
Borrowings	-	0,25	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued (Net)	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-
31 December 2013	<u>EUR (%)</u>	<u>USD (%)</u>	<u>TL (%)</u>
Assets			
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-
Banks	-	-	6,6
Financial Assets at Fair Value Through Profit/Loss (Net)	-	-	-
Interbank Money Market Placements	-	-	-
Available-for-Sale Financial Assets (Net)	-	-	-
Loans and receivables	-	-	10
Held-to-Maturity Investments (Net)	-	-	-
Liabilities			
Bank Deposits	-	-	-
Other Deposits	-	-	-
Funds From Interbank Money Market	-	-	-
Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued (Net)	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-

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

In Official Gazette No. 26333, dated 1 November 2006 "Regulation on Measurement Capital of Banks" monitored items are published, which are taken into account in the calculation of shareholders' equity in accordance with the items excluding subordinated liabilities, with the exception of all balance sheet and off-balance sheet items sensitive to interest arising from the interest rate risk calculation. Calculations made early repayments of loans made any assumptions for demand and time deposits. Arising from the banking book; interest rate risk is calculated on a monthly basis and reported to the BRSA.

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

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

Assets, liabilities and off balance sheet interest rate sensitivity of the Bank's market risk is closely monitored by the monitoring unit. Interest rate risk in the Banking Accounting from Standard Shock Method in accordance with the Regulation on Measurement and Assessment of the economic value differences arising from interest rate fluctuations is as follows:

Currency	Shock applied (+/- basis points)*	Gains / Losses	Gains/Equity – Losses/Equity
TL	500	(105.36)	(%0,16)
	(400)	87.97	%0,13
EUR	200	-	%0
	(200)	-	%0
USD	200	-	%0
	(200)	-	%0
Total (for negative shocks)		105.36	(%0,16)
Total (for positive shocks)		87.97	%0,13

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

Stock position risk arising from the Bank' Accounts

As at 30 September 2014 the Bank's does not have any stock. Therefore, the Bank is not subject to Stock Position Risk.

VII. Explanations on liquidity risk:

Liquidity risk of the Bank is monitored by the Finance Department within the liquidity limits determined by the BRSA. 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.

As per the Communiqué on "Measurement and Assessment of the Adequacy of Banks' Liquidity", the liquidity ratios that are measured for terms of 7 and 31 days should not be less than 80% and 100%, respectively. Foreign currency liquidity adequacy ratio mean the ratio of foreign currency assets to foreign currency liabilities and the total liquidity adequacy ratio means the ratio of total assets to total liabilities. The highest, lowest and average liquidity adequacy ratios for the current period with their prior year comparatives are given below.

	First Maturity Bracket (Weekly) Current Period		First Maturity Bracket (Weekly) Prior Period	
	FC	LC+FC	FC	LC+FC
Average (%)	13.090,09	2.934,49	4.604,08	2.974,96
Highest (%)	21.040,00	17.363,67	8.740,00	18.265,32
Lowest (%)	83,58	130,75	300,00	215,41

	Second Maturity Bracket (Monthly) Current Period		Second Maturity Bracket (Monthly) Prior Period	
	FC	LC+FC	FC	LC+FC
Average (%)	13.285,20	12.497,95	4.676,92	12.936,80
Highest (%)	21.100,00	25.467,00	9.000,00	27.443,56
Lowest (%)	83,57	525,96	283,33	3.386,05

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

a) Presentation of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	Over 5 Years	Unclassified	Total
30 September 2014								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques, Purchased) and Balances with the CBRT	950	-	-	-	-	-	-	950
Banks	108	56.654	-	-	-	-	-	56.762
Financial Assets at F.V. Through Profit / Loss (Net)	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	1.700	-	-	-	-	-	1.700
Available-for-Sale Financial Assets (Net)	-	-	-	-	-	-	-	-
Loans and Receivables	-	-	-	-	-	-	-	-
Held-to-maturity Investments (Net)	-	-	-	-	-	-	-	-
Other Assets (*)	-	365	-	12.884	-	-	5.209	18.458
Total Assets	1.058	58.719	-	12.884	-	-	5.209	77.870
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	2.277	-	-	-	-	-	2.277
Funds From Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-	-	-	-	-
Miscellaneous Payables	10	-	-	-	-	-	-	10
Other Liabilities (**)	-	286	-	7.681	-	-	67.616	75.583
Total Liabilities	10	2.563	-	7.681	-	-	67.616	77.870
Liquidity (Gap) / Surplus	1.048	56.156	-	5.203	-	-	(62.407)	-
31 December 2013								
Total Assets	421	53.224	-	13.865	-	-	5.780	73.290
Total Liabilities	81	311	2.642	5.525	-	-	64.731	73.290
Liquidity (Gap) / Surplus	340	52.913	(2.642)	8.340	-	-	(58.951)	-

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

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

b) Contractual maturities of financial liabilities are as follows:

None (31 December 2013: None.)

c) Contractual maturity analysis of the Bank's derivative instruments are as follows:

None (31 December 2013: None.)

d) Securitization position:

None (31 December 2013: None.)

e) Explanations Related to Credit Risk Mitigation Techniques:

The Bank mitigates credit risk through monitoring the diversity of clients to avoid industry concentrations. It also periodically reviews the credit grading of clients to assess. In 2013, the previous main shareholder reduced commercial activities of the Bank, resulting in no outstanding credit risk on its Balance Sheet other than money market transactions for the placement of capital and two letters of guarantees with negligible amounts as at 30 September 2014.

f) Risk management objectives and policies:

Following the sale of the Bank to Standard Chartered Bank Limited on 4 November 2012, no new loan is extended to corporate risk was booked by the new. This is resulted in the capital adequacy ratio of 139,79%.

VIII. Explanations on operating segments:

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

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

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

Information on operating segments as at 30 September 2014 and 30 September 2013 is as follows:

Balance sheet and income statement items based on operating segments:

Current Period	Transaction Banking and OCC	Global Markets	Other	Total Operations of the bank
30 September 2014				
Operating Income	13.793	3.514	105	17.412
Operating Costs (-)	(12.171)	(6478)	(383)	(13.201)
Net Operating Profit	1.622	2.867	(278)	4.211
Other operating Income, net	-	-	(44)	(44)
Profit / (Loss) before tax	1.622	2.867	(322)	4.167
Tax Income /(expense)	-	-	1.288	1.288
Net Profit / (Loss)	1.622	2.867	(1.610)	2.879
Segment Assets	-	59.414	18.456	77.870
Total Assets	-	59.414	18.456	77.870
Segment Assets	-	2.277	-	2.277
Unallocated Liabilities (*)	-	-	75.593	75.593
Total Liabilities	-	2.277	75.593	77.870
Prior Period	Transaction Banking and OCC	Global Markets	Other	Total Operations of the bank
30 September 2013				
Operating Income	-	2.360	-	2.360
Operating Costs (-)	-	(10.763)	-	(10.763)
Net Operating Profit	-	(8.403)	-	(8.403)
Profit / (Loss) before tax	-	-	-	-
Other operating Income, net	-	(8.403)	-	(8.403)
Tax Income /(expense)	1.782	-	-	1.782
Net Profit / (Loss)	1.782	(8.403)	-	(6.621)
31 December 2013				
Segment Assets	47.276	26.014	-	73.290
Total Assets	47.276	26.014	-	73.290
Segment Liabilities	-	-	-	-
Unallocated Liabilities (*)	-	-	73.290	73.290
Total Liabilities	-	-	73.290	73.290

(*) Unallocated assets and liabilities are shown in Other segment.

IX. Explanations regarding transactions on behalf of others and fiduciary transactions:

The Bank does not carry out trading, custody, management and consulting services on behalf of other parties.
The Bank has no trust transactions.

SECTION FIVE
EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and notes related to assets:

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

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

	30 September 2014		31 December 2013	
	TL	FC	TL	FC
Cash/Foreign Currency	-	-	-	-
CBRT	150	800	148	20
Other	-	-	-	-
Total	150	800	148	20

2. Information on the account of the CBRT:

	30 September 2014		31 December 2013	
	TL	FC	TL	FC
Demand Unrestricted Amount	150	-	148	20
Time Deposit Amount	-	-	-	-
Non - Time Deposit Amount	-	-	-	-
Reserve Requirements	-	800	-	-
Total	150	800	148	20

3. Information on reserve requirements

As per the Communiqué No. 2013/15 “Reserve Deposits” of the Central Bank of Turkey (CBT), banks keep reserve deposits at the CBT for their TL and FC liabilities mentioned in the communiqué. The reserve deposit rates vary according to their maturity compositions; the reserve deposit rates are realized between in TRY, USD, EUR and/or standard gold at the rates between 5% and 11,5% according to their maturities (31 December 2013: between 5% and 11.5% according to their maturities), foreign currency liabilities in USD, EUR and/or standard gold at the rates between 6% and 13% according to their maturities (31 December 2013: between 6% and 13% according to their maturities).

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

- As at 30 September 2014, there are not any financial assets through profit or loss given as collateral/blocked (31 December 2013: None).
- Positive differences related to trading derivative financial assets: None.

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

c. Information on banks:

1. Information on banks and other financial institutions:

	30 September 2014		31 December 2013	
	TL	FC	TL	FC
Banks				
Domestic	37	7	87	6
Foreign	55.060	1.658	51.112	160
Headquarters and Branches Abroad	-	-	-	-
Total	55.097	1.665	51.199	166

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

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

As at 30 September 2014, there are not any available for sale financial assets given as collateral/blocked (31 December 2013: None).

2. Information on available for sale financial assets:

As at 30 September 2014, there are not any available for sale financial assets (31 December 2013: None).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

e. Explanations on loans:

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

	<u>30 September 2014</u>		<u>31 December 2013</u>	
	<u>Cash</u>	<u>Non-cash</u>	<u>Cash</u>	<u>Non-cash</u>
Direct Loans Granted To Shareholders	-	-	-	-
Legal Person Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	-	-	-	-
Loans Granted To Employees	-	-	3	-
Total	-	-	3	-

2. Information on the first and second group loans, other receivables and loans that have been restructured or rescheduled and other receivables:

30 September 2014	<u>Standard Loans and Other Receivables</u>		<u>Loans and Other Receivables Under Close Monitoring</u>	
	<u>Loans and Other Receivables</u>	<u>Restructured or Rescheduled</u>	<u>Loans and Other Receivables</u>	<u>Restructured or Rescheduled</u>
Cash Loans				
Non-Specialized Loans	-	-	-	-
Discount and Purchase Notes	-	-	-	-
Export Loans	-	-	-	-
Import Loans	-	-	-	-
Loans Granted to Financial Sector	-	-	-	-
Foreign Loans	-	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Precious Metal Loans	-	-	-	-
Other	-	-	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	-	-	-	-

As of 30 September 2014, the Bank does not have any restructured or rescheduled loans and receivables of which Changes in Extension of Payment Plan or Extended Time Management (31 December 2013: None).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Information on maturity structure of the loans:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Restructured or rescheduled	Loans and other receivables	Restructured or rescheduled
Short-term loans and other receivables				
Non-specialized loans	-	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables				
Non-specialized loans	-	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-

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

As at 30 September 2014, the Bank has no consumer loans, personal credit cards and individual credit cards (31 December 2013: None). As at 30 September 2014, the Bank has no personnel loan (31 December 2013: TL 3).

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

As at 30 September 2014, the Bank has no commercial installment loans and corporate credit cards (31 December 2013: None).

6. Loans according to type of borrowers:

	30 September 2014	31 December 2013
Public	-	-
Private	-	3
Total	-	3

7. Domestic and foreign loans:

	30 September 2014	31 December 2013
Domestic	-	3
Foreign	-	-
Total	-	3

8. Loans granted to investments in associates and subsidiaries:

As of 30 September 2014, the Bank has no loans granted to investments in associates and subsidiaries (31 December 2013: None).

9. Specific provisions provided against loans:

	30 September 2014	31 December 2013
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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

As at 30 September 2014, there are not any non-performing loans (31 December 2013: None).

(i). 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
30 September 2014			
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	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other Receivables with doubtful collectability	Uncollectible loans and other receivables
30 September 2014 (Net)			
Loans Given to Real Persons and Legal Persons (Gross)	-	-	4.982
Specific Provision Amount (-)	-	-	4.982
Loans Given to Real Persons and Legal Persons (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2013 (Net)			
Loans Given to Real Persons and Legal Persons (Gross)	-	-	4.982
Specific Provision Amount (-)	-	-	4.982
Loans Given to Real Persons and Legal Persons (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

(iii). Information on non-performing loan receivables granted in foreign currency: None (31 December 2013: None)

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

11. Explanations on the write-off policy:

After all kinds of legal procedures are exercised and if there is no probability of collecting the loan, those uncollectible loans are written-off from the Bank' assets.

12. The policy followed-up for the collection of uncollectible loans and other receivables:

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

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

The Bank does not have any investment securities held to maturity as at 30 September 2014 (31 December 2013: None).

g. Explanations on investments in associates (Net):

The Bank does not have any associates as at 30 September 2014 (31 December 2013: None).

h. Explanations on subsidiaries (Net):

The Bank does not have any subsidiaries as at 30 September 2014 (31 December 2013: None).

i. Explanations on joint ventures:

The Bank does not have any joint ventures as at 30 September 2014 (31 December 2013: None).

j. Explanations on lease receivables, (net):

The Bank does not have any lease receivables as at 30 September 2014 (31 December 2013: None).

k. Explanations on hedging derivative instruments:

The Bank does not have any hedging derivative instruments as at 30 September 2014 (31 December 2013: None).

l. Explanations on tangible assets

Not prepared in compliance with the article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

m. Explanations on investment properties

Bank has no other investment properties.

n. Explanations on intangible assets:

Not prepared in compliance with the article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

o. Explanations on deferred tax asset:

As explained in Section Six “Other Explanations and Disclosures”, banks can account for deferred tax asset on the amounts of deductible temporary differences, tax losses and carry forward balances of tax allowances and exemptions. The Bank has calculated and recognized deferred tax asset on deductible temporary differences and has recorded a net deferred tax asset of TL 1.387 (31 December 2013: TL 1.525) at 30 September 2014. Bank management foresees taxable profit which will be available in the future periods against which the deferred tax asset can be utilized.

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Tax Losses	-	-	-	-
Reserve for Employee Benefits	5.541	6.391	1.108	1.278
Difference Between Carrying Value and Tax Base of Tangible and Intangible Assets	655	616	131	123
Other	739	621	148	124
Deferred Tax Assets	6.935	7.628	1.387	1.525
Deferred Tax Liabilities	-	-	-	-
Deferred Tax Assets/(Liabilities) (Net)	6.935	7.628	1.387	1.525

p. Explanations on assets held for sale:

As at 30 September 2014, there are no assets held for sale (31 December 2013: None).

r. Explanations on other assets:

Other assets which are amounting to TL 13.248 (31 December 2013: TL 14.110) are comprised of intra-group receivables amounting to TL 12.884 (31 December 2013: TL 13.862) based on advisory services provided to the Group.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II Explanations and notes related to liabilities:

a. Explanations on maturity structure of deposits:

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

b. Explanations on trading derivative financial liabilities:

As at 30 September 2014, schedule of negative differences for trading derivative financial liabilities: None.
(31 December 2013: None)

c. Explanations on borrowings:

Information on banks and other financial institutions:

As at 30 September 2014, the Bank has borrowings amounting to TL 2.277 (31 December 2013: None).

d. Explanations on other liabilities:

There is TL 764 other liabilities amount as at 30 September 2014 (31 December 2013: 599).

e. Explanations on finance leasing agreements:

As at 30 September 2014, the Bank has no finance lease payable (31 December 2013: None).

f. Explanations on hedging derivative instruments:

As at 30 September 2014, the Bank has no hedging derivative instruments (31 December 2013: None).

g. Explanations on provisions:

1 Information on general provisions:

	30 September 2014	31 December 2013
General Provisions		
Provisions for Group I loans and receivables	-	-
Provisions for Group II loans and receivables	-	-
Provisions for non cash loans	-	-
Other	697	653
Total	697	653

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

2 Explanations on reserve for employee benefits:

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

	30 September 2014	31 December 2013
Discount rate (%)	4,25	3,43
Rate for the Probability of Retirement (%)	95	95

Following the change in the main shareholder in 2012, and the hiring of new staff, an estimation of 100% of the termination benefit was accrued. In the current period the level of the provision is reviewed and revised by management.

The (full) price ceiling of retirement pay liability is TL (full) 3.438,22 as at 30 September 2014 (31 December 2013: TL (full) 3.245,44)

As at 30 September 2014, the Bank has retirement pay liability amounting to TL 2.827 (31 December 2013: TL 2.962), termination pay liability amounting to TL 240 (31 December 2013: TL 317), provision for unused vacation liability amounting to TL 884 (31 December 2013: TL 924) and personnel performance bonus liability amounting to TL 1.590 (31 December 2013: TL 2.188).

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

As at 30 September 2014, there is no provision for foreign currency difference of foreign indexed loans (31 December 2013: None).

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

As at 30 September 2014, the Bank has no specific provision for non-cash loans (31 December 2013: None).

5 Explanations on other provisions:

As at 30 September 2014, the Bank has no other provision (31 December 2013: None).

h. Explanations on tax liability:

1. Explanations on current tax liability:

i) Information on current tax liability:

As at 30 September 2014, the Bank has no tax payable (31 December 2013: TL None).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

ii) Information on taxes payable:

	30 September 2014	31 December 2013
Corporate Tax Payable	678	524
Taxes on Returns of Marketable Securities	-	-
Payroll Tax	191	221
Banking Insurance Transaction Tax (BITT)	6	3
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	13	15
Other	4	5
Total	892	768

iii) Information on premiums:

	30 September 2014	31 December 2013
Social Security Premiums - Employee	30	27
Social Security Premiums - Employer	37	34
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	2	2
Unemployment Insurance – Employer	4	4
Other	-	-
Total	73	67

2. Explanations on deferred tax liability:

As at 30 September 2014 and 31 December 2013, the Bank does not have net deferred tax liability.

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

None. (31 December 2013: None)

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

None. (31 December 2013: None)

k. Explanations on Equity:

1. Presentation of paid-in capital:

	30 September 2014	31 December 2013
Common Stock	40.126	40.126
Preferred Stock	-	-

Bank's paid in capital is TL 40.125.760, which comprised of 401.257.600 shares each with a nominal value of TL 0,10.

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

The Bank does not have registered capital system.

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

None.

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

There are no transfers from revaluation funds to capital during the current period (31 December 2013: None).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

None (31 December 2013: None).

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

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

7. Privilege on the corporate stock:

There are no privileges on the corporate stock.

8. Information on marketable securities value increase fund:

None.

III. Explanations and notes related to off balance sheet accounts:

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

1. Type and amount of irrevocable credit commitments:

All credit commitments of the Bank are irrevocable as at 30 September 2014.

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

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

None.

ii) Guarantees, contingencies and other similar commitments:

	30 September 2014	31 December 2013
Bid bonds	-	-
Performance bonds	-	-
Advance letter of guarantees	-	-
Letter of guarantees given to customs	1	1
Other letter of guarantees	-	-
Total	1	1

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

	30 September 2014	31 December 2013
Non-cash loans granted against cash loans	-	-
With original maturity of 1 year or less than 1 year	-	-
With original maturity of more than 1 year	-	-
Other non-cash loans	1	1
Total	1	1

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

b. Information on contingent liabilities and assets:

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

As at 30 September 2014, the Bank does not have any contingent assets (31 December 2013: None).

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

As at 30 September 2014, the Bank does not have any provision for contingent liabilities (31 December 2013: None).

c. Services supplied on behalf of others:

As at 30 September 2014 the Bank has no services supplied on behalf of others (31 December 2013: None).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV Explanations and notes related to income statement:

a. Information on interest income:

1. Information on interest income on loans:

	30 September 2014		30 September 2013	
	TL	FC	TL	FC
Interest Incomes on loans				
Short Term Loans	-	-	-	-
Medium and Long-term Loans	-	-	1	-
Interest on Loans Under Follow-up	-	-	-	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	-	-	1	-

2. Information on interest income on banks:

	30 September 2014		30 September 2013	
	TL	FC	TL	FC
From the CBRT	-	-	-	-
From Domestic Banks	-	-	-	-
From Foreign Banks	3.423	1	2.201	-
Headquarters and Branches Abroad	-	-	-	-
Total	3.423	1	2.201	-

3. Information on interest income on marketable securities:

None (30 September 2013: None).

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

The Bank does not have investments in associates or subsidiaries.

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

b. Information on interest expense:

1. Information on interest expense on borrowings:

As at 30 September 2013, the Bank has interest expense on borrowings amounting to TL 2 (30 September 2013: None).

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

None (30 September 2013: None).

3. Information on interest expenses to debt securities issued:

None (30 September 2013: None).

4. Maturity structure of the interest expense on deposits:

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

c. Explanations on dividend income:

None (30 September 2013: None).

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

	30 September 2014	30 September 2013
Profit	5.909	695
Profit on capital market operations	-	-
Profit on derivative financial instruments	-	-
Foreign exchange gains	5.909	695
Loss	(5.936)	(682)
Loss on capital market operations	-	-
Loss on derivative financial instruments	-	-
Foreign exchange gains	(5.936)	(682)
Net trading income/loss	(27)	13

e. Explanations on other operating income:

For the nine months period ended 30 September 2014, other operating income consisted of incomes from intra-group advisory services provided to the Group; provisions no longer required and other income.

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

For the nine months period ended 30 September 2014, the Bank has general loan provision expenses amounting to TL 44 (30 September 2013: None).

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

g. Information related to other operational expenses:

	30 September 2014	30 September 2013
Personnel expenses	8.032	7.129
Provision for employment termination benefits	187	574
Bank social aid pension fund deficit provision	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	203	245
Impairment expenses of intangible assets	-	-
Impairment expenses of goodwill	-	-
Amortization expenses of intangible assets	3	3
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	3.182	2.208
Operational lease expenses	-	-
Maintenance and repair expenses	313	305
Advertising expenses	14	-
Other expenses	2.855	1.903
Loss on sale of assets	-	-
Other	1.594	887
Total	13.201	11.046

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

For the nine months period ended 30 September 2014; the Bank's gain from continuing operations before tax is TL 4.167.

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

For the nine months period ended 30 September 2014; the Bank has deferred tax expense amounting to TL 141 (30 September 2013: TL 1.782 income).

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

For the nine months period ended 30 September 2014; the Bank's gain from continuing operations after tax is TL 2.879 (30 September 2013: TL 6.621 loss).

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

a. Explanation on inflation adjustment differences of shareholders' equity balances:

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

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

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

a. Information on cash and cash equivalents:

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

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

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

	1 January 2014	1 January 2013
Cash	421	312
Demand Deposits in Banks	253	64
Cash and Balances with Central Bank	168	248
Reserve Requirements	-	-
Cash Equivalents	53.112	62.106
Interbank Money Market Placements	2.112	106
Time Deposits in Banks	51.112	62.192
Time Deposit Accruals	(112)	(192)
Total Cash and Cash Equivalents	53.533	62.418

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

	30 September 2014	30 September 2013
Cash	258	213
Demand Deposits in Banks	108	93
Cash and Balances with Central Bank	950	120
Reserve Requirements	(800)	-
Cash Equivalents	58.294	54.510
Interbank Money Market Placements	1.700	1.510
Time Deposits in Banks	56.654	53.138
Time Deposit Accruals	(60)	(138)
Total Cash and Cash Equivalents	58.552	54.723

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

None.

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

The “Other” item under “Operating profit before changes in operating assets and liabilities” amounting to TL (3.191) (30 September 2013: TL 5.849) consists mainly of items such as fees and commissions, foreign exchange gains / losses, other operating income excluding income from doubtful receivables and other operating expense excluding personnel expenses.

The “Net increase / decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 1.576 (30 September 2013: TL 1.332) consists mainly of changes in miscellaneous payables, other liabilities and taxes and other duties payable.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated approximately TL 3 as at 30 September 2014 (30 September 2013: None).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations and notes related to Bank's risk group:

- a. **The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period:**

30 September 2014:

Banks' Risk Group (*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	64.974	-	-	-
Balance at the End of the Period	-	-	56.657	-	61	-
Interest and Commission Income Received	-	-	3.424	-	-	-

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

31 December 2013:

Banks' Risk Group (*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	62.000	-	-	-
Balance at the End of the Period	-	-	64.974	-	160	-
Interest and Commission Income Received	-	-	3.069	-	-	-

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

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

None (31 December 2013: None).

- c. **Information about the placements of the Banks' risk group:**

Banks' Risk Group	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Banks						
Balance at the Beginning of the Period	-	-	51.000	62.000	-	-
Balance at the End of the Period	-	-	56.594	51.000	-	-
Interest Income Received	-	-	3.424	1.318	-	-

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

None (31 December 2013: None)

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

None (31 December 2013: None)

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

As at 30 September 2014, benefits provided to Bank's key management amount to TL 2.542 (30 September 2013: TL 1.891).

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Number	Number of Employees			
Domestic Branch	1	32			
			Country of Incorporation		
Foreign Rep. Offices	-	-	-		
				Total Assets	Statutory Share Capital
Foreign Branch	-	-	-	-	-
Off-Shore Banking Region Branch	-	-	-	-	-

IX. Explanations and notes related to subsequent events:

None.

SECTION SIX

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. Explanations on independent auditors' review report:

The unconsolidated financial statements as of and for the nine-months period ended 30 September 2014 were reviewed by Akis 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 14 November 2014 is presented in the introduction of this report.

II. Explanations and notes prepared by independent auditors:

None.