

# **BANK OF CHINA TURKEY ANONİM ŐİRKETİ**

**INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT  
UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AND RELATED DISCLOSURES FOR THE NINE MONTHS  
PERIOD ENDED 30 SEPTEMBER 2018**

**(Convenience translation of publicly announced unconsolidated financial  
statements, related disclosures and auditor's report originally issued in Turkish)**

(Convenience translation of the independent auditor's report originally issued in Turkish, See Note I. of Section three)

## **INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION**

**To the Board of Directors of Bank Of China Turkey A.Ş.**

### ***Introduction***

We have reviewed the unconsolidated statement of financial position of Bank Of China Turkey A.Ş. ("the Bank") at 30 September 2018 and the related unconsolidated profit/loss statement, unconsolidated statement of profit/loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of unconsolidated interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Reporting Legislation") and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation. Our responsibility is to express a reviewed conclusion on these unconsolidated interim financial statements based on our review.

### ***Scope of Review***

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of Bank Of China Turkey A.Ş. at 30 September 2018 and of the results of its operations and its cash flows for the nine-month-period then ended in all material respects in accordance with the BRSA Accounting and Financial Reporting Legislation.

**Report on other regulatory requirements arising from legislation**

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

**Additional paragraph for English translation:**

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Fatma Ebru Yücel, SMMM  
Partner

8 November 2018  
İstanbul, Turkey

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH  
SEE NOTE I. OF SECTION THREE)

**THE UNCONSOLIDATED INTERIM FINANCIAL REPORT OF  
BANK OF CHINA TURKEY A.Ş. AS AT AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018**

Address : Esentepe Mahallesi. Büyükdere Caddesi, Tekfen Tower No:209 Şişli-Istanbul  
Telephone : 0 212 260 88 88  
Fax : 0 212 279 88 66  
Web site : [www.bankofchina.com.tr](http://www.bankofchina.com.tr)  
E-mail : [contact@bankofchina.com.tr](mailto:contact@bankofchina.com.tr)

The unconsolidated interim financial report as at and for the nine-month period ended 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, comprises the following sections;

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- EXPLANATIONS ON LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

The unconsolidated financial statements for the nine-month period ended and related disclosures and footnotes in this report are prepared in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks, Banking Regulation and Supervision Agency (BRSA) regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated financial report is presented in **thousands of Turkish Lira (TL)**, and has been subjected to independent audit and presented as the attached.

<b>Bin CHEN</b> Chairman of the Board of Directors	<b>Ruojie LI</b> Deputy Chairman of the Board of Directors and General Manager	<b>Pengjun DANG</b> Member of the Board of Directors and Chairman of the Audit Committee
<b>Özgür DALGIÇ</b> Member of the Board of Directors and Member of the Audit Committee	<b>Fang LONG</b> Head of Financial and Operational Control Department	<b>Elif GUMRAH</b> Financial Reporting and Budgeting Manager

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname/Title : **Elif Gümrah** / Financial Reporting and Budgeting Manager  
Telephone Number : (0 212) 386 01 32

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

**SECTION ONE  
GENERAL INFORMATION****I. History of the Bank including its corporation date, initial status and amendments to the initial status**

Bank of China Limited (“the Parent Company”) began its activities in Turkey through Bank of China Limited Turkey Representative Office opened in 2011. Banking Regulation and Supervisory Agency (BRSA) authorized the Bank to establish a deposit bank in Turkey with the decision numbered 6880 dated 2 May 2016. As BRSA’s establishment permission, as per the decision numbered 7612 dated 1 December 2017 and published on the Official Gazette no 30263 dated 7 December 2017, the Bank got the official operational license, with 99.99% of shareholding of the Parent Company; the Bank has been announced in the Trade Registry Gazette dated 17 January 2017, numbered 9243 along with the Articles of Association dated 10 January 2017.

The Bank started its banking activities in May 9, 2018.

**II. Capital structure, shareholders controlling the management and supervision of the Bank directly or indirectly, and if exists, changes on these issues and the Group that the Bank belongs to**

Besides being one of the biggest public banks in the People’s Republic of China, the Parent Company, Bank of China Limited, who holds 99.99% of the Bank’s shares, is also one of the biggest banks in the world and has a respectable reputation for over a hundred years. Since the establishment of the London Branch in 1929, which was the first overseas branch, Bank of China, who represents the People’s Republic of China best in the international arena, established its representative office in 2011, in Istanbul, Turkey. There has not been any changes in the Bank’s partnership structure in 2018.

**III. Information on the Board of Directors, Members of the Audit Committee, president and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess**

Members of the Bank's Board of Directors, Audit committee members, General Manager and deputies as of 30 September 2018 are stated below. None of the members of the Board of Directors (including General Manager) has shareholding interest in the Bank.

The Chairman and the Members of the Board of the Directors:

<b>Name</b>	<b>Title</b>	<b>Assigned Date</b>	<b>Education</b>
Bin CHEN	Chairman of the Board of Directors	January 10, 2017	PHD Degree
Ruojie LI	Deputy Chairman of the Board of Directors and General Manager	January 10, 2017	Master Degree
Xiaoyu LIU	Member of the Board of Directors	January 10, 2017	Master Degree
Pengjun DANG	Member of the Board of Directors	January 10, 2017	Master Degree
Özgür DALGIÇ	Member of the Board of Directors	January 10, 2017	Master Degree

Members of the Audit Committee:

<b>Name</b>	<b>Title</b>	<b>Assigned Date</b>	<b>Education</b>
Pengjun DANG	Chairman of the Audit Committee	January 10, 2017	Master Degree
Özgür DALGIÇ	Member of the Audit Committee Responsible for Internal Systems	January 10, 2017	Master Degree

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

**IV. Information on the Banks' Qualified Shareholders**

In accordance with the definition of qualified share in the Banking Law numbered 5411 and Article 13 of the Regulation on the Bank's Transactions Subject to Permission and Indirect Shareholding, qualified shareholders are given below;

Name Surname/Company	Shares	Ownership	Paid-in Capital	Unpaid Capital
Bank of China Limited	1,051,229	99,99%	1,051,229	-

**V. Summary Information on the Bank's Functions and Business Lines**

As it is stated in Article 3 of the Articles of Association, the objective and purpose of the Bank whose General Directorate is located in Istanbul, is that the main field of activity is corporate banking. As of 30 September 2018, the Bank serves with 31 employees. (31 December 2017: 25)

**VI. Differences between the communique on preparation of consolidated financial statements of banks and Turkish accounting standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods**

None.

**VII. Existing or potential, actual or legal obstacles to immediate transfer of capital between Bank and its subsidiaries and repayment of debts**

None.

## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off-Balance Sheet Items
- III. Profit/Loss Statement
- IV. Statement of Profit/Loss and Other Comprehensive Income
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows



**BANK OF CHINA TURKEY A.Ş.**
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS OF 30 SEPTEMBER 2018**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

		Reviewed			
		Current Period			
Assets		Note	TP	YP	Total
		(Section Five)	(30/09/2018)		
<b>I.</b>	<b>FINANCIAL ASSETS (Net)</b>		<b>925,418</b>	<b>32,146</b>	<b>957,564</b>
<b>1.1</b>	<b>Cash and cash equivalents</b>		<b>925,418</b>	<b>32,146</b>	<b>957,564</b>
1.1.1	Cash and balances at central bank	(5.1.1)	1,935	11,980	13,915
1.1.2	Banks	(5.1.3)	923,483	20,166	943,649
1.1.3	Receivables from Money Market		-	-	-
<b>1.2</b>	<b>Financial assets valued at fair value through profit or loss</b>		-	-	-
1.2.1	Public debt securities		-	-	-
1.2.2	Equity securities		-	-	-
1.2.3	Other financial assets		-	-	-
<b>1.3</b>	<b>Financial assets valued at fair value through other comprehensive income</b>		-	-	-
1.3.1	Public debt securities		-	-	-
1.3.2	Equity securities		-	-	-
1.3.3	Other financial assets		-	-	-
<b>1.4</b>	<b>Financial assets measured at amortized cost</b>		-	-	-
1.4.1	Public debt securities		-	-	-
1.4.2	Other financial assets		-	-	-
<b>1.5</b>	<b>Derivative financial assets</b>		-	-	-
1.5.1	Derivative financial assets valued at fair value through profit and loss		-	-	-
1.5.2	Derivative financial assets valued at fair value through other comprehensive income		-	-	-
<b>1.6</b>	<b>Non-performing financial assets</b>		-	-	-
<b>1.7</b>	<b>Provisions for expected losses (-)</b>		-	-	-
<b>II.</b>	<b>LOANS (Net)</b>	(5.1.5)	-	<b>350,005</b>	<b>350,005</b>
<b>2.1</b>	<b>Loans</b>		-	<b>350,005</b>	<b>350,005</b>
2.1.1	Loans measured at amortized cost		-	350,005	350,005
2.1.2	Loans at fair value through profit or loss		-	-	-
2.1.3	Loans at fair value through other comprehensive income		-	-	-
<b>2.2</b>	<b>Receivables from leasing transaction</b>		-	-	-
2.2.1	Finance lease receivables		-	-	-
2.2.2	Operating lease receivables		-	-	-
2.2.3	Unearned income (-)		-	-	-
<b>2.3</b>	<b>Factoring receivables</b>		-	-	-
2.3.1	Factoring receivables measured at amortized cost		-	-	-
2.3.2	Factoring receivables measured at fair value through profit or loss		-	-	-
2.3.3	Factoring receivables measured at fair value through other comprehensive income		-	-	-
<b>2.4</b>	<b>Non-performing loans</b>		-	-	-
<b>2.5</b>	<b>Provisions for expected credit losses (-)</b>		-	-	-
2.5.1	12- month expected credit losses (Stage 1)		-	-	-
2.5.2	Significant increase in credit risk (Stage 2)		-	-	-
2.5.3	Credit-Impaired (Stage 3)		-	-	-
<b>III.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-
3.1	Held for sale		-	-	-
3.2	Discontinued operations		-	-	-
<b>IV.</b>	<b>INVESTMENT IN ASSOCIATES,SUBSIDIARIES AND JOINT VENTURES</b>		-	-	-
<b>4.1</b>	<b>Investments in associates (net)</b>		-	-	-
4.1.1	Associates accounted by using equity method		-	-	-
4.1.2	Unconsolidated associates		-	-	-
<b>4.2</b>	<b>Investments in subsidiaries (net)</b>		-	-	-
4.2.1	Unconsolidated financial subsidiaries		-	-	-
4.2.2	Unconsolidated non-financial subsidiaries		-	-	-
<b>4.3</b>	<b>Jointly controlled entities (net)</b>		-	-	-
4.3.1	Joint Controlled partnership accounted by using equity method		-	-	-
4.3.2	Unconsolidated jointly controlled partnership		-	-	-
<b>V.</b>	<b>TANGIBLE ASSETS (Net)</b>	(5.1.12)	<b>4,807</b>	-	<b>4,807</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS (Net)</b>	(5.1.13)	<b>3,750</b>	-	<b>3,750</b>
6.1	Goodwill		-	-	-
6.2	Other		3,750	-	3,750
<b>VII.</b>	<b>INVESTMENT PROPERTY (Net)</b>		-	-	-
<b>VIII.</b>	<b>CURRENT TAX ASSET</b>		-	-	-
<b>IX.</b>	<b>DEFERRED TAX ASSET</b>	(5.1.15)	<b>16,106</b>	-	<b>16,106</b>
<b>X.</b>	<b>OTHER ASSETS</b>	(5.1.17)	<b>585</b>	<b>575</b>	<b>1,160</b>
	<b>TOTAL ASSETS</b>		<b>950,666</b>	<b>382,726</b>	<b>1,333,392</b>

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

**BANK OF CHINA TURKEY A.Ş.**
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS OF 31 DECEMBER 2017**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

Assets	Note (Section Five)	Audited		Total
		Prior Period (31/12/2017)		
		TL	FC	
<b>I. Cash and balances with Central Bank</b>		-	-	-
<b>II. Financial assets at fair value through profit or (loss) (net)</b>		-	-	-
2.1 Trading financial assets		-	-	-
2.1.1 Government debt securities		-	-	-
2.1.2 Share certificates		-	-	-
2.1.3 Derivative financial assets held for trading		-	-	-
2.1.4 Other marketable securities		-	-	-
2.2 Financial assets designated at fair value through profit/(loss)		-	-	-
2.2.1 Government debt securities		-	-	-
2.2.2 Share certificates		-	-	-
2.2.3 Loans		-	-	-
2.2.4 Other marketable securities		-	-	-
<b>III. Banks</b>	(5.1.3)	1,119,642	39,325	1,158,967
<b>IV. Money markets</b>		-	-	-
4.1 Interbank money market placements		-	-	-
4.2 Receivables from BIST		-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-
<b>V. Financial assets available-for-sale (net)</b>		-	-	-
5.1 Share certificates		-	-	-
5.2 Government debt securities		-	-	-
5.3 Other marketable securities		-	-	-
<b>VI. Loans and receivables</b>		-	-	-
6.1 Loans and receivables		-	-	-
6.1.1 Loans to bank's risk group		-	-	-
6.1.2 Government debt securities		-	-	-
6.1.3 Other		-	-	-
6.2 Loans under follow-up		-	-	-
6.3 Specific provisions (-)		-	-	-
<b>VII. Factoring receivables</b>		-	-	-
<b>VIII. Held-to-maturity investments (net)</b>		-	-	-
8.1 Government debt securities		-	-	-
8.2 Other marketable securities		-	-	-
<b>IX. Investments in associates (net)</b>		-	-	-
9.1 Consolidated based on equity method		-	-	-
9.2 Unconsolidated		-	-	-
9.2.1 Investments in financial associates		-	-	-
9.2.2 Investments in non-financial associates		-	-	-
<b>X. Subsidiaries (net)</b>		-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-
<b>XI. Joint ventures (net)</b>		-	-	-
11.1 Accounted based on equity method		-	-	-
11.2 Unconsolidated		-	-	-
11.2.1 Financial joint ventures		-	-	-
11.2.2 Non-financial joint ventures		-	-	-
<b>XII. Lease receivables</b>		-	-	-
12.1 Financial lease receivables		-	-	-
12.2 Operating lease receivables		-	-	-
12.3 Other		-	-	-
12.4 Unearned income (-)		-	-	-
<b>XIII. Derivative financial assets held for hedging</b>		-	-	-
13.1 Fair value hedge		-	-	-
13.2 Cash flow hedge		-	-	-
13.3 Foreign net investment hedge		-	-	-
<b>XIV. Property and equipment (net)</b>	(5.1.12)	5,387	-	5,387
<b>XV. Intangible assets (net)</b>	(5.1.13)	4,087	-	4,087
15.1 Goodwill		-	-	-
15.2 Other		4,087	-	4,087
<b>XVI. Investment property (net)</b>		-	-	-
<b>XVII. Tax asset</b>		-	-	-
17.1 Current tax asset		-	-	-
17.2 Deferred tax asset		-	-	-
<b>XVIII. Assets held for resale and related to discontinued operations (net)</b>		-	-	-
18.1 Held for sale purposes		-	-	-
18.2 Related to discontinued operations		-	-	-
<b>XIX. Other assets</b>	(5.1.17)	139	151	290
<b>TOTAL ASSETS</b>		1,129,255	39,476	1,168,731

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

**BANK OF CHINA TURKEY A.Ş.**
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**
**AS OF 30 SEPTEMBER 2018**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

		Reviewed			
		Current Period			
Liabilities		Note	(30/09/2018)		
		(Section Five)	TP	YP	Total
I.	<b>DEPOSITS</b>	(5.II.1)	1	3	4
II.	<b>LOAN RECEIVED</b>		-	-	-
III.	<b>MONEY MARKET FUNDS</b>		-	-	-
IV.	<b>MARKETABLE SECURITIES (Net)</b>		-	-	-
4.1	Bills		-	-	-
4.2	Asset backed securities		-	-	-
4.3	Bonds		-	-	-
V.	<b>FUNDS</b>		-	-	-
5.1	Borrower funds		-	-	-
5.2	Other		-	-	-
VI.	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-
VII.	<b>DERIVATIVE FINANCIAL LIABILITIES</b>	(5.II.2)	66,357	-	66,357
7.1	Derivative financial liabilities at fair value through profit or loss		66,357	-	66,357
7.2	Derivative financial liabilities at fair value through other comprehensive income		-	-	-
VIII.	<b>FACTORING PAYABLES</b>		-	-	-
IX.	<b>LEASE LIABILITIES</b>		-	-	-
9.1	Financial lease payables		-	-	-
9.2	Operating lease payables		-	-	-
9.3	Other		-	-	-
9.4	Deferred financial lease expenses (-)		-	-	-
X.	<b>PROVISIONS</b>	(5.II.7)	24,124	-	24,124
10.1	General loan loss provisions		21,485	-	21,485
10.2	Provisions for restructuring		-	-	-
10.3	Reserve for employee benefits		2,639	-	2,639
10.4	Insurance technical reserves (Net)		-	-	-
10.5	Other provisions		-	-	-
XI.	<b>CURRENT TAX LIABILITIES</b>	(5.II.8)	27,987	-	27,987
XII.	<b>DEFERRED TAX LIABILITIES</b>		-	-	-
XIII.	<b>LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-
13.1	Held for sale		-	-	-
13.2	Related to discontinued operations		-	-	-
XIV.	<b>SUBORDINATED DEBTS</b>		-	-	-
14.1	Loans		-	-	-
14.2	Other debt instruments		-	-	-
XV.	<b>OTHER LIABILITIES</b>		5,546	744	6,290
XVI.	<b>SHAREHOLDERS' EQUITY</b>	(5.II.11)	1,208,630	-	1,208,630
16.1	<b>Paid-in capital</b>		1,051,230	-	1,051,230
16.2	Capital reserves		-	-	-
16.2.1	Equity share premium		-	-	-
16.2.2	Share cancellation profits		-	-	-
16.2.3	Other capital reserves		-	-	-
16.3	Other accumulated comprehensive income that will not be reclassified in profit or loss		-	-	-
16.4	Other accumulated comprehensive income that will be reclassified in profit or loss		-	-	-
16.5	Profit reserves		86,086	-	86,086
16.5.1	Legal reserves		4,304	-	4,304
16.5.2	Statutory reserves		-	-	-
16.5.3	Extraordinary reserves		81,782	-	81,782
16.5.4	Other profit reserves		-	-	-
16.6	Profit or loss		71,314	-	71,314
16.6.1	Prior years' profits or losses		-	-	-
16.6.2	Current period net profit or loss		71,314	-	71,314
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>1,332,645</b>	<b>747</b>	<b>1,333,392</b>

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

**BANK OF CHINA TURKEY A.Ş.**
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS OF 31 DECEMBER 2017**

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

Liabilities	Note (Section Five)	Audited		Total
		TL	FC	
			Prior Period (31/12/2017)	
<b>I. Deposits</b>	(5.II.1)	-	-	-
1.1 Deposits of the Bank's risk group		-	-	-
1.2 Other		-	-	-
<b>II. Derivative financial liabilities held for trading</b>		-	-	-
<b>III. Funds borrowed</b>		-	-	-
<b>IV. Money markets</b>		-	-	-
4.1 Funds from interbank money market		-	-	-
4.2 Funds from BIST		-	-	-
4.3 Funds provided under repurchase agreements		-	-	-
<b>V. Marketable securities issued (net)</b>		-	-	-
5.1 Bills		-	-	-
5.2 Asset backed securities		-	-	-
5.3 Bonds		-	-	-
<b>VI. Funds</b>		-	-	-
6.1 Borrower funds		-	-	-
6.2 Other		-	-	-
<b>VII. Miscellaneous payables</b>		9,014	11,736	20,750
<b>VIII. Other liabilities</b>		-	-	-
<b>IX. Factoring payables</b>		-	-	-
<b>X. Lease payables (net)</b>		-	-	-
10.1 Financial lease payables		-	-	-
10.2 Operational lease payables		-	-	-
10.3 Other		-	-	-
10.4 Deferred lease expenses (-)		-	-	-
<b>XI. Derivative financial liabilities held for hedging</b>		-	-	-
11.1 Fair value hedge		-	-	-
11.2 Cash flow hedge		-	-	-
11.3 Foreign net investment hedge		-	-	-
<b>XII. Provisions</b>	(5.II.7)	557	1,375	1,932
12.1 General loan loss provision		-	-	-
12.2 Restructuring provisions		-	-	-
12.3 Reserve for employee rights		557	1,375	1,932
12.4 Insurance technical provisions (net)		-	-	-
12.5 Other provisions		-	-	-
<b>XIII. Tax liability</b>	(5.II.8)	8,733	-	8,733
13.1 Current tax liability		8,559	-	8,559
13.2 Deferred tax liability		174	-	174
<b>XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)</b>		-	-	-
14.1 Held for sale		-	-	-
14.2 Related to discontinued operations		-	-	-
<b>XV. Subordinated loans</b>		-	-	-
<b>XVI. Shareholders' equity</b>		-	-	-
16.1 Paid-in capital	(5. II.11)	1,137,316	-	1,137,316
16.2 Capital reserves		1,051,230	-	1,051,230
16.2.1 Share premium		-	-	-
16.2.2 Share cancellation profits		-	-	-
16.2.3 Marketable securities valuation differences		-	-	-
16.2.4 Property and equipment revaluation differences		-	-	-
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 funds (effective portion)		-	-	-
16.2.9 Value increase in assets held for sale and related to discontinued operations		-	-	-
16.2.10 Other capital reserves		-	-	-
16.3 Profit reserves		-	-	-
16.3.1 Legal reserves		-	-	-
16.3.2 Status reserves		-	-	-
16.3.3 Extraordinary reserves		-	-	-
16.3.4 Other profit reserves		-	-	-
16.4 Income or (loss)		86,086	-	86,086
16.4.1 Prior years' income or (loss)		-	-	-
16.4.2 Current year income or (loss)		86,086	-	86,086
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,155,620</b>	<b>13,111</b>	<b>1,168,731</b>

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

**BANK OF CHINA TURKEY A.Ş.**

**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS  
AS OF 30 SEPTEMBER 2018**

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

		Reviewed			
		Current Period			
		Note	(30/09/2018)		
		(Section Five)	TP	YP	Total
<b>A.</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>408,507</b>	<b>427,168</b>	<b>835,675</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	(5.III.1)	<b>106,757</b>	<b>79,643</b>	<b>186,400</b>
1.1.	Letters of Guarantee		106,757	2,923	109,680
1.1.1.	Guarantees Subject to State Tender Law		-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations		-	-	-
1.1.3.	Other Letters of Guarantee		106,757	2,923	109,680
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 Turkey		-	-	-
1.5.2.	Other Endorsements		-	-	-
1.6.	Purchase Guarantees for Securities Issued		-	-	-
1.7.	Factoring Guarantees		-	-	-
1.8.	Other Guarantees		-	76,720	76,720
1.9.	Other Collaterals		-	-	-
<b>II.</b>	<b>COMMITMENTS</b>		-	-	-
2.1.	Irrevocable Commitments		-	-	-
2.1.1.	Asset Purchase 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 Requirements		-	-	-
2.1.7.	Commitments for Cheque Payments		-	-	-
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		-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5.III.2)	<b>301,750</b>	<b>347,525</b>	<b>649,275</b>
3.1.	Hedging Derivative Financial Instruments		-	-	-
3.1.1.	Fair Value Hedges		-	-	-
3.1.2.	Cash Flow Hedges		-	-	-
3.1.3.	Foreign Net Investment Hedges		-	-	-
3.2.	Trading Derivative Financial Instruments		301,750	347,525	649,275
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		-	-	-
3.2.1.1.	Forward Foreign Currency Transactions-Buy		-	-	-
3.2.1.2.	Forward Foreign Currency Transactions-Sell		-	-	-
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		301,750	347,525	649,275
3.2.2.1.	Foreign Currency Swap-Buy		301,750	-	301,750
3.2.2.2.	Foreign Currency Swap-Sell		-	347,525	347,525
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>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		-	-	-
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		-	-	-
4.1.	Customer Fund and Portfolio Balances		-	-	-
4.2.	Investment Securities Held in Custody		-	-	-
4.3.	Cheques 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		-	-	-
<b>V.</b>	<b>PLEDGES RECEIVED</b>		-	-	-
5.1.	Marketable Securities		-	-	-
5.2.	Guarantee Notes		-	-	-
5.3.	Commodity		-	-	-
5.4.	Warranty		-	-	-
5.5.	Immovables		-	-	-
5.6.	Other Pledged Items		-	-	-
5.7.	Pledged Items-Depository		-	-	-
<b>VI.</b>	<b>ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		-	-	-
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>			<b>408,507</b>	<b>427,168</b>	<b>835,675</b>

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

**BANK OF CHINA TURKEY A.Ş.**
**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS  
AS OF 31 DECEMBER 2017**

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

	Note	Audited		Total
		TL	FC	
<b>A</b>				
<b>Off-balance sheet commitments (I+II+III)</b>				
<b>I. Guarantees and warranties</b>	(5.III.1)	-	-	-
1.1 Letters of guarantee		-	-	-
1.1.1 Guarantees subject to state tender law		-	-	-
1.1.2 Guarantees given for foreign trade operations		-	-	-
1.1.3 Other letters of guarantee		-	-	-
1.2 Bank acceptances		-	-	-
1.2.1 Import letter of acceptance		-	-	-
1.2.2 Other bank acceptances		-	-	-
1.3 Letters of credit		-	-	-
1.3.1 Documentary letters of credit		-	-	-
1.3.2 Other letters of credit		-	-	-
1.4 Prefinancing given as guarantee		-	-	-
1.5 Endorsements		-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-
1.5.2 Other endorsements		-	-	-
1.6 Securities issue purchase guarantees		-	-	-
1.7 Factoring guarantees		-	-	-
1.8 Other guarantees		-	-	-
1.9 Other warranties		-	-	-
<b>II. Commitments</b>		-	-	-
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		-	-	-
2.2 Revocable commitments		-	-	-
2.2.1 Revocable loan granting commitments		-	-	-
<b>III. Derivative financial instruments</b>	(5.III.2)	-	-	-
3.1 Derivative financial instruments for hedging purposes		-	-	-
3.1.1 Transactions for fair value hedge		-	-	-
3.1.2 Transactions for cash flow hedge		-	-	-
3.1.3 Transactions for foreign net investment hedge		-	-	-
3.2 Trading transactions		-	-	-
3.2.1 Forward foreign currency buy/sell transactions		-	-	-
3.2.1.1 Forward foreign currency transactions-buy		-	-	-
3.2.1.2 Forward foreign currency transactions-sell		-	-	-
3.2.2 Swap transactions related to foreign currency and interest rates		-	-	-
3.2.2.1 Foreign currency swap-buy		-	-	-
3.2.2.2 Foreign currency swap-sell		-	-	-
3.2.2.3 Interest rate swap-buy		-	-	-
3.2.2.4 Interest rate swap-sell		-	-	-
3.2.3 Foreign currency, interest rate and securities options		-	-	-
3.2.3.1 Foreign currency options-buy		-	-	-
3.2.3.2 Foreign currency options-sell		-	-	-
3.2.3.3 Interest rate options-buy		-	-	-
3.2.3.4 Interest rate options-sell		-	-	-
3.2.3.5 Securities options-buy		-	-	-
3.2.3.6 Securities options-sell		-	-	-
3.2.4 Foreign currency futures		-	-	-
3.2.4.1 Foreign currency futures-buy		-	-	-
3.2.4.2 Foreign currency futures-sell		-	-	-
3.2.5 Interest rate futures		-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-
<b>B. Custody and pledges received (IV+V+VI)</b>		-	-	-
<b>IV. Items held in custody</b>		-	-	-
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		-	-	-
<b>V. Pledges received</b>		-	-	-
5.1 Marketable securities		-	-	-
5.2 Guarantee notes		-	-	-
5.3 Commodity		-	-	-
5.4 Warrants		-	-	-
5.5 Properties		-	-	-
5.6 Other pledged items		-	-	-
5.7 Pledged items-depository		-	-	-
<b>VI. Accepted independent guarantees and warranties</b>		-	-	-
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		-	-	-

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

**BANK OF CHINA TURKEY A.Ş.**
**UNCONSOLIDATED PROFIT/LOSS STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

		Note	Reviewed Current Period (01/01/2018- 30/09/2018)	Reviewed Current Period (01/07/2018- 30/09/2018)
INCOME AND EXPENSE ITEMS		(Section Five)		
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.1)	<b>125,867</b>	<b>47,158</b>
1.1	Interest from Loans		2,480	2,480
1.2	Interest from Reserve Deposits		-	-
1.3	Interest from Banks		123,387	44,678
1.4	Interest from Money Market Transactions		-	-
1.5	Interest from Marketable Securities Portfolio		-	-
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		-	-
1.5.3	Financial Assets Measured at Amortized Cost		-	-
1.6	Interest from Financial Leases		-	-
1.7	Other Interest Income		-	-
<b>II.</b>	<b>INTEREST EXPENSE</b>	(5.IV.2)	<b>-</b>	<b>-</b>
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		-	-
2.3	Interest Expense on Money Market Transactions		-	-
2.4	Interest on Securities Issued		-	-
2.5	Other Interest Expenses		-	-
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>125,867</b>	<b>47,158</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME / LOSSES</b>		<b>890</b>	<b>672</b>
4.1	Fees and Commissions Received		912	675
4.1.1	Non-cash Loans		718	481
4.1.2	Other		194	194
4.2	Fees and Commissions Paid		22	3
4.2.1	Non-cash Loans		-	-
4.2.2	Other		22	3
<b>V.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>10,573</b>	<b>3,976</b>
<b>VI.</b>	<b>DIVIDEND INCOME</b>	(5.IV.3)	<b>-</b>	<b>-</b>
<b>VII.</b>	<b>TRADING INCOME / LOSS (Net)</b>	(5.IV.4)	<b>17,736</b>	<b>15,003</b>
7.1	Profit / Loss on Securities Trading		-	-
7.2	Profit / Loss on Derivative Financial Transactions		(66,357)	(66,357)
7.3	Foreign Exchange Gains / Losses		84,093	81,360
<b>VIII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.5)	<b>5</b>	<b>1</b>
<b>IX.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>133,925</b>	<b>58,858</b>
<b>X.</b>	<b>LOAN PROVISIONS (-)</b>	(5.IV.6)	<b>21,485</b>	<b>3,001</b>
<b>XI.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.7)	<b>15,019</b>	<b>5,788</b>
<b>XII.</b>	<b>NET OPERATING PROFIT / LOSS (IX-X-XI)</b>		<b>97,421</b>	<b>50,069</b>
<b>XIII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XIV.</b>	<b>INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>GAIN / LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)</b>	(5.IV.8)	<b>97,421</b>	<b>50,069</b>
<b>XVII.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	(5.IV.9)	<b>(26,107)</b>	<b>(11,678)</b>
17.1	Current Tax Provision		(42,387)	(27,367)
17.2	Expense Effect of Deferred Tax		-	-
17.3	Income Effect of Deferred Tax		16,280	15,689
<b>XVIII.</b>	<b>NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVI±XVII)</b>	(5.IV.10)	<b>71,314</b>	<b>38,391</b>
<b>XIX.</b>	<b>PROFIT FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
19.1	Income From Assets Held for Sale		-	-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
19.3	Other Income From Discontinued Operations		-	-
<b>XX.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
20.1	Expenses on Assets Held for Sale		-	-
20.2	Losses from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Other Expenses From Discontinued Operations		-	-
<b>XXI.</b>	<b>P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		<b>-</b>	<b>-</b>
<b>XXII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
22.1	Current Tax Provision		-	-
22.2	Expense Effect of Deferred Tax		-	-
22.3	Income Effect of Deferred Tax		-	-
<b>XXIII.</b>	<b>NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		<b>-</b>	<b>-</b>
<b>NET PROFIT / LOSS (XVIII+XXIII)</b>		(5.IV.10)	<b>71,314</b>	<b>38,391</b>

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

**BANK OF CHINA TURKEY A.Ş.****UNCONSOLIDATED STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE  
INCOME SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

		Reviewed
		Current Period (01/01/2018- 30/09/2018)
<b>I.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>71,314</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>
<b>2.1</b>	<b>Other comprehensive income that will not be reclassified to profit or loss</b>	<b>-</b>
2.1.1	Gains (Losses) on Revaluation of Property and Equipment	-
2.1.2	Gains (Losses) on Revaluation of Intangible Assets	-
2.1.3	Gains (Losses) on Remeasurements of Defined Benefit Plans	-
2.1.4	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-
2.1.5	Taxes Relating to Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	-
<b>2.2</b>	<b>Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss</b>	<b>-</b>
2.2.1	Exchange Differences on Translation	-
2.2.2	Valuation and/or Reclassification Profit or Loss From Financial Assets at Fair Value Through Other Comprehensive Income	-
2.2.3	Income (Loss) Related with Cash Flow Hedges	-
2.2.4	Income (Loss) Related with Hedges of Net Investment Foreign Operations	-
2.2.5	Other Components of Other Comprehensive Income That Will Be Reclassified To Profit or Loss	-
2.2.6	Tax Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>71,314</b>

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



**BANK OF CHINA TURKEY A.Ş.**

**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**

**FOR THE PERIOD 1 JANUARY- 30 SEPTEMBER 2018**

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

Reviewed	Note (Section Five)	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income or Expense That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss			Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income / (Loss)	Total Equity	
						1	2	3	4	5	6					
<b>Current Period</b>																
I.	Balances at beginning of the period (*)	1,051,230	-	-	-	-	-	-	-	-	-	-	-	-	86,086	1,137,316
II.	Correction made as per TAS 8 (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at beginning of the period (I+II)	1,051,230	-	-	-	-	-	-	-	-	-	-	-	-	86,086	1,137,316
IV.	Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	-	71,314	71,314
V.	Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	86,086	-	(86,086)	-	-
11.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves	-	-	-	-	-	-	-	-	-	-	86,086	-	(86,086)	-	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Balances at the end of the period (III+IV+.....+X+XI)</b>	<b>1,051,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,086</b>	<b>-</b>	<b>71,314</b>	<b>1,208,630</b>	

(\*) Those figures represents the closing amounts as of 31 December 2017.

1. Tangible and Intangible Asset Revaluation Reserve
2. Accumulated Gains/Losses on Remeasurement of Defined Benefit Plans
3. Other (Other comprehensive income of Associates and Joint Ventures Accounted for Using Equity Method That Will Not Be Reclassified To Profit or Loss and Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss)
4. Exchange Differences on Translation
5. Accumulated Gains (Losses) due to revolution and/or reclassification of financial assets measured at fair value through other comprehensive income
6. Other (Accumulated gains or losses on Cash flow hedge, other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will be reclassified to profit or loss)

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

**UNCONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD 1 JANUARY- 30 SEPTEMBER 2018**

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

		Reviewed
		Current Period
		(01/01/2018-
		30/09/2018)
		Note
		(Section Five)
Statement of Cash Flows		
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>	
<b>1.1</b>	<b>Operating profit before changes in operating assets and liabilities</b>	<b>75,715</b>
1.1.1	Interest received (+)	112,667
1.1.2	Interest paid (-)	-
1.1.3	Dividend received (+)	-
1.1.4	Fees and commissions received (+)	6,022
1.1.5	Other income (+)	-
1.1.6	Collections from previously written off loans and other receivables (+)	-
1.1.7	Payments to personnel and service suppliers (-)	18,626
1.1.8	Taxes paid (-)	24,348
1.1.9	Other (+/-)	-
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>	<b>(296,375)</b>
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 (increase) / decrease in due from banks and other financial institutions (+/-)	(274,760)
1.2.4	Net (increase) / decrease in loans (+/-)	(869)
1.2.5	Net (increase) / decrease in other assets (+/-)	-
1.2.6	Net increase / (decrease) in bank deposits (+/-)	4
1.2.7	Net increase / (decrease) in other deposits (+/-)	-
1.2.8	Net increase / (decrease) in funds borrowed (+/-)	-
1.2.9	Net increase / (decrease) in due payables (+/-)	-
1.2.10	Net increase / (decrease) in other liabilities (+/-)	(20,750)
<b>I.</b>	<b>Net cash provided from banking operations</b>	<b>(220,660)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>II.</b>	<b>Net cash provided from investing activities (+/-)</b>	<b>-</b>
2.1	Cash paid for acquisition of investments, associates and subsidiaries	-
2.2	Cash obtained for acquisition of investments, associates and subsidiaries	-
2.3	Purchases of property and equipment (-)	-
2.4	Disposals of property and equipment (+)	-
2.5	Cash paid for purchase of financial assets available- for sale (-)	-
2.6	Cash obtained from sale of financial assets available- for sale (+)	-
2.7	Cash paid for purchase of investment securities (-)	-
2.8	Cash obtained from sale of investment securities (+)	-
2.9	Other (+)	-
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<b>III.</b>	<b>Net cash provided from financing activities (+/-)</b>	<b>-</b>
3.1	Cash obtained from funds borrowed and securities issued (+)	-
3.2	Cash used for repayment of funds borrowed and securities issued (-)	-
3.3	Issued equity instruments (+)	-
3.4	Dividends paid (-)	-
3.5	Payments for financial leases (-)	-
3.6	Other (+/-)	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>11,328</b>
<b>V.</b>	<b>Net increase in cash and cash equivalents (I+II+III+IV)</b>	<b>(209,332)</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of period</b>	<b>1,156,510</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of period</b>	<b>947,178</b>

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

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**SECTION THREE**

**ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION**

**a. Preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures on the Accounting Practice and Documentation of Banks**

The Bank prepared the accompanying financial statements in accordance with the Banking Law No.5411 "Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents", dated November 1, 2006 which is published in the Official Gazette No: 26333, which refers to "Turkish Accounting Standards" ("TAS"), put into effect by Public Oversight Accounting and Auditing Standards Authority ("KGK"), and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the Banking Regulation and Supervision Agency ("BRSA").

The format and detail of the publicly announced selected financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and amendments to this Communiqué. The Bank maintains its books of account in Turkish Lira in accordance with the Banking Law, Turkish commercial Code and Turkish Tax Legislation.

The financial statements have been prepared in TL, based on the historical cost basis except for the financial assets, liabilities and derivatives which are expressed with their fair values.

On May 2, 2016, the Bank obtained permission from BRSA to establish as a deposit bank. The Bank obtained its permission to operate on 7 December 2017 and started its banking activities on 9 May 2018. For this reason, the income statement in the accompanying financial statements, the statement of income and expenses recognized under shareholders' equity, the statement of changes in equity and the statement of cash flows are not presented comparatively.

Exception request for the transition to the corresponding provision calculations of "TFRS 9 Financial Instruments" standard, effective as of January 1, 2018, has been approved by BRSA with the letter numbered 32521522-101.02.02 [68] -E.4652 and dated in 3 April 2018. In this respect, the Bank allocates general and special provisions within the scope of 10th, 11th, 13th and 15th articles of "Regulation on Procedures and Principles for the Classification of Loans and Provisions to be Reserved for Such Loans".

**Additional paragraph for convenience translation into English of financial statements originally issued in Turkish**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

**b. Accounting policies and valuation principles applied in preparation of financial statements**

The accounting policies and valuation principles used in the preparation of the financial statements are selected and applied in accordance with the requirements set out in regulations, communiqués, statements and guidance published by the BRSA and if there is no special regulation by the BRSA, in accordance with the principles within TAS / TFRS. The accounting policies and valuation principles applied in the preparation of the accompanying financial statements are explained in Notes II and XXII below.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

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**b. Accounting policies and valuation principles applied in preparation of financial statements (continued)**

In preparation of selected financial statements in accordance with TAS, the Bank's management is required to make assumptions and estimates about the assets and liabilities on the balance sheet and the contingent issues as of the balance sheet date. Such assumptions and estimates are regularly reviewed, necessary corrections are made and details of the effects of these corrections are reflected in the income statement as explained in the related footnotes.

**c. Classification changes in financial statements**

None.

**II. EXPLANATIONS ON THE USAGE STRATEGY OF FINANCIAL INSTRUMENTS AND ON FOREIGN CURRENCY TRANSACTIONS**

The Bank operates in the fields of Corporate Banking and Treasury banking in Turkey. The Bank provides cash, non-cash loans, project financing and corporate finance services to its corporate customers under the umbrella of corporate banking.

The Bank's most important funding source is its capital. Most of the Bank's assets consist of placements made to banks. While capital is evaluated in high quality financial assets, an asset-liability management strategy is followed to keep interest, liquidity and exchange rate risks within certain limits. Foreign currency, interest and liquidity risks carried in the balance sheet and off-balance sheet assets and liabilities are managed within the framework of various risk limits and legal limits adopted by the Bank. The position of the Bank as a result of its foreign currency operations is kept at a minimum level and the foreign exchange rate risk is monitored within the framework of the Banking Law.

**Explanation on foreign currency transactions:**

Foreign exchange gains and losses arising from the foreign currency transactions are converted into Turkish Lira by using the exchange rates at the date of the transaction and recognized in accounting records. At the end of the periods, foreign currency assets and liabilities are converted into Turkish Lira by using the spot foreign currency exchange rates of the Bank at the end of the period and the related currency conversion differences are recognized as foreign exchange gains and losses.

**III. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS**

The Bank's derivative instruments are classified as "Derivative Financial Assets Measured at Fair Value through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income" in accordance with "IFRS 9".

In accordance with IFRS 9, forward foreign exchange contracts, swaps, options and futures transactions are classified as "Derivative Financial Assets Measured at Fair Value through Profit and Loss". Derivative transactions are recorded at their fair value at the date of the contract. In addition, liabilities and receivables arising from derivative transactions are recorded in off-balance sheet accounts at contractual amounts.

Receivables and liabilities arising from derivative transactions are recorded in off-balance sheet accounts at contractual amounts. Derivative transactions are valued at their fair values in the periods subsequent to their acquisition.

As of September 30, the Bank has derivative financial liability is TL 66,357 which is classified as "Derivative Financial Assets Measured at Fair Value through Profit and Loss" (31 December 2017: None).

**IV. INFORMATION ON INTEREST INCOME AND EXPENSES**

Interest income and expenses are recognized as they are accrued using internal rate of return method.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

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**V. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES**

According to the nature of fees and commissions; commission income / expenses collected for any future transaction are recognized on an accrual basis and other fee and commission income / expenses are recognized in accordance with TFRS 15 in the period in which they are incurred.

**VI. EXPLANATIONS ON FINANCIAL ASSETS**

Within the framework of the business plan, the Bank classifies and accounts for its financial assets as "Financial assets at fair value through profit or loss", "Financial assets at fair value through profit or loss" or "Financial assets at amortized cost". Such financial assets are recognized or deducted according to the "Financial Statement Acquisition and Disclosure of Financial Statements" in the third part of TFRS 9 standard on classification and measurement of financial instruments published in the Official Gazette dated 19 January 2017 and numbered 29953. Financial assets are measured at fair value on initial recognition in the financial statements. In the first measurement of financial assets other than "Financial assets at fair value through profit or loss", transaction costs are added to fair value or deducted from fair value. The Bank recognizes a financial asset only when it is a party to the contractual provisions of the financial instrument. The first time that a financial asset is included in the financial statements, the characteristics of the business model and the contractual cash flows of the financial asset are taken into account by the Bank Management. When the business model determined by the bank management is changed, all financial assets affected by this change are reclassified and the reclassification is applied in the future. In such cases, no adjustments are made to the earnings, losses or interests previously recognized in the financial statements.

**Loans and Receivables:**

Loans are financial assets that have fixed or determinable payments and are not quoted on an active market. Such loans are initially recognized at cost with fair value reflecting transaction costs and are measured at amortized cost using the "effective interest rate (internal rate of return) method".

**VII. INFORMATION ON IMPAIRMENT OF FINANCIAL ASSETS**

Within the scope of the authorization granted to the Bank from BRSA numbered 32521522-101.02.02[86]-E.4652 and dated 3 April 2018, as of 30 September 2018, the Bank has not applied the provisions regarding the impairment of TFRS 9; as of 1 January 2018, the Bank calculated and accounted allowances for impairment of financial assets in accordance with the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside " published in the Official Gazette No. 29750 dated 22 September 2016 and effective as of 1 January 2018, "General and specific provisions to be allocated to banks that do not apply TFRS 9 ".

A financial asset or a group of financial assets can be impaired and impairment loss will occur only if there is objective evidence that one or more events ("loss/profit events") have occurred after the initial recording of subject asset and that subject loss event/s have an impairment effect on future, approximate cash flows which can accurately be guessed.

**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 the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

**IX. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND LENDING OF SECURITIES**

Funds provided by the Bank for securities sold under agreements for repurchase agreements ("Repo") are followed in the legal records in the "Funds Provided under Repurchase Agreements" and "Funds Provided under Repurchase Agreements-FC" Accounts.

Securities subject to repo (repurchase agreements) are classified as "Financial assets at fair value through profit or loss" or "Financial assets at fair value through other comprehensive income" according to their purposes to be held in the Bank's portfolio. Revenues from securities subject to repo are accounted for in interest income and expenses paid under repurchase agreements are accounted in interest expense accounts.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

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**IX. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND LENDING OF SECURITIES  
(continued)**

Funds lent against securities purchased under agreements to resell ("Reverse repos") are accounted under "Receivables from reverse repurchase agreements" on the balance sheet. Interest income accruals are calculated according to the "effective interest (internal rate of return) method" for the portion of the difference between repurchase agreements and purchase and resale prices. Difference between the purchase and resale prices determined by reverse repurchase agreements, the interest income accrual is calculated according to the "Effective interest rate method".

As of 30 September 2018, the Bank has no repo, reverse repo and foreclosed marketable securities (31 December 2017: None).

**X. EXPLANATIONS ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND THE RELATED LIABILITIES**

Assets held for sale, consist of tangible assets due to non-performing loans are accounted for in accordance with "TFRS 5 related to Held for Sale Fixed Assets and Discontinued Operations Turkey Financial Reporting Standards" in the financial statements.

A discontinued operation is part of a bank's business classified as disposed or held-for-sale. It refers to a separate main business line or the geographical area of its activities. It is a part of the sale of a separate main line of business or geographical area of operations alone in a coordinated plan, or is a subsidiary acquired solely for resale.

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

**XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

Goodwill represents the difference between the cost of goods sold and the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree's entity / operation, and represents the payment made by the acquirer to the entity for future benefit recognition. Not included in the financial statements of the business acquired in business combinations; however, assets that are separable from goodwill, intangible assets (such as credit card brand value and customer portfolio) and / or contingent liabilities are recognized in the financial statements at fair value.

Goodwill calculated in accordance with TFRS 3 - Business Combinations Standard is not subject to amortization but instead is tested for impairment in accordance with TAS 36 - Impairment of Assets, more frequently, annually or in cases where the conditional changes in circumstances indicate it may be impaired.

Intangible assets are amortized using the straight-line method over their estimated useful lives. The determination of the useful life of the asset is made by assessing the expected duration of use of the asset, the technical, technological or other type of obsolescence and the maintenance costs required to obtain the expected economic benefit from the asset.

The principal assets that the Bank classifies as intangible assets are the license and development fees paid for the systems used by the Bank. Intangible assets are depreciated over their useful lives according to the normal depreciation method. The depreciation method and period are passed periodically at the end of each year.

As of 30 September 2018, there is no goodwill in the accompanying financial statements (31 December 2017: None).

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***XII. EXPLANATIONS ON TANGIBLE ASSETS**

In accordance with the "Accounting Standard for Tangible Fixed Assets" ("TAS 16"), the cost of the tangible assets is determined by adding the initial amounts of the tangible assets and other direct expenses required to make the asset available. Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

For assets that are less than an active accounting period, depreciation is provided for the amount of the depreciation for the full year, as measured by the proportion of the asset over the life of the asset.

If the carrying amount of an item of property, plant and equipment is greater than its market value, an impairment loss is recognized for the excess amount and the amount is recognized in the financial statements. Gains or losses arising from the disposal of tangible fixed assets are transferred to profit and loss accounts of the related period.

Maintenance and repair costs incurred for tangible assets are recorded as expense.

Depreciation rates and estimated useful lives used for the tangible assets are as follows:

<b>Tangible Assets</b>	<b>Estimated Useful Life (Year)</b>	<b>Amortization Rate (%)</b>
Operating Leases	8-9	11.11-12.5
Furniture	5	20
Office equipment	4-10	10-25
Safe	50	2

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

**XIII. EXPLANATIONS ON LEASING TRANSACTIONS**

The Bank has no financial lease operations except offices used for the marketing of business services and for the maintenance of operations. The Bank has no authority to be involved in financial lease as lessor.

As predicted, the Bank has future prepaid operating lease contracts and there is no operating lease liability as of September 30, 2018.

**XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES**

Provision is made in the financial statements if there is an existing obligation resulting from past events, it is probable that the obligation will be met and the obligation can be reliably measured. Provisions are calculated based on the Bank Management's best estimates of the expenditure required to settle the obligation at the balance sheet date and are discounted to the present value where the effect is material.

For liabilities that arise as a result of past events, provision is made if the probability of occurrence is high and the amount can be reliably estimated at the time when those liabilities are incurred.

Contingent assets usually consist of unplanned or other unexpected events that give rise to the possibility of entry into the business of economic benefits. The presentation of contingent assets in the financial statements is not included in the financial statements, as it may result in the recognition of an income that can never be obtained. Contingent assets are disclosed in the footnotes of financial statements if it is probable that the economic benefits will flow to the enterprise. Contingent assets are assessed on an ongoing basis to ensure that their development is accurately reflected in the financial statements. If it becomes almost certain that the economic benefit will enter the Bank, the related asset and related income are reflected in the financial statements of the period in which the change occurs.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

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**XV. EXPLANATION ON LIABILITIES RELATED TO EMPLOYEE RIGHTS**

In accordance with the existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. In accordance with the revised TAS 19 employee benefits standard ("TAS 19"), such payments are recognized as defined benefit plans.

The retirement pay liability recognized in the balance sheet is calculated according to the present value of the amount of the liability expected to arise in the future due to retirement of all employees and reflected to the financial statements. Amendments to TAS 19 change the accounting for defined benefit plans and termination benefits. Changes require that all actuarial losses and gains be accounted for as other comprehensive income immediately in order to reflect the full value of the net retirement asset or liability in the balance sheet. Changes to TAS 19 should be applied retrospectively.

**a. Defined benefit plans:**

According to the laws and collective agreements existing in Turkey, retirement pay is paid in case of retirement or dismissal. The Bank recognizes the provision for the rights of its employees by estimating the present value of its future probable obligation in the event of retirement or dismissal.

There are no foundations, pension funds or similar associations of which the employees are members.

**b. Defined contribution plans:**

The Bank, on behalf of its employees, must pay contributions to the Social Security Institution (SSI) in the amount determined by law. Apart from the contribution paid by the Bank, there is no other obligation to pay to its employees or the SSI. These premiums are reflected to the personnel expenses in the period when they are accrued.

**c. Short-term benefits to employees:**

The liabilities arising from the vacation pay defined as "short-term benefits to employees" within the scope of TAS 19 are accrued and are not discounted at the periods when they are earned.



**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

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**XVI. EXPLANATIONS ON TAXATION**

**a. Corporate tax:**

As per the provisional article 91 of Law numbered 7061, which is added to Corporate Tax Law numbered 5520 corporate tax rate regarding 2018, 2019 and 2020 fiscal periods (accounting periods starting within the related period for companies which are assigned special accounting period) has been changed as 22%.

Since the applicable tax rate has been changed to 22% for the 3 years beginning from 1 January 2018, 22% tax rate is used in the deferred tax calculation of 30 September 2018 for the temporary differences expected to be realized/closed within 3 years (for the years 2018, 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized/closed after 2020.

Corporate tax declarations are prepared between 1st and 25th days of 4th month of the related fiscal year and are paid till the end of the following month in one installment.

The corporations and income tax provisions calculated over the period profits are recorded in the "Current Tax Liability" account in the liabilities and in the "Current Tax Provision" account in the income statement as expense.

According to the Turkish Corporate Tax Law, financial losses in the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting entries can be examined within five years by tax office.

If there is no dividend distribution planned, no further tax charges are made. Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decisions no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

Current tax effect in regards to transactions directly accounted for in equity is also reflected to equity.

**b. Deferred tax:**

In accordance with Turkish Accounting Standard on Income Taxes (TAS 12), the Bank accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The Bank's deferred tax assets and liabilities are offsetted in unconsolidated balance sheet. As of 30 September 2018, the Bank has TL 16,106 deferred tax assets (31 December 2017: TL 174 deferred tax liability).

Deferred tax liabilities are recognized for all temporary differences whereas deferred tax assets calculated from deductible temporary differences are only recognized if it's highly probable that these will in the future create taxable profit. Deferred tax asset is not provided over general reserve for possible risk and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

Deferred tax effect in regards to transactions directly accounted for in equity is also reflected to equity and netted with related accounts.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
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*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)*

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**XVI. EXPLANATIONS ON TAXATION (continued)**

**b. Deferred tax (continued):**

In addition, deferred tax income is not subject to profit distribution and capital increase, if the income remains as a result of offsetting of the deferred tax asset and liabilities in accordance with the circular of the BRSA.

**c. Transfer pricing:**

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “disguised profit distribution” by way of transfer pricing. “The General Communique on Disguised Profit Distribution by way of Transfer Pricing” published on November 18, 2007 explains the application related issues in detail.

According to this Communique, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer is subject to or exempt from tax.

As discussed under subject Communique’s 7.1 Annual Documentation section. taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization” form for the purchase and sale of goods or services conducted with their related parties in a taxation period attach these forms to their corporate tax returns and submit to the tax offices.

**XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS**

None.

**XVIII. EXPLANATIONS ON SHARE CERTIFICATES ISSUED**

None (31 December 2017: None).

**XIX. EXPLANATIONS ON BANK ACCEPTANCES AND BILLS OF GUARANTEE**

Bank acceptances and bills of guarantee are presented within off-balance sheet liabilities as being possible liabilities and commitments. As of the balance sheet date, there are no bank acceptances and bills of guarantee recognized as liability against an asset (31 December 2017: None).

**XX. EXPLANATIONS ON GOVERNMENT INCENTIVES**

As of the balance sheet date, the Bank does not have any government incentives. (31 December 2017: None).

**BANK OF CHINA TURKEY A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***XXI. EXPLANATIONS ON SEGMENT REPORTING**

The main segment of banking operations is Corporate Banking. As of 30 September 2018, the financial information per banking segments is presented below:

<b>Current Period</b>	<b>Corporate Banking</b>	<b>Fund Management</b>	<b>Unallocated</b>	<b>Total</b>
Operating income	3,370	141,123	5	144,498
Operating expense	(5,213)	(16,272)	(25,592)	(47,077)
Pretax income / (loss)	(1,843)	124,851	(25,587)	97,421
Tax provision (-)	-	-	(26,107)	(26,107)
<b>Net Profit / (Loss)</b>	<b>(1,843)</b>	<b>124,851</b>	<b>(51,694)</b>	<b>71,314</b>
Segment assets	350,005	957,564	25,823	1,333,392
Segment liabilities	5,217	82,629	36,916	124,762
Equity	-	1,208,630	-	1,208,630

(\*)The prior period of the table is not presented as the Bank was not in operation as of September 30, 2017.

**XXII. OTHER MATTERS**

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)*
**SECTION FOUR**
**INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT**
**I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY**

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

As of 30 September 2018, the Bank's total capital has been calculated as TL 1,193,723 and the capital adequacy ratio is 190.02%. This ratio is well above the minimum ratio required by the legislation.

**Information on Equity Accounts:**

	<b>Current Period (30/09/2018) Amount</b>	<b>Amounts as per the regulation before 1/1/2014 (*)</b>
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in capital to be entitled for compensation after all creditors	1,051,230	
Share Premium	-	
Reserves	86,086	
Gains recognized in equity as per TAS	-	
Profit	71,314	
Current period profit	71,314	
Prior period profit	-	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	
<b>Common Equity Tier I Capital Before Deductions</b>	<b>1,208,630</b>	
<b>Deductions From Common Equity Tier I Capital</b>		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS	-	-
Improvement costs for operating leasing (-)	2,061	-
Goodwill and other intangible assets and related deferred taxes (-)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,643	-
Excess amount arising from deferred tax assets from temporary differences	16,214	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses arising from the differences in the credit value of the Bank's liabilities at fair value.	-	-
Net amount of defined benefit plans	-	-
Direct and indirect investments of the Bank on its own Tier I Capital (-)	-	-
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more 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 (-)	-	-
Excess amount arising from mortgage servicing rights	-	-
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	-	-
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>21,918</b>	
<b>Total Common Equity Tier I Capital</b>	<b>1,186,712</b>	

(\*) In this section, the accounts that are liable to the temporary articles of "Regulation on Equities of Banks" which will be considered at the end of the transition period are shown.

**BANK OF CHINA TURKEY A.Ş.**
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)*
**I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (continued)**

<b>ADDITIONAL TIER I CAPITAL</b>			
Preferred stock not included in Tier I capital and the related share premiums		-	
Debt instruments and the related issuance premiums defined by the BRSA		-	
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)		-	
Shares of third parties in Additional Tier 1 Capital		-	
Shares of third parties in Additional Tier 1 Capital (Temporary Article 3)		-	
<b>Additional Core Capital before Deductions</b>		-	
<b>Deductions from Additional Core Capital</b>		-	
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)		-	-
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation		-	-
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 (-)		-	-
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 (-)		-	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>		-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)		-	-
Net deferred tax asset/liability 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 (-)		-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)		-	-
<b>Total Deductions from Additional Tier I Capital</b>		-	-
<b>Total Additional Tier I Capital</b>		-	-
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>		1,186,712	-
<b>TIER II CAPITAL</b>			
Debt instruments and share issue premiums deemed suitable by the BRSA		-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)		-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)		7,011	-
<b>Tier II Capital before Deductions</b>		<b>7,011</b>	-
<b>Deductions from Tier II Capital</b>			
Direct and indirect investments of the Bank on its own Tier II Capital (-)		-	-
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation		-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)		-	-
Total of net long position of the direct or indirect investments in Additional Tier I Capital 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 (-)		-	-
Net long-term position of investments in capital assets of banks and financial institutions that have 10% or more of their shareholding interests and have not been consolidated		-	-
Other items to be defined by the BRSA (-)		-	-
<b>Total Deductions from Tier II Capital</b>		-	-
<b>Total Tier II Capital</b>		<b>7,011</b>	-
<b>Total Equity (Total Tier I and Tier II Capital)</b>		<b>1,193,723</b>	-

**BANK OF CHINA TURKEY A.Ş.**
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)*
**I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (continued)**

<b>Total Tier I Capital and Tier II Capital (Total Equity)</b>	<b>1,193,723</b>	
Loans granted against the Articles 50 and 51 of the Banking Law (-)	-	
Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	-	
Other items to be defined by the BRSA (-)	-	
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>		
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 Tier I 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 Tier I 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 (-)	-	-
<b>EQUITY</b>	<b>1,193,723</b>	
<b>Total Capital (Total of Tier I Capital and Tier II Capital)</b>	<b>1,193,723</b>	
<b>Total Risk Weighted Assets</b>	<b>628,225</b>	
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	188,90	-
Tier I Capital Adequacy Ratio (%)	188,90	-
Capital Adequacy Ratio (%)	190,02	-
<b>BUFFERS</b>		
Bank-specific total Core Capital Ratio	1,88	-
Capital Conservation Buffer Ratio (%)	1,88	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-	-
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital Buffers to risk weighted assets	98,60	-
<b>Amounts lower than Excesses as per Deduction Rules</b>		
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	-	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)		
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	21,485	-
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	7,011	-
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, limited by 0.6% risk weighted assets	-	-
<b>Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)</b>		
Upper limit for Additional Tier I Capital items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital items subject to Temporary Article 4 that exceeds upper limit	-	-
Upper limit for Additional Tier II Capital items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital items subject to Temporary Article 4 that exceeds upper limit	-	-

(\*) As per the relevant letter of the BRSA dated 13 August 2018 and numbered 10578, for the calculation of amount which is subject to credit risk, the foreign exchange buying rates of the Bank as of 30 June 2018 are used.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (continued)****Explanations on reconciliation of shareholder's equity items to balance sheet:**

The difference between "Equity" in equity table and "Shareholder's Equity" in the unconsolidated balance sheet mainly arises from the subordinated loan, bonds, general provisions and TFRS 9 transition effect. In the calculation of Total Capital, general provision up to 1.25% of credit risk is taken into consideration as Tier II Capital.

On the other hand, in the calculation of the "Equity", improvement costs for operating leases followed under tangible assets in the balance sheet, and related deferred tax liabilities, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

	<b>Current Period</b>
<b>Paid in Capital</b>	<b>1,051,230</b>
Capital Reserves	86,086
Profit	71,314
<b>Total Equity before Deductions</b>	<b>1,208,630</b>
Deduction made within the scope of the Regulation	21,918
Common Equity Tier 1 Capital	1,186,712
Tier 1 Capital	1,186,712
General Provisions (Up to 1.25%)	7,011
<b>Total Equity</b>	<b>1,193,723</b>

**Explanations on TFRS 9 Transition Process**

The Bank has not yet started to reserve provision in accordance with TFRS 9. For this reason, the transition process stated Temporary Article 5 of the Regulation on Equities of Banks published in the Official Gazette dated September 5, 2013 and numbered 28756 are not yet applicable for our Bank and currently do not affect the capital adequacy ratios.

**II. EXPLANATIONS ON CREDIT RISK**

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

**III. EXPLANATIONS ON MARKET RISK**

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

**IV. EXPLANATIONS ON OPERATIONAL RISK**

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

## BANK OF CHINA TURKEY A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

#### V. EXPLANATIONS ON CURRENCY RISK

The difference between the Bank's foreign currency denominated on-balance sheet and off-balance sheet assets and the foreign currency denominated on-balance sheet and off-balance sheet liabilities are defined as "FC Net General Position" and form the basis for exchange rate risk. An important dimension of the exchange rate risk is the risk (cross-currency risk) caused by the exchange of values of the foreign currencies against each other in the FX net general position.

Measurable and manageable risks are taken within legal limits. The Bank applies stress tests against the fluctuations in foreign currency within the year.

The Bank uses the "standard method" which is also used in legal reporting to measure the foreign exchange risk.

There is no significant foreign currency position in relation to the balance sheet size of the Bank and if any exchange rate risk occurs, it is taken counter position and exchange risk is not transferred.

The Bank's current foreign exchange buying rates announced on September 30, 2018 and December 31, 2017 as well as the last five day financial statement valuation rates are as follows:

(All rates presented as full TL.)

<b>30.09.2018</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CNY</b>
<b>Rates :</b>	5,99020	6,95050	7,80790	0,86537
<b>1. Day Foreign Exchange Buying Rate</b>	6,07520	7,11300	7,96310	0,87832
<b>2. Day Foreign Exchange Buying Rate</b>	6,12420	7,20070	8,04700	0,88585
<b>3. Day Foreign Exchange Buying Rate</b>	6,12400	7,20570	8,03600	0,88607
<b>4. Day Foreign Exchange Buying Rate</b>	6,22870	7,32340	8,15650	0,90327
<b>5. Day Foreign Exchange Buying Rate</b>	6,26710	7,37940	8,26100	0,91082
<b>Arithmetic mean of last 30 days</b>	6,33405	7,38961	8,25394	0,91924
<b>31.12.2017</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CNY</b>
<b>Rates :</b>	3.77190	4.51550	5.08030	0.57622
<b>1. Day Foreign Exchange Buying Rate</b>	3.81040	4.54780	5.11420	0.57972
<b>2. Day Foreign Exchange Buying Rate</b>	3.81970	4.53850	5.10910	0.57932
<b>3. Day Foreign Exchange Buying Rate</b>	3.80290	4.51160	5.07470	0.57758
<b>4. Day Foreign Exchange Buying Rate</b>	3.80870	4.52050	5.08770	0.57894
<b>5. Day Foreign Exchange Buying Rate</b>	3.81130	4.51710	5.09230	0.57638
<b>Arithmetic mean of last 30 days</b>	3.86756	4.57768	5.16551	0.58300



**BANK OF CHINA TURKEY A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

**V. EXPLANATIONS ON CURRENCY RISK (continued)**

**Explanations on currency risk: Foreign Currency (Thousands TL)**

	EUR	USD	Other	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	-	11,980	-	11,980
Due From Banks	7,455	12,711	-	20,166
Financial Assets at Fair Value through Profit/Loss (*)	-	-	-	-
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-
Loans and Receivables	350,005	-	-	350,005
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	-
Derivative Financial Assets Hedging Purposes	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	335	240	-	575
<b>Total Assets</b>	<b>357,795</b>	<b>24,931</b>	<b>-</b>	<b>382,726</b>
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	3	-	3
Money Market Borrowings	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-
Securities Issued	-	-	-	-
Sundry Creditors	-	-	-	-
Derivative Fin. Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	4	327	413	744
<b>Total Liabilities</b>	<b>4</b>	<b>330</b>	<b>413</b>	<b>747</b>
<b>Net Balance Sheet Position</b>	<b>357,791</b>	<b>24,601</b>	<b>(413)</b>	<b>381,979</b>
<b>Net Off-Balance Sheet Position</b>	<b>(347,525)</b>	<b>-</b>	<b>-</b>	<b>(347,525)</b>
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	(347,525)	-	-	(347,525)
Non-Cash Loans (*)	76,720	2,923	-	79,643
<b>Prior Period</b>				
Total Assets	39,476	-	-	39,476
Total Liabilities	13,111	-	-	13,111
Net Balance Sheet Position	26,365	-	-	26,365
Net Off-Balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-

(\*) There is no effect on the net balance sheet position.

**Sensitivity analysis on currency risk:**

If the foreign currency position of USD and EUR carried by the Bank as of September 30, 2018 is 10% increase / decrease of TL against foreign currencies and all other variables are constant, the Bank's exposure to foreign currency risk that will occur in net profit are given below:

	Change in foreign currency	Impact on Profit / Loss (*)	Impact on Equity
EUR	10% Increase	1,027	1,027
	10% Decrease	(1,027)	(1,027)
USD	10% Increase	2,460	2,460
	10% Decrease	(2,460)	(2,460)

(\*) Pre-tax figures.

**BANK OF CHINA TURKEY A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***VI. EXPLANATIONS ON INTEREST RATE RISK**

Sensitivity analysis of the interest rate sensitive assets and liabilities of the Bank and the impact of fluctuations in interest rates on the financial statements will be carried out after the start of the main activity. The impact of interest rate volatility to the Bank will be analyzed by presenting the results to the Risk Committee and senior management regularly, sensitivity and scenario analysis in the coming periods. In this analysis, it is planned to calculate possible losses in fair value changes on interest rate sensitive products by interest rate shocks.

In the calculation of the Bank's exposure to interest rate risk, standard method is used.

**Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates):**

Current period	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	13,915	13,915
Banks	923,344	-	-	-	-	20,305	943,649
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans	-	-	41,094	308,911	-	-	350,005
Financial Assets Measured at Amortized Cost	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	25,823	25,823
<b>Total Assets</b>	<b>923,344</b>	<b>-</b>	<b>41,094</b>	<b>308,911</b>	<b>-</b>	<b>60,043</b>	<b>1,333,392</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	4	4
Interbank Money Market Received	-	-	-	-	-	-	-
Sundry Creditors	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities	-	-	66,357	-	-	1,267,031	1,333,388
<b>Total Liabilities (*)</b>	<b>-</b>	<b>-</b>	<b>66,357</b>	<b>-</b>	<b>-</b>	<b>1,267,035</b>	<b>1,333,392</b>
Balance sheet long position	923,344	-	-	308,911	-	-	1,232,255
Balance sheet short position	-	-	(25,263)	-	-	(1,206,992)	(1,232,255)
Off-Balance sheet long position	-	-	301,750	-	-	-	301,750
Off-Balance sheet short position	-	-	(347,525)	-	-	-	(347,525)
<b>Total Position</b>	<b>923,344</b>	<b>-</b>	<b>(71,038)</b>	<b>308,911</b>	<b>-</b>	<b>(1,206,992)</b>	<b>(45,775)</b>

(\*) Including TL 1.208.630 shareholders' equity.

**BANK OF CHINA TURKEY A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***VII. EXPLANATIONS ON INTEREST RATE RISK (continued)****Average interest rates applied to financial instruments**

	<b>EURO</b>	<b>USD</b>	<b>Other FC</b>	<b>TL</b>
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.50	-	-
Banks and Receivables from Other Financial Institutions	-	1.69	-	15.35
Financial Assets at Fair Value Through Profit/ Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-
Loans	3.00	-	-	-
Financial Assets Measured at Amortized	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	1.50	-	11.50
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-	-

**VII. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES****1. Balance sheet values, fair value and market value comparison of equity investments**

None (31 December 2017: None).

**2. Information on realized gains or losses on revaluation surplus, unrealized gains or losses and their included amounts in Tier 1 and 2 capital**

None (31 December 2017: None).

## BANK OF CHINA TURKEY A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

#### VIII. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

The main objective of the liquidity management of the Bank is to keep the liquidity risk in the bank's payment obligations uninterruptedly and also without risking the brand name or value during crisis periods. The Bank is obliged to comply with the internally determined liquidity limitations and is obliged to comply first with the minimum liquidity limitations determined by the legal legislation. According to the bank's policy, the liquidity limits should never exceed.

The Bank determines the liquidity risk appetite and strategy written under the Liquidity Risk Policy. In this context, the Bank controls maturity mismatch between assets and liabilities to be protected from liquidity risk and maintains liquid values in order to ensure the liquidity needs that can arise as a result of market fluctuations.

#### Presentation of assets and liabilities according to their remaining maturities:

Current Period									
Assets	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated	Total	
<b>Assets</b>									
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	13,915	-	-	-	-	-	-	-	13,915
Banks	20,305	923,344	-	-	-	-	-	-	943,649
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Financial Assets Measured at Amortized Cost	-	-	-	41,094	308,911	-	-	-	350,005
Other Assets (*)	-	-	-	-	-	-	25,823	-	25,823
<b>Total Assets</b>	<b>34,220</b>	<b>923,344</b>	<b>-</b>	<b>41,094</b>	<b>308,911</b>	<b>-</b>	<b>25,823</b>	<b>-</b>	<b>1,333,392</b>
<b>Liabilities</b>									
Bank Deposits	-	-	-	-	-	-	-	-	-
Other Deposits	4	-	-	-	-	-	-	-	4
Funds Borrowed from Other Financial Institutions	-	-	-	-	-	-	-	-	-
Interbank Money Market	-	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	946	143	96,847	-	-	1,235,452	-	1,333,388
<b>Total Liabilities</b>	<b>4</b>	<b>946</b>	<b>143</b>	<b>96,847</b>	<b>-</b>	<b>-</b>	<b>1,235,452</b>	<b>-</b>	<b>1,333,392</b>
<b>Net Liquidity Gap</b>	<b>34,216</b>	<b>922,398</b>	<b>(143)</b>	<b>(55,753)</b>	<b>308,911</b>	<b>-</b>	<b>(1,209,629)</b>	<b>-</b>	<b>-</b>

(\*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short term such as tangible assets and prepaid expenses are included in this column.

(\*\*) Shareholders' equity, provisions and unallocated part of sundry creditors are classified in other liabilities in unallocated column.

**BANK OF CHINA TURKEY A.Ş.**
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)*
**VIII. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)**
**Liquidity coverage ratio:**

The liquidity coverage ratio is calculated by dividing the high quality liquid assets to the Bank's net cash outflows in the 30 day period. Important balance sheet items that determine the ratio; required reserves held by the CBRT, corporate deposits and receivables from banks. These items have higher impact on the liquidity coverage ratio than the other items due to high share of liquid assets and net cash outflows, higher rate of consideration and variability

Current Period		Total Unweighted Value (Average)(*)		Total Weighted Value (Average)(*)	
		TL+FC	FC	TL+FC	FC
<b>High-Quality Liquid Assets</b>					
1	Total high-quality liquid assets (HQLA)			21,114	11,289
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:				
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured wholesale funding, of which:	1,017	11	1,015	9
6	Operational deposits	-	-	-	-
7	Non-operational deposits	4	3	2	1
8	Unsecured funding	1,013	8	1,013	8
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	-	-	-	-
16	<b>Total Cash Outflows</b>			<b>1,015</b>	<b>9</b>
<b>Cash Inflows</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	917,393	19,916	917,393	19,916
19	Other cash inflows	-	-	-	-
20	<b>Total Cash Inflows</b>	<b>917,393</b>	<b>19,916</b>	<b>917,393</b>	<b>19,916</b>
				Values applied upper limit	
21	<b>Total HQLA</b>			21,114	11,289
22	<b>Total Net Cash Outflows</b>			269	2
23	<b>Liquidity Coverage Ratio (%)</b>			9,210	2,536,091

(\*)The arithmetic average of the last three months weekly unconsolidated Liquidity Coverage Ratio's are used.

According to BRSA's "Legislation on Measurement and Assessment of Liquidity Adequacy of the Banks"; published in the Official Gazette numbered 28948, dated 21 March 2014; Effective from 31 December 2015 liquidity ratio is required to be 70% for foreign currency assets/liabilities and as of 31 December 2018 90% for total assets/liabilities in the calculation of the banks' weekly and monthly reporting. The table below shows the lowest, highest and average Liquidity Coverage Ratio calculated weekly in the last 3 months:

	Highest	Date	Lowest	Date	Average
<b>TL+FC</b>	35,823	17 August 2018	3,045	20 July 2018	9,210
<b>FC</b>	5,029,257	21 September 2018	330,978	31 August 2018	2,536,091

**BANK OF CHINA TURKEY A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***IX. EXPLANATIONS ON LEVERAGE RATIO**

The table of leverage level calculated in accordance with the Regulation on Assessment and Calculation of Banks' Leverage Level published in the Official Gazette numbered 28812 and dated 5/11/2013 shown below.

	<i>Current Period (*)</i>
1 Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	1,310,933
2 (Assets deducted in determining Tier 1 capital)	(20,366)
3 Total balance sheet risks (sum of lines 1 and 2)	1,290,567
<b>Derivative financial instruments and credit derivatives</b>	
4 Replacement cost associated with all derivative financial instruments and credit derivatives	-
5 Potential credit risk associated with all derivative financial instruments and credit derivatives	3,018
6 Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	3,018
<b>Securities or commodity financing transactions (SCFT)</b>	
7 Risks from SCFT assets (except for on-balance sheet)	-
8 Risks from brokerage activities related exposures	-
9 Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	-
<b>Off-balance sheet transactions</b>	
10 Gross notional amounts of off-balance sheet transactions	178,935
11 (Adjustments for conversion to credit equivalent amounts)	-
12 Total risks of off-balance sheet items (sum of lines 10 and 11)	178,935
<b>Capital and total risks</b>	
13 Tier 1 capital	1,175,515
14 Total risks (sum of lines 3, 6, 9 and 12)	1,472,520
15 Leverage ratio	79.95

(\*)Represents three-month weighted average amounts.

**X. EXPLANATIONS ON SECURITIZATION POSITIONS**

None.

**XI. EXPLANATIONS ON CREDIT RISK MITIGATION TECHNIQUES**

The Bank does not perform on-balance sheet and off-balance sheet netting. Financial collaterals and counter guarantees are used as loan mitigation techniques consisted of foreign currency cash deposits pledged collateral.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)*
**XII. EXPLANATIONS ON RISK MANAGEMENT**
**1. Explanations on Risk Management and Risk Weighted Assets**

Risk management involves measuring and monitoring risks, controlling and reporting risks within certain limits.

The Risk Management Unit operates independently from the executive units. The unit also fulfills its responsibilities to the Board of Directors through the Audit Committee and Risk Committee.

The Risk Management Unit performs its duties and responsibilities under market, credit and operational risk management.

The procedures for determining and managing the risks faced by the Bank are kept up-to-date and the necessary procedures for ensuring compliance, implementation and management of the changing conditions. Risks are measured and managed in international and local regulations, using methods that are compatible with the Bank's policies and procedures and accepted in international practices appropriate to the Bank's structure.

Within the scope of risk management, legal limits and internal bank limits are determined. Possible changes in economic conditions and risks that may be encountered under difficult conditions are taken into consideration.

The departments responsible for reporting on all risks and the frequency of reporting and to which delegation level is identified separately in the policy documents including the management process of risks.

**2. Overview of Risk Weighted Amounts**

		<b>Risk Weighted Amounts</b>	<b>Minimum Capital Liability</b>
		<b>Current Period</b>	<b>Current Period</b>
1	Credit risk (excluding counterparty credit risk) (CCR)	559,386	44,751
2	Standardized approach (SA)	559,386	44,751
3	Internal rating-based (IRB) approach	-	-
4	Counterparty credit risk	1,509	121
5	Standardized approach for counterparty credit risk (SACCR)	1,509	121
6	Internal Model method (IMM)	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-
8	Investments made in collective investment companies –look– through approach	-	-
9	Investments made in collective investment companies –mandate-based approach	-	-
10	Investments made in collective investment companies -%1250 weighted risk approach	-	-
11	Settlement risk	-	-
12	Securitization positions in banking accounts	-	-
13	IRB ratings-based approach (RBA)	-	-
14	IRB supervisory formula approach (SFA)	-	-
15	SA/simplified supervisory Formula Approach (SSFA)	-	-
16	Market risk	67,330	5,386
17	Standardized approach (SA)	67,330	5,386
18	Internal model approaches (IMM)	-	-
19	Operational risk	-	-
20	Basic indicator approach	-	-
21	Standard approach	-	-
22	Advanced measurement approach	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-
24	Floor Adjustments	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>628,225</b>	<b>50,258</b>

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

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**XIII. EXPLANATIONS REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES**

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

**XIV. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PARTIES**

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



**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)*
**SECTION FIVE**
**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS**
**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS**
**1. Information on cash and balances with the Central Bank of Turkey**
**1.1. Information on cash and cash equivalents**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL /Foreign Currency	-	-	-	-
Balances with the Central Bank of Turkey	1,935	11,980	-	-
Other	-	-	-	-
<b>Total</b>	<b>1,935</b>	<b>11,980</b>	-	-

**1.2. Information related to account of Central Bank of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,935	11,980	-	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
<b>Total</b>	<b>1,935</b>	<b>11,980</b>	-	-

According to the communiqué No: 2005/1 on "Reserve Deposits" of CBRT, the banks operating in Turkey are required to keep reserve deposit at the rates varying from 1.5 % - 8 % for TL liabilities and at the rates 4 % - 20 % for FC liabilities depending on maturities of liabilities. According to the Central Bank of Turkey's press announcement No, 2014-72 dated 21 October 2014, the Reserve Deposits as from November 2014 are paid interest on the portion held in Turkish Lira and according to the Central Bank of Turkey's press announcement No. 2015-35 dated 2 May 2015, the Reserve Deposits as from May 2015 are paid interest on the portion held in USD.

**2. Information on financial assets at fair value through profit or loss**
**2.1 Information on financial assets at fair value through profit or loss subject to repurchase agreement**

As of September 30, 2018 there are no financial assets at fair value through profit or loss subject to repurchase agreement (December 31, 2017: None).

As of September 30, 2018, the Bank does not have any collateral assets in exchange for Istanbul Stock Exchange (December 31, 2017: None).

**2.2 Positive differences related to derivative financial assets**

None (December 31, 2017: None).

**3. Information on Banks**
**3.1. Information on Banks and Other Financial Institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	923,483	20,166	1,119,642	39,325
Domestic	923,483	133	-	-
Foreign	-	20,033	-	-
Foreign head-offices and branches	-	-	-	-
<b>Total</b>	<b>923,483</b>	<b>20,166</b>	<b>1,119,642</b>	<b>39,325</b>

**BANK OF CHINA TURKEY A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***4. Information on Financial Assets Valued at Fair value Through Other Comprehensive Income****4.1. Financial assets valued at fair value through other comprehensive income subject to repurchase agreements and provided as collateral/blocked**

As of September 30, 2018 there are no financial assets at fair value through other comprehensive income subject to repurchase agreement (December 31, 2017: None).

**4.2. Information on Financial Assets Valued at Fair value Through Other Comprehensive Income**

As of September 30, 2018 there are no financial assets valued at fair value through other comprehensive income (December 31, 2017: None).

**5. Information on Loans****5.1. Information on liquidation policy for non-performing loans**

None. (December 31, 2017: None).

**5.2. Explanation on the asset deletion policy**

Cash Loans	Standart Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring		
		Loans and Receivables Not Subject To Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Re-finance
<b>Non-Specialized Loans</b>	-	-	-	-
Loans Given to Enterprises	-	-	-	-
Export Loans	-	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	-	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	-	-	-	-
<b>Specialized Loans</b>	-	-	-	-
<b>Other Loans</b>	350,005	-	-	-
<b>Total</b>	<b>350,005</b>	-	-	-

**5.3. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards**

None (December 31, 2017: None).

**5.4. Information on commercial installment loans and corporate credit cards**

None (December 31, 2017: None).

**5.5. Loans according to types of borrowers**

	Current Period
Public	-
Private	350,005
<b>Total</b>	<b>350,005</b>

## **BANK OF CHINA TURKEY A.Ş.**

### **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

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#### **5.6. Distribution of domestic and foreign loans**

	<b>Current Period</b>
Domestic Loans	350,005
Foreign Loans	-
<b>Total</b>	<b>350,005</b>

#### **5.7. Loans given to associates and subsidiaries**

None (December 31, 2017: None).

#### **5.8. Main principles of liquidation of non-performing loans and receivables**

In the event that the "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" found in the collateral elements in the regulation, the elements are liquidation as soon as possible as a result of both administrative and legal initiatives and liquidation of the receivable is ensured.

#### **5.9. Explanations on write-off policy**

In order not to cause additional legal follow-up costs, non-performing loans and receivables which are not able to collect may be written off from assets in accordance with the "Procedure for the overdue loans and receivables within the scope of legal follow-up and write off from assets".

### **6. Information on financial assets measured at amortized cost**

None (December 31, 2017: None).

#### **6.1. Information on securities subject to repurchase agreement and given as collateral or blocked**

There are no financial assets subject to repurchase agreements in the current period (December 31, 2017: None).

As of September 30, 2018, the Bank does not have securities given as collateral (December 31, 2017: None).

### **7. Information on associates**

The Bank has no associates as of September 30, 2018 (December 31, 2017: None).

### **8. Information on subsidiaries (net)**

The Bank has no subsidiaries as of September 30, 2018 (December 31, 2017: None).

### **9. Information on entities under common control (Joint Ventures)**

The Bank does not have investments in entities under common control as of September 30, 2018 (December 31, 2017: None).

### **10. Information on lease receivables**

The Bank does not have lease receivables as of September 30, 2018 (December 31, 2017: None).

### **11. Information on derivative financial assets held for hedging purposes**

There are no derivative financial instruments for hedging purposes (December 31, 2017: None).

**BANK OF CHINA TURKEY A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

**12. Information on tangible assets**

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

**13. Information on intangible assets**

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

**14. Information on investment properties (net)**

None. (December 31, 2017: None).

**15. Information on Deferred Tax asset**

According to the provisions of TAS 12 "Income Taxes" of the Bank and the provisions of the BRSA General Regulation No, DZM,2 / 13/1-a-3 of 8 December 2004, it is possible to obtain a financial profit that can be deducted in the following periods according to tax legislation, deferred tax asset on deductible temporary differences except for provisions and deferred tax asset on taxable temporary differences.

After netting of deferred tax asset amounting to TL 16,309 (31 December 2017: 6 TL) and tax liability amounting to TL 203 (31 December 2017: TL 180) as of 30 September 2018, the Bank has net deferred tax asset amounting to TL 16.106 (31 December 2017: TL 174 net deferred tax liability) in the financial statements.

Current and prior period deferred tax assets and liabilities movements are as follows:

	Current Year	
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Retirement Pay and Unused Vacation Provision	179	38
Bonus Provision	2,460	541
Tangible Assets Amortization Differences	(923)	(203)
Differences Arising From Market Value of Derivative Financial Instruments	66,357	14,598
Other	5,150	1,133
<b>Total</b>	<b>73,218</b>	<b>16,106</b>
	Prior Period	
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Retirement Pay and Unused Vacation Provision	31	6
Internal Yield calculation	-	-
Tangible Assets Amortization Differences	(820)	(180)
Differences Arising From Market Value of Derivative Financial Instruments	-	-
Other	-	-
<b>Total</b>	<b>(789)</b>	<b>(174)</b>

**16. Information on assets held for sale and non-current assets related to discontinued operations**

None.

**17. Information on other assets**

Other assets do not exceed 10% of total assets excluding the off-balance sheet items (December 31, 2017: None).

**BANK OF CHINA TURKEY A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES****1. Information on deposits****1.1. Information on maturity structure of deposits**

Current Period	7		Up to 1 Month	1-3 Months	3-6 Months	6		Cumulative Deposit	Total
	Demand	Days' Notice				Months -1 Year	1 Year and Over		
<b>Saving Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Foreign Currency</b>	-	-	-	-	-	-	-	-	-
<b>Deposits</b>	3	-	-	-	-	-	-	-	3
Residents in Turkey	3	-	-	-	-	-	-	-	3
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Public Sector Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Commercial Deposits</b>	1	-	-	-	-	-	-	-	1
<b>Other Ins, Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Precious Metal Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Interbank Deposits</b>	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Special Finan. Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4</b>	-	-	-	-	-	-	-	<b>4</b>

The Bank does not have any deposits as of December 31, 2017.

**1.2. Information on saving deposits under insurance****1.2.1. Amounts exceeding the insurance limit**

None (December 31, 2017: None).

**1.3. Saving deposits that are not under the guarantee of deposit insurance fund**

There are no saving deposits that are not under the guarantee of deposit insurance fund as of September 30, 2018 (December 31, 2017: None).

**2. Information on derivative financial liabilities held for trading****2.1. Negative differences table related to derivative financial liabilities held-for-trading**

	Current Period	
	TP	YP
Forward Transactions	-	-
Swap Transactions	66,357	-
Futures Transactions	-	-
Options	-	-
Other	-	-
<b>Total</b>	<b>66,357</b>	<b>-</b>

**3. Information on banks and other financial institution**

The Bank does not have any funds provided by banks or other financial institutions as of September 30, 2018 (December 31, 2017: None).

## BANK OF CHINA TURKEY A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

4. If the foreign liabilities of the balance exceed 10% of the total balance sheet excluding the penalty and off-balance sheet commitments, the names and amounts of the sub-accounts constituting at least 20%

Other foreign liabilities do not exceed 10% of the balance sheet total (31 December 2017: Not exceeding).

#### 5. Information on Lease Obligations

##### 5.1. Criteria used in the determination of lease installments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

The Bank does not have any financial lease agreement (December 31, 2017: None)

##### 5.2. Detailed explanation of contract amendments and new obligations of these amendments to the Bank

The Bank does not have any financial lease agreement (December 31, 2017: None)

#### 6. Information on derivative financial liabilities for hedging purposes

There are no derivative financial liabilities for hedging purposes (December 31, 2017: None).

#### 7. Information on Provisions

##### 7.1. Information on General Provisions

	Current Period	Prior Period
Loans and Receivables in Group I	19,414	-
- Additional Provision for Loan and Receivables with Extended Maturities	-	-
Loans and Receivables in Group II	-	-
- Additional Provision for Loan and Receivables with Extended Maturities	-	-
Non-Cash Loans	2,071	-
Others	-	-
<b>Total</b>	<b>21,485</b>	<b>-</b>

The Bank allocates general provisions in accordance with the criteria set out in Section Three - Article 10 of the "Regulation on the Classification of Loans and the Provisions to be Reserved for Such Loan".

##### General provision movement table

	Current Period	Prior Period
Opening Balance, January 1	-	-
Period expenses	21,485	-
Cancelled provision	-	-
<b>Closing Balance</b>	<b>21,485</b>	<b>-</b>

##### 7.2. Information on other provisions

None (December 31, 2017: None).

###### 7.2.1. Provision for probable losses

None (December 31, 2017: None).

###### 7.2.2. The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total provisions

None (December 31, 2017: None).

## BANK OF CHINA TURKEY A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

#### 7.2.3. Explanations on reserves for employee benefit

The table of current and previous period retirement pay provision is as follows:

	Current Period	Prior Period
Opening Balance, January 1	4	-
Period expenses	66	4
Payments made	-	-
<b>Closing Balance</b>	<b>70</b>	<b>4</b>

In accordance with the current labour law in Turkey, the Bank is required to pay termination benefits to the personnel who are dismissed from work due to retirement or who are terminated for reasons other than resignation and abuse. These compensations are the 30-day Gross wage for each year of work based on the wage on the date of dismissal, As of 30 September 2018 and 31 December 2017, the ceiling of the provision for employment termination benefits is TL 5,434.42 (full TL) and TL 4,732.48 (full TL) respectively.

In the financial statements of September 30, 2018 and December 31, 2017 the Bank calculates the termination indemnity by discounting the annual inflation and interest rate usage. The inflation and interest rates used are as follows:

	Current Period	Prior Period
Inflation Rate	8.47%	8.47%
Interest Rate	12.88%	12.88%

As of 30 September 2018, total provision for employee benefits amounting to TL 2,639 (31 December 2017: TL 1,932) is composed of TL 109 unused vacation provision (31 December 2017: TL 27), TL 2,460 bonus provision on 30 September 2018 (31 December 2017 : TL 1,901), TL 70 provision for employee termination benefits. (31 December 2017: 4 TL)

#### 8. Explanations on Tax Liability

As of 30 September 2018, the bank has current tax liability of TL 27,987 (31 December 2017 : TL 8,559).

The Bank has corporate income tax provision amounting to TL 42,387 ( 31 December: 2017:21,380), which is netted with prepaid taxes amounting to TL 15,019 (31 December 2017: TL 13,564) and shown in the liabilities amounting to TL 27,368 (31 December 2017: TL 7,816).

##### 8.1. Information on tax payables

	Current Period	Prior Period
Corporate taxes payable	27,368	7,816
Taxation on securities	-	-
Property tax	9	11
Banking and Insurance Transaction Tax (BITT)	77	14
Taxes on foreign exchange transactions	-	-
Value added taxes payable	2	159
Other	388	453
<b>Total</b>	<b>27,844</b>	<b>8,453</b>

##### 8.2. Information on premium

	Current Period	Prior Period
Social Security Premiums- Employee	62	46
Social Security Premiums- Employer	68	51
Unemployment Insurance- Employee	4	3
Unemployment Insurance- Employer	9	6
Other	-	-
<b>Total</b>	<b>143</b>	<b>106</b>

## BANK OF CHINA TURKEY A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

#### 8.3. Explanations on deferred tax liabilities

There are no deferred tax liabilities after netting of deferred tax assets (31 December 2017: TL 174).

#### 9. Information on liabilities regarding assets held for sale and discontinued operations

None (December 31, 2017: None).

#### 10. Explanations on Subordinated loans

None (December 31, 2017: None).

#### 11. Information on Shareholders' equity

##### 11.1. Paid in Capital

The Bank's paid-in capital is TL 1,051,230 as of September 30, 2018 (December 31, 2017: TL 1,051,230). The capital does not have a share certificate.

##### 11.2 Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the amount of registered share capital ceiling:

Registered share capital system is not applied.

### III. EXPLANATIONS AND DISCLOSURES RELATED TO OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

#### 1. Information on off-balance sheet commitments

##### 1.1. Nature and amount of irrevocable loan commitments

None (December 31, 2017: None).

##### 1.2. Possible losses and commitments related to off-balance sheet items, including the ones listed below

##### 1.2.1. Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits

	Current Period	Prior Period
Guarantees	76,720	-
Bills of Exchange and Acceptances	-	-
Letters of Credit	-	-
<b>Total</b>	<b>76,720</b>	<b>-</b>

##### 1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

	Current Period	Prior Period
Temporary letter of guarantees	-	-
Revocable letters of guarantee	-	-
Letters of guarantee given in advance	-	-
Guarantees given to customs	-	-
Other letter of guarantees	109,680	-
<b>Total</b>	<b>109,680</b>	<b>-</b>

##### 1.3. Explanation on Non-cash loans



**BANK OF CHINA TURKEY A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***1.3.1 Total amount of non-cash loans**

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	76,720	-
With Original Maturity of 1 Year or Less Than 1 Year	-	-
With Original Maturity of More Than 1 Year	76,720	-
Other Non-Cash Loans	109,680	-
<b>Total</b>	<b>186,400</b>	<b>-</b>

**2. Information related to derivative financial instruments**

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

**3. Credit derivatives and risk exposures on credit derivatives**

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

**4. Explanation on contingent liabilities and assets**

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

**5. Off-balance sheet items related to assets held for sale and discontinued operations**

None (December 31, 2017: None).

**IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT****1. Information on interest income****1.1. Information on interest on loans**

	Current Period	
	TL	FC
<b>Interest Income on Loans</b>		
Short-term Loans	-	-
Medium/Long-term Loans	-	2,480
Interest on Loans Under Follow-up	-	-
Premiums Received from Resource Utilisation Support Fund	-	-
<b>Total</b>	<b>-</b>	<b>2,480</b>

**1.2. Information on interest income received from banks**

	Current Period	
	TL	FC
The Central Bank of Turkey	-	57
Domestic Banks	123,196	132
Foreign Banks	-	2
Branches and Head Office Abroad	-	-
<b>Total</b>	<b>123,196</b>	<b>191</b>

**1.3 Interest received from marketable securities portfolio**

None.

**1.4. Information on interest income received from associates and subsidiaries**

None.

**BANK OF CHINA TURKEY A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***2. Interest Expense****2.1. Information on interest on funds borrowed**

None.

**2.2. Information on interest expenses to associates and subsidiaries**

None.

**2.3. Information on interest expenses to marketable securities**

None.

**2.4. Information maturity structure of deposits**

None.

**3. Information on dividend income**

None.

**4. Information on net trading Income / Loss**

	<b>Current Period</b>
<b>Income</b>	<b>251,781</b>
Gains on Capital Market Operations	-
Gains on Derivative Financial Instruments	-
Foreign Exchange Gains	251,781
<b>Loss (-)</b>	<b>234,045</b>
Losses on Capital Market Operations	-
Losses on Derivative Financial Instruments	66,357
Foreign Exchange Losses	167,688
<b>Total</b>	<b>17,736</b>

**5. Information on other operating income**

	<b>Current Period</b>
Adjustment to previous years expenses	5
<b>Total</b>	<b>5</b>

**6. Impairment on loans and other receivables**

	<b>Current Period</b>
<b>Specific Provisions on Loans and Other Receivables:</b>	-
III. Group Loans and Receivables	-
IV. Group Loans and Receivables	-
V. Group Loans and Receivables	-
General Loan Loss Provisions	21,485
<b>Impairment Losses on Securities:</b>	-
Financial Assets at Fair Value Through Profit or Loss	-
Financial Assets Available-for-Sale	-
<b>Impairment Losses on Associates, Subsidiaries, Joint Ventures and Investment Securities</b>	-
<b>Held to Maturity:</b>	-
Associates	-
Subsidiaries	-
Joint Ventures	-
Investments Held to Maturity	-
<b>Total</b>	<b>21,485</b>

## BANK OF CHINA TURKEY A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018

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

#### 7. Information related to other operational expenses

	Current Period
Personnel Expenses (*)	10,573
Provision for Employee Termination Benefits (*)	66
Provision for Bank's Social Aid Fund Deficit	-
Impairment Losses on Tangible Assets	-
Depreciation Charges of Tangible Assets	847
Impairment Losses on Intangible Assets	-
Impairment losses on goodwill	-
Amortization Charges of Intangible Assets	1,610
Impairment Losses on Investment Accounted for under Equity Method	-
Impairment of Assets to be Disposed	-
Depreciation of Assets to be Disposed	-
Impairment of Assets Held for Sale	-
Other Operating Expenses	7,058
Operational Leases Expenses	78
Repair and Maintenance Expenses	38
Advertisement Expenses	-
Other Expenses	6,942
Losses on Sale of Assets	-
Taxes	1,512
Other	3,926
<b>Total</b>	<b>25,592</b>

(\*) In the current period, personnel expenses and provision for employment termination benefits are presented in the "personnel expenses" line in the income statement.

#### 8. Information on profit/loss before tax from continued and discontinued operations

As of September 30, 2018 Profit before tax from continued operation is TL 97,421.

#### 9. Explanations on tax provision for resumed operations and discontinued operations

The tax expense for the period ended 30 September 2018 is TL 26,107.

#### 10. Information on profit/loss after tax from continued and discontinued operations

As of September 30, 2018, after-tax operating profit is TL 71,314.

#### 11. Information on net profit/loss for the period

Interest income from ordinary banking transactions amounted to TL 125,867. There are no interest expenses arising from ordinary banking transactions.

#### 12. If "other" lines of the income statement exceeds 10% of the period profit/loss, information on components making up at least 20% of "other" items

Other items in the statement of income do not exceed 10% of the statement of income.

**BANK OF CHINA TURKEY A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

**V. EXPLANATIONS AND DISCLOSURES ON THE RISK GROUP OF THE BANK**

**1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period**

**a) Explanations and disclosures on the risk group of the Bank**

In the following notes, the prior period represents the balance sheet balance amounts as of 31 December 2017.

Bank's Risk Group(*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash (**)	Non-Cash	Cash (**)	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	20,368	109,680	-	-
<b>Interest and Commission Income Received</b>	-	-	2	531	-	-

(\*) It is defined in paragraph 2 of Article 49 of the Banking Act No. 5411.

(\*\*) The information in the above table includes the receivables from banks as well as the commissions to be received in the maturity.

**b) Information on deposits of the Bank's risk group**

None.

**c) Information on forward and option agreements and similar agreements made with Bank's risk group**

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets at Fair Value Through Profit and Loss:</b>						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	(66,357)	-	-	-
Total Income/Loss	-	-	(66,357)	2,710	-	-
<b>Transactions for Hedging Purposes:</b>						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

**d) Information on the benefits provided to the Bank's top management**

As of 30 September 2018, TL 1,665 was paid to the top management of the Bank.

**BANK OF CHINA TURKEY A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***VI. EXPLANATIONS ON THE BANK'S DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR INVESTMENTS IN ASSOCIATES AND FOREIGN REPRESENTATIVE OFFICES**

	Number	Number of Employees			
Domestic Branch	0	31			
			Country of Incorporations		
Foreign Representation Office					
				Total Assets	Statutory Share Capital
Foreign Branch					
Off-shore Banking Region Branches					

**BANK OF CHINA TURKEY A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

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**SECTION SIX**

**OTHER EXPLANATIONS**

**I. OTHER EXPLANATIONS ON THE OPERATIONS OF THE BANK**

None.

**II. EVENTS AFTER THE BALANCE SHEET DATE**

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

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**SECTION SEVEN**

**AUDITORS' LIMITED REVIEW REPORT**

**I. EXPLANATIONS ON THE AUDITORS' LIMITED REVIEW REPORT**

The Bank's publicly available financial statements and footnotes for the period ended 30 September 2018 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Ernst&Young Global Limited) and the independent auditors' limited review report is presented in front of the financial statements.

**II. OTHER FOOTNOTES AND EXPLANATIONS PREPARED BY INDEPENDENT AUDITORS'**

None.

**BANK OF CHINA TURKEY A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated.)***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(TL Thousand)	Share Ratios	Paid-up Shares (TL Thousand)	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 30 September 2018 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
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	10 January 2017	Master Degree
Özgür DALGIÇ	The Members of the Audit Committee in charge of Internal Systems	10 January 2017	Master Degree



**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

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

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**D. Information on Branches and Personnel**

As of 30 September 2018, 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 30 September 2018 are TL thousand 1,333,392. While our equity amounts to TL thousand 1,193,723 our capital adequacy ratio is at the level of 190.02%. As of 30 September 2018, the profit after tax of the Bank for the period is TL thousand 71,314. The majority of such profit is the interest income derived from banks.

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**

Turkey's economy has shown a strong growth performance in the first and second quarters of 2018, 7.3% and 5.2% respectively. Growth is mainly driven by the continuation of fiscal policies supported by domestic growth. However, with the rebalancing in the third and fourth quarter, year-end growth rate is targeted to be at 2.3%.

The gradual depreciation in Turkish lira had a negative impact upon price stability and inflation dynamics. Consumer inflation, which was 11.7% at the end of 2017, has increased to 17.9% as of August and 24.5% in September. 2018 year-end consumer inflation target in New Economic Plan has been set at 20.8% level.

The Central Bank has gradually tightened its monetary policy in order to maintain price stability and has simplified the monetary policy operational framework. Central Bank has also raised the policy rate by 625 bps in September order to cope with the latest inflation developments. Central Bank's and BRSA's actions against currency fluctuations and volatility in this period have stabilized Turkish Lira.

In June 2018, the ratio of the current account deficit against the GDP widened to 6.5%. The momentum in credit growth started to decelerate which also led to rebalancing in the economy. Loan to Deposit ratio of the Sector also decreased to 115% in October. The effects of increasing funding costs of banks have been seen in deposit and loans rates which gradually rise. Banks have started negotiations to roll their syndication loans in the relevant period and through the end of the year. Recent deals suggest that rollover ratios will be above 100% and there will not be any problem in external funding.

**BANK OF CHINA TURKEY A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF 1 JANUARY - 30 SEPTEMBER 2018**

(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 thousand 1,333,392 as of the period that ended on 30 September 2018. 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.

<i>Thousand (TL)</i>	<b>30 Sep 2018</b>
<b>Total Assets</b>	<b>1,333,392</b>
Cash Assets and Central Bank	13,915
Banks	943,649
Loans	350,005
Other Assets	25,823
<b>Total Liabilities and Equity</b>	<b>1,333,392</b>
Deposits	4
Financial Derivative Liabilities	66,357
Reserves	24,124
Other Liabilities	34,277
Equities	1,208,630
Letter of Guarantees	109,680
Other Guarantees	76,720
Derivatives	649,275
Capital Adequacy Ratio	190.02%

<i>Thousand (TL)</i>	<b>01 Jan - 30 Sep 2018</b>
Net Interest Income	125,867
Non-Interest Income	890
Trading Income/Loss	17,736
Total Operating Income/(Expense)	144,493
Net Other Operating Income / Expenses (-)	25,587
Loan Provisions	21,485
Net Operating Profit/(loss)	97,421
Tax Provision (-)	26,107
<b>Net Profit / Loss for the Period</b>	<b>71,314</b>

**B. Information Regarding Distribution of Profit**

The Ordinary General Assembly Meeting of the Bank was held on 28.03.2018. At the Ordinary General Assembly Meeting, it was resolved that the net profit for the period amounting to TL thousand 86,086 derived from the operations of the year 2017 be retained;

- of such amount, TL thousand 4,304 be set aside as General Legal Reserve
- of such amount, TL thousand 81,782 be set aside as Extraordinary Legal Reserve.

In 31.03.2018, TL thousand 86,086 was transferred to the reserves account.