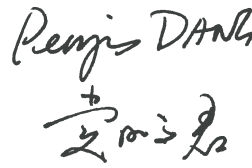


**BANK OF CHINA TURKEY A.Ş.**  
**STATEMENT REGARDING INTERIM ACTIVITY REPORT AS AT 31 MARCH 2019**

This Interim Activity Report of Bank of China Turkey A.Ş. has been prepared in accordance with the Article 10, 13 and 14 of "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks" published by Banking Regulation and Supervision Agency and enclosed herewith.

**Bin CHEN**

Chairman of the  
Board of Directors

**Pengjun DANG**

Member of the  
Board of Directors and  
Chairman of the Audit  
Committee

**Xiaoyu LIU**

Member of the  
Board of Directors

**Ruojie LI**

Deputy Chairman of the  
Board of Directors and  
General Manager

**Özgür DALGIÇ**

Member of the  
Board of Directors and  
Member of the Audit  
Committee

**Notes to unconsolidated financial statements  
as at 31 March 2019**

*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

**SECTION EIGHT**

**REMARKS REGARDING INTERIM ACTIVITY REPORT**

**I. THE INTERIM ACTIVITY REPORT CONTAINING EVALUATIONS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE GENERAL MANAGER REGARDING INTERIM PERIOD OPERATIONS**

**A. Summary Information on Bank of China Turkey A.Ş.**

The Trade Name of the Bank	Bank of China Turkey Anonim Şirketi
Trade Registry Number	65510-5
Head Office Address	Esentepe Mahallesi Büyükdere Caddesi Tekfen Tower No: 209 Şişli İstanbul
Head Office Telephone Number	(0 212) 260 88 88
Head Office Fax Number	(0 212) 279 88 66
Website	<a href="http://www.bankofchina.com.tr">www.bankofchina.com.tr</a>
Electronic mail address	contact@bankofchina.com.tr

**B. Shareholding Structure**

According to definition of qualified share given by the Banking Law numbered 5411 and to Article 13 of Regulation on Transactions of Banks Subject to Permit and Indirect Shareholding, ratios of the qualified shareholders who hold a stake in the capital of the Bank are as follows:

Name-Surname/Trade Name	Share Amounts	Share Ratios	Paid-up Shares	Unpaid Portion
Bank of China Limited	1,051,229	99.99%	1,051,229	-

**C. Members of the Board of Directors and the Audit Committee**

Members of the board of directors, members of the audit committee, general manager and assistant general managers of the Bank as of 31 March 2019 are listed below: None of the members of the Board of Directors (including the General Manager) has shareholding in the Bank.

Chairman and Members of the Board of Directors:

Name Surname	Position	Date of Appointment	Educational Background
Bin CHEN	Chairman of the Board of Directors	10 January 2017	PhD Degree
Ruojie LI	Vice Chairman of the Board of Directors and General manager	10 January 2017	Master Degree
XIAOYU LIU	Member of the Board of Directors	10 January 2017	Master Degree
Pengjun DANG	Member of the Board of Directors	10 January 2017	Master Degree
Özgür DALGIÇ	Member of the Board of Directors	10 January 2017	Master Degree

Members of the Audit Committee:

Name Surname	Position	Date of Appointment	Educational Background
Pengjun DANG	Chairman of the Audit Committee	4 May 2017	Master Degree
Özgür DALGIÇ	The Members of the Audit Committee in charge of Internal Systems	4 May 2017	Master Degree

**Notes to unconsolidated financial statements  
as at 31 March 2019**

*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

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**D. Information on Branches and Personnel**

As of 31 March 2019, Bank of China Turkey A.Ş. has 31 employees and no branch. The Bank runs its operations at its head office.

**E. Evaluations of the Chairman of the Board of Directors and the General Manager**

Bank of China Limited ("Main Shareholder") started its representative operations in Turkey through Bank of China Limited Turkey Representative Office incorporated in 2011. Pursuant to the decision of the Banking Regulation and Supervision Agency ("BRSA") dated 2 May 2016 and numbered 6880. Bank of China Turkey Anonim Şirketi (the "Bank") was granted the permission to incorporate a deposit bank in Turkey. After the incorporation of the Bank by obtaining the incorporation permission from BRSA, the Bank was officially granted permission for operation following the publication of the decision of BRSA dated 1 December 2017 and numbered 7612 on the volume of the Official Gazette dated 7 December 2017 and numbered 30263. With 99.99% shares of the Main Shareholder, the Bank was incorporated with its registration before Istanbul Trade Registry Office on 10 January 2017 and the said matter was announced on the Turkish Trade Registry Gazette dated 17 January 2017 and numbered 9243 together with the Bank's Articles of Association.

Our Bank started its banking operations in 9 May 2018.

Total assets of the Bank as of 31 March 2019 are TL 1,426,242 (December 31, 2018: TL 1,291,801). While our equity amounts to TL 1,275,740 (December 31, 2018: TL 1,252,526) our capital adequacy ratio is at the level of 94% (December 31, 2018: 190,69%). As of 31 March 2019, the profit after tax of the Bank for the period is TL 26,745. The majority of such profit is the interest income derived from banks and loans.

With the support and guidance of our shareholders and Board of Directors, we believe that our Bank will achieve its future goals successfully by prioritizing the customer satisfaction.

**II. ECONOMIC DEVELOPMENTS AND BANKING SECTOR OVERVIEW**

Global growth concerns and monetary policy change of FED triggered inflows to Emerging Markets in the first quarter of 2019. Rate hike expectations from FED has been pushed out further. Turkey was also been impacted positively from this conjecture. Starting from Mid-March, because of the volatility in FX and Rate markets, asset prices in Turkey began to decrease.

In the first quarter of 2019, CBRT did not change its monetary policy stance. Starting from Mid-March, because of the Turkish Lira volatility, CBRT suspended 1 week repo auctions. Thus, weighted average cost of funding increased. In the same time, CBRT increased local banks' outstanding swap limits (US Dollar against Turkish Lira) gradually.

Turkey's economy has shown a strong growth performance in the first and second quarters of 2018, 7.3% and 5.2% respectively. Growth was mainly driven by the continuation of fiscal policies supported by domestic growth. With the help of economic rebalancing and slowdown in 3rd quarter and 3% economic contraction in the last quarter, 2018 year end GDP Growth occurred at 2.6%. Leading indicators and CBRT expectations survey showing that GDP Growth in 2019 will be slightly positive.

Balancing in Turkish Lira valuation and slowing down in economy, especially started with 3rd quarter of 2018, had positive impact on inflation. March 2019 CPI data occurred at 19.70% while yearly PPI data was at 29.6%. CBRT expectations survey showing that year end inflation will be slightly above the target in New Economy Program which was at 15.9%. 12-month rolling Current Account Deficit to GDP occurred 2.8% in January 2019.

The momentum in credit growth has decelerated which also led to rebalancing in the economy. Loan to Deposit ratio of the sector remained at 115% according to 2019 February BRSA data. Rebalancing also reflected to loan and deposit rates in which gradual easing has been seen.

Banks started syndication loan negotiations in the first quarter of 2019 and some banks finalized their borrowings successfully. TC Treasury has also finalized most of the external borrowing target in 2019 Program by issuing Eurobonds.

**Notes to unconsolidated financial statements  
as at 31 March 2019**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

**III. FINANCIAL INFORMATION AND EVALUATIONS REGARDING BANK OF CHINA TURKEY A.Ş.**

**A. Financial Summary Information Regarding the Interim Period**

Total assets of Bank of China Turkey A.Ş. are TL 1,426,242 (December 31,2018: TL 1,291,801) as of the period that ended on 31 March 2019. At the end of the period, 71% of the assets are composed of banks account whereas 26% is loans. The balance sheet's biggest source of funding is the equity.

	<b>31.03.2019</b>	<b>31.12.2018</b>
<b>Total assets</b>	<b>1,426,242</b>	<b>1,291,801</b>
Cash Assets and Central Bank	29,660	16,421
Banks	836,831	949,969
Loans	518,871	306,590
Other Assets	40,880	18,821
<b>Total liabilities</b>	<b>1,426,242</b>	<b>1,291,801</b>
Deposits	51,405	4
Financial Derivative Liabilities	24,554	-
Reserves	25,119	23,549
Other Liabilities	46,373	16,202
Equities	1,278,791	1,252,046
Letter of Guarantees	247,547	2,577
Other Guarantees	94,982	81,827
Derivatives	617,950	604,120
Capital Adequacy Ratio	94.01%	190.69%

	<b>01.01.2019- 31.03.2019</b>
Net Interest Income	57,436
Non-Interest Income	586
Trading Income/Loss	(9,145)
Total Operating Income/(Expense)	(8,033)
Loan Provisions	(3,507)
<b>Net Operating Profit/(loss)</b>	<b>36,165</b>
Tax Provision (-)	(9,420)
<b>Net Profit / Loss for the Period</b>	<b>26,745</b>

**B. Information Regarding Distribution of Profit**

The Ordinary General Assembly Meeting of the Bank was held on 28.03.2019. At the Ordinary General Assembly Meeting, it was resolved that the net profit for the period amounting to TL 114,734 derived from the operations of the year 2018 be retained;

- of such amount, TL 5,737 be set aside as General Legal Reserve
- of such amount, TL 108,997 be set aside as Extraordinary Legal Reserve.

In 31.03.2019, TL 114,734 was transferred to the reserves account.