



BANK OF CHINA TURKEY A.Ş.

ANNUAL ACTIVITY REPORT 2018

(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders of Bank of China Turkey A.Ş.

1) Opinion

We have audited the annual report of Bank of China Turkey A.Ş. (the "Bank") for the period of January 1, 2018 and December 31, 2018.

In our opinion, unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Bank are presented fairly and consistent, in all material respects, with the audited full set financial statements and the information we obtained during the audit.

2) Basis for Opinion

We conducted our audit in accordance with "Regulation on Independent Audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 published by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Bank in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor's Opinion on the Full Set Financial Statements

We have expressed unqualified opinion in our auditor's report dated February 25, 2019 on the full set unconsolidated financial statements of the Bank for the period of January 1, 2018 and December 31, 2018.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and communique on "Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Report by Banks", the management of the Bank is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report; reflecting the operations of the Bank for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the financial statements. The development of the Bank and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- c) The annual report also includes the matters below:
 - Subsequent events occurred after the end of the fiscal year which have significance,
 - The research and development activities of the Bank,
 - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits,
 - Other issues determined in accordance with "Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Report by Banks" published in official gazette no.26333 dated November 1, 2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Customs and Trade and related institutions.

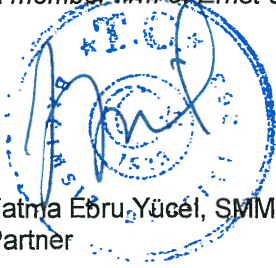
5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and communique on "Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Report by Banks" published in official gazette no.26333 dated November 1, 2006, "Regulation On The Procedures And Principles For Accounting Practices And Retention Of Documents By Banks" published in official gazette no.26333 dated November 1, 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations, on whether the financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Bank's audited financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the "Communique on Independent Audit of Banks". These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the financial statements.

The name of the engagement partner who supervised and concluded this audit is Fatma Ebru Yücel.

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



Fatma Ebru Yücel, SMMM
Partner

February 25, 2019
İstanbul, Türkiye

**BANK OF CHINA TURKEY A.Ş.
STATEMENT REGARDING ANNUAL ACTIVITY REPORT AS AT 31 DECEMBER 2018**

This Annual Activity Report for year 2018 of Bank of China Turkey A.Ş. has been prepared in accordance with the "Regulation on the Procedures and Principles for Preparation and Publishing of Annual Report by Banks" published in the Official Gazette no.26333 dated 1 November 2006 by Banking Regulation and Supervision Agency, and enclosed herewith.



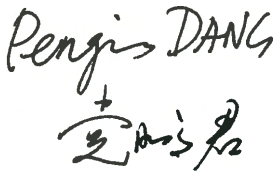
Bin CHEN

Chairman of the
Board of Directors



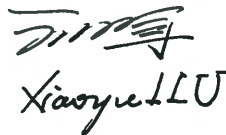
Ruojie LI

Deputy Chairman of the
Board of Directors and
General Manager



Pengjun DANG

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



Xiaoyu LIU

Member of the
Board of Directors



Özgür DALGIÇ

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

Contents

A-	GENERAL INFORMATION	1
1)	Financial summary information regarding the activity period	1
2)	Bank's history and modifications of Articles of Associations within the year and their reasons	2
3)	Bank's capital structure, changes in capital and shareholder structure within the year and information on qualified shares	2
4)	Explanations regarding the chairman and the members of Board of Directors, General Manager and Assistants and their shares	3
5)	The Evaluation of the chairman of the board of directors and the general manager for the activity period and their expectations for the future	3
6)	Explanation of the number of personnel and branches, type of services and activities of the bank and evaluation of the position of the Bank in the sector	5
7)	Information on research and development practices related to new services and activities given	5
B-	INFORMATION ABOUT MANAGEMENT AND CORPORATE GOVERNANCE APPLICATIONS	6
1)	Explanations on Corporate Governance	6
2)	Information about the chairman and members of the board of directors, members of the audit committee, general manager and assistants and managers of the units within the scope of internal systems	7
3)	Information on the mandate and professional experience of the auditors	9
4)	The activities of the Credit Committee and the committees affiliated to the board of directors or established under the risk management systems in accordance with the Internal Systems of Banks to assist the Board of Directors and the names and surnames of the chairman and the members of these committees and their essential duties	9
5)	Information on the attendance of the members of the Board of Directors and the audit committee and other subcommittees to the relevant meetings held during the accounting period	11
7)	A summary board report submitted to the General Assembly	13
8)	Information on Human Resources applications	14
9)	Transactions of the Bank with the related Risk Group	15
10)	Information on the activities of the members of the governing body on behalf of the Bank itself or its printing activities and the activities within the scope of the activities within the scope of the Competition Ban	16
11)	Information on the subjects of activity and the persons and institutions from which the support is received in accordance with the Regulation on Authorization of Banks' Support Services and Authorization of Support Service Organizations	16
C-	FINANCIAL INFORMATION AND RISK MANAGEMENT ASSESSMENT	16
1)	Independent Auditor's Report	16
2)	Information on risk management policies and risk management explanations by risk types	16
3)	Financial Benefits to Members of the Board of Directors and Senior Executives	19
4)	Information on ratings if any and ratings provided by rating agencies	19
5)	Information on the Bank's investments in the related accounting period	19
6)	Information on Direct and Indirect Subsidiaries and Shares of the Bank	19
7)	Information on the Bank's Own Shares	19
8)	Explanations on the Special Audit and Public Audit in the Accounting Period	19
9)	Information on the Lawsuits against the Bank and the Cases and Possible Results That Can Affect the Bank's Financial Status and Activities	19

10)	Explanations Regarding the Administrative or Judicial Sanctions Imposed on the Members of the Bank and the Governing Body due to Unlawful Practices	19
11)	Information on the Rationale and the Reasons if the General Assembly Resolutions were not fulfilled, if the objectives were not met or if the resolutions were not fulfilled in the past periods	19
12)	Extraordinary General Assembly Meetings within the Year.....	19
13)	Information on the Donations and Assistance Provided by the Bank within the Year and Expenditures within the Framework of Social Responsibility Projects	20
14)	Legal Transactions with the Beneficiary Company or a Company Based on a Dominant Enterprise or a Legal Entitlement to the Benefit of a Company Dependent on the Company, and Other Measures Avoided for the Beneficiary Company or a Company Dependent on it in the Previous Year	20
15)	Information if the above-mentioned legal process is taken or the measure is taken or avoided at the moment according to their own circumstances and conditions, according to each legal act is provided in an appropriate manner and whether the provision of measures taken from the Company to prevent the damage of the Company did not hurt, whether the loss of the Company is not equivalent or equalized.....	20
E-	FINANCIAL INFORMATION	20
1)	Analysis and evaluation of the management body on the financial situation and activity results, the degree of realization of the planned activities, the status of the Bank against the determined strategic targets	20
2)	Information on the Bank's sales, efficiency, revenue generation capacity, profitability, debt / equity ratio and other issues that will give an idea about the results of bank operations compared to previous years and prospective expectations	21
3)	Assessment and management body evaluations regarding whether the capital of the Bank is unrequited or whether it is submerged in debt or not.....	21
4)	Measures to be taken to improve the financial structure of the Bank, if any	21
5)	Information on the Dividend Distribution Policy and the proposal on how to use the undistributed profit if the profit distribution will not be made	21
6)	Summary financial information for a period of five years including the reporting period	21
F-	OTHER	21
1)	Disclosures about special events that occurred in the Bank after the end of the operating year and which may affect the rights of shareholders, creditors and other related persons and organizations	21
2)	Additional information deemed appropriate by the governing body.....	21

A- GENERAL INFORMATION

Related Period : **01.01.2018 – 31.12.2018**
 Trade name : Bank of China Turkey Anonim Şirketi
 Trade registry number : 65510-5 (İstanbul Tic. Sicil Müd.)
 Registered Address : Esentepe Mah. Büyükdere Cad. Tekfen Tower Binası No: 209 Kat: 21 PK 34394 4. Levent/Şişli/İstanbul
 Contact:
 Phone : +90 212 260 88 88
 Fax : +90 212 279 88 66
 E-mail address : bankofchina.turkey@hs03.kep.tr
 Website Address : www.bankofchina.com.tr

1) Financial summary information regarding the activity period

Thousand (TL)	31.12.2018	31.12.2017
Total Assets	1,291,801	1,168,731
Cash Assets and Central Bank	16,421	-
Banks	949,969	1,158,967
Loans	306,590	-
Other Assets	18,821	9,764
Total Liabilities and Equity	1,291,801	1,168,731
Deposits	4	-
Provision	23,549	1,932
Other Liabilities	16,202	29,483
Equities	1,252,046	1,137,316
Letter of Guarantees	2,577	-
Other Guarantees	81,827	-
Derivatives	604,120	-
Capital Adequacy Ratio	190.7	-
Equity/Assets	96.7	97.3

Thousand (TL)	01.01.2018- 31.12.2018	01.01.2017- 31.12.2017
Net Interest Income	184,363	41,040
Non-Interest Income	3,083	(31)
Trading Income/Loss	31,047	91,927
Total Operating Income/(Expense)	218,493	132,936
Net Other Operating Income / Expenses (-)	43,623	25,296
Loan Provisions	20,347	-
Net Operating Profit/(loss)	154,523	107,640
Tax Provision (-)	39,789	21,554
Net Profit / Loss for the Period	114,734	86,086

2) Bank’s history and modifications of Articles of Associations within the year and their reasons

Bank of China Turkey A.S. is established on January 10th, 2017, major shares holder being Bank of China Limited. The BRSA granted the operational banking license to Bank of China Turkey A.Ş. as of 01/12/2017 and such license has been published on the Official Gazette on 07/12/2017.

As China’s most internationalized and diversified bank, Bank of China Limited provides a comprehensive range of financial services to customers across the Chinese mainland as well as 56 countries and regions. The Bank’s core business is commercial banking, including corporate banking, personal banking and financial markets services.

There are no changes occurred regarding the Articles of Association or the shareholder structure within the accounting period this Report pertains to.

3) Bank’s capital structure, changes in capital and shareholder structure within the year and information on qualified shares

a)- Capital : TL 1,051,230,000

b)- Shareholding Structure : The capital and shareholding structure of the Bank is as follows.

NAME, SURNAME/TITLE OF THE SHAREHOLDER	RESIDENTIAL ADDRESS	NUMBER OF SHARES	AMOUNT OF CAPITAL (TL)
1-Bank of China Limited	No.1 Fuxingmen Nei Dajie Beijing/China 100818	1,051,229,996	TL 1,051,229,996
2-Maxon Limited	23/F Bank of China Tower 1 Garden Road Hong Kong	1	TL 1
3-Best Stream Limited	23/F Bank of China Tower 1 Garden Road Hong Kong	1	TL 1
4-Union Favour Limited	23/F Bank of China Tower 1 Garden Road Hong Kong	1	TL 1
5-Well Ocean Limited	23/F Bank of China Tower 1 Garden Road Hong Kong	1	TL 1

c)- There are no existing privileged shares.

d)- Explanation on Qualified Shares:

Pursuant to the definition of “qualified share” given by the Banking Law numbered 5411, the owners of the existing qualified shares within the Bank capital and their share rates are explained below:

Name Surname/Trade Name	The Amount of Shares	Share Rate	Paid Shares	Unpaid Shares
Bank of China Limited	1,051,229	99.99%	1,051,229,996	-

4) Explanations regarding the chairman and the members of Board of Directors, General Manager and Assistants and their shares

The Chairman and members of the Board of Directors, the members of Audit Committee, the General Manager and his assistants do not have any shares in the Bank.

5) The Evaluation of the chairman of the board of directors and the general manager for the activity period and their expectations for the future

Bank of China Turkey A.Ş. has started its operations very recently, on May 9, 2018 after a long and busy period of preparations. This is the first Annual Report of the newly born subsidiary of a Global Systemically Important Financial Institution, Bank of China Ltd.

Bank of China Ltd. has operations in more than 56 countries in the world and has been present in Turkey through its Istanbul Representative Office since 2011. The decision to establish a subsidiary in Turkey was taken by the Board in 2015 after which, in May 2016, the Banking License was obtained from the BRSA. Despite the unpleasant events that took place in the summer of 2016, Bank of China Ltd. continued with its investment plan in Turkey and brought in the required paid in capital of USD 300 million equivalent of TRY in the country within December 2016. Bank of China Turkey A.Ş. was registered to the trade registry in January 2017.

During 2017, the preparations gained momentum and we started to hire the staff; prepared the policies and procedures of the bank in conformity with the local legislation and the global practices of Bank of China Ltd.; acquired the core banking system; defined our mission and vision in Turkey as well as the business targets. Our operational license has been issued by the BRSA in December 2017 after our application in May 2017.

Beginning of 2018 has been the time for us to complete all the necessary actions for starting our operations and May 9th has been the first day of Bank of China Turkey A.Ş.'s operations.

In 2018, the global economic recovery continued but showed an obvious divergence, the growth rate of major economies reached a peak, and some emerging economies saw financial turmoil. Looking ahead, the global economy will be exposed to bigger downward pressure, and interest rate rises are expected in the monetary policies of major countries in 2019.

The global banking industry developed divergently in a complex, ever-changing environment in 2018. It is imperative to strike an overall balance in the future among scale, structure, quality, efficiency, risk and market performance to maintain sustainable development amid new uncertainties.

Turkey achieved high growth rates since 2001, which attracted attention from foreign investors, became the 17th largest economy in the world and 6th among the European Union. Turkey's second largest trade partner is China and since Turkey signed off on the Belt and Road Initiative of China, the relations between the two countries keep improving. More and more Chinese companies are investing or undertaking projects in Turkey. Bank of China Turkey A.Ş. is happy to serve such clients to the best possible extent.

During the summer of 2018, Turkish financial markets slowed down due to high volatility and sales pressure. September onwards, the sentiments in the market changed. Turkish banks having maturities in the period successfully rolled over their debts. The Treasury and Finance Minister launched the New Economic Program and reestablished the macro-economic targets for the country with the aim of sustainable growth.

Although we have started our operations in a unique financial environment, we are proud to have completed the establishment of a new subsidiary of Bank of China group in Turkey. We believe that this long-term investment will become more and more successful in the Turkish market by supporting the Turkish and Chinese companies to boost the bilateral relationship between Turkey and China. With the full support of the Bank of China global network, Bank of China Turkey A.Ş. can do more contribution to the Sino-Turkish trade and economic cooperation. The bank has started its operations by being involved in infrastructural projects in Turkey as well as supporting the needs of customers in the transportation industry which are included in the sectors that the bank is interested to grow its assets in. Future projects that we are willing to take part in will be in the energy, telecommunications, logistics, automotive and FMCG sectors besides the infrastructure projects.

We would like to take this opportunity to extend our gratitude to our shareholder, our dedicated employees, our customers, local regulators and government for their continuous support during the establishment of our Bank.

Chairman of the Board of Directors

Bin CHEN

General Manager

Ruojie LI

6) Explanation of the number of personnel and branches, type of services and activities of the bank and evaluation of the position of the Bank in the sector

Bank of China Turkey A.Ş. has been fully operated in 2018 and has 31 employees as of December 31, 2018. The Bank is operating through Head Office and does not have any branches as of end of 2018. Although the Bank has the full license from the banking regulator, the actual business is concentrated in Corporate Banking. The Bank only serves to legal entity customers and does not have any cash utilization.

Bank of China Turkey A.Ş. aims to work with top tier corporates; local, multinational, Chinese or International, which have solid financials and easy access to financial sources. As per the “One Belt One Road” initiative the Bank also concentrates in the banking needs of Chinese companies having investment appetite in Turkey.

Main service areas of the Bank are related to Trade Finance, Corporate Loans, Project Finance, Deposits and Foreign Currency transactions. Thanks to the global network of Bank of China of more than 11 thousand branches in China and 56 countries and regions including Hong Kong, Macau and Taiwan around the world, Bank of China Turkey A.Ş. has vast opportunities to finance the international trade. Another major aim is to be part of the infrastructural projects of Turkey. Therefore, Bank of China Turkey A.Ş. is concentrating on financing of these huge projects together with other branches of the group and thus, investing its resources to the development of the country.

One of the most important competitive advantages of the Bank in the sector is its global network and the cooperation opportunities with this network. Another one is the increasing appetite from Chinese corporates to invest in Turkey. Since Turkey has become part of the Belt and Road Initiative in 2015, more and more Chinese companies are interested in investing in Turkey. Being the most internationally active bank in China, most of the Chinese going out customers is already the clients of Bank of China in China and thus potential clients for Bank of China Turkey A.Ş. as they invest in Turkey.

7) Information on research and development practices related to new services and activities given

Bank of China Turkey A.Ş.’s product portfolio is composed of cash and non-cash loans as well as trade finance products, deposits and currency transactions. The Bank aims to enlarge its product portfolio in time as per the requests of its customer. Since the Bank is concentrating on corporate clients most of the products that will be utilized will be tailor-made designed according to the needs of the customers. On the Treasury side, the Bank will work on extending its infrastructure to be able to offer its clients derivative products in the next year.

B- INFORMATION ABOUT MANAGEMENT AND CORPORATE GOVERNANCE APPLICATIONS

1) Explanations on Corporate Governance

The Bank strictly follows the rules and regulations within the scope of the applicable legislation, closely tracks changes in the related legislation and continuously enhances its corporate governance capabilities. In this regard, throughout the year of 2018, Ruojie Li, Özgür Dalgıç and Xiaoyu Liu have continued their duties as the members of the Corporate Governance Committee which had been formed in order to comply with the applicable legislation with the Regulation on the Corporate Governance Principles of the Banks and along with its annex, the Corporate Governance Principles of the Banks. The Committee follows the Bank's progress in respect of the corporate governance principles and policies and informs the Board of Directors as it deems necessary.

The Bank attaches great importance to corporate principles and rules. In order to continuously update the corporate governance policies according to the legislative requirements and the Bank's progress and to perform activities in strict compliance with these policies, the Bank's Board of Directors, with guidance from its Corporate Governance Committee, has gone through all the related documents which need to be prepared/amended by the Board, especially the Corporate Governance Committee Charter, Corporate Governance Policy and the Board of Directors Charter, and has applied the necessary changes thereto. It is given utmost importance to the comprehensive support of the Bank's systems to the effective operation of its corporate governance.

The Bank promotes innovative practices in corporate governance and constantly takes measures for the smooth operations of the Board of Directors and develops mechanisms in respect of information disclosure and shareholder engagement. This supports the systematic decision-making and constructive work of the Board, promotes the transparency of the Bank and allows the Bank to properly meet its responsibilities to its shareholders as well.

The Bank enhances its corporate governance system in a forward-looking and exploratory manner. The Board of Directors pays close attention to the internal control and risk management and continuously endeavors to enhance the Bank's level of compliance with the legislation. In addition, the Bank closely monitors all the latest developments in domestic and international corporate governance principles and policies.

2) Information about the chairman and members of the board of directors, members of the audit committee, general manager and assistants and managers of the units within the scope of internal systems

Board of Directors

The Bank's managing body is the Board of Directors constituting of five board members. They have been appointed with the Articles of Association dated 10 January 2017 and the board resolution no.1 dated 31 January 2017 and their appointment has been re-approved at the general assembly dated 30 March 2017 and this time they got appointed for two years.

Name Surname	Duty	Assigned Date	Education	Professional Experience
Bin Chen	Chairman of the Board	Re-elected for a period of 2 years with the resolution published in the Trade Registry Gazette dated 09/04/2018.	* China Sciences Academy, System Sciences Research Institute, Phd * Jiangxi University, Computer Science and Control Theory, Master Degree * Jiangxi University, Basic Mathematics, Bachelor Degree	24 Years
Ruojie Li	Deputy Chairman of the Board General Manager	Re-elected for a period of 2 years with the resolution published in the Trade Registry Gazette dated 09/04/2018.	* China Renmin University, Money and Banking, Master Degree * China Renmin University, Finance, Bachelor Degree	18 Years
Pengjun Dang	Acting Chairman Board Member	Re-elected for a period of 2 years with the resolution published in the Trade Registry Gazette dated 09/04/2018.	*Pekin University, International Relations, Master Degree *Pekin University, International Relations, Bachelor Degree	24 Years
Xiaoyu Liu	Board Member	Re-elected for a period of 2 years with the resolution published in the Trade Registry Gazette dated 09/04/2018.	*China Renmin University, Finance, Master Degree *Shanxi Finance University, Tax Profession, Bachelor Degree	18 Years
Özgür Dalgıç	Board Member and Internal Systems Officer	Re-elected for a period of 2 years with the resolution published in the Trade Registry Gazette dated 09/04/2018.	*Loughborough University, Banking and Finance, Master Degree * Ankara University, Business Administration, Bachelor Degree	27 Years

Managers of Internal Systems

Name Surname	Duty	Assigned Date	Education	Professional Experience
Ferhun Ateş	Head of Internal Control & Compliance	04.05.2017	*Gazi University, Institute of Social Sciences, Master in Business Administration *Ankara University, Faculty of Political Sciences, Economics	20 Years
Hülya Bayır	Head of Risk Management	04.05.2017	*Hacettepe University , Finance, PHD *Vanderbilt University, Economic Development, MA *Hacettepe University, Finance, MS Ankara University , Finance	27 Years
Gürkan Sezgün	Head of Internal Audit	04.05.2017	*Marmara University, Business Administration	18 Years

Audit Committee

Name Surname	Duty	Assigned Date	Education	Professional Experience
Pengjun Dang	Committee Chairman	04.05.2017 (a contrary decision has not been taken and continues to the same duty.)	* Pekin University, International Relations, Master Degree *Pekin University, International Relations, Bachelor Degree	24 Years
Özgür Dalgıç	Committee Member	04.05.2017 (a contrary decision has not been taken and continues to the same duty.)	*Loughborough University, Banking and Finance, Master Degree * Ankara University , Business Administration, Bachelor Degree	27 Years

3) Information on the mandate and professional experience of the auditors

In the General Assembly Meeting dated 28 March 2018, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müş. A.Ş. (E&Y) was authorized about auditing process and preparation of audit reports. The audit agreement is for 1 year term.

4) The activities of the Credit Committee and the committees affiliated to the board of directors or established under the risk management systems in accordance with the Internal Systems of Banks to assist the Board of Directors and the names and surnames of the chairman and the members of these committees and their essential duties

Audit Committee

The Committee, in accordance with the provisions of the Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Procedure has been established to support to Board of Directors by monitoring the integrity of financial statements, the operations of internal systems and other aspects of the Bank's financial management in accordance with the duties and responsibilities as well as to set up and maintenance of necessary processes to ensure compliance of the Bank with all applicable laws, other regulations and internal regulations. Members of the Committee is composed of Pengjun Dang (Committee Chairman) and Özgür Dalgıç who are non-executive directors of Board. Özgür DALGIÇ who is located in Turkey also serves as Internal Systems Officer in the Bank. During the year, the Audit Committee convened twice and took 8 resolutions.

Risk Committee

The Committee has been established to assist the Board of Directors in monitoring the risk management structure of the Bank; the Bank's risk management and risk assessment guidelines and policies required to fulfill the duties and responsibilities of the Committee regarding market, credit, operations, liquidity, strategy, reputation risks and other risks; the risk tolerance and appetite of the Bank; the capital, liquidity and funds of the Bank and the risk management performance of the bank. Committee Members is composed of Ruojie Li (General Manager); Xiaoyu Liu and Özgür Dalgıç (Internal Systems Officer) who are the Board members. The Committee took 2 resolutions during the year.

Steering Committee on Prevention of Anti Money Laundering

The Committee has been established to ensure that the Bank's compliance with the anti-money laundering and counter-terrorism legislation and the global Bank of China policies and procedures, and the implementation of its policies and procedures to ensure that the Compliance program is carried out in accordance with the legislation and global policies, to review them in case of new regulations and amendments in the relevant legislation, to evaluate the impacts on the Bank, and to assess the issues identified in the examinations by internal and external auditors and regulators, and to ensure

that the Bank's was established in order to determine and evaluate the risk appetite for the prevention of financing of money laundering and terrorism.

Committee Members is composed of the General Manager Ruojie Li and Internal System Officer Özgür Dalgıç who are co-chairman and Head of Internal Control and Compliance Ferhun Ateş, Internal Control and Compliance Assistant Director Nazlı İpek Tüzün, Head of Banking Services Dept. Guohong Sun and Head of Corporate Banking Dept. Onur Sekizyeralı. The committee convened once in year and decided to approve the procedures, guidelines and plans prepared by Internal Control and Compliance.

Remuneration Committee

With remuneration policy, Bank of China Turkey A.Ş. aims to create an effective remuneration system, hire capable employees who will support the Bank to reach its goals and provide a sustainable process.

In order to carry out the supervision of the Bank's remuneration policy and its implementation on behalf of the Board of Directors, a Remuneration Committee was established in accordance with the regulations of the Banking Regulation and Supervision Agency and Bank of China policies.

The current structure of Remuneration Committee is below:

Name Surname	Duty
Pengjun Dang	Committee Chairman
Bin Chen	Committee Member

The meeting is held as often as required by the Remuneration Committee with the condition of meeting at least once a year.

The Remuneration Committee reviews the remuneration policy of the Bank at least once annually, with a purpose to assess if changes are required. In order to ensure effectiveness of remuneration policy, the Board of Directors review it at least once a year as well.

In the implementation of remuneration practices in Bank of China Turkey A.Ş., “The Guide for Best Remuneration Practices in Banks” which is published by BRSA in 31 March 2016 dated Official Gazette are taken into consideration as reference.

5) Information on the attendance of the members of the Board of Directors and the audit committee and other subcommittees to the relevant meetings held during the accounting period

All the committees mentioned above have held meetings within the year of 2018 and all the committee members have attended each meeting either physically and/or via video/teleconference, accordingly.

6) Audit committee's assessments on the operation of internal control, internal audit and risk management systems and information about their activities within the accounting period

The functions of the Bank within the scope of internal systems are the Internal Control and Compliance; Internal Audit and Risk Management. These functions are carried out by the Head of Internal Control and Compliance, Head of Internal Audit and Head of Risk Management who are directly reported to the Internal Systems Officer and the Audit Committee and independent from each other and the executive units.

Internal Control and Compliance function is carried out in accordance to Internal Control and Compliance Policy, which is based on the Banking Law, Law on Prevention of Laundering Proceeds of Crime and related sub-regulations and Bank of China global practices. Internal Control and Compliance is authorized to monitor, inspect and control all activities in the units / departments of the Bank. Internal Control and compliance activities and how they will be performed are designed together with the relevant units by Internal Control and Compliance, taking into account all the characteristics of the activities carried out by the Bank. Compliance activities are; in order to ensure compliance of all activities and new activities carried out and planned by the Bank with all applicable laws and other applicable legislation giving priority to the legislation regarding the prevention of laundering of criminal proceeds and the fight against financing of terrorism; monitoring all applicable legislation, reviewing new legislation or amended regulations and informing and directing personnel; committees and senior management, Audit Committee / Internal Systems Responsible and Board of Directors of the Bank to a necessary extent.

Reports were prepared within the scope of Internal Control and Compliance Policy and Audit Committee and Senior Management were informed.

In this scope;

- Following the legislative amendments, top management and related units were informed, opinions on draft amendments were given and opinions were drawn on the questions of the top management and in-bank units regarding the legislation.
- An action plan has been prepared and implemented regarding the findings of the BRSA Audit Team. The coordination of the action plan within the Bank was ensured. Regular visits to the BRSA's senior management have been carried out regarding the Bank's requests.
- Necessary documents and correspondence for the application for credit agent expansion activity were prepared and submitted to BRSA and permission was obtained.

- The Policy on Preventing Money Laundering and Fighting Financing Terrorism has been updated and approved by the Board of Directors. Due Diligence Procedure and document list for KYC principle has been prepared.
- In order to create a Customer Profile and to assign a risk rating to each customer, a Customer Identification, Approval and Risk Classification Form has been established, a Sanction Implementation Guide has been prepared and approved by the senior management, an emergency action plan has been prepared and approved by the senior management. MASAK senior managers were visited and exchanged information; Turkey Money Laundering Legislation training was given to staff; The Charter of the Anti-Money Laundering Committee was issued and the Committee convened first time; the annual MASAK workshop was attended. Within the scope of compliance with international regulations, FATCA and CRS customer forms were created and forms were started to be requested from customers.

Risk management activities are the management of the risk caused from banking activities in accordance with the risk policy by considering the scale of the Bank and its activities.

In this scope,

- The General Risk Management Policy, General Risk Limit Policy, Liquidity Risk Management Policy, Operational Risk Policy, Market Risk Management Policy, Internal Capital Adequacy Assessment Process has been reviewed and the changes have been submitted to the approval of the Board of Directors with the appropriate opinion of the Risk Committee. Within the framework of the risk appetite established within the scope of the General Risk Limit Policy, it is ensured that the Bank continues its activities in accordance with its strategies.
- The Internal Capital Assessment Process is managed through Bank-wide participation.
- The Risk Committee, the Audit Committee and the Senior Management and the Board of Directors are informed about the Bank's risks through periodic reports.
- The risk limits are reviewed regularly by the Internal Systems Officer, Head of Risk Management, Risk Committee and the Bank's senior management in a way not to exceed the legal limits stated in the legislation and if deemed necessary, they are redefined with the approval of the Board of Directors.
- Risks are measured according to international and local regulations, Bank policies and procedures, using methods accepted in international practices appropriate to the Bank's structure, stress test and scenario analyzes are carried out and reported regularly to senior management, Risk Committee and Board of Directors. Risk measurements are included in the Bank's decision-making processes.

In the scope of Internal Audit activities;

- The Annual Internal Audit Plan and Risk Assessment Report were prepared and the Risk Matrix was prepared and audits were carried out in accordance with the plan. Related units responses were taken, corrective actions were scheduled and followed up, Audit Committee, Senior Management and Board of Directors were informed.
- The 2018 Management Assertion Audit Plan was prepared and the audit activities were carried out and the results were shared with the Independent Auditor by obtaining the approval of the senior management and the Board of Directors.
- Meetings were held with the independent auditors and independent audit activities, the findings were evaluated, corrective actions were taken and monitored, the senior management, the Audit Committee and the Board of Directors were informed.
- In order to report possible irregularities and compliance violations within the Bank, an e-mail address has been created and the personnel have been announced.

7) A summary board report submitted to the General Assembly

We believe that 2018 was a successful year for Bank of China Turkey A.Ş. The Bank started its operations on May 9th, 2018 after the issuance of the operational license in December 2017 by the BRSA. Until the first operation date, many other issues were resolved such as opening account in the Central Bank of Turkey, becoming a member of the Electronic Funds Transfer system in Turkey for local currency payments, becoming a member of the SWIFT system for international settlements, opening the nostro accounts for USD, EUR and RMB, the major currencies that we are planning to work with. Another step taken during this period of time was to update the policies and procedures of the Bank in line with the global Bank of China policies and procedures as well as the local regulation. Bank of China Turkey A.Ş. has been involved only in a few projects since the operations of the bank began very recently. Still, the Bank has reached an asset size of TL 1,291.8 million with TL 306.6 million cash loans and TL 950 million bank placements. The net profit of the Bank, in its first year of operations reached TL 114.7 million. Moreover, the Bank engaged in guarantee transactions and the end-of-year balance of these is TL 84.4 million.

Costs of the Bank remained at a very good level; cost to operating income ratio is 19%. Total equity of the Bank reached TL 1,252 million.

We hope, in 2019, its first full year of operation, Bank of China Turkey A.Ş. will be able to increase its number of clients and the business volumes to be handled within the global strategy of Bank of China.

8) Information on Human Resources applications

The Bank's vision is to be a globally preferred Bank in Turkey by providing services that add high value to society.

The Bank's mission is to provide financial services that create excellent values for its customers and shareholders, by strengthening the financial cooperation between Turkey and China. It is aimed to support the trade between two countries while contributing to the realization of the China's "One Belt One Road" initiative and Turkey's "the Middle Corridor Plan".

The Bank's values;

- Professionalism
- Integrity
- Performance
- Responsibility
- Innovation
- Prudence

In the recruitment processes, the Bank concentrates to hire new employees who are in line with the global values of the Bank, who pursue excellence, are honest, responsible, open to development and are prone to team work.

In the future, the Bank aims to hire experienced and competent professionals in line with its vision, mission and values.

It is aimed in the Bank to support the professional and personal development of the employees through training and development activities such as internal trainings, oversea trainings organized by the Parent Company in China and trainings of The Banks Association of Turkey.

With performance management process, the Bank aims to achieve to establish moderate incentive and constraint mechanism, to enhance the duty performance capacity of employees at various levels and to improve the employees' career development and performance advancement.

As of 31 December 2018, number of employees in Bank of China Turkey A.Ş. is 31.

Bank of China Turkey A.Ş. pays attention to the implementation of the remuneration policy by providing equal opportunities to our employees, and ensuring that the practices related to remuneration and promotion are in compliance with the relevant legislation, ethical values and strategic objectives of the Bank.

With the remuneration policy, the Bank aims to bring new professionals to the Bank and to increase / maintain the motivation of the employees who has high level of performance. In the process of determining the remuneration policy, sectorial data are taken into consideration in order to show a competitive attitude in the sector, to bring new competent and experienced professionals to the Bank and increase the motivation of the employees.

Within the budget of the relevant year, salary increases are mainly based on some factors such as general inflation level in Turkey and the employee's performance in the relevant period.

9) Transactions of the Bank with the related Risk Group

The Bank carries out various transactions with the Group companies within the scope of its activities.

The resulting profit / loss are associated with the income statement.

The operations of Bank of China Turkey A.Ş. with its risk group including the summary information are explained in detail in the footnotes of the financial statements.

Current Period	Amount – Thousand TL
<i>Balance Sheet</i>	
Banks	20,739
Derivative financial assets valued at fair value through profit and loss	4,516
Other Liabilities	7,741
<i>Income Statement</i>	
Interest Income from banks	4
Fees and Commissions Income	1,142
Profit/Loss on Derivative Financial Transactions	4,016
<i>Off-Balance Sheet</i>	
Guarantees and Letter of Credits	2,577
Derivatives	604,120

10) Information on the activities of the members of the governing body on behalf of the Bank itself or its printing activities and the activities within the scope of the activities within the scope of the Competition Ban

The Board of Directors members have made no transaction with the Bank on their or other persons' behalf pursuant to the permission given by the General Assembly and no activity within the scope of noncompetition has been carried by the board members. The Board of Directors has adopted all its resolutions unanimously within the year of 2018.

11) Information on the subjects of activity and the persons and institutions from which the support is received in accordance with the Regulation on Authorization of Banks' Support Services and Authorization of Support Service Organizations

Name of Supporting Service Company	Explanation of Service
Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.	Core Banking Application License and Application Service, Software Development and Support Service
IBM Global Services İş ve Teknoloji Hizmetleri ve Ticaret Ltd. Şti.	Primary Data Center Server Hosting Service
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	Disaster Recovery Centre Server Hosting Service

C- FINANCIAL INFORMATION AND RISK MANAGEMENT ASSESSMENT

1) Independent Auditor's Report

The attached independent auditor's report as of 31 December 2018 is presented to General Assembly.

2) Information on risk management policies and risk management explanations by risk types

Risk management covers the measurement and monitoring of risks, the control and reporting of risks within certain limits. The Head of Risk Management is independent from the executive units and fulfills her responsibilities to the Board of Directors through the Internal Systems Officer, Audit Committee and Risk Committee.

The policies for each of the quantifiable risks such as General Risk Policy and Credit Risk, Market Risk, Liquidity Risk, Operational risk have been established for the determination, measurement and control of the risks that the Bank may be exposed to due to its activities and have been approved and enacted by Board of Directors.

For these risks, written limits, early warning thresholds and risk appetite indicators were determined by the General Risk Limit Policy and approved by the Board of Directors.

The Internal Capital Adequacy Assessment Procedure for the determination of the internal capital requirements and the adequacy of the Bank has been approved by the Board of Directors.

The risk limits are reviewed regularly by the Internal Systems Officer, Head of Risk Management , Risk Committee and the Bank's senior management in a way not to exceed the legal limits stated in the legislation and if deemed necessary, they are redefined with the approval of the Board of Directors.

Risks are measured according to international and local regulations, Bank policies and procedures, using methods accepted in international practices appropriate to the Bank's structure, stress test and scenario analyzes are carried out and reported regularly to senior management, Risk Committee and Board of Directors. Risk measurements are included in the Bank's decision-making processes.

Credit Risk Management

The Bank identifies the credit risk as the credit risk by the borrower or by the counterparty from failing to pay the loan or failing to fulfill a contractual obligation. The general principles related to the credit risk management of the Bank are determined within the framework of the General Risk Management Policy and the limits for risk appetite are determined within the framework of the General Risk Limit Policy.

The Credit Policy has been established and approved by the Board of Directors in order to establish a credit risk management framework to manage credit risks; to help maintain a high level of credit portfolio quality; to support early detection and active management of real and potential credit issues in order to minimize the financial losses, and to ensure compliance with local legislation and main shareholder regulations on general and specific loan provisions. Together with the credit policy, Credit Payment Procedure; Credit Monitoring and Follow-up Procedure and Collateral Procedure constitute the Bank's credit risk management framework.

The main principle of the credit risk policy is to monitor and control the risk yield structure arising from the credit risk of the Bank and when necessary, determine the policies for correction; to identify, measure, report, monitor and control the risks to which the Bank is exposed when determining the procedure and limit and the risks arising from the transactions with the risk group of the Bank.

In order to mitigate all risks related to errors, deficiencies, irregularities and abuses and to prevent conflicts of interest; marketing, approval, disbursement and monitoring tasks of loans are executed by the authorities of different units by taking into consideration the principle of segregation of duties.

Credit limits are determined in line with the risk appetite of the Bank by taking into consideration the activity area of the companies, sector seasonality, risk profile, loss history, collateral structure and maturity of the loan. Credit limits are checked at both the individual debtor level and the total debt group level.

A rating system is used for the evaluation and examination of credits in the Bank; for discovering of early warning signals of deteriorated risks to allow for special monitoring of loans; for effectively managing problematic loans and for producing proper and effective risk-based pricing mechanisms.

The principle of triple defense line has been adopted in the management of credit risk. Controls of operational unit are the first line of defense; risk management, legal compliance and internal control the second line of defense; Internal Audit is the third line of defense. The Bank's credit risk

measurement, evaluation and monitoring activities are carried out directly by the Head of Risk Management under the Internal Systems Officer.

The Senior Management, Risk Committee and the Board of Directors are regularly informed about developments in the quality of the loan portfolio, stress test and scenario analysis, and limits on risk appetite.

Market Risk Management

Bank defines the market risk as the risk of loss in value and return of in or off balance sheet assets as a result of changes in rates and prices in financial markets. Within the framework of the market risk policy, the Bank's basic principles regarding market risk management, duties and responsibilities of the parties involved in market risk management and the process of measuring, monitoring and reporting of market risk have been determined.

The limits for risk appetite are determined by the Board of Directors in the General Risk Limit Policy and monitored in this scope.

Liquidity Risk Management

The Bank identifies liquidity risk as the risk of the Bank being unable to meet its liquidity requirements or to perform at an unreasonable cost

Under normal and stressful market conditions, liquidity risk is defined, measured, limited and reporting standards are set by Liquidity Risk Management Policy. This Policy is reviewed by the Risk Committee every year and approved by the Board of Directors when necessary. Where there is a significant change in the Bank's business strategy or legal requirements, the Board of Directors approves these changes in line with the recommendations of the Risk Committee.

The Bank's appetite for liquidity risk is determined under the General Risk Limit Policy. Business units are responsible for complying with the risk appetite determined within the framework of the General Risk Limit Policy and to remain within the limits.

Operational Risk Management

The operational risk management framework includes all processes of identifying, measuring, evaluating, controlling, reducing, monitoring and reporting the operational risks that the Bank is exposed to. The Bank considers the need for operational risk management in strategic and operational planning, daily and operational risk management and decision taking mechanism at all levels within the organization. This policy aims at establishing an effective internal control system to ensure a secure banking environment in compliance with other internal regulations, applicable laws and other regulations. Activities are carried out to establish the operational risk culture across the Bank.

3) Financial Benefits to Members of the Board of Directors and Senior Executives

Total amount of the granted monetary advantages such as salary, premium, bonus to the Board of Directors members, within the year of 2018, is TRY 3,775,849.58 –gross (net: TL 2,143 thousand). There is no such payment made to the Board members not holding a certain executive or non-executive position/duty in the Bank. No attendance fee has been paid to any of the Board members.

4) Information on ratings if any and ratings provided by rating agencies

None.

5) Information on the Bank's investments in the related accounting period

Tangible Asset Investment:

As of 31 December 2018, the Bank has tangible fixed assets amounting to TL 5,503 thousand (31 December 2017: TL 5,387 thousand).

An important part of tangible fixed assets consists of operating lease development costs, vehicle, furniture and furnishing and office machinery mainly related to IT.

Investment in Intangible Assets:

As of 31 December 2018, the Bank has intangible assets amounting to TL 3,975 thousand (31 December 2017: TL 4,087 thousand).

Intangible assets are the operating license and development costs that the Bank pays for its systems.

6) Information on Direct and Indirect Subsidiaries and Shares of the Bank

The Bank does not have any direct or indirect affiliates.

7) Information on the Bank's Own Shares

None.

8) Explanations on the Special Audit and Public Audit in the Accounting Period

External audits were conducted by the independent auditor of the Bank with quarterly limited audits.

9) Information on the Lawsuits against the Bank and the Cases and Possible Results That Can Affect the Bank's Financial Status and Activities

None.

10) Explanations Regarding the Administrative or Judicial Sanctions Imposed on the Members of the Bank and the Governing Body due to Unlawful Practices

None.

11) Information on the Rationale and the Reasons if the General Assembly Resolutions were not fulfilled, if the objectives were not met or if the resolutions were not fulfilled in the past periods

Decisions of the past General Assembly were fulfilled.

12) Extraordinary General Assembly Meetings within the Year

No extraordinary general assembly meetings were held during 2018.

13) Information on the Donations and Assistance Provided by the Bank within the Year and Expenditures within the Framework of Social Responsibility Projects

None.

14) Legal Transactions with the Beneficiary Company or a Company Based on a Dominant Enterprise or a Legal Entitlement to the Benefit of a Company Dependent on the Company, and Other Measures Avoided for the Beneficiary Company or a Company Dependent on it in the Previous Year

Bank of China Turkey A.S. has performed legal transactions with Bank of China Limited and its foreign subsidiaries in the form of financial transactions.

None of these legal transactions were performed in accordance with the initiative or interest of Bank of China Limited or its related companies.

In all these legal proceedings, the agreements were concluded as it is signed between third parties. In accordance with the initiative or interest of Bank of China Limited or its affiliated companies, no prevention has been applied that would result in damage to the Bank.

Information on the transactions carried out within the Group Companies is detailed in the Bank's Affiliation Report.

15) Information if the above-mentioned legal process is taken or the measure is taken or avoided at the moment according to their own circumstances and conditions, according to each legal act is provided in an appropriate manner and whether the provision of measures taken from the Company to prevent the damage of the Company did not hurt, whether the loss of the Company is not equivalent or equalized

As of the date of the transactions conducted between Bank of China Turkey A.S. and Bank of China Limited and other subsidiaries of the main shareholder, there are no circumstances or conditions existing for the beneficiary of Bank of China Limited or its affiliated parties.

There is no measure taken by the Bank in favor of these companies and there is no harm to the Bank.

E- FINANCIAL INFORMATION

1) Analysis and evaluation of the management body on the financial situation and activity results, the degree of realization of the planned activities, the status of the Bank against the determined strategic targets

Bank of China Turkey A.Ş. has started its operations very recently, on May 9, 2018 after a long and busy period of preparations. Bank of China Turkey A.Ş. has been involved only in a few projects since the operations of the Bank began very recently. Still, the Bank has reached an asset size of TL 1,291.8 million with TL 306.6 million cash loans and TL 950 million bank placements.

2) Information on the Bank's sales, efficiency, revenue generation capacity, profitability, debt / equity ratio and other issues that will give an idea about the results of bank operations compared to previous years and prospective expectations

In 2019, which will be the first full operational year of the Bank of China Turkey A.Ş., we hope that the Bank will increase the number of customers and transaction volume in line with Bank of China Limited's global strategies.

3) Assessment and management body evaluations regarding whether the capital of the Bank is unrequited or whether it is submerged in debt or not

None.

4) Measures to be taken to improve the financial structure of the Bank, if any

None.

5) Explanations on government incentives

None.

6) Information on the Dividend Distribution Policy and the proposal on how to use the undistributed profit if the profit distribution will not be made

The allocation of the net profit is at the discretion of the General Assembly. In the General Assembly to be held in March 2019, it will be decided to add net profit after tax of TL 114,734 thousand to the profit reserves.

6) Summary financial information for a period of five years including the reporting period

Bank of China Turkey A.S. was established in 2018. The comparative financial information of the Bank for the past periods is presented in the previous sections of the Annual Report.

F- OTHER

1) Disclosures about special events that occurred in the Bank after the end of the operating year and which may affect the rights of shareholders, creditors and other related persons and organizations

None.

2) Additional information deemed appropriate by the governing body

None.

BANK OF CHINA TURKEY ANONİM ŐİRKETİ

UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT DECEMBER 31, 2018 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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

(Convenience translations of the independent auditor's report originally issued in Turkish ~ See Note I. of Section 3)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bank of China Turkey Anonim Şirketi:

A) Audit of Unconsolidated Financial Statements

Opinion

We have audited the accompanying unconsolidated financial statements of Bank of China Turkey Anonim Şirketi (the Bank), which comprise the statement of financial position as at December 31, 2018, and unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, and unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Bank as at December 31, 2018 and unconsolidated financial performance and unconsolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "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 (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations.

Basis for Opinion

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have not determined any key audit matter to be communicated in our report.

Responsibilities of Management and Directors for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Independent Audit Regulation and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.).
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

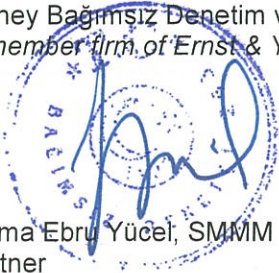
- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2018 are not in compliance with the laws and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section 3, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting 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.

The engagement partner who supervised and concluded this independent auditor's report is Fatma Ebru Yücel.

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



Fatma Ebru Yücel, SMMM
Partner

25 February 2019
İstanbul, Türkiye

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

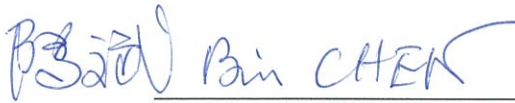
THE UNCONSOLIDATED FINANCIAL REPORT OF
BANK OF CHINA TURKEY A.Ş. FOR THE YEAR ENDED DECEMBER 31, 2018

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

The unconsolidated financial report for the year ended December 31, 2018, designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED YEAR END 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 INDEPENDENT AUDIT REPORT

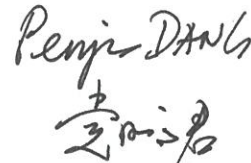
The unconsolidated financial statements for the year ended and related disclosures and footnotes in this report are prepared in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks, Banking Regulation and Supervision Agency (BRSA) 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 subject to independent audit and presented as the attached.




Bin CHEN
Chairman of the
Board of Directors



Ruojie LI
Deputy Chairman of the
Board of Directors and
General Manager



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



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



Fang LONG
Head of Financial and
Operational Control
Department



Elif GUMRAH
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

TABLE OF CONTENTS

SECTION ONE		
I.	History of the Bank Including Its Incorporation Date, Initial Status and Amendments to the Initial Status	1
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	1
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	1
IV.	Information on the Banks' Qualified Shareholders	2
V.	Summary Information on the Bank's Functions and Business Lines	2
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	2
VII.	Existing or potential, actual or legal obstacles to immediate transfer of capital between Bank and its subsidiaries and repayment of debts	2
SECTION TWO		
Unconsolidated Financial Statements		
I.	Balance Sheet (Statement of Financial Position)	3-6
II.	Statement of Off-Balance Sheet Items	7-8
III.	Profit/Loss Statement	9-10
IV.	Statement of Profit/Loss and Other Comprehensive Income	11
V.	Statement of Changes in Shareholders' Equity	12-13
VI.	Statement of Cash Flows	16
SECTION THREE		
Accounting Policies		
I.	Basis of Presentation	17
II.	Explanations On the Usage Strategy of Financial Instruments and On Foreign Currency Transactions	18
III.	Explanations on Forward Transactions, Options and Derivative Instruments	18
IV.	Information on Interest Income and Expenses	18
V.	Explanations on Fee and Commission Income and Expenses	19
VI.	Explanations on Financial Assets	19
VII.	Information on Impairment of Financial Assets	19
VIII.	Explanations on Offsetting Financial Instruments	19
IX.	Information on Sales and Repurchase Agreements and Lending of Securities	20
X.	Explanations on Assets Held for Sale and Discontinued Operations and the Related Liabilities	20
XI.	Explanations on Goodwill and Other Intangible Assets	20
XII.	Explanations on Tangible Assets	21
XIII.	Explanations on Leasing Transactions	21
XIV.	Explanations on Provisions and Contingent Liabilities	21
XV.	Explanations on Liabilities Related to Employee Rights	22
XVI.	Explanations on Taxation	23-24
XVII.	Additional Explanations on Borrowings	24
XVIII.	Explanations on Share Certificates Issued	24
XIX.	Explanations on Bank Acceptances and Bills of Guarantee	24
XX.	Explanations on Government Incentives	24
XXI.	Explanations on Segment Reporting	24
XXII.	Other Matters	24
SECTION FOUR		
Information on Financial Structure and Risk Management		
I.	Explanations on the Components of Shareholders' Equity	25-27
II.	Explanations on Credit Risk	28-31
III.	Explanations on Currency Risk	32-33
IV.	Explanations on Interest Rate Risk	34-35
V.	Explanations on Position Risk of Equity Securities	36
VI.	Explanations on Liquidity Risk And Liquidity Coverage Ratio	37
VII.	Explanations on Leverage Ratio	38
VIII.	Explanations on Securitization Positions	38
IX.	Explanations on Risk Management	38-48
X.	Explanations on Market Risk	49
XI.	Explanations on Operational Risk	49
XII.	Explanations Regarding the Presentation of Financial Assets and Liabilities at Their Fair Values	50
XIII.	Explanation on the Activities Carried out on Behalf and Account of Other Parties	50
SECTION FIVE		
Explanations and Notes on the Unconsolidated Financial Statements		
I.	Explanations and Disclosures Related to the Assets	51-56
II.	Explanations and Disclosures Related to the Liabilities	57-60
III.	Explanations and Disclosures Related to Off-Balance Sheet Contingencies and Commitments	61-63
IV.	Explanations and Disclosures Related to the Income Statement	64-66
V.	Explanations and Notes Related to Changes in Shareholders' Equity	66
VI.	Explanations and Notes Related to Statement of Cash Flows	67
VII.	Explanations and Disclosures on the Risk Group of the Bank	68
VIII.	Explanations on the Bank's Domestic, Foreign, Off-shore Branches or Investments in Associates and Foreign Representative Offices	69
SECTION SIX		
Other Explanations		
I.	Other Explanations on the Operations of the Bank	70
II.	Events After the Balance Sheet Date	70
SECTION SEVEN		
Explanations on Independent Audit Report		
I.	Explanations on Independent Audit Report	70
II.	Other Footnotes and Explanations Prepared by the Independent Auditors'	70

**Notes to the unconsolidated financial statements
as of December 31, 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 December 31, 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:

Name	Title	Assigned Date	Education
Bin CHEN	Chairman of the Board of Directors	March 28, 2018	PHD Degree
Ruojie LI	Deputy Chairman of the Board of Directors and General Manager	March 28, 2018	Master Degree
Xiaoyu LIU	Member of the Board of Directors	March 28, 2018	Master Degree
Pengjun DANG	Member of the Board of Directors	March 28, 2018	Master Degree
Özgür DALGIÇ	Member of the Board of Directors	March 28, 2018	Master Degree

Members of the Audit Committee:

Name	Title	Assigned Date	Education
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
as of December 31, 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 December 31, 2018, the Bank serves with 31 employees. (December 31, 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. Unconsolidated Balance Sheet (Statement of Financial Position)
- II. Unconsolidated Statement of Off-Balance Sheet Items
- III. Unconsolidated Profit/Loss Statement
- IV. Unconsolidated Statement of Profit/Loss and Other Comprehensive Income
- V. Unconsolidated Statement of Changes in Shareholders' Equity
- VI. Unconsolidated Statement of Cash Flows
- VII. Unconsolidated Statement of Profit Distribution

BANK OF CHINA TURKEY A.Ş.
Unconsolidated balance sheet (statement of financial position)
as of December 31, 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

Assets	Note	Audited		
		Current Period		
		(31/12/2018)		
	(Section Five)	TL	FC	Total
I. FINANCIAL ASSETS (Net)		939,514	31,392	970,906
1.1 Cash and cash equivalents		934,998	31,392	966,390
1.1.1 Cash and balances at central bank	(5.1.1)	5,859	10,562	16,421
1.1.2 Banks	(5.1.4)	929,139	20,830	949,969
1.1.3 Money Market Placements		-	-	-
1.2 Financial assets at fair value through profit or loss	(5.1.2)	-	-	-
1.2.1 Government Debt Securities		-	-	-
1.2.2 Equity securities		-	-	-
1.2.3 Other financial assets		-	-	-
1.3 Financial assets at fair value through other comprehensive income		-	-	-
1.3.1 Government debt securities		-	-	-
1.3.2 Equity securities		-	-	-
1.3.3 Other financial assets		-	-	-
1.4 Financial assets measured at amortized cost		-	-	-
1.4.1 Government debt securities		-	-	-
1.4.2 Other financial assets		-	-	-
1.5 Derivative financial assets	(5.1.3)	4,516	-	4,516
1.5.1 Derivative financial assets at fair value through profit and loss		4,516	-	4,516
1.5.2 Derivative financial assets at fair value through other comprehensive income		-	-	-
1.6 Non-performing financial assets		-	-	-
1.7 Expected credit losses (-)		-	-	-
II. LOANS (Net)	(5.1.6)	-	306,590	306,590
2.1 Loans		-	306,590	306,590
2.1.1 Loans measured at amortized cost		-	306,590	306,590
2.1.2 Loans at fair value through profit or loss		-	-	-
2.1.3 Loans at fair value through other comprehensive income		-	-	-
2.2 Lease receivables		-	-	-
2.2.1 Finance lease receivables		-	-	-
2.2.2 Operating lease receivables		-	-	-
2.2.3 Unearned income (-)		-	-	-
2.3 Factoring receivables		-	-	-
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		-	-	-
2.4 Non-performing loans		-	-	-
2.5 Expected credit losses (-)		-	-	-
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)		-	-	-
III. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-
3.1 Held for sale		-	-	-
3.2 Discontinued operations		-	-	-
IV. EQUITY INVESTMENTS		-	-	-
4.1 Investments in associates (net)		-	-	-
4.1.1 Associates accounted by using equity method		-	-	-
4.1.2 Unconsolidated associates		-	-	-
4.2 Subsidiaries (net)		-	-	-
4.2.1 Unconsolidated financial subsidiaries		-	-	-
4.2.2 Unconsolidated non-financial subsidiaries		-	-	-
4.3 Joint Ventures (net)		-	-	-
4.3.1 Joint ventures valued based on equity method		-	-	-
4.3.2 Unconsolidated jointly ventures		-	-	-
V. TANGIBLE ASSETS (Net)	(5.1.13)	5,503	-	5,503
VI. INTANGIBLE ASSETS (Net)	(5.1.14)	3,975	-	3,975
6.1 Goodwill		-	-	-
6.2 Other		3,975	-	3,975
VII. INVESTMENT PROPERTY (Net)		-	-	-
VIII. CURRENT TAX ASSET		1,032	-	1,032
IX. DEFERRED TAX ASSET	(5.1.16)	1,393	-	1,393
X. OTHER ASSETS	(5.1.18)	733	1,669	2,402
TOTAL ASSETS		952,150	339,651	1,291,801

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 December 31, 2017**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

Assets	Note	Audited		
		TL	FC	Total
	(Section Five)			
I. Cash and balances with Central Bank		-	-	-
II. Financial assets at fair value through profit or (loss) (net)		-	-	-
2.1 Financial assets held for trading		-	-	-
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		-	-	-
III. Banks	(5.I.4)	1,119,642	39,325	1,158,967
IV. Money markets		-	-	-
4.1 Interbank money market placements		-	-	-
4.2 Istanbul stock exchange money market placements		-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-
V. Financial assets available-for-sale (net)		-	-	-
5.1 Equity securities		-	-	-
5.2 Government debt securities		-	-	-
5.3 Other marketable securities		-	-	-
VI. Loans and receivables		-	-	-
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 Non-performing loans		-	-	-
6.3 Specific provisions (-)		-	-	-
VII. Factoring receivables		-	-	-
VIII. Held-to-maturity investments (net)		-	-	-
8.1 Government debt securities		-	-	-
8.2 Other marketable securities		-	-	-
IX. Investments in associates (net)		-	-	-
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		-	-	-
X. Subsidiaries (net)		-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-
XI. Joint ventures (net)		-	-	-
11.1 Accounted based on equity method		-	-	-
11.2 Unconsolidated		-	-	-
11.2.1 Financial joint ventures		-	-	-
11.2.2 Non-financial joint ventures		-	-	-
XII. Lease receivables		-	-	-
12.1 Financial lease receivables		-	-	-
12.2 Operating lease receivables		-	-	-
12.3 Other		-	-	-
12.4 Unearned income (-)		-	-	-
XIII. Derivative financial assets held for hedging		-	-	-
13.1 Fair value hedge		-	-	-
13.2 Cash flow hedge		-	-	-
13.3 Foreign net investment hedge		-	-	-
XIV. Property and equipment (net)	(5.I.13)	5,387	-	5,387
XV. Intangible assets (net)	(5.I.14)	4,087	-	4,087
15.1 Goodwill		-	-	-
15.2 Other		4,087	-	4,087
XVI. Investment property (net)		-	-	-
XVII. Tax asset		-	-	-
17.1 Current tax asset		-	-	-
17.2 Deferred tax asset		-	-	-
XVIII. Assets held for resale and related to discontinued operations (net)		-	-	-
18.1 Assets held for sale		-	-	-
18.2 Discontinued operations		-	-	-
XIX. Other assets	(5.I.18)	139	151	290
TOTAL ASSETS		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 December 31, 2018
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

		Audited			
		Current Period			
Liabilities		Note	TL	FC	Total
		(Section Five)			
		(5.II.1)	1	3	4
I.	DEPOSITS				
II.	LOAN RECEIVED		-	-	-
III.	MONEY MARKET FUNDS		-	-	-
IV.	MARKETABLE SECURITIES (Net)		-	-	-
4.1	Bills		-	-	-
4.2	Asset backed securities		-	-	-
4.3	Bonds		-	-	-
V.	FUNDS		-	-	-
5.1	Borrower funds		-	-	-
5.2	Other		-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		-	-	-
7.1	Derivative financial liabilities at fair value through profit or loss		-	-	-
7.2	Derivative financial liabilities at fair value through other comprehensive income		-	-	-
VIII.	FACTORING PAYABLES		-	-	-
IX.	LEASE LIABILITIES		-	-	-
9.1	Financial lease payables		-	-	-
9.2	Operating lease payables		-	-	-
9.3	Other		-	-	-
9.4	Deferred financial lease expenses (-)		-	-	-
X.	PROVISIONS	(5.II.6)	23,549	-	23,549
10.1	General loan loss provisions		20,347	-	20,347
10.2	Provisions for restructuring		-	-	-
10.3	Reserve for employee benefits		3,202	-	3,202
10.4	Insurance technical reserves (Net)		-	-	-
10.5	Other provisions		-	-	-
XI.	CURRENT TAX LIABILITIES	(5.II.7)	2,348	-	2,348
XII.	DEFERRED TAX LIABILITIES		-	-	-
XIII.	LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-
13.1	Held for sale		-	-	-
13.2	Related to discontinued operations		-	-	-
XIV.	SUBORDINATED DEBTS		-	-	-
14.1	Loans		-	-	-
14.2	Other debt instruments		-	-	-
XV.	OTHER LIABILITIES		5,738	8,116	13,854
XVI.	SHAREHOLDERS' EQUITY	(5.II.10)	1,252,046	-	1,252,046
16.1	Paid-in capital		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		(4)	-	(4)
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		114,734	-	114,734
16.6.1	Prior years' profits or losses		-	-	-
16.6.2	Current period net profit or loss		114,734	-	114,734
TOTAL LIABILITIES AND EQUITY			1,283,682	8,119	1,291,801

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 December 31, 2017**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

Liabilities	Note (Section Five)	Audited		Total
		TL	FC	
I. Deposits	(5.II.1)	-	-	-
1.1 Deposits of the Bank's risk group		-	-	-
1.2 Other		-	-	-
II. Derivative financial liabilities held for trading		-	-	-
III. Funds borrowed		-	-	-
IV. Money markets		-	-	-
4.1 Interbank money market funds		-	-	-
4.2 Istanbul Stock Exchange money market funds		-	-	-
4.3 Funds provided under repurchase agreements		-	-	-
V. Marketable securities issued (net)		-	-	-
5.1 Bills		-	-	-
5.2 Asset backed securities		-	-	-
5.3 Bonds		-	-	-
VI. Funds		-	-	-
6.1 Borrower funds		-	-	-
6.2 Other		-	-	-
VII. Miscellaneous payables		9,014	11,736	20,750
VIII. Other liabilities		-	-	-
IX. Factoring payables		-	-	-
X. Lease payables (net)		-	-	-
10.1 Financial lease payables		-	-	-
10.2 Operational lease payables		-	-	-
10.3 Other		-	-	-
10.4 Deferred lease expenses (-)		-	-	-
XI. Derivative financial liabilities held for hedging		-	-	-
11.1 Fair value hedge		-	-	-
11.2 Cash flow hedge		-	-	-
11.3 Foreign net investment hedge		-	-	-
XII. Provisions	(5.II.6)	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		-	-	-
XIII. Tax liability	(5.II.7)	8,733	-	8,733
13.1 Current tax liability		8,559	-	8,559
13.2 Deferred tax liability		174	-	174
XIV. Liabilities for property and equipment held for sale and related to discontinued operations (net)		-	-	-
14.1 Held for sale		-	-	-
14.2 Related to discontinued operations		-	-	-
XV. Subordinated loans		-	-	-
XVI. Shareholders' equity	(5. II.10)	1,137,316	-	1,137,316
16.1 Paid-in capital		1,051,230	-	1,051,230
16.2 Capital reserves		-	-	-
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
TOTAL LIABILITIES AND EQUITY		1,155,620	13,111	1,168,731

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 December 31, 2018**

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

		Audited			
		Current Period			
		Note			
		(Section Five)	TL	FC	Total
		(31/12/2018)			
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		302,010	386,514	688,524
I.	GUARANTEES AND WARRANTIES	(5.III.1)	-	84,404	84,404
1.1.	Letters of Guarantee		-	2,577	2,577
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		-	2,577	2,577
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		-	81,827	81,827
1.9.	Other Collaterals		-	-	-
II.	COMMITMENTS		-	-	-
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		-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.2)	302,010	302,110	604,120
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		302,010	302,110	604,120
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		302,010	302,110	604,120
3.2.2.1.	Foreign Currency Swap-Buy		302,010	-	302,010
3.2.2.2.	Foreign Currency Swap-Sell		-	302,110	302,110
3.2.2.3.	Interest Rate Swap-Buy		-	-	-
3.2.2.4.	Interest Rate Swap-Sell		-	-	-
3.2.3.	Foreign Currency, Interest Rate and Securities Options		-	-	-
3.2.3.1.	Foreign Currency Options-Buy		-	-	-
3.2.3.2.	Foreign Currency Options-Sell		-	-	-
3.2.3.3.	Interest Rate Options-Buy		-	-	-
3.2.3.4.	Interest Rate Options-Sell		-	-	-
3.2.3.5.	Securities Options-Buy		-	-	-
3.2.3.6.	Securities Options-Sell		-	-	-
3.2.4.	Foreign Currency Futures		-	-	-
3.2.4.1.	Foreign Currency Futures-Buy		-	-	-
3.2.4.2.	Foreign Currency Futures-Sell		-	-	-
3.2.5.	Interest Rate Futures		-	-	-
3.2.5.1.	Interest Rate Futures-Buy		-	-	-
3.2.5.2.	Interest Rate Futures-Sell		-	-	-
3.2.6.	Other		-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		-	-	-
IV.	ITEMS HELD IN CUSTODY		-	-	-
4.1.	Customer Fund and Portfolio Balances		-	-	-
4.2.	Investment Securities Held in Custody		-	-	-
4.3.	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		-	-	-
V.	PLEDGES RECEIVED		-	-	-
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		-	-	-
VI.	ACCEPTED BILL, GUARANTEES AND WARRANTIES		-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		302,010	386,514	688,524

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 December 31, 2017**

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

		Audited			
		Prior Period			
		(31/12/2017)			
		Note	TL	FC	Total
A	Off-balance sheet commitments (I-III+III)	(5.III.1)	-	-	-
I.	Guarantees and warranties		-	-	-
1.1	Letters of guarantee		-	-	-
1.1.1	Guarantees subject to state tender law		-	-	-
1.1.2	Guarantees given for foreign trade operations		-	-	-
1.1.3	Other letters of guarantee		-	-	-
1.2	Bank acceptances		-	-	-
1.2.1	Import letter of acceptance		-	-	-
1.2.2	Other bank acceptances		-	-	-
1.3	Letters of credit		-	-	-
1.3.1	Documentary letters of credit		-	-	-
1.3.2	Other letters of credit		-	-	-
1.4	Pre-financing 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		-	-	-
II.	Commitments		-	-	-
2.1	Irrevocable commitments		-	-	-
2.1.1	Asset purchase and sale commitments		-	-	-
2.1.2	Deposit purchase and sales commitments		-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-
2.1.4	Loan granting commitments		-	-	-
2.1.5	Securities issue brokerage commitments		-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-
2.1.7	Commitments for cheques		-	-	-
2.1.8	Tax and fund liabilities from export commitments		-	-	-
2.1.9	Commitments for credit card limits		-	-	-
2.1.10	Commitments for credit cards and banking services promotions		-	-	-
2.1.11	Receivables from short sale commitments of marketable securities		-	-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-	-
2.2	Revocable commitments		-	-	-
2.2.1	Revocable loan granting commitments	(5.III.2)	-	-	-
III.	Derivative financial instruments		-	-	-
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.	Custody and pledges received (IV+V+VI)		-	-	-
IV.	Items held in custody		-	-	-
4.1	Customer fund and portfolio balances		-	-	-
4.2	Investment securities held in custody		-	-	-
4.3	Checks received for collection		-	-	-
4.4	Commercial notes received for collection		-	-	-
4.5	Other assets received for collection		-	-	-
4.6	Assets received for public offering		-	-	-
4.7	Other items under custody		-	-	-
4.8	Custodians		-	-	-
V.	Pledges received		-	-	-
5.1	Marketable securities		-	-	-
5.2	Guarantee notes		-	-	-
5.3	Commodity		-	-	-
5.4	Warrants		-	-	-
5.5	Properties	(5.III.1)	-	-	-
5.6	Other pledged items		-	-	-
5.7	Pledged items-depository		-	-	-
VI.	Accepted independent guarantees and warranties		-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+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 December 31, 2018**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

		Note	Audited Current Period
INCOME AND EXPENSE ITEMS		(Section Five)	(01/01/2018- 31/12/2018)
I.	INTEREST INCOME	(5.IV.1)	184,365
1.1	Interest from Loans		4,480
1.2	Interest from Reserve Deposits		-
1.3	Interest from Banks		179,885
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		-
II.	INTEREST EXPENSE	(5.IV.2)	(2)
2.1	Interest on Deposits		(2)
2.2	Interest on Funds Borrowed		-
2.3	Interest Expense on Money Market Transactions		-
2.4	Interest on Securities Issued		-
2.5	Other Interest Expenses		-
III.	NET INTEREST INCOME (I - II)		184,363
IV.	NET FEES AND COMMISSIONS INCOME / LOSSES		3,083
4.1	Fees and Commissions Received		3,113
4.1.1	Non-cash Loans		2,680
4.1.2	Other		433
4.2	Fees and Commissions Paid		(30)
4.2.1	Non-cash Loans		-
4.2.2	Other		(30)
V.	PERSONNEL EXPENSES (-)		(14,293)
VI.	DIVIDEND INCOME	(5.IV.3)	-
VII.	TRADING INCOME / LOSS (Net)	(5.IV.4)	31,047
7.1	Profit / Loss on Securities Trading		-
7.2	Profit / Loss on Derivative Financial Transactions		4,016
7.3	Foreign Exchange Gains / Losses		27,031
VIII.	OTHER OPERATING INCOME	(5.IV.5)	102
IX.	TOTAL OPERATING INCOME (III+IV+V+VI+VII+VIII)		204,302
X.	LOAN PROVISIONS (-)	(5.IV.6)	(20,347)
XI.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	(28,432)
XII.	NET OPERATING PROFIT / LOSS (IX-X-XI)		154,523
XIII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-
XIV.	INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD		-
XV.	GAIN / LOSS ON NET MONETARY POSITION		-
XVI.	P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)	(5.IV.8)	154,523
XVII.	TAX PROVISION FOR CONTINUING OPERATIONS (*)	(5.IV.9)	(39,789)
17.1	Current Tax Provision		(41,355)
17.2	Expense Effect of Deferred Tax		-
17.3	Income Effect of Deferred Tax		1,566
XVIII.	NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVI+XVII)	(5.IV.10)	114,734
XIX.	PROFIT FROM DISCONTINUED OPERATIONS		-
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		-
XX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-
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		-
XXI.	P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XIX-XX)		-
XXII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (-)		-
22.1	Current Tax Provision		-
22.2	Expense Effect of Deferred Tax		-
22.3	Income Effect of Deferred Tax		-
XXIII.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI+XXII)		-
	NET PROFIT / LOSS (XVIII+XXIII)	(5.IV.11)	114,734

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

BANK OF CHINA TURKEY A.Ş.
**Unconsolidated profit/loss statement
for the period January 10 - December 31, 2017**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

		Note	Audited Prior Period 10/01/2017- 31/12/2017
		(Section Five)	
I.	INTEREST INCOME	(5.IV.1)	41,040
1.1	Interest on Loans		-
1.2	Interest Received from Reserve Requirements		-
1.3	Interest Received from Banks	(5.IV.1)	41,040
1.4	Interest Received from Money Market Transactions		-
1.5	Interest Received from Marketable Securities Portfolio		-
1.5.1	Trading Financial Assets		-
1.5.2	Financial Assets at Fair Value through Profit or Loss		-
1.5.3	Available-for-sale Financial Assets		-
1.5.4	Held-to-maturity Investments		-
1.6	Financial Lease Income		-
1.7	Other Interest Income	(5.IV.2)	-
II.	INTEREST EXPENSE (-)		-
2.1	Interest on Deposits		-
2.2	Interest on Funds Borrowed		-
2.3	Interest Expense on Money Market Transactions		-
2.4	Interest on Securities Issued		-
2.5	Other Interest Expenses		-
III.	NET INTEREST INCOME (I + II)		41,040
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		(31)
4.1	Fees and Commissions Received		-
4.1.1	Non-cash Loans		-
4.1.2	Other		-
4.2	Fees and Commissions Paid (-)		31
4.2.1	Non-cash Loans (-)		-
4.2.2	Other (-)		31
V.	DIVIDEND INCOME		-
VI.	TRADING INCOME/(LOSS) (Net)	(5.IV.4)	91,927
6.1	Trading Gains/(Losses) on Securities		-
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		-
6.3	Foreign Exchange Gains/(Losses)		91,927
VII.	OTHER OPERATING INCOME	(5.IV.5)	-
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		132,936
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)		-
X.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	25,296
XI.	NET OPERATING INCOME/(LOSS) (VIII+IX+X)		107,640
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-
XIII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-
XV.	INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)	(5.IV.8)	107,640
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (-)	(5.IV.9)	(21,554)
16.1	Current Tax Provision		(21,380)
16.2	Deferred Tax Provision		(174)
XVII.	NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV+XVI)	(5.IV.10)	86,086
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-
18.1	Income from Non-Current Assets Held for Resale		-
18.2	Sale Income from Associates, Subsidiaries and Joint Ventures		-
18.3	Other Income from Discontinued Operations		-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-
19.1	Expense from Non-Current Assets Held for Resale		-
19.2	Sale Losses from Associates, Subsidiaries and Joint Ventures		-
19.3	Other Expenses from Discontinued Operations		-
XX.	INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII+XIX)		-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (-)		-
21.1	Current tax provision		-
21.2	Deferred tax provision		-
XXII.	NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX+XXI)		-
XXIII.	NET INCOME/(LOSS) (XVII+XXII)		86,086
	Earnings/(Loss) per share		0.082

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
for the period ended December 31, 2018**

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

		Audited Current Period (01/01/2018- 31/12/2018)
I.	CURRENT PERIOD INCOME/LOSS	114,734
II.	OTHER COMPREHENSIVE INCOME	(4)
2.1	Other comprehensive income that will not be reclassified to profit or loss	(4)
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	(5)
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	1
2.2	Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	-
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	-
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	114,730

		Audited Prior Period (10/01/2017-31/12/2017)
I.	Transfers to marketable securities valuation differences from financial assets available for sale	-
II.	Tangible assets revaluation differences	-
III.	Intangible assets revaluation differences	-
IV.	Translation differences for foreign currency transactions	-
V.	Profit/loss on cash flow hedges (effective part of the fair value changes)	-
VI.	Profit/loss on foreign net investment hedges (effective part of the fair value changes)	-
VII.	Effects of changes in accounting policy and adjustment of errors	-
VIII.	Other income and expense items accounted under shareholders' equity according to TAS	-
IX.	Deferred tax on valuation differences	-
X.	Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	-
XI.	Profit/loss	86,086
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	-
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	-
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-
11.4	Other	86,086
XII.	Total income/loss accounted for the period (X+XI)	86,086

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

BANK OF CHINA TURKEY A.Ş.

**Statement of changes in shareholders equity
for the period ended- December 31, 2018**

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

Audited Current Period	Note (Section Five)	Paid-in Capital	Share Premium	Share Certificate Cancellations in Profit	Other Capital Reserves	Other Accumulated Comprehensive Income or Expenses That Will Not Be Reclassified in Profit and Loss				Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income / (Loss)	Total Equity
						1	2	3	4				
I. Balances at beginning of the period (*)		1,051,220	-	-	-	-	-	-	-	-	-	85,086	1,137,316
II. Correction made as per IFRS 9 (*)		-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (x1)		1,051,220	-	-	-	-	-	-	-	-	-	85,086	1,137,316
IV. Total Comprehensive Income		-	-	-	-	-	-	-	-	-	-	114,734	114,734
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase through Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital reserves from initiation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt		-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	-	-	(4)	-	-	-	-	-	(4)
XI. Profit distribution		-	-	-	-	-	-	-	-	-	-	(85,086)	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	(85,086)	-
11.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-
I Balances at the end of the period. (like IV, x1, x2, x3)		1,051,220	-	-	-	-	(4)	-	-	-	-	114,734	1,252,046

(*) Those figures represents the closing amounts as of December 31, 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 revaluation 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.
(12)

BANK OF CHINA TURKEY A.Ş.

**Statement of changes in shareholders equity
for the period January 10 - December 31, 2017**

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

Audited	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income (Loss)	Prior Period Net Income (Loss)	Marketable Securities a Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares from Invest. in Ass., Subs. and J.V.	Hedging Reserves	Val.Chang.In Prop. And Eq. HFS Purp/Diac. Ojrt.	Total Equity
Prior Period - 10.01 - 31.12.2017																	
I. Prior Period End Balance																	
II. Changes in the period																	
III. Increase/Decrease due to the Merger																	
IV. Marketable Securities Valuation Differences																	
V. Hedging Transactions																	
4.1 Cash Flow Hedge																	
4.2 Foreign Investment Hedge																	
V. Property and Equipment Revaluation Differences																	
VI. Intangible Fixed Assets Revaluation Differences																	
VII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures																	
VIII. Foreign Exchange Differences																	
IX. Changes due to the disposal of assets																	
X. Changes due to the reclassification of assets																	
XI. Effects of changes in equity of investments in associates																	
XII. Capital Increase	II-13	1,051,230															1,051,230
12.1 Capital Increase		1,051,230															1,051,230
12.2 Internal Resources																	
XIII. Share Premium																	
XIV. Share-based Compensation Profit																	
XV. Paid-in-capital inclusion adjustment difference																	
XVI. Other																	
XVII. Current Year Income or (Loss)									86,066								
XVIII. Profit Distribution																	
18.1 Dividends Paid																	
18.2 Transfers to Reserves																	
18.3 Other																	
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		1,051,230								86,066							1,137,296

The accompanying notes form an integral part of these financial statements.
(13)

**Unconsolidated statement of cash flows
for the period January 1 - December 31, 2018**

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

		Audited
		Current Period
		(01/01/2018-
		31/12/2018)
		Note
		(Section Five)
Statement of Cash Flows		
A.	CASH FLOWS FROM BANKING OPERATIONS	
1.1	Operating profit before changes in operating assets and liabilities	101,130
1.1.1	Interest received (+)	175,395
1.1.2	Interest paid (-)	2
1.1.3	Dividend received (+)	-
1.1.4	Fees and commissions received (+)	7,934
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 (-)	29,650
1.1.8	Taxes paid (-)	(52,547)
1.1.9	Other (+/-)	-
1.2	Changes in Operating Assets and Liabilities	(289,482)
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 (+/-)	(2,112)
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 (+/-)	(12,614)
I.	Net cash provided from banking operations	(188,352)
B.	CASH FLOWS FROM INVESTING ACTIVITIES	
II.	Net cash provided from investing activities (+/-)	-
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 (+)	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES	
III.	Net cash provided from financing activities (+/-)	-
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 (+/-)	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(4,789)
V.	Net increase in cash and cash equivalents (I+II+III+IV)	(183,151)
VI.	Cash and cash equivalents at beginning of period	1,156,510
VII.	Cash and cash equivalents at end of period	963,359

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

**Unconsolidated statement of cash flows
for the period January 1 – December 31, 2017**

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

		Note	Audited
		(Section	Prior Period
		Five)	(10/01/2017-
			31/12/2017)
Statement of Cash Flows			
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities		11,328
1.1.1	Interest received (+)		38,583
1.1.2	Interest paid (-)		-
1.1.3	Dividend received (+)		-
1.1.4	Fees and commissions received (+)		-
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 (-)		1,059
1.1.8	Taxes paid (-)		14,359
1.1.9	Other (+/-)		(11,891)
1.2	Changes in Operating Assets and Liabilities		-
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 (+/-)		-
1.2.4	Net (increase) / decrease in loans (+/-)		-
1.2.5	Net (increase) / decrease in other assets (+/-)		-
1.2.6	Net increase / (decrease) in bank deposits (+/-)		-
1.2.7	Net increase / (decrease) in other deposits (+/-)		-
1.2.8	Net increase / (decrease) in funds borrowed (+/-)		-
1.2.9	Net increase / (decrease) in due payables (+/-)		-
1.2.10	Net increase / (decrease) in other liabilities (+/-)		-
I.	Net cash provided from banking operations		11,328
B.	CASH FLOWS FROM INVESTING ACTIVITIES		-
II.	Net cash provided from investing activities (+/-)		-
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 (+)		-
C.	CASH FLOWS FROM FINANCING ACTIVITIES		-
III.	Net cash provided from financing activities (+/-)		1,051,230
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 (+)		1,051,230
3.4	Dividends paid (-)		-
3.5	Payments for financial leases (-)		-
3.6	Other (+/-)		-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		93,952
V.	Net increase in cash and cash equivalents (I+II+III+IV)		1,156,510
VI.	Cash and cash equivalents at beginning of period		1,156,510
VII.	Cash and cash equivalents at end of period		1,156,510

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

**Unconsolidated profit distribution table
for the period 1 January- 31 December 2018**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

		Audite	Audited
		Current Period	Prior Period
		31.12.2018 (*)	31.12.2017
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	154,523	107,640
1.2	TAXES AND DUTIES PAYABLE (-)	39,789	21,554
1.2.1	Corporate Tax (income tax)	41,355	21,380
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties(**)	(1,566)	174
A.	NET INCOME FOR THE YEAR (1.1-1.2)	114,734	86,086
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	IRST LEGAL RESERVES (-)	-	4,304
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	81,782
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	81,782
1.12	EXTRAORDINARY RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE (**)		
3.1	TO OWNERS OF ORDINARY SHARES	0.10914	0.0819
3.2	TO OWNERS OF ORDINARY SHARES (%)	10.914	8.19
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Authorized body for profit appropriation of the current period is the General Assembly. On the preparation of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.
(**) The amount is expressed in full TL.
(***) It is considered by the BRSA that the revenue amount related to deferred tax assets cannot be considered as cash or internal resources and therefore should not be subject to the distribution of the profit for the period. As of December 31, 2015, the Bank has deferred tax expense amounting to TL 1.566 (December 31, 2017: TL 174 deferred tax expense).

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

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

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.

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".

Financial statements as of December 31, 2018 and December 31, 2017 are presented separately due to the change in the financial statement formats with TFRS 9 Financial Instruments. In addition, as the bank is established on 10 January 2017, prior period for unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income are presented for the period ended January 10 - December 31, 2017.

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.

BASIS OF PRESENTATION (continued)

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 "TFRS 9".

In accordance with TFRS 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 December 31, the Bank has derivative financial asset is TL 4,516 which is classified as "Derivative Financial loans Measured at Fair Value through Profit and Loss"(December 31, 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.

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.

The bank has no financial assets at fair value through other comprehensive income and financial assets at amortized cost other than loans and receivables as of December 31, 2018.

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 December 31, 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 December 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.

Funds lented 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 December 31, 2018, the Bank has no repo, reverse repo and foreclosed marketable securities (December 31, 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 December 31, 2018, the Bank has no assets held for sale and discontinued operations (December 31, 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 December 31, 2018, there is no goodwill in the accompanying financial statements (December 31, 2017: None).

BANK OF CHINA TURKEY A.Ş.

Notes to unconsolidated financial statements as for the period 1 January- 31 December 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:

Tangible Assets	Estimated Useful Life (Year)	Amortization Rate (%)
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 December 31, 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.

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.

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 December 31, 2018 for the temporary differences expected to be realized/closed within 2 years (for the years 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 December 31, 2018, the Bank has TL 1,393 deferred tax assets (December 31, 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.

BANK OF CHINA TURKEY A.Ş.

Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018

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

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 Communiqué on Disguised Profit Distribution by way of Transfer Pricing" published on November 18, 2007 explains the application related issues in detail.

According to this Communiqué, 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 Communiqué'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 (December 31, 2017: None).

XVIII. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

None (December 31, 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 (December 31, 2017: None).

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES

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

XXI. EXPLANATIONS ON SEGMENT REPORTING

The main segment of banking operations is Corporate Banking. As of December 31, 2018, the financial information per banking segments is presented below:

Current Period	Corporate Banking	Fund Management	Unallocated	Total
Operating income	7,563	210,932	102	218,597
Operating expense	4,532	15,815	43,727	64,074
Pretax income / (loss)	3,031	195,117	43,625	154,523
Tax provision (-)	-	-	39,789	(39,789)
Net Profit / (Loss)	3,031	195,117	83,414	114,734
Segment assets	306,590	970,906	14,305	1,291,801
Segment liabilities	4,536	15,815	19,404	39,755
Equity	-	1,252,046	-	1,252,046

(*)The prior period of the table is not presented as the Bank was not in operation as of December 31, 2017.

XXII. OTHER MATTERS

None.

BANK OF CHINA TURKEY A.Ş.

Notes to unconsolidated financial statements
as for the period 1 January- 31 December 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 December 31, 2018, the Bank's total capital has been calculated as TL 1,252,526 and the capital adequacy ratio is 190.69%. This ratio is well above the minimum ratio required by the legislation.

Information on Equity Accounts:

	Current Period (31/12/2018) Amount	Amounts as per the regulation before 1/1/2014 (*)
COMMON EQUITY TIER I CAPITAL	1,244,688	
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	114,734	
Current period profit	114,734	
Prior period profit	-	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	
Common Equity Tier I Capital Before Deductions	1,252,050	
Deductions From Common Equity Tier I Capital		
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	4	-
Improvement costs for operating leasing(-)	1,998	-
Goodwill and other intangible assets and related deferred taxes (-)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,816	-
Excess amount arising from deferred tax assets from temporary differences	1,550	-
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	-	-
Total Deductions From Common Equity Tier I Capital	7,368	
Total Common Equity Tier I Capital	1,244,682	

(*) 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 unconsolidated financial statements
as for the period 1 January- 31 December 2018**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)
I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (continued)

ADDITIONAL TIER I CAPITAL			
Preferred stock not included in Tier I capital and the related share premiums		-	-
Debt instruments and the related issuance premiums defined by the BRSA		-	-
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)		-	-
Additional Core Capital before Deductions		-	-
Deductions from Additional Core Capital		-	-
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 (-)		-	-
Items to be Deducted from Tier I Capital during the Transition Period		-	-
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 (-)		-	-
Total Deductions from Additional Tier I Capital		-	-
Total Additional Tier I Capital		-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)		1,244,682	-
TIER II CAPITAL		-	-
Debt instruments and share issue premiums deemed suitable by the BRSA		-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)		-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)		7,844	-
Tier II Capital before Deductions		7,844	-
Deductions from Tier II Capital		-	-
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 (-)		-	-
Total Deductions from Tier II Capital		-	-
Total Tier II Capital		7,844	-
Total Equity (Total Tier I and Tier II Capital)		1,252,526	-

BANK OF CHINA TURKEY A.Ş.
**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)
I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (continued)

Total Tier I Capital and Tier II Capital (Total Equity)	1,252,526	
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 (-)	-	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
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 (-)	-	-
EQUITY	1,252,526	-
Total Capital (Total of Tier I Capital and Tier II Capital)	1,252,526	-
Total Risk Weighted Assets	627,410	-
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	189.50	-
Tier I Capital Adequacy Ratio (%)	189.50	-
Capital Adequacy Ratio (%)	190.69	-
BUFFERS		
Bank-specific total Core Capital Ratio	0,04	-
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	185	-
Amounts lower than Excesses as per Deduction Rules		
Remaining total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital	-	-
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital	-	-
Remaining mortgage servicing rights	-	-
Net deferred tax assets arising from temporary differences	-	-
Limits for Provisions Used in Tier II Capital Calculation		
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	20,347	-
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	7,843	-
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	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
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	-	-

(*) To be filled by systemically important banks which are not obliged to prepare consolidated financial statements under Paragraph 4 of Article 4 of the Regulation on Systemic Banks, will be reported as zero by other banks.

BANK OF CHINA TURKEY A.Ş.

Notes to unconsolidated financial statements
as for the period 1 January- 31 December 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.

	Current Period
Paid in Capital	1,051,230
Capital Reserves	86,086
Profit	114,734
Total Equity before Deductions	1,252,050
Deduction made within the scope of the Regulation	7,368
Common Equity Tier 1 Capital	1,244,682
Tier 1 Capital	1,244,682
General Provisions (Up to 1.25%)	7,844
Total Equity	1,252,526

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 December 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

Credit risk refers to the risks and losses that may arise from the failure of the counterparty to fulfill its obligations partially or completely in a timely manner by not complying with the Bank's contractual requirements.

The credit allocation is made within the limits set for each debtor and the group of debtors and is updated periodically according to the market conditions. During the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating process of the Bank.

To establish a credit risk management framework to manage credit risks; to help maintain a high level of credit portfolio quality; Bank's Credit Policy has been established and approved by the Board of Directors in order to ensure early identification and realization of real and potential credit issues in order to minimize financial losses and to ensure compliance with local legislation and general partnership regulations on general and special loan provisions. Follow-up Procedure; Credit Allocation Procedure and Collateral Procedure The Bank's credit risk management framework is formed.

The main principle of the credit risk policy is the risk return structure arising from the credit risk of the bank; the policies set out to monitor, control and, if necessary, correct the nature and level of activities; to identify, measure, report, monitor and control the risks to which the bank is exposed when determining the procedure and limit and the risks arising from the transactions with the risk group of the bank. Marketing, approval, disbursement and monitoring tasks of loans; In order to mitigate all risks related to errors, deficiencies, irregularities and abuses and to prevent conflicts of interest, it is ensured that the authorities of different units are ensured by taking into consideration the principle of separation of duties.

BANK OF CHINA TURKEY A.Ş.

Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018

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

II. EXPLANATIONS ON CREDIT RISK(continued)

In order to prevent potential conflicts of interest and to obtain a fair and objective view of the risks faced in the new loan disbursements, the Bank has a sound credit approval procedure that allocates the credit functions between the front office and middle office functions. The Bank's Loan and Risk Analysis function is separated from the Corporate Banking Department in order to ensure an independent performance.

Credit limits are determined in line with the risk appetite of the Bank by taking into consideration the activity area of the companies, sector seasonality, risk profile, loss history, collateral structure and maturity of the loan. Credit limits are checked at both the individual debtor level and the total debt group level.

Evaluation and examination of credits in the Bank; discovery of early warning signals of deteriorated risks to allow for special monitoring of loans; A system of ratings is used to effectively manage problematic loans and to produce on-site and effective risk-based pricing mechanisms.

In managing credit risk, risk and control structure is based on triple defense line model. Business lines are defined as the first stage, independent risk management, legal compliance and internal control activities as the second stage and the independent internal audit activity as the third stage responsibility. and to inform about the excesses in risk appetite.

Total amount of exposures after offsetting transactions before applying credit risk mitigations and the average exposure amounts that are classified under different risk groups and types for the relevant period

	Current Period Risk Amount (*)	Average Risk Amount (**)
Risk Types		
Contingent and Non-Contingent Receivables from central governments or central banks	16,421	13,137
Contingent and Non-Contingent Receivables from regional or local governments	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-
Contingent and Non-Contingent Receivables from banks and brokerage houses	972,236	1,034,114
Contingent and Non-Contingent Corporates	388,517	268,082
Contingent and Non-Contingent Retail Receivables	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	-	-
Past Due Receivables	-	-
Receivables defined in high risk category by Regulator	-	-
Secured by mortgages	-	-
Securitization positions	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other Receivables	4,448	4,097
Total	1,381,622	1,319,430

(*) It refers to the total risk amount before credit risk mitigation and credit conversion.

(**) The average risk amount is determined by taking the arithmetic average of the values in the report prepared at the end of the month.

Notes to unconsolidated financial statements

as for the period 1 January- 31 December 2018

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

II. EXPLANATIONS ON CREDIT RISK(continued)

Profile of significant exposures in major regions:

Current period	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non-Commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	Total
Domestic	16,421	-	-	-	-	948,849	388,517	-	-	-	-	-	-	-	-	4,488	1,359,275
European Union Countries	-	-	-	-	-	7,287	-	-	-	-	-	-	-	-	-	-	7,287
OECD Countries**	-	-	-	-	-	16,100	-	-	-	-	-	-	-	-	-	-	16,100
Off-shore Banking Regions USA, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	16,421	-	-	-	-	972,236	388,517	-	-	-	-	-	-	-	-	4,488	1,381,622

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

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

(***) Assets and liabilities that are not distributed according to a consistent principle

Risk profile by sectors or counterparties:

Sectors/Counterparties	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non-Commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	Total
1 Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.1 Farming and Raising Livestock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Forests, TL, Wood and Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Mining and Quarry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Electricity, Gas and Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Services	16,421	-	-	-	-	972,236	388,517	-	-	-	-	-	-	-	-	-	388,517
4.1 Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1.1 Hotel, Tourism, Food and Beverage Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Transportation and Communication	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.3 Financial Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.4 Real Estate and Renting Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.5 Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.6 Education Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	16,421	-	-	-	-	972,236	388,517	-	-	-	-	-	-	-	-	4,488	1,381,622

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

BANK OF CHINA TURKEY A.Ş.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

II. EXPLANATIONS ON CREDIT RISK(continued)

Analysis of maturity-bearing exposures according to remaining maturities:

Risk Types	Time to Maturity					Total
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	-	-	-	-	-	-
Regional or Local Government Receivables	-	-	-	-	-	-
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-
Receivables on Multilateral Development Banks	-	-	-	-	-	-
Receivables on International Organizations	-	-	-	-	-	-
Receivables on Banks and Brokerage Houses	928,978	-	-	-	1,289	930,267
Receivables from Corporates	4,480	-	-	33,568	350,469	388,517
Retail Receivables	-	-	-	-	-	-
Receivables Secured by Mortgages	-	-	-	-	-	-
Past Due Receivables	-	-	-	-	-	-
Receivables defined in high risk category by Regulators	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporates	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	933,458	-	-	33,568	351,758	1,318,784

Exposures by risk weights:

Risk Weights (*)	0%	10%	20%	35%	50%	75%	100%	150%	200%	Diğerleri	Deductions
											from the shareholders equity
1 Amount before the credit risk mitigation	5,859	-	51,238	-	20,907	-	403,618	-	-	-	7,336
2 Amount after the credit risk mitigation	5,859	-	51,238	-	20,907	-	403,618	-	-	-	7,336

(*) Balances with financial collateral are shown as 0% risk weight.

Movements in value adjustments and provisions

	Opening Balance	The amount of provision in the period	Reversal of Provision(*)	Other Provisions(**)	Closing Balance
1 Specific Provisions	-	-	-	-	-
2 General Provisions	-	20,347	-	-	20,347

Exposures subject to countercyclical capital buffer:

Since January 1, 2016 as per BRSA decision dated December 24, 2015 cyclical capital buffers for banks, including the current positions of Turkey is considered as 0%.

Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	1,360,715	-	1,360,715
China	20,906	-	20,906

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

III. 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 December 31, 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.)

31.12.2018	USD	EUR	GBP	CNY
Rates :	5.2810	6.0422	6.7135	0.76345
1. Day Foreign Exchange Buying Rate	5.2889	6.0245	6.6761	0.76514
2. Day Foreign Exchange Buying Rate	5.2832	6.0185	6.6954	0.76306
3. Day Foreign Exchange Buying Rate	5.3034	6.0419	6.7245	0.76608
4. Day Foreign Exchange Buying Rate	5.2746	6.0291	6.6877	0.76287
5. Day Foreign Exchange Buying Rate	5.2746	6.0342	6.6718	0.75988
Arithmetic mean of last 30 days	5.2970	6.0280	6.6528	0.7642
31.12.2017	USD	EUR	GBP	CNY
Rates :	3.77190	4.51550	5.08030	0.57622
1. Day Foreign Exchange Buying Rate	3.81040	4.54780	5.11420	0.57972
2. Day Foreign Exchange Buying Rate	3.81970	4.53850	5.10910	0.57932
3. Day Foreign Exchange Buying Rate	3.80290	4.51160	5.07470	0.57758
4. Day Foreign Exchange Buying Rate	3.80870	4.52050	5.08770	0.57894
5. Day Foreign Exchange Buying Rate	3.81130	4.51710	5.09230	0.57638
Arithmetic mean of last 30 days	3.86756	4.57768	5.16551	0.58300

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

III. EXPLANATIONS ON CURRENCY RISK(continued)

Explanations on currency risk: Foreign Currency (Thousands TL)

	EUR	USD	Other	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	-	10,562	-	10,562
Due From Banks	7,287	13,543	-	20,830
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	306,590	-	-	306,590
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	1,459	210	-	1,669
Total Assets	315,336	24,315	-	339,651
Liabilities				
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	3	8,113	-	8,116
Total Liabilities	3	8,116	-	8,119
Net Balance Sheet Position	315,333	16,199	-	331,532
Net Off-Balance Sheet Position	(302,110)	-	-	(302,110)
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	(302,110)	-	-	(302,110)
Non-Cash Loans (*)	81,827	2,577	-	84,404
Prior Period				
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 December 31, 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	1,323	1,323
	10% Decrease	(1,323)	(1,323)
USD	10% Increase	1,620	1,620
	10% Decrease	(1,620)	(1,620)

(*) Pre-tax figures.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS ON INTEREST RATE RISK

Sensitivity analysis of the Bank's interest rate sensitive assets and liabilities and interest rate fluctuations are analyzed. 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
Assets							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	16,421	16,421
Banks	928,979	-	-	-	-	20,990	949,969
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	4,516	-	-	4,516
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans	306,590	-	-	-	-	-	306,590
Financial Assets Measured at Amortized Cost	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	14,305	14,305
Total Assets	1,235,569	-	-	4,516	-	51,716	1,291,801
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	4	4
Interbank Money Market Received	-	-	-	-	-	-	-
Sundry Creditors	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	1,291,797	1,291,797
Total Liabilities (*)	-	-	-	-	-	1,291,801	1,291,801
Balance sheet long position	1,235,569	-	-	4,516	-	-	1,240,085
Balance sheet short position	-	-	-	-	-	(1,240,085)	(1,240,085)
Off-Balance sheet long position	-	-	33,557	268,453	-	-	302,010
Off-Balance sheet short position	-	-	33,568	268,542	-	-	302,110
Total Position	1,235,569	-	(11)	4,427	-	(1,240,085)	(100)

(*) Including TL 1,252,046 shareholders' equity.

average interest rates applied to financial instruments

Current Period	EURO	USD	Other FC	TL
Assets				
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	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	1.50	-	11.50
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS ON INTEREST RATE RISK (continued)

Nature of interest rate risk resulted from banking book

Unit of Currency	Applicable Shock (+ / -) base point)*	Profit/ Loss	Profit / Equity Capital – Loss / Equity Capital
TL	500	(25,898)	-0,0207
	(400)	27,364	0,0218
EURO	200	(3,716)	(0,003)
	(200)	-	-
USD	200	14,177	0,0113
	(200)	(15,421)	(0,0123)
Total (For Positive Shock)		(15,437)	-0,0123
Total (For Negative Shock)		11,944	0,0095

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

V. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES

1. Balance sheet values, fair value and market value comparison of equity investments

None (December 31, 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 (December 31, 2017: None).

VI. 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
Assets								
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	16,421	-	-	-	-	-	-	16,421
Banks	20,990	928,979	-	-	-	-	-	949,969
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	4,516	-	-	4,516
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Financial Assets Measured at Amortized Cost	-	4,480	-	33,568	268,542	-	-	306,590
Other Assets (*)	-	-	-	-	-	-	14,305	14,305
Total Assets	37,411	933,459	-	33,568	273,058	-	14,305	1,291,801
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	4	-	-	-	-	-	-	4
Funds Borrowed from Other Financial Institutions	-	-	-	-	-	-	-	-
Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	3,151	185	6,572	-	-	1,281,889	1,291,797
Total Liabilities	4	3,151	185	6,572	-	-	1,281,889	1,291,801
Net Liquidity Gap	37,407	930,308	(185)	26,996	273,058	-	(1,267,584)	-

(*) 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.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

VI. 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
High-Quality Liquid Assets					
1	Total high-quality liquid assets (HQLA)			15,081	10,907
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured wholesale funding, of which:	8,902	3,626	8,902	3,626
6	Operational deposits	-	-	-	-
7	Non-operational deposits	3,597	3,576	3,597	3,576
8	Unsecured funding	5,305	50	5,305	50
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	Total Cash Outflows			8,902	3,626
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	956,528	22,538	956,528	22,538
19	Other cash inflows	-	-	-	-
20	Total Cash Inflows	956,528	22,538	956,528	22,538
				Values applied upper limit	
21	Total HQLA			15,081	10,907
22	Total Net Cash Outflows			3,791	1,648
23	Liquidity Coverage Ratio (%)			7,351	2,440,162

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

The liquidity coverage ratios are calculated in accordance with the "Regulation on Liquidity Coverage Ratio Calculation of Banks" published in Official Gazette dated 21 March 2014 and numbered 28948 effective from December 31, 2015. Liquidity ratio is required to be at least 70% for foreign currency assets/liabilities and 90% for total assets/liabilities as of December 31, 2018. The table below shows the lowest, highest and average Liquidity Coverage Ratio calculated weekly in the last 3 months:

	Highest	Date	Lowest	Date	Average
TL+FC	17,283	28 December 2018	275	2 November 2018	7,351
FC	4,805,771	12 October 2018	34,647	26 December 2018	2,440,162

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

VII. 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.

	Current Period (*)
1 Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	1,288,589
2 (Assets deducted in determining Tier 1 capital)	9,101
3 Total balance sheet risks (sum of lines 1 and 2)	1,279,488
Derivative financial instruments and credit derivatives	
4 Replacement cost associated with all derivative financial instruments and credit derivatives	8,804
5 Potential credit risk associated with all derivative financial instruments and credit derivatives	-
6 Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	8,804
Securities or commodity financing transactions (SCFT)	
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)	-
Off-balance sheet transactions	
10 Gross notional amounts of off-balance sheet transactions	114,132
11 (Adjustments for conversion to credit equivalent amounts)	-
12 Total risks of off-balance sheet items (sum of lines 10 and 11)	114,132
Capital and total risks	
13 Tier 1 capital	1,230,387
14 Total risks (sum of lines 3, 6, 9 and 12)	1,402,424
15 Leverage ratio	87.89

(*)Represents three-monthweighted average amounts.

VIII. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

IX. EXPLANATIONS ON RISK MANAGEMENT

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables which are to be prepared according to Internal rating-based (IRB) approach have not been presented.

1. Explanations on Risk Management and Risk Weighted Assets

1.1. Bank's Risk Management Approach

Risk management covers the measurement and monitoring of risks, the control and reporting of risks within certain limits. These activities are carried out directly by the Risk Management Director under the Internal Systems Specialist. The Risk Management Director is independent from the executive units and fulfills its responsibilities to the Board of Directors through the Audit Committee and the Risk Committee.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

Policies and procedures related to each of the quantifiable risks such as General Risk Policy and Credit Risk, Market Risk, Liquidity Risk, Operational Risk have been formed and identified for approval and measurement and control of the risks that the Bank may be exposed to due to its activities and approved by the Board of Directors.

Credit and operational risk constitute the main risk factors in terms of the types of risks the Bank is exposed to. The Bank aims not to carry positions that may cause currency risk.

For these risks, written limits, early warning thresholds and risk appetite indicators were determined by the General Risk Limit Policy and approved by the Board of Directors.

The Internal Capital Adequacy Assessment Procedure for the determination of the internal capital requirements and the adequacy of the Bank was approved by the Board of Directors.

Risk appetite and limits are reviewed regularly by the Internal Systems Officer, Risk Management Director, Risk Committee and the Bank's top management in a manner not to exceed the legal limits stated in the legislation and if deemed necessary, re-determined with the approval of the Board of Directors.

Risks are measured according to international and local regulations, Bank policies and procedures, using methods accepted in international practices appropriate to the Bank's structure, stress tests and scenario analyzes are conducted and reported regularly to senior management, Risk Committee and Board of Directors. Risk measurements are included in the Bank's decision-making processes.

The risk reports prepared for the purpose of assessing the risks of the Bank are regularly shared with the Board of Directors and senior management. Within the scope of the reports; information on compliance with the limits and risk appetite indicators defined on the basis of each type of risk, results related to capital adequacy and results of stress tests.

1.2. Overview of Risk Weighted Amounts

		Risk Weighted Amounts	Minimum Capital Liability
		Current Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	604,319	48,346
2	Standardized approach (SA)	604,319	48,346
3	Internal rating-based (IRB) approach	-	-
4	Counterparty credit risk	-	-
5	Standardized approach for counterparty credit risk (SACCR)	23,091	1,847
6	Internal Model method (IMM)	23,091	1,847
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	-	-
17	Standardized approach (SA)	-	-
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	Total (1+4+7+8+9+10+11+12+16+19+23+24)	627,410	50,193

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

2. Linkages between financial statements and risk amounts

2.1.Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

	Carrying values of items in accordance with TAS				
	Valued amount according to TAS within legal consolidation	Subject to credit risk	Subject to counterparty credit risk	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets					
Cash and balances with the Central Bank	16,421	16,421	-	-	-
Trading Financial Assets	-	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	4,516	-	4,516	-	-
Banks	949,969	949,969	-	-	-
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale (net)	-	-	-	-	-
Loans and Receivables	306,590	306,590	-	-	-
Factoring Receivables	-	-	-	-	-
Held-to-maturity investments (net)	-	-	-	-	-
Investment in Associates (net)	-	-	-	-	-
Investment in Subsidiaries (net)	-	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-
Lease Receivables	-	-	-	-	-
Derivative Financial Assets Held For Hedging	-	-	-	-	-
Property And Equipment (Net)	5,503	3,505	-	-	1,998
Intangible Assets (Net)	3,975	-	-	-	3,975
Investment Property (Net)	-	-	-	-	-
Tax Asset	2,425	1,032	-	-	1,393
Assets Held For Resale And Related To Discontinued Operations (Net)	-	-	-	-	-
Other Assets	2,402	2,402	-	-	-
Total assets	1,291,801	1,284,435	-	-	7,366
Liabilities					
Deposits	4	-	-	-	-
Derivative Financial Liabilities Held Trading	-	-	-	-	-
Funds Borrowed	-	-	-	-	-
Money Markets	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-
Funds	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-
Other Liabilities	13,854	-	-	-	-
Factoring Payables	-	-	-	-	-
Lease Payables	-	-	-	-	-
Derivative Financial Liabilities Held For Hedging	-	-	-	-	-
Provisions	23,549	-	-	-	-
Tax Liability	2,348	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-
Subordinated Loans	-	-	-	-	-
Shareholder's Equity	1,252,046	-	-	-	-
Total liabilities	1,291,801	-	-	-	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT (continued)

2.2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	Total	Subject To CreditRisk	Subject to the Securitisation	Subject to Counterparty Credit Risk(*)	Subject To Market Risk (*)
1 Asset carrying value amount under scope of regulatory consolidation	1,291,801	1,278,889	-	19,618	-
2 Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	-	-
3 Total net amount under regulatory scope of consolidation	1,291,801	1,278,889	-	19,618	-
4 Off-Balance Sheet Amounts	386,414	84,403	-	-	-
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences Resulted from the BRSA's Applications	-	-	-	-	-
9 Differences due to risk reduction	-	-	-	-	-
10 Risk Amounts	1,678,215	1,363,292	-	19,618	-

(*) Potential risk arising from derivative transactions

2.3. Disclosures on Differences between Amounts valued in accordance with TAS and Risk Exposure

The differences between the risk amounts and revalued assets in the financial statements arises from the off-balance sheet items, which are subject to tangible and intangible assets and changed conversion rates, and the derivative transactions followed in banking accounts.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

3. Credit quality of assets

	Gross carrying values of as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	-	306,590	4,599	301,991
2 Debt Securities	-	-	-	-
3 Off-balance sheet exposures	-	84,403	-	84,404
4 Total	-	390,994	4,599	386,395

4. Changes in stock of defaulted loans and debt securities

The Bank does not have any default receivables or borrowing instruments.

5. Additional disclosures related to credit quality of assets

a. Scope and descriptions of “overdue” receivables and “provisioned” receivables which are used for accounting and differences between descriptions of “overdue” and “provisioned” if available

The Bank has no overdue receivables.

b. Part of overdue receivables (more than 90 days) which are not evaluated as “provisioned” and reasons for this application

The Bank has no overdue receivables.

c. Descriptions of methods used while determining provision amounts

The general provision amount is specified in accordance with the rules stated in the “Regulation on the Principles and Procedures for the Determination of the Qualifications of Loans and Other Receivables and the Provisions to be Reserved for the Banks”.

d. Descriptions of restructured receivables

The Bank has no restructured receivables.

e. Breakdown of receivables according to geographical regions, sector and residual maturity

Separation of receivables according to geographical area (cash and non-cash loans and follow-up receivables):

	Current period	TL	%	FC	%
1	Domestic	-	-	388,417	99%
2	European Union Countries	-	-	-	-
3	OECD Countries *	-	-	2,577	1%
4	Off-shore Banking Regions	-	-	-	-
5	USA, Canada	-	-	-	-
6	Other Countries	-	-	-	-
7	Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-
8	Unallocated Assets / Liabilities***	-	-	-	-
9	Total	-	-	390,994	100%

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

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

Breakdown of receivables by sector (Cash and non-cash loans and follow-up receivables):

Current Period		TL	%	FC	%
1	Agriculture	-	-	-	-
2	Farming and Stockbreeding	-	-	-	-
3	Forestry	-	-	-	-
4	Fishery	-	-	-	-
5	Manufacturing	-	-	-	-
6	Mining and Quarrying	-	-	-	-
7	Production	-	-	-	-
8	Electricity, Gas and Water	-	-	-	-
9	Construction	-	-	-	-
10	Services	-	-	-	-
11	Wholesale and Retail Trade	-	-	-	-
12	Accommodation and Dining	-	-	-	-
13	Transportation and Telecom	-	-	388,417	99%
14	Financial Institutions	-	-	2,577	1%
15	Real Estate and Rental Services	-	-	-	-
16	Professional Services	-	-	-	-
17	Educational Services	-	-	-	-
18	Health and Social Services	-	-	-	-
19	Other	-	-	-	-
20	Total	-	-	390,994	100%

e. Breakdown of receivables according to geographical regions, sector and residual maturity(continued)

Separate receivables according to remaining demand (cash and non-cash loans and follow-up receivables):

Current Period	1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Undistributable	Total
Cash and Non-cash Loans	4,480	-	33,567	271,120	81,827	-	390,994

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

f. Amounts of receivables provisioned based on geographical regions and sector and amount written-off from assets through related provisions

There is no amount written-off from assets through related provisions.

g. Aging analysis for overdue receivables

The Bank has no overdue receivables.

h. Breakdown of restructured receivables based on being provisioned or not

There is no amount written-off from assets through related provisions.

6. Credit Risk Mitigation

6.1. Qualitative disclosure on credit risk mitigation techniques

During the lending process, the Bank considers the cash flow of the activity or investment that is subject to credit as the primary source of reimbursement.

Calculation of the collateral amount is based on margins determined by market and currency risk. Standard margins applied across the Bank are specific to the type of collateral and may vary depending on the type, maturity and currency of the loan.

If the loan is established with a guarantee condition, the collaterals must be entered into the banking system.

The credit risk that the Bank is exposed to and the credit risk mitigation techniques used to mitigate this risk are taken into account in accordance with the standards specified in the legislation in the event that there is a collateral for the loan.

There are no netting-off on-balance sheet and off-balance sheet items within the Bank. Financial collaterals and counter-guarantees, which consist of foreign currency cash deposit collateral, are used as credit mitigation technique.

6.2. Credit risk mitigation techniques

		Exposures unsecured: carrying amounts per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	1,298,507	-	-	-	-	-	-
2	Debt securities	-	-	-	-	-	-	-
3	Total	1,298,507	-	-	-	-	-	-
4	Of which defaulted	-	-	-	-	-	-	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

7. Credit Risk if the Standard Approach is used

Bank of China Turkey uses external ratings provided by Fitch Ratings when calculating the credit risk by the standard method. Within this scope, the Bank's risk weights in the Receivables from Central Governments or Central Banks risk class are determined by taking into consideration the matching table provided by Fitch Ratings and determined by the BRSA for the said CRA.

Credit Quality Stage	Long Term Credit Ratings	
	Fitch Ratings	Receivables from Central Government and Central Banks Risk Weight (%)
1	AAA and AA-	0
2	A+ and A-	20
3	BBB+ and BBB-	50
4	BB+ and BB-	100
5	B+ and B-	100
6	CCC+ and below	150

7.1. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects

Asset classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to central governments or central Banks	16,421	-	16,421	-	10,562	64
2 Exposures to regional governments or local Authorities	-	-	-	-	-	-
3 Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Exposures to institutions	970,948	2,576	970,948	1,288	200,792	21
7 Exposures to corporates	306,690	81,827	306,690	81,827	388,517	100
8 Retail exposures	-	-	-	-	-	-
9 Exposures secured by residential property	-	-	-	-	-	-
10 Exposures secured by commercial real estate	-	-	-	-	-	-
11 Past-due loans	-	-	-	-	-	-
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-
13 Mortgage-backed securities	-	-	-	-	-	-
14 Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15 Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16 Other receivables	4,448	-	4,448	-	4,448	100
17 Equity Investment	-	-	-	-	-	-
18 Total	1,298,507	84,403	1,298,507	83,115	604,319	285

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

7. Credit Risk if the Standard Approach is used(continued)

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

Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit risk exposure amount (after CCF and CRM)
1 Exposures to central governments or central banks	5,859	-	-	-	-	-	10,562	-	-	-	16,421
2 Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-
3 Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	951,238	-	20,907	-	91	-	-	-	972,236
7 Exposures to corporates	-	-	-	-	-	-	388,517	-	-	-	388,517
8 Retail exposures	-	-	-	-	-	-	-	-	-	-	-
9 Exposures secured by residential property	-	-	-	-	-	-	-	-	-	-	-
10 Exposures secured by commercial real estate	-	-	-	-	-	-	-	-	-	-	-
11 Past-due loans	-	-	-	-	-	-	-	-	-	-	-
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13 Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-
14 Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-	-
15 Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-	-
16 Investments in equities	-	-	-	-	-	-	-	-	-	-	-
17 Other receivables	-	-	-	-	-	-	4,448	-	-	-	4,448
18 Total	5,859	-	951,238	-	20,907	-	403,618	-	-	-	1,381,622

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

8. Disclosures regarding Counterparty Credit Risk

8.1. Qualitative Disclosures on Counterparty Credit Risk

The management, measurement and monitoring activities of counterparty credit risk are carried out within the scope of market risk appetite approved by Risk Committee and Board of Directors. Counterparty credit risk and credit value adjustments related to this risk are calculated by valuation method according to fair value in capital adequacy regulation and included in capital adequacy ratio.

8.2. Analysis of counterparty credit risk (CCR) exposure by approach

Current Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1 Standart Approach-CCR	4,517	15,101			-	23,092
2 Internal Model Approach			-		-	-
3 Simplified Standardised Approach for Credit Risk Mitigation					-	-
4 Comprehensive Method for Credit Risk Mitigation					-	-
5 Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
6 Total						23,092

8.3. Credit Valuation Adjustment (CVA) Capital Charge

Current period	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Total portfolio value with comprehensive approach CVA capital adequacy		
1 (i) Value at risk component (including 3*multiplier)		
2 (ii) Stressed Value at Risk (including 3*multiplier)		
3 All portfolios subject to Standardised CVA capital obligation	19,618	23,092
4 Total amount of CVA capital adequacy	19,618	23,092

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

8.4. Standardised approach – CCR exposures by regulatory portfolio and riskweights

Risk Weights/Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	-	19,618	-	-	-	-	19,618
Corporate receivables	-	-	-	-	-	-	-	-	-
Retail receivables	-	-	-	-	-	-	-	-	-
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	-	19,618	-	-	-	-	19,618

8.5. Composition of collateral for CCR exposure

The Bank has no collaterals used for counterparty credit risk.

8.6. Credit derivatives

The Bank has no derivatives.

8.7.Risks to Central Counterparty

The Bank has no risks to central counterparty.

9. Securitization disclosures

The Bank has no securities.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

X. EXPLANATIONS ON MARKET RISK

1.1. Qualitative information which shall be disclosed to public related to market risk

Market risk; is defined as the risk of loss in the value of assets and returns in the balance sheet and off-balance sheet as a result of changes in rates and prices in financial markets.

The Bank's market risk is determined, evaluated and managed within the framework of Market Risk Management Policy Bank. This policy covers the basic principles of the Bank in relation to market risk management, the duties and responsibilities of the parties involved in market risk management and the process related to the measurement, monitoring and reporting of market risk. Within the scope of market risk, the Bank has interest rate risk and currency risk. Standard method is used to measure market risk and to be the basis for capital allocation.

The Bank measures market risk within the framework of legal regulations. In addition, the Bank conducts stress tests and monitors the management of the risk.

The Bank carries out the stress test by applying negative and positive shocks on the yield curve and the interest rate risk arising from the on-balance sheet and off-balance sheet positions.

The Bank carries out stress tests and evaluates currency risk by applying changes in foreign exchange risk on foreign currency net general position.

The Bank has determined the risk appetite and limits related to market risk taking into account the activities and product structure.

1.2. Market risk under standartised approach

		Risk Weighted Asset
Outright products		
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	29,423
4	Commodity risk	-
Options		
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	29,423

XI. EXPLANATIONS ON OPERATIONAL RISK

The Bank used the "Basic Indicator Method" in computation of its operational risk. The amount subject to operational risk is calculated annually in accordance with the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette No. 29111 dated 6 September 2014. In the basic indicator method, the amount subject to operational risk is calculated by multiplying the average of 15% of the gross revenue amounts of the last three years by 12.5. Since the Bank started operations as of May 9, 2018, there is no gross income for the last three years. Due to this situation, operational risk calculation cannot be performed for the reporting period of December 31, 2018.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

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

The following table summarises the book values and fair values of some financial assets and liabilities of the Bank;

Current Period	Book Value	Fair Value
Financial Assets	1,256,559	1,256,559
Due from Money Market	-	-
Due from Banks	949,969	949,969
Available-for-Sale Financial Assets	-	-
Held-to-maturity Investments	-	-
Loans	306,590	306,590
Financial Liabilities	25,901	25,901
Bank Deposits	-	-
Other Deposits	4	4
Funds borrowed from other financial institutions	-	-
Subordinated loans	-	-
Marketable Securities Issued	-	-
Miscellaneous Payables	25,897	25,897

IFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows:

- a) Quoted market prices (non-adjusted) (1st level)
- b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)
- c) Data not based on observable data regarding assets or liabilities (3rd level)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

December 31, 2018	1st Level	2nd Level	3rd Level	Total
Financial Assets	-	4,516	-	4,516
Financial Assets at Fair Value Through Profit or Loss	-	4,516	-	4,516
Trading Derivative Financial Assets	-	4,516	-	4,516
Financial Liabilities	-	-	-	-
Trading Derivative Financial Liabilities	-	-	-	-

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

None.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 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	5.859	10.562	-	-
Other	-	-	-	-
Total	5.859	10.562	-	-

1.2. Information related to account of Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	5.859	10.562	-	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Total	5.859	10.562	-	-

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

As of December 31, 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 financial assets at fair value through profit or loss

None (December 31, 2017: None).

3. Positive differences related to derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	4,516	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	4.516	-	-	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (continued)

4. Information on Banks

4.1. Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	929,139	20,830	1,119,642	39,325
<i>Domestic</i>	929,139	91	1,119,642	39,325
<i>Foreign</i>	-	20,739	-	-
<i>Foreign head-offices and branches</i>	-	-	-	-
Total	929,139	20,830	1,119,642	39,325

4.2. Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	7,287	-	-	-
USA, Canada	-	-	-	-
OECD Countries *	13,452	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	20,739	-	-	-

(*)OECD countries other than European Union countries, USA and Canada

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

5.1. Financial assets valued at fair value through other comprehensive income subject to repurchase agreements and provided as collateral/blocked

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

5.2. Information on Financial Assets Measured at Fair value Through Other Comprehensive Income

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

6. Information on Loans

6.1. Information on all types of loans and advances given to shareholders and employees of the

None. (December 31, 2017: None).

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS(continued)

6.2. Information on the first and second group loans and other receivables including rescheduled or restructured loans

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
Non-Specialized Loans	-	-	-	-
Loans Given to Enterprises	-	-	-	-
Export Loans	-	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	-	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	-	-	-	-
Specialized Loans	-	-	-	-
Other Loans	306,590	-	-	-
Total	306,590	-	-	-

6.3. Information on consumer loans, individual credit cards, personnel loans and personal credit cards

None (December 31, 2017: None).

6.4. Information on commercial installment loans and corporate credit cards

None (December 31, 2017: None).

6.5. Loans according to types of borrowers

	Current Period
Public	-
Private	306,590
Total	306,590

6.6. Distribution of domestic and foreign loans

	Current Period
Domestic Loans	306,590
Foreign Loans	-
Total	306,590

6.7. Loans given to associates and subsidiaries

None (December 31, 2017: None).

6.8. Liquidation policies for uncollectible loans and other receivables

For the unrecoverable non-performing loans under legal follow-up, the loan quality, collateral quality, bona fide of the debtor and assessment of the emergency of legal follow-up are considered, before applying the best practice for unrecoverable non-performing loans under legal follow up. The bank prefers to liquidate the risk through negotiations with the debtors. If this cannot be possible, then the Bank starts the legal procedures for the liquidation of the risk. Ongoing legal follow-up procedures do not prevent negotiations with the debtors. An agreement is made with the debtor at all stage of the negotiations for the liquidation of the risk.

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS(continued)

6.9. 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 be collected 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".

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

7. Information on financial assets measured at amortized cost

None (December 31, 2017: None).

7.1. 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 December 31, 2018, the Bank does not have securities given as collateral (December 31, 2017: None).

8. Information on associates

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

9. Information on subsidiaries (net)

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

10. Information on entities under common control (Joint Ventures)

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

11. Information on lease receivables

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

12. Information on derivative financial assets held for hedging purposes

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

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS(continued)

13. Information on tangible assets

	Buildings	Vehicles	Other tangible assets(*)	Securities acquired through financial leasing	Total
Prior Period					
Cost	-	-	6,054	-	6,054
Accumulated depreciation (-)	-	-	667	-	667
Net book value	-	-	5,387	-	5,387
Current Period					
Net book value at beginning of the period	-	-	5,387	-	5,387
Additions	-	-	1,356	-	1,356
Transfers	-	-	-	-	-
Disposals (-) (net)	-	-	86	-	86
Impairment (-)	-	-	-	-	-
Depreciation (-)	-	-	1,154	-	1,154
Closing Net Book Value at Period End	-	-	5,503	-	5,503
Cost at the end of current period	-	-	7,324	-	7,324
Accumulated depreciation at end of current period(-)	-	-	1,821	-	1,821
Current Period	-	-	5,503	-	5,503

(*)Other tangible assets consist of office machinery, furniture and furnishing and operating lease development costs.

14. Information on intangible assets

Costs	Rights	
	Current Period	Prior Period
Opening Balance, January 1	5,543	-
Additions	2,111	5,543
Closing Balance, December 31	7,654	5,543
Accumulated Depreciation		
	Current Period	Prior Period
Opening Balance, January 1	(1,456)	-
Depreciation	(2,223)	(1,456)
Closing Balance, December 31	(3,679)	(1,456)
Net Book Value, December 31	3,975	4,087

15. Information on investment properties (net)

None (December 31, 2017: None).

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS(continued)

16. 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 1,779 (December 31, 2017: 6 TL) and tax liability amounting to TL 386 (December 31, 2017: TL 180) as of December 31, 2018, the Bank has net deferred tax asset amounting to TL 1,393 (December 31, 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	226	48
Bonus Provision	2,976	655
Tangible Assets Amortization Differences	(1,314)	(289)
Differences Arising From Market Value of Derivative Financial Instruments	(441)	(97)
Other	4,886	1,076
Total	6,333	1,393
	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	-	-
Total	(789)	(174)

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

None.

18. If the other assets item of the balance sheet exceeds 10% of the total balance sheet excluding commitments in the off-balance sheet accounts, the names and amounts of the sub-accounts constituting at least 20% of the balance sheet

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

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 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	Demand	7 Days' Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	-	-	-	-	-	-	-	-	-
Foreign Currency Deposits	3	-	-	-	-	-	-	-	3
Residents in Turkey	3	-	-	-	-	-	-	-	3
Residents Abroad	-	-	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	1	-	-	-	-	-	-	-	1
Other Ins. Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Interbank Deposits	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Special Finan. Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	4	-	-	-	-	-	-	-	4

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 December 31, 2018 (December 31, 2017: None).

2. Information on banks and other financial institution

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

3. 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 (December 31, 2017:Not exceeding).

4. Information on Lease Obligations

4.1. 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)

4.2. 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).

5. Information on derivative financial liabilities for hedging purposes

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

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (continued)

6. Information on Provisions

6.1. Information on General Provisions

	Current Period	Prior Period
Loans and Receivables in Group I	18,874	-
- 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	1,473	-
Others	-	-
Total	20,347	-

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

	Current Period	Prior Period
Opening Balance, January 1	-	-
Period expenses	20,347	-
Cancelled provision	-	-
Closing Balance	20,347	-

6.2. Information on other provisions

None (December 31, 2017: None).

6.2.1. Provision for probable losses

None (December 31, 2017: None).

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

Other provisions do not exceed 10% of the total provisions (December 31, 2017: None).

6.2.3.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	83	4
Payments made	-	-
Actuarial Difference	5	-
Closing Balance	92	4

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 December 31, 2018 and December 31, 2017, the ceiling of the provision for employment termination benefits is TL 6,017.60 (full TL) and TL 4,732.48 (full TL) respectively.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (continued)

6.2.3. Explanations on reserves for employee benefit(continued)

In the financial statements of December 31, 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	10.40%	8.47%
Interest Rate	16.00%	12.88%

As of December 31, 2018, total provision for employee benefits amounting to TL 3,202 (December 31, 2017: TL 1,932) is composed of TL 134 unused vacation provision(December 31, 2017: TL 27), TL 2,976 bonus provision as of December 31, 2018 (December 31, 2017 : TL 1,901), TL 92 provision for employee termination benefits. (December 31, 2017: 4 TL)

7. Explanations on Tax Liability

As of December 31, 2018, the Bank has current tax liability of TL 2,348 (December 31, 2017 : TL 8,559).

There is no corporate tax amount (December 31, 2017: TL 7,816) that is payable after the deduction of TL 42,387 of prepaid corporate tax (December 31, 2017: TL 13,564) from the corporate tax payable calculated as TL 41,355 (December 31, 2017: TL 21,380).

7.1. Information on tax payables

	Current Period	Prior Period
Corporate taxes payable	-	7,816
Taxation on securities	-	-
Property tax	9	11
Banking and Insurance Transaction Tax (BITT)	286	14
Taxes on foreign exchange transactions	-	-
Value added taxes payable	1,025	159
Other	1,028	559
Total	2,348	8,559

7.2. 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	-	-
Total	143	106

7.3. Explanations on deferred tax liabilities

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

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

None (December 31, 2017: None).

9. Explanations on Subordinated loans

None (December 31, 2017: None).

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (continued)

10. Information on Shareholders' equity

10.1. Paid in Capital

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

10.2. 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	81,827	-
Bills of Exchange and Acceptances	-	-
Letters of Credit	-	-
Total	81,827	-

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	2,577	-
Total	2,577	-

1.3. Explanation on Non-cash loans

1.3.1 Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	81,827	-
With Original Maturity of 1 Year or Less Than 1 Year	-	-
With Original Maturity of More Than 1 Year	81,827	-
Other Non-Cash Loans	2,577	-
Total	84,404	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

III. EXPLANATIONS AND DISCLOSURES RELATED TO OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS(continued)

1.3.2. Information on sectoral risk breakdown of non-cash loans irrevocable loan commitments(excluding forward asset sales and purchase commitments)

	December 31, 2018			
	TL	(%)	FC	(%)
Agricultural	-	-	-	-
Farming and Livestock	-	-	-	-
Forestry	-	-	-	-
Fishing	-	-	-	-
Manufacturing	-	-	-	-
Mining	-	-	-	-
Production	-	-	-	-
Electric, Gas, Water	-	-	-	-
Construction	-	-	81,827	99%
Services	-	-	-	-
Wholesale and Retail Trade	-	-	-	-
Hotel and Food Services	-	-	-	-
Transportation and Telecommunication	-	-	-	-
Financial Institutions	-	-	2,577	1%
Real Estate and Leasing Ser.	-	-	-	-
Professional Services	-	-	-	-
Education Services	-	-	-	-
Health and Social Services	-	-	-	-
Other	-	-	-	-
Total	-	-	84,404	100%

1.3.3. Information on non-cash loans classified in 1st and 2nd group

Non-cash loans	Group 1		Group 2	
	TL	FC	TL	FC
Letters of Guarantee	-	2,577	-	-
Acceptance and Acceptance Loans	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Securities Issuance Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	81,827	-	-
Total	-	84,404	-	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS AND DISCLOSURES RELATED TO OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS(continued)

2. Information related to derivative financial instruments

Current Period	Types of Derivative Transactions	
	Trading	Hedging
Types of Trading Transactions		
Foreign currency related derivative transactions (I)	604,120	-
Currency forward transactions	-	-
Currency swap transactions	604,120	-
Futures transactions	-	-
Options	-	-
Interest related derivative transactions (II)		
Forward rate agreements	-	-
Interest rate swaps	-	-
Interest rate options	-	-
Interest rate futures	-	-
Other derivative transactions for trade (III)		
A. Total trading derivative transactions (I+II+III)	604,120	-
Types of hedging transactions		
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	-	-
Total derivative transactions (A+B)	604,120	-

The swap transactions contracts are for the purpose of protection from exchange rate changes and are not included in the classification of hedging instruments under the TAS, and are followed by their fair values by the Bank as trading transactions.

3. Explanation on credit derivatives and risk exposures due to these credit derivatives

None (December 31, 2017: None).

4. Explanation on contingent liabilities and assets

None (December 31, 2017: None).

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

None (December 31, 2017: None).

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT

1. Information on interest income

1.1. Information on interest on loans

	Prior Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans	-	4,480	-	-
Short-term Loans	-	-	-	-
Medium/Long-term Loans	-	4,480	-	-
Interest on Loans Under Follow-up	-	-	-	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	-	4,480	-	-

1.2. Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	109	2,572	38,468
Domestic Banks	179,640	132	-	-
Foreign Banks	-	4	-	-
Branches and Head Office Abroad	-	-	-	-
Total	179,640	245	2,572	38,468

1.3 Interest received from marketable securities portfolio

None (December 31, 2017: None).

1.4. Information on interest income received from associates and subsidiaries

None (December 31, 2017: None).

2. Information on Interest Expense

2.1. Information on interest on funds borrowed

None (December 31, 2017: None).

2.2. Information on interest expenses to associates and subsidiaries

None (December 31, 2017: None).

2.3. Information on interest expenses to marketable securities

None (December 31, 2017: None).

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT(continued)

2. Interest Expense(continued)

2.4. Information maturity structure of deposits

Account Name	December 31, 2018							Accum. Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Month	Up to 1 Year	Over 1 Year	Time Deposit		
Turkish Currency									
Bank Deposits	-	-	-	-	-	-	-	-	-
Savings Deposits	-	-	-	-	-	-	-	-	-
Public Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	-	2	-	-	-	-	-	-	2
Other Deposits	-	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-	-
Total	-	2	-	-	-	-	-	-	2
Foreign Currency									
Foreign Currency Account	-	-	-	-	-	-	-	-	-
Bank Deposits	-	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Toplam	-	-	-	-	-	-	-	-	-

As of December 31, 2017, there is no interest expense on deposits.

3. Information on dividend income

None (December 31, 2017: None).

4. Information on net trading income / loss

	Current Period	Prior Period
Income	312,265	82,478
Gains on Capital Market Operations	-	-
Gains on Derivative Financial Instruments	4,016	-
Foreign Exchange Gains	308,249	282,478
Loss (-)	281,218	190,551
Losses on Capital Market Operations	-	-
Losses on Derivative Financial Instruments	-	-
Foreign Exchange Losses	281,218	190,551
Total	31,047	91,927

5. Information on other operating income

	Current Period	Prior Period
Adjustment to previous years expenses	102	-
Total	102	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT(continued)

6. Impairment provisions on loans and other receivables

	Current Period	Prior Period
Specific Provisions	-	-
Loans with limited collectability	-	-
Loans with doubtful collectability	-	-
Uncollectible loans	-	-
General Provisions	20,347	-
Impairment Losses on Securities	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment Losses on Associates, Subsidiaries, Joint Ventures and Investment Securities Held to Maturity	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investments Held to Maturity	-	-
Other	-	-
Total	20,347	-

7. Information related to other operational expenses

	Current Period	Prior Period
Personnel Expenses (*)	14,293	10,729
Provision for Employee Termination Benefits	83	4
Provision for Bank's Social Aid Fund Deficit	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Charges of Tangible Assets	1,166	667
Impairment Losses on Intangible Assets	-	-
Impairment losses on goodwill	-	-
Amortization Charges of Intangible Assets	2,223	1,456
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	15,738	6,753
Operational Leases Expenses	287	85
Repair and Maintenance Expenses	95	18
Advertisement Expenses	-	-
Other Expenses	15,356	6,650
Losses on Sale of Assets	-	-
Taxes	2,346	-
Other	7,876	5,687
Total	43,725	25,296

(*) 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 December 31, 2018 Profit before tax from continued operations is TL 154,523 (December 31, 2017: TL 107,640).

9. Explanations on tax provision for continued and discontinued operations

The tax expense for the period ended December 31, 2018 is TL 39,789 (December 31, 2017: TL 21,380).

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

As of December 31, 2018, operating profit after-tax is TL 114,734 (December 31, 2017: TL 86,086).

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT(continued)

11. Information on net profit/loss for the period

Interest income from ordinary banking transactions amounted to TL 184,365 (December 31, 2017: TL 41,040).Interest expenses arising from ordinary banking transactions are TL 2 (December 31, 2017: None).

There are no changes in the estimates made by the Bank regarding the financial statement items.

There is no profit or loss related to minority shares.

11. Information on the components of other items in the income statement exceeding 10% of the total, or items that comprise at least 20% of the income statement

Other items in the statement of income do not exceed 10% of the statement of income(December 31, 2017: None).

V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY

1. Information on distribution of profit

General Assembly is responsible for profit distribution and the annual Ordinary General Assembly meeting has not been held as of the date of revision of these financial statements. The profit distribution for 2018 has not been made yet.

2. Explanations on increase / decrease balance due to merger

None.

3. Explanations on available-for-sale financial assets

None.

4. Information on increases in cash flow hedges

None.

5. Settlement of exchange rate differences at the beginning and end of the period

None.

6. Information on issuance of shares

The Bank does not have any instruments representing the borrowing issued by the Bank itself. The Bank does not have any dividends related to the shares announced after the balance sheet date.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)***VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS****1. Information on cash and cash equivalent assets****a) Components of cash and cash equivalents and the accounting policy applied in their determination**

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents"

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

The components of cash and cash equivalents, the accounting policy used in the determination of these elements, the effect of any change in accounting policy in the current period and the amounts recorded in the balance sheet and cash flow statement of the items that make up the cash and cash equivalents:

a) Cash and cash equivalents at the beginning of period

	December 31, 2017
Cash	-
Receivables from banks and money market	1,156,510
CBRT	-
Total	1,156,510

b) Cash and cash equivalents at the end of the period

	December 31, 2018
Cash	-
Receivables from banks and money market	946,990
CBRT	16,369
Total	963,359

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

VII. 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

December 31, 2018:

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
Current Period						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	20,739	2,577	-	-
Interest and Commission Income Received						
	-	-	4	1,142	-	-

(*) 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.

December 31, 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
Current Period						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Interest and Commission Income Received						
	-	-	-	-	-	-

(*) 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

As of December 31, 2018 and December 31, 2017, the Bank has no deposits and interest expense from the risk group.

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
Financial Assets at Fair Value Through Profit and Loss:						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	604,120	-	-	-
Total Income/Loss	-	-	7,066	-	-	-
Transactions for Hedging Purposes:						
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 December 31, 2018, TL 2,143 was paid to the top management of the Bank.

e) Other transactions with the Bank's risk group

The Bank has other liabilities amounts to TL 7,741 to the risk group arising from banking transactions.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)***VIII. 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					

SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE OPERATIONS OF THE BANK

None.

II. EVENTS AFTER THE BALANCE SHEET DATE

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDIT REPORT

I. EXPLANATIONS ON INDEPENDENT AUDIT REPORT

The unconsolidated financial statements as of December 31, 2018 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst&Young Global Limited) and the auditor's independent audit report dated 25 February 2019 has been presented prior to the unconsolidated financial statements.

II. OTHER FOOTNOTES AND EXPLANATIONS PREPARED BY INDEPENDENT AUDITORS'

None.

BANK OF CHINA TURKEY ANONİM ŐİRKETİ

**UNCONSOLIDATED FINANCIAL STATEMENTS AND
RELATED DISCLOSURES AT DECEMBER 31, 2018
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

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

(Convenience translations of the independent auditor's report originally issued in Turkish ~ See Note I. of Section 3)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bank of China Turkey Anonim Şirketi:

A) Audit of Unconsolidated Financial Statements

Opinion

We have audited the accompanying unconsolidated financial statements of Bank of China Turkey Anonim Şirketi (the Bank), which comprise the statement of financial position as at December 31, 2018, and unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, and unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of Bank as at December 31, 2018 and unconsolidated financial performance and unconsolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "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 (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations.

Basis for Opinion

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have not determined any key audit matter to be communicated in our report.

Responsibilities of Management and Directors for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Independent Audit Regulation and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.).
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

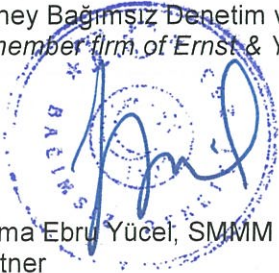
- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2018 are not in compliance with the laws and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section 3, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting 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.

The engagement partner who supervised and concluded this independent auditor's report is Fatma Ebru Yücel.

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



Fatma Ebru Yücel, SMMM
Partner

25 February 2019
İstanbul, Türkiye

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

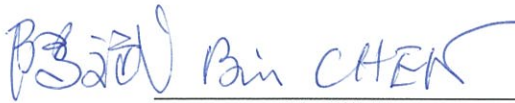
THE UNCONSOLIDATED FINANCIAL REPORT OF
BANK OF CHINA TURKEY A.Ş. FOR THE YEAR ENDED DECEMBER 31, 2018

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

The unconsolidated financial report for the year ended December 31, 2018, designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED YEAR END 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 INDEPENDENT AUDIT REPORT

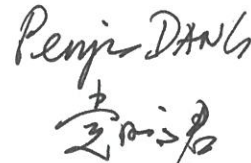
The unconsolidated financial statements for the year ended and related disclosures and footnotes in this report are prepared in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks, Banking Regulation and Supervision Agency (BRSA) 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 subject to independent audit and presented as the attached.




Bin CHEN
Chairman of the
Board of Directors



Ruojie LI
Deputy Chairman of the
Board of Directors and
General Manager



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



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



Fang LONG
Head of Financial and
Operational Control
Department



Elif GUMRAH
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

TABLE OF CONTENTS

SECTION ONE		
I.	History of the Bank Including Its Incorporation Date, Initial Status and Amendments to the Initial Status	1
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	1
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	1
IV.	Information on the Banks' Qualified Shareholders	2
V.	Summary Information on the Bank's Functions and Business Lines	2
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	2
VII.	Existing or potential, actual or legal obstacles to immediate transfer of capital between Bank and its subsidiaries and repayment of debts	2
SECTION TWO		
Unconsolidated Financial Statements		
I.	Balance Sheet (Statement of Financial Position)	3-6
II.	Statement of Off-Balance Sheet Items	7-8
III.	Profit/Loss Statement	9-10
IV.	Statement of Profit/Loss and Other Comprehensive Income	11
V.	Statement of Changes in Shareholders' Equity	12-13
VI.	Statement of Cash Flows	16
SECTION THREE		
Accounting Policies		
I.	Basis of Presentation	17
II.	Explanations On the Usage Strategy of Financial Instruments and On Foreign Currency Transactions	18
III.	Explanations on Forward Transactions, Options and Derivative Instruments	18
IV.	Information on Interest Income and Expenses	18
V.	Explanations on Fee and Commission Income and Expenses	19
VI.	Explanations on Financial Assets	19
VII.	Information on Impairment of Financial Assets	19
VIII.	Explanations on Offsetting Financial Instruments	19
IX.	Information on Sales and Repurchase Agreements and Lending of Securities	20
X.	Explanations on Assets Held for Sale and Discontinued Operations and the Related Liabilities	20
XI.	Explanations on Goodwill and Other Intangible Assets	20
XII.	Explanations on Tangible Assets	21
XIII.	Explanations on Leasing Transactions	21
XIV.	Explanations on Provisions and Contingent Liabilities	21
XV.	Explanations on Liabilities Related to Employee Rights	22
XVI.	Explanations on Taxation	23-24
XVII.	Additional Explanations on Borrowings	24
XVIII.	Explanations on Share Certificates Issued	24
XIX.	Explanations on Bank Acceptances and Bills of Guarantee	24
XX.	Explanations on Government Incentives	24
XXI.	Explanations on Segment Reporting	24
XXII.	Other Matters	24
SECTION FOUR		
Information on Financial Structure and Risk Management		
I.	Explanations on the Components of Shareholders' Equity	25-27
II.	Explanations on Credit Risk	28-31
III.	Explanations on Currency Risk	32-33
IV.	Explanations on Interest Rate Risk	34-35
V.	Explanations on Position Risk of Equity Securities	36
VI.	Explanations on Liquidity Risk And Liquidity Coverage Ratio	37
VII.	Explanations on Leverage Ratio	38
VIII.	Explanations on Securitization Positions	38
IX.	Explanations on Risk Management	38-48
X.	Explanations on Market Risk	49
XI.	Explanations on Operational Risk	49
XII.	Explanations Regarding the Presentation of Financial Assets and Liabilities at Their Fair Values	50
XIII.	Explanation on the Activities Carried out on Behalf and Account of Other Parties	50
SECTION FIVE		
Explanations and Notes on the Unconsolidated Financial Statements		
I.	Explanations and Disclosures Related to the Assets	51-56
II.	Explanations and Disclosures Related to the Liabilities	57-60
III.	Explanations and Disclosures Related to Off-Balance Sheet Contingencies and Commitments	61-63
IV.	Explanations and Disclosures Related to the Income Statement	64-66
V.	Explanations and Notes Related to Changes in Shareholders' Equity	66
VI.	Explanations and Notes Related to Statement of Cash Flows	67
VII.	Explanations and Disclosures on the Risk Group of the Bank	68
VIII.	Explanations on the Bank's Domestic, Foreign, Off-shore Branches or Investments in Associates and Foreign Representative Offices	69
SECTION SIX		
Other Explanations		
I.	Other Explanations on the Operations of the Bank	70
II.	Events After the Balance Sheet Date	70
SECTION SEVEN		
Explanations on Independent Audit Report		
I.	Explanations on Independent Audit Report	70
II.	Other Footnotes and Explanations Prepared by the Independent Auditors'	70

**Notes to the unconsolidated financial statements
as of December 31, 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 December 31, 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:

Name	Title	Assigned Date	Education
Bin CHEN	Chairman of the Board of Directors	March 28, 2018	PHD Degree
Ruojie LI	Deputy Chairman of the Board of Directors and General Manager	March 28, 2018	Master Degree
Xiaoyu LIU	Member of the Board of Directors	March 28, 2018	Master Degree
Pengjun DANG	Member of the Board of Directors	March 28, 2018	Master Degree
Özgür DALGIÇ	Member of the Board of Directors	March 28, 2018	Master Degree

Members of the Audit Committee:

Name	Title	Assigned Date	Education
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
as of December 31, 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 December 31, 2018, the Bank serves with 31 employees. (December 31, 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. Unconsolidated Balance Sheet (Statement of Financial Position)
- II. Unconsolidated Statement of Off-Balance Sheet Items
- III. Unconsolidated Profit/Loss Statement
- IV. Unconsolidated Statement of Profit/Loss and Other Comprehensive Income
- V. Unconsolidated Statement of Changes in Shareholders' Equity
- VI. Unconsolidated Statement of Cash Flows
- VII. Unconsolidated Statement of Profit Distribution

BANK OF CHINA TURKEY A.Ş.
**Unconsolidated balance sheet (statement of financial position)
as of December 31, 2018**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

		Audited			
		Current Period			
Assets		Note	TL	FC	Total
		(Section Five)	(31/12/2018)		
I.	FINANCIAL ASSETS (Net)		939,514	31,392	970,906
1.1	Cash and cash equivalents		934,998	31,392	966,390
1.1.1	Cash and balances at central bank	(5.1.1)	5,859	10,562	16,421
1.1.2	Banks	(5.1.4)	929,139	20,830	949,969
1.1.3	Money Market Placements		-	-	-
1.2	Financial assets at fair value through profit or loss	(5.1.2)	-	-	-
1.2.1	Government Debt Securities		-	-	-
1.2.2	Equity securities		-	-	-
1.2.3	Other financial assets		-	-	-
1.3	Financial assets at fair value through other comprehensive income		-	-	-
1.3.1	Government debt securities		-	-	-
1.3.2	Equity securities		-	-	-
1.3.3	Other financial assets		-	-	-
1.4	Financial assets measured at amortized cost		-	-	-
1.4.1	Government debt securities		-	-	-
1.4.2	Other financial assets		-	-	-
1.5	Derivative financial assets	(5.1.3)	4,516	-	4,516
1.5.1	Derivative financial assets at fair value through profit and loss		4,516	-	4,516
1.5.2	Derivative financial assets at fair value through other comprehensive income		-	-	-
1.6	Non-performing financial assets		-	-	-
1.7	Expected credit losses (-)		-	-	-
II.	LOANS (Net)	(5.1.6)	-	306,590	306,590
2.1	Loans		-	306,590	306,590
2.1.1	Loans measured at amortized cost		-	306,590	306,590
2.1.2	Loans at fair value through profit or loss		-	-	-
2.1.3	Loans at fair value through other comprehensive income		-	-	-
2.2	Lease receivables		-	-	-
2.2.1	Finance lease receivables		-	-	-
2.2.2	Operating lease receivables		-	-	-
2.2.3	Unearned income (-)		-	-	-
2.3	Factoring receivables		-	-	-
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		-	-	-
2.4	Non-performing loans		-	-	-
2.5	Expected credit losses (-)		-	-	-
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)		-	-	-
III.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-
3.1	Held for sale		-	-	-
3.2	Discontinued operations		-	-	-
IV.	EQUITY INVESTMENTS		-	-	-
4.1	Investments in associates (net)		-	-	-
4.1.1	Associates accounted by using equity method		-	-	-
4.1.2	Unconsolidated associates		-	-	-
4.2	Subsidiaries (net)		-	-	-
4.2.1	Unconsolidated financial subsidiaries		-	-	-
4.2.2	Unconsolidated non-financial subsidiaries		-	-	-
4.3	Joint Ventures (net)		-	-	-
4.3.1	Joint ventures valued based on equity method		-	-	-
4.3.2	Unconsolidated jointly ventures		-	-	-
V.	TANGIBLE ASSETS (Net)	(5.1.13)	5,503	-	5,503
VI.	INTANGIBLE ASSETS (Net)	(5.1.14)	3,975	-	3,975
6.1	Goodwill		-	-	-
6.2	Other		3,975	-	3,975
VII.	INVESTMENT PROPERTY (Net)		-	-	-
VIII.	CURRENT TAX ASSET		1,032	-	1,032
IX.	DEFERRED TAX ASSET	(5.1.16)	1,393	-	1,393
X.	OTHER ASSETS	(5.1.18)	733	1,669	2,402
	TOTAL ASSETS		952,150	339,651	1,291,801

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 December 31, 2017**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

Assets	Note	Audited		Total
		Prior Period	(31/12/2017)	
	(Section Five)	TL	FC	
I. Cash and balances with Central Bank		-	-	-
II. Financial assets at fair value through profit or (loss) (net)		-	-	-
2.1 Financial assets held for trading		-	-	-
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		-	-	-
III. Banks	(5.1.4)	1,119,642	39,325	1,158,967
IV. Money markets		-	-	-
4.1 Interbank money market placements		-	-	-
4.2 Istanbul stock exchange money market placements		-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-
V. Financial assets available-for-sale (net)		-	-	-
5.1 Equity securities		-	-	-
5.2 Government debt securities		-	-	-
5.3 Other marketable securities		-	-	-
VI. Loans and receivables		-	-	-
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 Non-performing loans		-	-	-
6.3 Specific provisions (-)		-	-	-
VII. Factoring receivables		-	-	-
VIII. Held-to-maturity investments (net)		-	-	-
8.1 Government debt securities		-	-	-
8.2 Other marketable securities		-	-	-
IX. Investments in associates (net)		-	-	-
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		-	-	-
X. Subsidiaries (net)		-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-
XI. Joint ventures (net)		-	-	-
11.1 Accounted based on equity method		-	-	-
11.2 Unconsolidated		-	-	-
11.2.1 Financial joint ventures		-	-	-
11.2.2 Non-financial joint ventures		-	-	-
XII. Lease receivables		-	-	-
12.1 Financial lease receivables		-	-	-
12.2 Operating lease receivables		-	-	-
12.3 Other		-	-	-
12.4 Unearned income (-)		-	-	-
XIII. Derivative financial assets held for hedging		-	-	-
13.1 Fair value hedge		-	-	-
13.2 Cash flow hedge		-	-	-
13.3 Foreign net investment hedge		-	-	-
XIV. Property and equipment (net)	(5.1.13)	5,387	-	5,387
XV. Intangible assets (net)	(5.1.14)	4,087	-	4,087
15.1 Goodwill		-	-	-
15.2 Other		4,087	-	4,087
XVI. Investment property (net)		-	-	-
XVII. Tax asset		-	-	-
17.1 Current tax asset		-	-	-
17.2 Deferred tax asset		-	-	-
XVIII. Assets held for resale and related to discontinued operations (net)		-	-	-
18.1 Assets held for sale		-	-	-
18.2 Discontinued operations		-	-	-
XIX. Other assets	(5.1.18)	139	151	290
TOTAL ASSETS		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 December 31, 2018**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

		Audited			
		Current Period			
Liabilities		Note	TL	FC	Total
		(Section Five)			
		(5.II.1)	1	3	4
I.	DEPOSITS				
II.	LOAN RECEIVED				
III.	MONEY MARKET FUNDS				
IV.	MARKETABLE SECURITIES (Net)				
4.1	Bills				
4.2	Asset backed securities				
4.3	Bonds				
V.	FUNDS				
5.1	Borrower funds				
5.2	Other				
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
VII.	DERIVATIVE FINANCIAL LIABILITIES				
7.1	Derivative financial liabilities at fair value through profit or loss				
7.2	Derivative financial liabilities at fair value through other comprehensive income				
VIII.	FACTORING PAYABLES				
IX.	LEASE LIABILITIES				
9.1	Financial lease payables				
9.2	Operating lease payables				
9.3	Other				
9.4	Deferred financial lease expenses (-)				
X.	PROVISIONS	(5.II.6)	23,549	-	23,549
10.1	General loan loss provisions		20,347	-	20,347
10.2	Provisions for restructuring		-	-	-
10.3	Reserve for employee benefits		3,202	-	3,202
10.4	Insurance technical reserves (Net)		-	-	-
10.5	Other provisions		-	-	-
XI.	CURRENT TAX LIABILITIES	(5.II.7)	2,348	-	2,348
XII.	DEFERRED TAX LIABILITIES				
XIII.	LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)				
13.1	Held for sale				
13.2	Related to discontinued operations				
XIV.	SUBORDINATED DEBTS				
14.1	Loans				
14.2	Other debt instruments				
XV.	OTHER LIABILITIES		5,738	8,116	13,854
XVI.	SHAREHOLDERS' EQUITY	(5.II.10)	1,252,046	-	1,252,046
16.1	Paid-in capital		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		(4)	-	(4)
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		114,734	-	114,734
16.6.1	Prior years' profits or losses		-	-	-
16.6.2	Current period net profit or loss		114,734	-	114,734
TOTAL LIABILITIES AND EQUITY			1,283,682	8,119	1,291,801

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 December 31, 2017**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

		Audited			
		Prior Period			
		(31/12/2017)			
Liabilities		Note (Section Five)	TL	FC	Total
I.	Deposits	(5.II.1)	-	-	-
1.1	Deposits of the Bank's risk group		-	-	-
1.2	Other		-	-	-
II.	Derivative financial liabilities held for trading		-	-	-
III.	Funds borrowed		-	-	-
IV.	Money markets		-	-	-
4.1	interbank money market funds		-	-	-
4.2	Istanbul Stock Exchange money market funds		-	-	-
4.3	Funds provided under repurchase agreements		-	-	-
V.	Marketable securities issued (net)		-	-	-
5.1	Bills		-	-	-
5.2	Asset backed securities		-	-	-
5.3	Bonds		-	-	-
VI.	Funds		-	-	-
6.1	Borrower funds		-	-	-
6.2	Other		-	-	-
VII.	Miscellaneous payables		9,014	11,736	20,750
VIII.	Other liabilities		-	-	-
IX.	Factoring payables		-	-	-
X.	Lease payables (net)		-	-	-
10.1	Financial lease payables		-	-	-
10.2	Operational lease payables		-	-	-
10.3	Other		-	-	-
10.4	Deferred lease expenses (-)		-	-	-
XI.	Derivative financial liabilities held for hedging		-	-	-
11.1	Fair value hedge		-	-	-
11.2	Cash flow hedge		-	-	-
11.3	Foreign net investment hedge		-	-	-
XII.	Provisions	(5.II.6)	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		-	-	-
XIII.	Tax liability	(5.II.7)	8,733	-	8,733
13.1	Current tax liability		8,559	-	8,559
13.2	Deferred tax liability		174	-	174
XIV.	Liabilities for property and equipment held for sale and related to discontinued operations (net)		-	-	-
14.1	Held for sale		-	-	-
14.2	Related to discontinued operations		-	-	-
XV.	Subordinated loans		-	-	-
XVI.	Shareholders' equity	(5. II.10)	1,137,316	-	1,137,316
16.1	Paid-in capital		1,051,230	-	1,051,230
16.2	Capital reserves		-	-	-
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
TOTAL LIABILITIES AND EQUITY			1,155,620	13,111	1,168,731

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 December 31, 2018**

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

		Audited			
		Current Period			
		(31/12/2018)			
		Note			
		(Section Five)	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		302,010	386,514	688,524
I.	GUARANTEES AND WARRANTIES	(5.III.1)	-	84,404	84,404
1.1.	Letters of Guarantee		-	2,577	2,577
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		-	2,577	2,577
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.	Pre-financing 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		-	81,827	81,827
1.9.	Other Collaterals		-	-	-
II.	COMMITMENTS		-	-	-
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		-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.2)	302,010	302,110	604,120
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		302,010	302,110	604,120
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		302,010	302,110	604,120
3.2.2.1.	Foreign Currency Swap-Buy		302,010	-	302,010
3.2.2.2.	Foreign Currency Swap-Sell		-	302,110	302,110
3.2.2.3.	Interest Rate Swap-Buy		-	-	-
3.2.2.4.	Interest Rate Swap-Sell		-	-	-
3.2.3.	Foreign Currency, Interest Rate and Securities Options		-	-	-
3.2.3.1.	Foreign Currency Options-Buy		-	-	-
3.2.3.2.	Foreign Currency Options-Sell		-	-	-
3.2.3.3.	Interest Rate Options-Buy		-	-	-
3.2.3.4.	Interest Rate Options-Sell		-	-	-
3.2.3.5.	Securities Options-Buy		-	-	-
3.2.3.6.	Securities Options-Sell		-	-	-
3.2.4.	Foreign Currency Futures		-	-	-
3.2.4.1.	Foreign Currency Futures-Buy		-	-	-
3.2.4.2.	Foreign Currency Futures-Sell		-	-	-
3.2.5.	Interest Rate Futures		-	-	-
3.2.5.1.	Interest Rate Futures-Buy		-	-	-
3.2.5.2.	Interest Rate Futures-Sell		-	-	-
3.2.6.	Other		-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		-	-	-
IV.	ITEMS HELD IN CUSTODY		-	-	-
4.1.	Customer Fund and Portfolio Balances		-	-	-
4.2.	Investment Securities Held in Custody		-	-	-
4.3.	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		-	-	-
V.	PLEDGES RECEIVED		-	-	-
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		-	-	-
VI.	ACCEPTED BILL, GUARANTEES AND WARRANTIES		-	-	-
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		302,010	386,514	688,524

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 December 31, 2017**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

		Audited		
		Prior Period		
		(31/12/2017)		
		Note	TL	FC
A	Off-balance sheet commitments (I+II+III)	(5.III.1)		Total
I.	Guarantees and warranties		-	-
1.1	Letters of guarantee		-	-
1.1.1	Guarantees subject to state tender law		-	-
1.1.2	Guarantees given for foreign trade operations		-	-
1.1.3	Other letters of guarantee		-	-
1.2	Bank acceptances		-	-
1.2.1	Import letter of acceptance		-	-
1.2.2	Other bank acceptances		-	-
1.3	Letters of credit		-	-
1.3.1	Documentary letters of credit		-	-
1.3.2	Other letters of credit		-	-
1.4	Prefinancing given as guarantee		-	-
1.5	Endorsements		-	-
1.5.1	Endorsements to the Central Bank of the Republic of Turkey		-	-
1.5.2	Other endorsements		-	-
1.6	Securities issue purchase guarantees		-	-
1.7	Factoring guarantees		-	-
1.8	Other guarantees		-	-
1.9	Other warranties		-	-
II.	Commitments		-	-
2.1	Irrevocable commitments		-	-
2.1.1	Asset purchase and sale commitments		-	-
2.1.2	Deposit purchase and sales commitments		-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-
2.1.4	Loan granting commitments		-	-
2.1.5	Securities issue brokerage commitments		-	-
2.1.6	Commitments for reserve deposit requirements		-	-
2.1.7	Commitments for cheques		-	-
2.1.8	Tax and fund liabilities from export commitments		-	-
2.1.9	Commitments for credit card limits		-	-
2.1.10	Commitments for credit cards and banking services promotions		-	-
2.1.11	Receivables from short sale commitments of marketable securities		-	-
2.1.12	Payables for short sale commitments of marketable securities		-	-
2.2	Revocable commitments		-	-
2.2.1	Revocable loan granting commitments	(5.III.2)	-	-
III.	Derivative financial instruments		-	-
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.	Custody and pledges received (IV+V+VI)		-	-
IV.	Items held in custody		-	-
4.1	Customer fund and portfolio balances		-	-
4.2	Investment securities held in custody		-	-
4.3	Checks received for collection		-	-
4.4	Commercial notes received for collection		-	-
4.5	Other assets received for collection		-	-
4.6	Assets received for public offering		-	-
4.7	Other items under custody		-	-
4.8	Custodians		-	-
V.	Pledges received		-	-
5.1	Marketable securities		-	-
5.2	Guarantee notes		-	-
5.3	Commodity		-	-
5.4	Warrants		-	-
5.5	Properties	(5.III.1)	-	-
5.6	Other pledged items		-	-
5.7	Pledged items-depository		-	-
VI.	Accepted independent guarantees and warranties		-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+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 December 31, 2018**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

		Note	Audited Current Period (01/01/2018- 31/12/2018)
INCOME AND EXPENSE ITEMS		(Section Five)	
I.	INTEREST INCOME	(5.IV.1)	184,365
1.1	Interest from Loans		4,480
1.2	Interest from Reserve Deposits		-
1.3	Interest from Banks		179,885
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		-
II.	INTEREST EXPENSE	(5.IV.2)	(2)
2.1	Interest on Deposits		(2)
2.2	Interest on Funds Borrowed		-
2.3	Interest Expense on Money Market Transactions		-
2.4	Interest on Securities Issued		-
2.5	Other Interest Expenses		-
III.	NET INTEREST INCOME (I - II)		184,363
IV.	NET FEES AND COMMISSIONS INCOME / LOSSES		3,083
4.1	Fees and Commissions Received		3,113
4.1.1	Non-cash Loans		2,680
4.1.2	Other		433
4.2	Fees and Commissions Paid		(30)
4.2.1	Non-cash Loans		-
4.2.2	Other		(30)
V.	PERSONNEL EXPENSES (-)		(14,293)
VI.	DIVIDEND INCOME	(5.IV.3)	-
VII.	TRADING INCOME / LOSS (Net)	(5.IV.4)	31,047
7.1	Profit / Loss on Securities Trading		-
7.2	Profit / Loss on Derivative Financial Transactions		4,016
7.3	Foreign Exchange Gains / Losses		27,031
VIII.	OTHER OPERATING INCOME	(5.IV.5)	102
IX.	TOTAL OPERATING INCOME (III+IV+V+VI+VII+VIII)		204,302
X.	LOAN PROVISIONS (-)	(5.IV.6)	(20,347)
XI.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	(29,432)
XII.	NET OPERATING PROFIT / LOSS (IX-X-XI)		154,523
XIII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-
XIV.	INVESTMENTS PROFIT / LOSS FROM ACCOUNTED FOR UNDER EQUITY METHOD		-
XV.	GAIN / LOSS ON NET MONETARY POSITION		-
XVI.	P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)	(5.IV.8)	154,523
XVII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.9)	(39,789)
17.1	Current Tax Provision		(41,355)
17.2	Expense Effect of Deferred Tax		-
17.3	Income Effect of Deferred Tax		1,566
XVIII.	NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVI±XVII)	(5.IV.10)	114,734
XIX.	PROFIT FROM DISCONTINUED OPERATIONS		-
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		-
XX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-
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		-
XXI.	P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XIX-XX)		-
XXII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-
22.1	Current Tax Provision		-
22.2	Expense Effect of Deferred Tax		-
22.3	Income Effect of Deferred Tax		-
XXIII.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-
NET PROFIT / LOSS (XVIII+XXIII)		(5.IV.11)	114,734

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

BANK OF CHINA TURKEY A.Ş.
**Unconsolidated profit/loss statement
for the period January 10 - December 31, 2017**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

	Note (Section Five)	Audited Prior Period 10/01/2017- 31/12/2017
I. INTEREST INCOME	(5.IV.1)	41,040
1.1 Interest on Loans		-
1.2 Interest Received from Reserve Requirements		-
1.3 Interest Received from Banks	(5.IV.1)	41,040
1.4 Interest Received from Money Market Transactions		-
1.5 Interest Received from Marketable Securities Portfolio		-
1.5.1 Trading Financial Assets		-
1.5.2 Financial Assets at Fair Value through Profit or Loss		-
1.5.3 Available-for-sale Financial Assets		-
1.5.4 Held-to-maturity Investments		-
1.6 Financial Lease Income		-
1.7 Other Interest Income	(5.IV.2)	-
II. INTEREST EXPENSE (-)		-
2.1 Interest on Deposits		-
2.2 Interest on Funds Borrowed		-
2.3 Interest Expense on Money Market Transactions		-
2.4 Interest on Securities Issued		-
2.5 Other Interest Expenses		-
III. NET INTEREST INCOME (I + II)		41,040
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		(31)
4.1 Fees and Commissions Received		-
4.1.1 Non-cash Loans		-
4.1.2 Other		-
4.2 Fees and Commissions Paid (-)		31
4.2.1 Non-cash Loans (-)		-
4.2.2 Other (-)		31
V. DIVIDEND INCOME		-
VI. TRADING INCOME/(LOSS) (Net)	(5.IV.4)	91,927
6.1 Trading Gains/(Losses) on Securities		-
6.2 Trading Gains/(Losses) on Derivative Financial Instruments		-
6.3 Foreign Exchange Gains/(Losses)		91,927
VII. OTHER OPERATING INCOME	(5.IV.5)	-
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		132,936
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)		-
X. OTHER OPERATING EXPENSES (-)	(5.IV.7)	25,296
XI. NET OPERATING INCOME/(LOSS) (VIII+IX+X)		107,640
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-
XV. INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)	(5.IV.8)	107,640
XVI. TAX PROVISION FOR CONTINUING OPERATIONS (-)	(5.IV.9)	(21,554)
16.1 Current Tax Provision		(21,380)
16.2 Deferred Tax Provision		(174)
XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV+XVI)	(5.IV.10)	86,086
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-
18.1 Income from Non-Current Assets Held for Resale		-
18.2 Sale Income from Associates, Subsidiaries and Joint Ventures		-
18.3 Other Income from Discontinued Operations		-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-
19.1 Expense from Non-Current Assets Held for Resale		-
19.2 Sale Losses from Associates, Subsidiaries and Joint Ventures		-
19.3 Other Expenses from Discontinued Operations		-
XX. INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII+XIX)		-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (-)		-
21.1 Current tax provision		-
21.2 Deferred tax provision		-
XXII. NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX+XXI)		-
XXIII. NET INCOME/(LOSS) (XVII+XXII)		86,086
Earnings/(Loss) per share		0.082

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
for the period ended December 31, 2018**

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

		Audited Current Period (01/01/2018- 31/12/2018)
I.	CURRENT PERIOD INCOME/LOSS	114,734
II.	OTHER COMPREHENSIVE INCOME	(4)
2.1	Other comprehensive income that will not be reclassified to profit or loss	(4)
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	(5)
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	1
2.2	Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	-
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	-
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	114,730

		Audited Prior Period (10/01/2017-31/12/2017)
I.	Transfers to marketable securities valuation differences from financial assets available for sale	-
II.	Tangible assets revaluation differences	-
III.	Intangible assets revaluation differences	-
IV.	Translation differences for foreign currency transactions	-
V.	Profit/loss on cash flow hedges (effective part of the fair value changes)	-
VI.	Profit/loss on foreign net investment hedges (effective part of the fair value changes)	-
VII.	Effects of changes in accounting policy and adjustment of errors	-
VIII.	Other income and expense items accounted under shareholders' equity according to TAS	-
IX.	Deferred tax on valuation differences	-
X.	Net profit or loss accounted directly under shareholders' equity (I+II+...+IX)	-
XI.	Profit/loss	86,086
11.1	Net change in fair value of marketable securities (recycled to profit-loss)	-
11.2	Part of cash flow hedge derivative financial instruments reclassified and presented on the income statement	-
11.3	Part of foreign net investment hedges reclassified and presented on the income statement	-
11.4	Other	86,086
XII.	Total income/loss accounted for the period (X+XI)	86,086

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

BANK OF CHINA TURKEY A.Ş.

**Statement of changes in shareholders equity
for the period ended- December 31, 2018**

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

Audited	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					
Current Period																
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	-	-	-	-	-	-	-	-	-	-	-	-	-	114,734	114,734
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	-	-	-	-	-	(4)	-	-	-	-	-	-	-	-	(4)
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	Dividends	-	-	-	-	-	-	-	-	-	-	86,086	-	-	(86,086)	-
11.2	Transfers to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	86,086	-	-	(86,086)	-
	Balances at the end of the period (III+IV+.....+X+XI)	1,051,230	-	-	-	-	(4)	-	-	-	-	-	-	86,086	114,734	1,252,046

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

**Statement of changes in shareholders equity
for the period January 10 - December 31, 2017**

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

Audited	Note (Section Five)	Paid-In Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income (Loss)	Prior Period Net Income (Loss)	Marketable Securities Value Increase Fund	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares from Invest. in Ass., Subs. and J.V.	Hedging Reserves	Val.Chan.In Prop. And Eq. HFS Purp./ Disc. Opr..	Total Equity
Prior Period - 10.01 - 31.12.2017																	
I. Prior Period End Balance																	
Changes in the period																	
II. Increase/Decrease due to the Merger																	
III. Marketable Securities Valuation Differences																	
IV. Hedging Transactions																	
4.1 Cash Flow Hedge																	
4.2 Foreign Investment Hedge																	
V. Property and Equipment Revaluation Differences																	
VI. Intangible Fixed Assets Revaluation Differences																	
VII. Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures																	
VIII. Foreign Exchange Differences																	
IX. Changes due to the disposal of assets																	
X. Changes due to the reclassification of assets																	
XI. Effects of changes in equity of investments in associates																	
XII. Capital Increase	II-13	1,051,230															1,051,230
12.1 Capital Increase		1,051,230															1,051,230
12.2 Internal Resources																	
XIII. Share Premium																	
XIV. Share Cancellation Profits																	
XV. Paid-in-capital inflation adjustment difference																	
XVI. Other																	
XVII. Current Year Income or (Loss)										86,086							86,086
XVIII. Profit Distribution																	
18.1 Dividens Paid																	
18.2 Transfers to Reserves																	
18.3 Other																	
Period End Balance (I+II+III+...+XVI+XVII+XVIII)		1,051,230								86,086							1,137,316

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

**Unconsolidated statement of cash flows
for the period January 1 - December 31, 2018**

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

		Audited
		Current Period
		(01/01/2018-
		31/12/2018)
		Note
		(Section Five)
Statement of Cash Flows		
A.	CASH FLOWS FROM BANKING OPERATIONS	
1.1	Operating profit before changes in operating assets and liabilities	101,130
1.1.1	Interest received (+)	175,395
1.1.2	Interest paid (-)	2
1.1.3	Dividend received (+)	-
1.1.4	Fees and commissions received (+)	7,934
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 (-)	29,650
1.1.8	Taxes paid (-)	(52,547)
1.1.9	Other (+/-)	-
1.2	Changes in Operating Assets and Liabilities	(289,482)
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 (+/-)	(2,112)
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 (+/-)	(12,614)
I.	Net cash provided from banking operations	(188,352)
B.	CASH FLOWS FROM INVESTING ACTIVITIES	
II.	Net cash provided from investing activities (+/-)	-
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 (+)	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES	
III.	Net cash provided from financing activities (+/-)	-
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 (+/-)	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(4,799)
V.	Net increase in cash and cash equivalents (I+II+III+IV)	(193,151)
VI.	Cash and cash equivalents at beginning of period	1,156,510
VII.	Cash and cash equivalents at end of period	963,359

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

**Unconsolidated statement of cash flows
for the period January 1 – December 31, 2017**

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

		Note	Audited
		(Section	Prior Period
		Five)	(10/01/2017–
			31/12/2017)
Statement of Cash Flows			
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities		11,328
1.1.1	Interest received (+)		38,583
1.1.2	Interest paid (-)		-
1.1.3	Dividend received (+)		-
1.1.4	Fees and commissions received (+)		-
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 (-)		1,059
1.1.8	Taxes paid (-)		14,359
1.1.9	Other (+/-)		(11,891)
1.2	Changes in Operating Assets and Liabilities		-
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 (+/-)		-
1.2.4	Net (increase) / decrease in loans (+/-)		-
1.2.5	Net (increase) / decrease in other assets (+/-)		-
1.2.6	Net increase / (decrease) in bank deposits (+/-)		-
1.2.7	Net increase / (decrease) in other deposits (+/-)		-
1.2.8	Net increase / (decrease) in funds borrowed (+/-)		-
1.2.9	Net increase / (decrease) in due payables (+/-)		-
1.2.10	Net increase / (decrease) in other liabilities (+/-)		-
I.	Net cash provided from banking operations		11,328
B.	CASH FLOWS FROM INVESTING ACTIVITIES		-
II.	Net cash provided from investing activities (+/-)		-
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 (+)		-
C.	CASH FLOWS FROM FINANCING ACTIVITIES		-
III.	Net cash provided from financing activities (+/-)		1,051,230
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 (+)		1,051,230
3.4	Dividends paid (-)		-
3.5	Payments for financial leases (-)		-
3.6	Other (+/-)		-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		93,952
V.	Net increase in cash and cash equivalents (I+II+III+IV)		1,156,510
VI.	Cash and cash equivalents at beginning of period		1,156,510
VII.	Cash and cash equivalents at end of period		1,156,510

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

**Unconsolidated profit distribution table
for the period 1 January- 31 December 2018**

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

		Audite	Audited
		Current Period	Prior Period
		31.12.2018 (*)	31.12.2017
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	154,523	107,640
1.2	TAXES AND DUTIES PAYABLE (-)	39,789	21,554
1.2.1	Corporate Tax (Income tax)	41,355	21,380
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties(***)	(1,566)	174
A.	NET INCOME FOR THE YEAR (1.1-1.2)	114,734	86,086
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	IRST LEGAL RESERVES (-)	-	4,304
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	-	81,782
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	81,782
1.12	EXTRAORDINARY RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE (**)		
3.1	TO OWNERS OF ORDINARY SHARES	0.10914	0.0819
3.2	TO OWNERS OF ORDINARY SHARES (%)	10.914	8.19
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Authorized body for profit appropriation of the current period is the General Assembly. On the preparation of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(**) The amount is expressed in full TL.

(***) It is considered by the BRSA that the revenue amount related to deferred tax assets cannot be considered as cash or internal resources and therefore should not be subject to the distribution of the profit for the period. As of December 31, 2015, the Bank has deferred tax expense amounting to TL 1.566 (December 31, 2017: TL 174 deferred tax expense).

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

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 ("K GK"), 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.

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".

Financial statements as of December 31, 2018 and December 31, 2017 are presented separately due to the change in the financial statement formats with TFRS 9 Financial Instruments. In addition, as the bank is established on 10 January 2017, prior period for unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income are presented for the period ended January 10 - December 31, 2017.

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.

BASIS OF PRESENTATION (continued)

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 December 31, the Bank has derivative financial asset is TL 4,516 which is classified as "Derivative Financial loans Measured at Fair Value through Profit and Loss"(December 31, 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.

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.

The bank has no financial assets at fair value through other comprehensive income and financial assets at amortized cost other than loans and receivables as of December 31, 2018.

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 December 31, 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 December 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.

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 December 31, 2018, the Bank has no repo, reverse repo and foreclosed marketable securities (December 31, 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 December 31, 2018, the Bank has no assets held for sale and discontinued operations (December 31, 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 December 31, 2018, there is no goodwill in the accompanying financial statements (December 31, 2017: None).

BANK OF CHINA TURKEY A.Ş.

Notes to unconsolidated financial statements as for the period 1 January- 31 December 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:

Tangible Assets	Estimated Useful Life (Year)	Amortization Rate (%)
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 December 31, 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.

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.

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 December 31, 2018 for the temporary differences expected to be realized/closed within 2 years (for the years 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 December 31, 2018, the Bank has TL 1,393 deferred tax assets (December 31, 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.

BANK OF CHINA TURKEY A.Ş.

Notes to unconsolidated financial statements as for the period 1 January- 31 December 2018

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

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 (December 31, 2017: None).

XVIII. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

None (December 31, 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 (December 31, 2017: None).

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES

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

XXI. EXPLANATIONS ON SEGMENT REPORTING

The main segment of banking operations is Corporate Banking. As of December 31, 2018, the financial information per banking segments is presented below:

Current Period	Corporate Banking	Fund Management	Unallocated	Total
Operating income	7,563	210,932	102	218,597
Operating expense	4,532	15,815	43,727	64,074
Pretax income / (loss)	3,031	195,117	43,625	154,523
Tax provision (-)	-	-	39,789	(39,789)
Net Profit / (Loss)	3,031	195,117	83,414	114,734
Segment assets	306,590	970,906	14,305	1,291,801
Segment liabilities	4,536	15,815	19,404	39,755
Equity	-	1,252,046	-	1,252,046

(*)The prior period of the table is not presented as the Bank was not in operation as of December 31, 2017.

XXII. OTHER MATTERS

None.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 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 December 31, 2018, the Bank's total capital has been calculated as TL 1,252,526 and the capital adequacy ratio is 190.69%. This ratio is well above the minimum ratio required by the legislation.

Information on Equity Accounts:

	Current Period (31/12/2018) Amount	Amounts as per the regulation before 1/1/2014 (*)
COMMON EQUITY TIER I CAPITAL	1,244,688	
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	114,734	
Current period profit	114,734	
Prior period profit	-	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	
Common Equity Tier I Capital Before Deductions	1,252,050	
Deductions From Common Equity Tier I Capital		
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	4	-
Improvement costs for operating leasing(-)	1,998	-
Goodwill and other intangible assets and related deferred taxes (-)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,816	-
Excess amount arising from deferred tax assets from temporary differences	1,550	-
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	-	
Total Deductions From Common Equity Tier I Capital	7,368	
Total Common Equity Tier I Capital	1,244,682	

(*) 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 unconsolidated financial statements
as for the period 1 January- 31 December 2018**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)
I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (continued)

ADDITIONAL TIER I CAPITAL			
Preferred stock not included in Tier I capital and the related share premiums	-		
Debt instruments and the related issuance premiums defined by the BRSA	-		
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)	-		
Additional Core Capital before Deductions	-		
Deductions from Additional Core Capital	-		
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 (-)	-		
Items to be Deducted from Tier I Capital during the Transition Period	-		
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 (-)	-		
Total Deductions from Additional Tier I Capital	-		
Total Additional Tier I Capital	-		
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,244,682		
TIER II CAPITAL	-		
Debt instruments and share issue premiums deemed suitable by the BRSA	-		
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-		
Provisions (Article 8 of the Regulation on the Equity of Banks)	7,844		
Tier II Capital before Deductions	7,844		
Deductions from Tier II Capital	-		
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 (-)	-		
Total Deductions from Tier II Capital	-		
Total Tier II Capital	7,844		
Total Equity (Total Tier I and Tier II Capital)	1,252,526		

BANK OF CHINA TURKEY A.Ş.
**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)
I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY (continued)

Total Tier I Capital and Tier II Capital (Total Equity)	1,252,526	
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 (-)	-	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
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 (-)	-	-
EQUITY	1,252,526	-
Total Capital (Total of Tier I Capital and Tier II Capital)	1,252,526	-
Total Risk Weighted Assets	627,410	-
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	189.50	-
Tier I Capital Adequacy Ratio (%)	189.50	-
Capital Adequacy Ratio (%)	190.69	-
BUFFERS		
Bank-specific total Core Capital Ratio	0,04	-
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	185	-
Amounts lower than Excesses as per Deduction Rules		
Remaining total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital	-	-
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital	-	-
Remaining mortgage servicing rights	-	-
Net deferred tax assets arising from temporary differences	-	-
Limits for Provisions Used in Tier II Capital Calculation		
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	20,347	-
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	7,843	-
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	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
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	-	-

^(*)To be filled by systemically important banks which are not obliged to prepare consolidated financial statements under Paragraph 4 of Article 4 of the Regulation on Systemic Banks, will be reported as zero by other banks.

BANK OF CHINA TURKEY A.Ş.

Notes to unconsolidated financial statements as for the period 1 January- 31 December 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.

	Current Period
Paid in Capital	1,051,230
Capital Reserves	86,086
Profit	114,734
Total Equity before Deductions	1,252,050
Deduction made within the scope of the Regulation	7,368
Common Equity Tier 1 Capital	1,244,682
Tier 1 Capital	1,244,682
General Provisions (Up to 1.25%)	7,844
Total Equity	1,252,526

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 December 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

Credit risk refers to the risks and losses that may arise from the failure of the counterparty to fulfill its obligations partially or completely in a timely manner by not complying with the Bank's contractual requirements.

The credit allocation is made within the limits set for each debtor and the group of debtors and is updated periodically according to the market conditions. During the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating process of the Bank.

To establish a credit risk management framework to manage credit risks; to help maintain a high level of credit portfolio quality; Bank's Credit Policy has been established and approved by the Board of Directors in order to ensure early identification and realization of real and potential credit issues in order to minimize financial losses and to ensure compliance with local legislation and general partnership regulations on general and special loan provisions. Follow-up Procedure; Credit Allocation Procedure and Collateral Procedure The Bank's credit risk management framework is formed.

The main principle of the credit risk policy is the risk return structure arising from the credit risk of the bank; the policies set out to monitor, control and, if necessary, correct the nature and level of activities; to identify, measure, report, monitor and control the risks to which the bank is exposed when determining the procedure and limit and the risks arising from the transactions with the risk group of the bank. Marketing, approval, disbursement and monitoring tasks of loans; In order to mitigate all risks related to errors, deficiencies, irregularities and abuses and to prevent conflicts of interest, it is ensured that the authorities of different units are ensured by taking into consideration the principle of separation of duties.

BANK OF CHINA TURKEY A.Ş.

Notes to unconsolidated financial statements as for the period 1 January- 31 December 2018

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

II. EXPLANATIONS ON CREDIT RISK(continued)

In order to prevent potential conflicts of interest and to obtain a fair and objective view of the risks faced in the new loan disbursements, the Bank has a sound credit approval procedure that allocates the credit functions between the front office and middle office functions. The Bank's Loan and Risk Analysis function is separated from the Corporate Banking Department in order to ensure an independent performance.

Credit limits are determined in line with the risk appetite of the Bank by taking into consideration the activity area of the companies, sector seasonality, risk profile, loss history, collateral structure and maturity of the loan. Credit limits are checked at both the individual debtor level and the total debt group level.

Evaluation and examination of credits in the Bank; discovery of early warning signals of deteriorated risks to allow for special monitoring of loans; A system of ratings is used to effectively manage problematic loans and to produce on-site and effective risk-based pricing mechanisms.

In managing credit risk, risk and control structure is based on triple defense line model. Business lines are defined as the first stage, independent risk management, legal compliance and internal control activities as the second stage and the independent internal audit activity as the third stage responsibility. and to inform about the excesses in risk appetite.

Total amount of exposures after offsetting transactions before applying credit risk mitigations and the average exposure amounts that are classified under different risk groups and types for the relevant period

	Current Period Risk Amount (*)	Average Risk Amount (**)
Risk Types		
Contingent and Non-Contingent Receivables from central governments or central banks	16,421	13,137
Contingent and Non-Contingent Receivables from regional or local governments	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-
Contingent and Non-Contingent Receivables from banks and brokerage houses	972,236	1,034,114
Contingent and Non-Contingent Corporates	388,517	268,082
Contingent and Non-Contingent Retail Receivables	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	-	-
Past Due Receivables	-	-
Receivables defined in high risk category by Regulator	-	-
Secured by mortgages	-	-
Securitization positions	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other Receivables	4,448	4,097
Total	1,381,622	1,319,430

(*) It refers to the total risk amount before credit risk mitigation and credit conversion.

(**) The average risk amount is determined by taking the arithmetic average of the values in the report prepared at the end of the month.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

II. EXPLANATIONS ON CREDIT RISK(continued)

Profile of significant exposures in major regions:

Current period	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	Total
Domestic	16,421	-	-	-	-	948,849	388,517	-	-	-	-	-	-	-	-	4,488	1,358,275
European Union Countries	-	-	-	-	-	7,287	-	-	-	-	-	-	-	-	-	-	7,287
OECD Countries**	-	-	-	-	-	16,100	-	-	-	-	-	-	-	-	-	-	16,100
Off-shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	16,421	-	-	-	-	972,236	388,517	-	-	-	-	-	-	-	-	4,488	1,381,622

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

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

(***) Assets and liabilities that are not distributed according to a consistent principle

Risk profile by sectors or counterparties:

Sectors/Counterparties	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	TL	FC	Total
1 Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farming and Raising Livestock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.1 Fores TL, Wood and Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Mining and Quarry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Electricity, Gas and Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Construction	-	-	-	-	-	-	388,517	-	-	-	-	-	-	-	-	-	-	-	-
4 Services	16,421	-	-	-	-	972,236	-	-	-	-	-	-	-	-	-	154,617	34,043	388,517	988,657
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hotel, Tourism, Food and Beverage Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Beverage Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Communication	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.3 Communication	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.4 Financial Institutions	16,421	-	-	-	-	972,236	-	-	-	-	-	-	-	-	-	154,617	34,043	988,657	-
Real Estate and Renting Services.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.5 Services.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.6 Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Education Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.8 Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,488	4,279	209	4,488
Total	16,421	-	-	-	-	972,236	388,517	-	-	-	-	-	-	-	-	4,488	139,276	422,766	1,381,622

(*) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

II. EXPLANATIONS ON CREDIT RISK(continued)

Analysis of maturity-bearing exposures according to remaining maturities:

Risk Types	Time to Maturity					Total
	1 Month	1–3 Months	3–6 Months	6–12 Months	Over 1 Year	
Due from central governments or central banks	-	-	-	-	-	-
Regional or Local Government Receivables	-	-	-	-	-	-
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-
Receivables on Multilateral Development Banks	-	-	-	-	-	-
Receivables on International Organizations	-	-	-	-	-	-
Receivables on Banks and Brokerage Houses	928,978	-	-	-	1,289	930,267
Receivables from Corporates	4,480	-	-	33,568	350,469	388,517
Retail Receivables	-	-	-	-	-	-
Receivables Secured by Mortgages	-	-	-	-	-	-
Past Due Receivables	-	-	-	-	-	-
Receivables defined in high risk category by Regulators	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and Corporates	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	933,458	-	-	33,568	351,758	1,318,784

Exposures by risk weights:

Risk Weights (*)		0%	10%	20%	35%	50%	75%	100%	150%	200%	Diğerleri	Deductions
												from the shareholders' equity
1	Amount before the credit risk mitigation	5,859	-	51,238	-	20,907	-	403,618	-	-	-	7,336
2	Amount after the credit risk mitigation	5,859	-	51,238	-	20,907	-	403,618	-	-	-	7,336

(*) Balances with financial collateral are shown as 0% risk weight.

Movements in value adjustments and provisions

	Opening Balance	The amount of provision in the period	Reversal of Provision(*)	Other Provisions(**)	Closing Balance
1 Specific Provisions	-	-	-	-	-
2 General Provisions	-	20.347	-	-	20.347

Exposures subject to countercyclical capital buffer:

Since January 1, 2016 as per BRSA decision dated December 24, 2015 cyclical capital buffers for banks, including the current positions of Turkey is considered as 0%.

Country of ultimate risk	Private sector credit exposures in banking book	Risk Weighted Equivalent trading book	Total
Turkey	1,360,715	-	1,360,715
China	20,906	-	20,906

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

III. 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 December 31, 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.)

31.12.2018	USD	EUR	GBP	CNY
Rates :	5.2810	6.0422	6.7135	0.76345
1. Day Foreign Exchange Buying Rate	5.2889	6.0245	6.6761	0.76514
2. Day Foreign Exchange Buying Rate	5.2832	6.0185	6.6954	0.76306
3. Day Foreign Exchange Buying Rate	5.3034	6.0419	6.7245	0.76608
4. Day Foreign Exchange Buying Rate	5.2746	6.0291	6.6877	0.76287
5. Day Foreign Exchange Buying Rate	5.2746	6.0342	6.6718	0.75988
Arithmetic mean of last 30 days	5.2970	6.0280	6.6528	0.7642
31.12.2017	USD	EUR	GBP	CNY
Rates :	3.77190	4.51550	5.08030	0.57622
1. Day Foreign Exchange Buying Rate	3.81040	4.54780	5.11420	0.57972
2. Day Foreign Exchange Buying Rate	3.81970	4.53850	5.10910	0.57932
3. Day Foreign Exchange Buying Rate	3.80290	4.51160	5.07470	0.57758
4. Day Foreign Exchange Buying Rate	3.80870	4.52050	5.08770	0.57894
5. Day Foreign Exchange Buying Rate	3.81130	4.51710	5.09230	0.57638
Arithmetic mean of last 30 days	3.86756	4.57768	5.16551	0.58300

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

III. EXPLANATIONS ON CURRENCY RISK(continued)

Explanations on currency risk: Foreign Currency (Thousands TL)

	EUR	USD	Other	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	-	10,562	-	10,562
Due From Banks	7,287	13,543	-	20,830
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	306,590	-	-	306,590
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	1,459	210	-	1,669
Total Assets	315,336	24,315	-	339,651
Liabilities				
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	3	8,113	-	8,116
Total Liabilities	3	8,116	-	8,119
Net Balance Sheet Position	315,333	16,199	-	331,532
Net Off-Balance Sheet Position	(302,110)	-	-	(302,110)
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	(302,110)	-	-	(302,110)
Non-Cash Loans (*)	81,827	2,577	-	84,404
Prior Period				
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 December 31, 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	1,323	1,323
	10% Decrease	(1,323)	(1,323)
USD	10% Increase	1,620	1,620
	10% Decrease	(1,620)	(1,620)

(*) Pre-tax figures.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS ON INTEREST RATE RISK

Sensitivity analysis of the Bank's interest rate sensitive assets and liabilities and interest rate fluctuations are analyzed. 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
Assets							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	16,421	16,421
Banks	928,979	-	-	-	-	20,990	949,969
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	4,516	-	-	4,516
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans	306,590	-	-	-	-	-	306,590
Financial Assets Measured at Amortized Cost	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	14,305	14,305
Total Assets	1.235.569	-	-	4,516	-	51,716	1,291,801
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	4	4
Interbank Money Market Received	-	-	-	-	-	-	-
Sundry Creditors	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	1,291,797	1,291,797
Total Liabilities (*)	-	-	-	-	-	1,291,801	1,291,801
Balance sheet long position	1.235.569	-	-	4,516	-	-	1,240,085
Balance sheet short position	-	-	-	-	-	(1,240,085)	(1,240,085)
Off-Balance sheet long position	-	-	33,557	268,453	-	-	302,010
Off-Balance sheet short position	-	-	33,568	268,542	-	-	302,110
Total Position	1.235.569	-	(11)	4,427	-	(1,240,085)	(100)

(*) Including TL 1,252,046 shareholders' equity.

average interest rates applied to financial instruments

Current Period	EURO	USD	Other FC	TL
Assets				
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	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	1.50	-	11.50
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS ON INTEREST RATE RISK (continued)

Nature of interest rate risk resulted from banking book

Unit of Currency	Applicable Shock (+ / -) base point)*	Profit/ Loss	Profit / Equity Capital – Loss / Equity Capital
TL	500	(25,898)	-0,0207
	(400)	27,364	0,0218
EURO	200	(3,716)	(0,003)
	(200)	-	-
USD	200	14,177	0,0113
	(200)	(15,421)	(0,0123)
Total (For Positive Shock)		(15,437)	-0,0123
Total (For Negative Shock)		11,944	0,0095

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

V. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES

1. Balance sheet values, fair value and market value comparison of equity investments

None (December 31, 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 (December 31, 2017: None).

VI. 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 uninterrupted 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
Assets								
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	16,421	-	-	-	-	-	-	16,421
Banks	20,990	928,979	-	-	-	-	-	949,969
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	4,516	-	-	4,516
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Financial Assets Measured at Amortized Cost	-	4,480	-	33,568	268,542	-	-	306,590
Other Assets (*)	-	-	-	-	-	-	14,305	14,305
Total Assets	37,411	933,459	-	33,568	273,058	-	14,305	1,291,801
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	4	-	-	-	-	-	-	4
Funds Borrowed from Other Financial Institutions	-	-	-	-	-	-	-	-
Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	3,151	185	6,572	-	-	1,281,889	1,291,797
Total Liabilities	4	3,151	185	6,572	-	-	1,281,889	1,291,801
Net Liquidity Gap	37,407	930,308	(185)	26,996	273,058	-	(1,267,584)	-

(*) 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.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

VI. 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
High-Quality Liquid Assets					
1	Total high-quality liquid assets (HQLA)			15,081	10,907
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured wholesale funding, of which:	8,902	3,626	8,902	3,626
6	Operational deposits	-	-	-	-
7	Non-operational deposits	3,597	3,576	3,597	3,576
8	Unsecured funding	5,305	50	5,305	50
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	Total Cash Outflows			8,902	3,626
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	956,528	22,538	956,528	22,538
19	Other cash inflows	-	-	-	-
20	Total Cash Inflows	956,528	22,538	956,528	22,538
				Values applied upper limit	
21	Total HQLA			15,081	10,907
22	Total Net Cash Outflows			3,791	1,648
23	Liquidity Coverage Ratio (%)			7,351	2,440,162

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

The liquidity coverage ratios are calculated in accordance with the "Regulation on Liquidity Coverage Ratio Calculation of Banks" published in Official Gazette dated 21 March 2014 and numbered 28948 effective from December 31, 2015. Liquidity ratio is required to be at least 70% for foreign currency assets/liabilities and 90% for total assets/liabilities as of December 31, 2018. The table below shows the lowest, highest and average Liquidity Coverage Ratio calculated weekly in the last 3 months:

	Highest	Date	Lowest	Date	Average
TL+FC	17,283	28 December 2018	275	2 November 2018	7,351
FC	4,805,771	12 October 2018	34,647	26 December 2018	2,440,162

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

VII. 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.

	Current Period (*)
1 Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	1,288,589
2 (Assets deducted in determining Tier 1 capital)	9,101
3 Total balance sheet risks (sum of lines 1 and 2)	1,279,488
Derivative financial instruments and credit derivatives	
4 Replacement cost associated with all derivative financial instruments and credit derivatives	8,804
5 Potential credit risk associated with all derivative financial instruments and credit derivatives	-
6 Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	8,804
Securities or commodity financing transactions (SCFT)	
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)	-
Off-balance sheet transactions	
10 Gross notional amounts of off-balance sheet transactions	114,132
11 (Adjustments for conversion to credit equivalent amounts)	-
12 Total risks of off-balance sheet items (sum of lines 10 and 11)	114,132
Capital and total risks	
13 Tier 1 capital	1,230,387
14 Total risks (sum of lines 3, 6, 9 and 12)	1,402,424
15 Leverage ratio	87.89

(*)Represents three-monthweighted average amounts.

VIII. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

IX. EXPLANATIONS ON RISK MANAGEMENT

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables which are to be prepared according to Internal rating-based (IRB) approach have not been presented.

1. Explanations on Risk Management and Risk Weighted Assets

1.1. Bank's Risk Management Approach

Risk management covers the measurement and monitoring of risks, the control and reporting of risks within certain limits. These activities are carried out directly by the Risk Management Director under the Internal Systems Specialist. The Risk Management Director is independent from the executive units and fulfills its responsibilities to the Board of Directors through the Audit Committee and the Risk Committee.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

Policies and procedures related to each of the quantifiable risks such as General Risk Policy and Credit Risk, Market Risk, Liquidity Risk, Operational Risk have been formed and identified for approval and measurement and control of the risks that the Bank may be exposed to due to its activities and approved by the Board of Directors.

Credit and operational risk constitute the main risk factors in terms of the types of risks the Bank is exposed to. The Bank aims not to carry positions that may cause currency risk.

For these risks, written limits, early warning thresholds and risk appetite indicators were determined by the General Risk Limit Policy and approved by the Board of Directors.

The Internal Capital Adequacy Assessment Procedure for the determination of the internal capital requirements and the adequacy of the Bank was approved by the Board of Directors.

Risk appetite and limits are reviewed regularly by the Internal Systems Officer, Risk Management Director, Risk Committee and the Bank's top management in a manner not to exceed the legal limits stated in the legislation and if deemed necessary, re-determined with the approval of the Board of Directors.

Risks are measured according to international and local regulations, Bank policies and procedures, using methods accepted in international practices appropriate to the Bank's structure, stress tests and scenario analyzes are conducted and reported regularly to senior management, Risk Committee and Board of Directors. Risk measurements are included in the Bank's decision-making processes.

The risk reports prepared for the purpose of assessing the risks of the Bank are regularly shared with the Board of Directors and senior management. Within the scope of the reports; information on compliance with the limits and risk appetite indicators defined on the basis of each type of risk, results related to capital adequacy and results of stress tests.

1.2. Overview of Risk Weighted Amounts

		Risk Weighted Amounts	Minimum Capital Liability
		Current Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	604,319	48,346
2	Standardized approach (SA)	604,319	48,346
3	Internal rating-based (IRB) approach	-	-
4	Counterparty credit risk	-	-
5	Standardized approach for counterparty credit risk (SACCR)	23,091	1,847
6	Internal Model method (IMM)	23,091	1,847
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	-	-
17	Standardized approach (SA)	-	-
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	Total (1+4+7+8+9+10+11+12+16+19+23+24)	627,410	50,193

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

2. Linkages between financial statements and risk amounts

2.1.Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

	Carrying values of items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
	Valued amount according to TAS within legal consolidation	Subject to credit risk	Subject to counterparty credit risk	Subject to market risk	
Assets					
Cash and balances with the Central Bank	16,421	16,421	-	-	-
Trading Financial Assets	-	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	4,516	-	4,516	-	-
Banks	949,969	949,969	-	-	-
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale (net)	-	-	-	-	-
Loans and Receivables	306,590	306,590	-	-	-
Factoring Receivables	-	-	-	-	-
Held-to-maturity investments (net)	-	-	-	-	-
Investment in Associates (net)	-	-	-	-	-
Investment in Subsidiaries (net)	-	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-
Lease Receivables	-	-	-	-	-
Derivative Financial Assets Held For Hedging	-	-	-	-	-
Property And Equipment (Net)	5,503	3,505	-	-	1,998
Intangible Assets (Net)	3,975	-	-	-	3,975
Investment Property (Net)	-	-	-	-	-
Tax Asset	2,425	1,032	-	-	1,393
Assets Held For Resale And Related To Discontinued Operations (Net)	-	-	-	-	-
Other Assets	2,402	2,402	-	-	-
Total assets	1,291,801	1,284,435	-	-	7,366
Liabilities					
Deposits	4	-	-	-	-
Derivative Financial Liabilities Held Trading	-	-	-	-	-
Funds Borrowed	-	-	-	-	-
Money Markets	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-
Funds	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-
Other Liabilities	13,854	-	-	-	-
Factoring Payables	-	-	-	-	-
Lease Payables	-	-	-	-	-
Derivative Financial Liabilities Held For Hedging	-	-	-	-	-
Provisions	23,549	-	-	-	-
Tax Liability	2,348	-	-	-	-
Liabilities For Property And EquipmentHeld For Sale And Related To Discontinued Operations (net)	-	-	-	-	-
Subordinated Loans	-	-	-	-	-
Shareholder's Equity	1,252,046	-	-	-	-
Total liabilities	1,291,801	-	-	-	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT (continued)

2.2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	Total	Subject To CreditRisk	Subject to the Securitisations	Subject to Counterparty Credit Risk(*)	Subject To Market Risk (*)
1 Asset carrying value amount under scope of regulatory consolidation	1,291,801	1,278,889	-	19,618	-
2 Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	-	-
3 Total net amount under regulatory scope of consolidation	1,291,801	1,278,889	-	19,618	-
4 Off-Balance Sheet Amounts	386,414	84,403	-	-	-
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences Resulted from the BRSA's Applications	-	-	-	-	-
9 Differences due to risk reduction	-	-	-	-	-
10 Risk Amounts	1,678,215	1,363,292	-	19,618	-

(*) Potential risk arising from derivative transactions

2.3. Disclosures on Differences between Amounts valued in accordance with TAS and Risk Exposure

The differences between the risk amounts and revalued assets in the financial statements arises from the off-balance sheet items, which are subject to tangible and intangible assets and changed conversion rates, and the derivative transactions followed in banking accounts.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

3. Credit quality of assets

	Gross carrying values of as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	-	306,590	4,599	301,991
2 Debt Securities	-	-	-	-
3 Off-balance sheet exposures	-	84,403	-	84,404
4 Total	-	390,994	4,599	386,395

4. Changes in stock of defaulted loans and debt securities

The Bank does not have any default receivables or borrowing instruments.

5. Additional disclosures related to credit quality of assets

a. Scope and descriptions of “overdue” receivables and “provisioned” receivables which are used for accounting and differences between descriptions of “overdue” and “provisioned” if available

The Bank has no overdue receivables.

b. Part of overdue receivables (more than 90 days) which are not evaluated as “provisioned” and reasons for this application

The Bank has no overdue receivables.

c. Descriptions of methods used while determining provision amounts

The general provision amount is specified in accordance with the rules stated in the “Regulation on the Principles and Procedures for the Determination of the Qualifications of Loans and Other Receivables and the Provisions to be Reserved for the Banks”.

d. Descriptions of restructured receivables

The Bank has no restructured receivables.

e. Breakdown of receivables according to geographical regions, sector and residual maturity

Separation of receivables according to geographical area (cash and non-cash loans and follow-up receivables):

	Current period	TL	%	FC	%
1	Domestic	-	-	388,417	99%
2	European Union Countries	-	-	-	-
3	OECD Countries *	-	-	2,577	1%
4	Off-shore Banking Regions	-	-	-	-
5	USA, Canada	-	-	-	-
6	Other Countries	-	-	-	-
7	Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-
8	Unallocated Assets / Liabilities***	-	-	-	-
9	Total	-	-	390,994	100%

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

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

Breakdown of receivables by sector (Cash and non-cash loans and follow-up receivables):

Current Period		TL	%	FC	%
1	Agriculture	-	-	-	-
2	Farming and Stockbreeding	-	-	-	-
3	Forestry	-	-	-	-
4	Fishery	-	-	-	-
5	Manufacturing	-	-	-	-
6	Mining and Quarrying	-	-	-	-
7	Production	-	-	-	-
8	Electricity, Gas and Water	-	-	-	-
9	Construction	-	-	-	-
10	Services	-	-	-	-
11	Wholesale and Retail Trade	-	-	-	-
12	Accommodation and Dining	-	-	-	-
13	Transportation and Telecom	-	-	388,417	99%
14	Financial Institutions	-	-	2,577	1%
15	Real Estate and Rental Services	-	-	-	-
16	Professional Services	-	-	-	-
17	Educational Services	-	-	-	-
18	Health and Social Services	-	-	-	-
19	Other	-	-	-	-
20	Total	-	-	390,994	100%

e. Breakdown of receivables according to geographical regions, sector and residual maturity(continued)

Separate receivables according to remaining demand (cash and non-cash loans and follow-up receivables):

Current Period	1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Undistributable	Total
Cash and Non-cash Loans	4,480	-	33,567	271,120	81,827	-	390,994

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

f. Amounts of receivables provisioned based on geographical regions and sector and amount written-off from assets through related provisions

There is no amount written-off from assets through related provisions.

g. Aging analysis for overdue receivables

The Bank has no overdue receivables.

h. Breakdown of restructured receivables based on being provisioned or not

There is no amount written-off from assets through related provisions.

6. Credit Risk Mitigation

6.1. Qualitative disclosure on credit risk mitigation techniques

During the lending process, the Bank considers the cash flow of the activity or investment that is subject to credit as the primary source of reimbursement.

Calculation of the collateral amount is based on margins determined by market and currency risk. Standard margins applied across the Bank are specific to the type of collateral and may vary depending on the type, maturity and currency of the loan.

If the loan is established with a guarantee condition, the collaterals must be entered into the banking system.

The credit risk that the Bank is exposed to and the credit risk mitigation techniques used to mitigate this risk are taken into account in accordance with the standards specified in the legislation in the event that there is a collateral for the loan.

There are no netting-off on-balance sheet and off-balance sheet items within the Bank. Financial collaterals and counter-guarantees, which consist of foreign currency cash deposit collateral, are used as credit mitigation technique.

6.2. Credit risk mitigation techniques

		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	1,298,507	-	-	-	-	-	-
2	Debt securities	-	-	-	-	-	-	-
3	Total	1,298,507	-	-	-	-	-	-
4	Of which defaulted	-	-	-	-	-	-	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

7. Credit Risk if the Standard Approach is used

Bank of China Turkey uses external ratings provided by Fitch Ratings when calculating the credit risk by the standard method. Within this scope, the Bank's risk weights in the Receivables from Central Governments or Central Banks risk class are determined by taking into consideration the matching table provided by Fitch Ratings and determined by the BRSA for the said CRA.

Credit Quality Stage	Long Term Credit Ratings	
	Fitch Ratings	Receivables from Central Government and Central Banks Risk Weight (%)
1	AAA and AA-	0
2	A+ and A-	20
3	BBB+ and BBB-	50
4	BB+ and BB-	100
5	B+ and B-	100
6	CCC+ and below	150

7.1. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects

Asset classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to central governments or central Banks	16,421	-	16,421	-	10,562	64
2 Exposures to regional governments or local Authorities	-	-	-	-	-	-
3 Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Exposures to institutions	970,948	2,576	970,948	1,288	200,792	21
7 Exposures to corporates	306,690	81,827	306,690	81,827	388,517	100
8 Retail exposures	-	-	-	-	-	-
9 Exposures secured by residential property	-	-	-	-	-	-
10 Exposures secured by commercial real estate	-	-	-	-	-	-
11 Past-due loans	-	-	-	-	-	-
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-
13 Mortgage-backed securities	-	-	-	-	-	-
14 Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15 Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16 Other receivables	4,448	-	4,448	-	4,448	100
17 Equity Investment	-	-	-	-	-	-
18 Total	1,298,507	84,403	1,298,507	83,115	604,319	285

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

7. Credit Risk if the Standard Approach is used(continued)

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

Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit risk exposure amount (after CCF and CRM)
1 Exposures to central governments or central banks	5,859	-	-	-	-	-	10,562	-	-	-	16,421
2 Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-
3 Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	951,238	-	20,907	-	91	-	-	-	972,236
7 Exposures to corporates	-	-	-	-	-	-	388,517	-	-	-	388,517
8 Retail exposures	-	-	-	-	-	-	-	-	-	-	-
9 Exposures secured by residential property	-	-	-	-	-	-	-	-	-	-	-
10 Exposures secured by commercial real estate	-	-	-	-	-	-	-	-	-	-	-
11 Past-due loans	-	-	-	-	-	-	-	-	-	-	-
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-
13 Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-
14 Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-	-	-	-	-	-
15 Investments in the nature of collective investment enterprise	-	-	-	-	-	-	-	-	-	-	-
16 Investments in equities	-	-	-	-	-	-	-	-	-	-	-
17 Other receivables	-	-	-	-	-	-	4,448	-	-	-	4,448
18 Total	5,859	-	951,238	-	20,907	-	403,618	-	-	-	1,381,622

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

8. Disclosures regarding Counterparty Credit Risk

8.1. Qualitative Disclosures on Counterparty Credit Risk

The management, measurement and monitoring activities of counterparty credit risk are carried out within the scope of market risk appetite approved by Risk Committee and Board of Directors. Counterparty credit risk and credit value adjustments related to this risk are calculated by valuation method according to fair value in capital adequacy regulation and included in capital adequacy ratio.

8.2. Analysis of counterparty credit risk (CCR) exposure by approach

Current Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1 Standart Approach-CCR	4,517	15,101			-	23,092
2 Internal Model Approach			-		-	-
3 Simplified Standardised Approach for Credit Risk Mitigation					-	-
4 Comprehensive Method for Credit Risk Mitigation					-	-
5 Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
6 Total						23,092

8.3. Credit Valuation Adjustment (CVA) Capital Charge

Current period	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Total portfolio value with comprehensive approach CVA capital adequacy		
1 (i) Value at risk component (including 3*multiplier)		
2 (ii) Stressed Value at Risk (including 3*multiplier)		
3 All portfolios subject to Standardised CVA capital obligation	19,618	23,092
4 Total amount of CVA capital adequacy	19,618	23,092

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

8.4. Standardised approach – CCR exposures by regulatory portfolio and riskweights

Risk Weights/Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	-	19,618	-	-	-	-	19,618
Corporate receivables	-	-	-	-	-	-	-	-	-
Retail receivables	-	-	-	-	-	-	-	-	-
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	-	19,618	-	-	-	-	19,618

8.5. Composition of collateral for CCR exposure

The Bank has no collaterals used for counterparty credit risk.

8.6. Credit derivatives

The Bank has no derivatives.

8.7.Risks to Central Counterparty

The Bank has no risks to central counterparty.

9. Securitization disclosures

The Bank has no securities.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)***X. EXPLANATIONS ON MARKET RISK****1.1. Qualitative information which shall be disclosed to public related to market risk**

Market risk; is defined as the risk of loss in the value of assets and returns in the balance sheet and off-balance sheet as a result of changes in rates and prices in financial markets.

The Bank's market risk is determined, evaluated and managed within the framework of Market Risk Management Policy Bank. This policy covers the basic principles of the Bank in relation to market risk management, the duties and responsibilities of the parties involved in market risk management and the process related to the measurement, monitoring and reporting of market risk. Within the scope of market risk, the Bank has interest rate risk and currency risk. Standard method is used to measure market risk and to be the basis for capital allocation.

The Bank measures market risk within the framework of legal regulations. In addition, the Bank conducts stress tests and monitors the management of the risk.

The Bank carries out the stress test by applying negative and positive shocks on the yield curve and the interest rate risk arising from the on-balance sheet and off-balance sheet positions.

The Bank carries out stress tests and evaluates currency risk by applying changes in foreign exchange risk on foreign currency net general position.

The Bank has determined the risk appetite and limits related to market risk taking into account the activities and product structure.

1.2. Market risk under standardised approach

		Risk Weighted Asset
Outright products		
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	29,423
4	Commodity risk	-
Options		
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	29,423

XI. EXPLANATIONS ON OPERATIONAL RISK

The Bank used the "Basic Indicator Method" in computation of its operational risk. The amount subject to operational risk is calculated annually in accordance with the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette No. 29111 dated 6 September 2014. In the basic indicator method, the amount subject to operational risk is calculated by multiplying the average of 15% of the gross revenue amounts of the last three years by 12.5. Since the Bank started operations as of May 9, 2018, there is no gross income for the last three years. Due to this situation, operational risk calculation cannot be performed for the reporting period of December 31, 2018.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

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

The following table summarises the book values and fair values of some financial assets and liabilities of the Bank;

Current Period	Book Value	Fair Value
Financial Assets	1,256,559	1,256,559
Due from Money Market	-	-
Due from Banks	949,969	949,969
Available-for-Sale Financial Assets	-	-
Held-to-maturity Investments	-	-
Loans	306,590	306,590
Financial Liabilities	25,901	25,901
Bank Deposits	-	-
Other Deposits	4	4
Funds borrowed from other financial institutions	-	-
Subordinated loans	-	-
Marketable Securities Issued	-	-
Miscellaneous Payables	25,897	25,897

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows:

- a) Quoted market prices (non-adjusted) (1st level)
- b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)
- c) Data not based on observable data regarding assets or liabilities (3rd level)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

December 31, 2018	1st Level	2nd Level	3rd Level	Total
Financial Assets	-	4,516	-	4,516
Financial Assets at Fair Value Through Profit or Loss	-	4,516	-	4,516
Trading Derivative Financial Assets	-	4,516	-	4,516
Financial Liabilities	-	-	-	-
Trading Derivative Financial Liabilities	-	-	-	-

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

None.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 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	5.859	10.562	-	-
Other	-	-	-	-
Total	5.859	10.562	-	-

1.2. Information related to account of Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	5.859	10.562	-	-
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Total	5.859	10.562	-	-

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

As of December 31, 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 financial assets at fair value through profit or loss

None (December 31, 2017: None).

3. Positive differences related to derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	4,516	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	4.516	-	-	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (continued)

4. Information on Banks

4.1. Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	929,139	20,830	1,119,642	39,325
<i>Domestic</i>	929,139	91	1,119,642	39,325
<i>Foreign</i>	-	20,739	-	-
<i>Foreign head-offices and branches</i>	-	-	-	-
Total	929,139	20,830	1,119,642	39,325

4.2. Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	7,287	-	-	-
USA, Canada	-	-	-	-
OECD Countries *	13,452	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	20,739	-	-	-

(*)OECD countries other than European Union countries, USA and Canada

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

5.1. Financial assets valued at fair value through other comprehensive income subject to repurchase agreements and provided as collateral/blocked

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

5.2. Information on Financial Assets Measured at Fair value Through Other Comprehensive Income

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

6. Information on Loans

6.1. Information on all types of loans and advances given to shareholders and employees of the

None. (December 31, 2017: None).

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS(continued)

6.2. Information on the first and second group loans and other receivables including rescheduled or restructured loans

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
Non-Specialized Loans	-	-	-	-
Loans Given to Enterprises	-	-	-	-
Export Loans	-	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	-	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	-	-	-	-
Specialized Loans	-	-	-	-
Other Loans	306,590	-	-	-
Total	306,590	-	-	-

6.3. Information on consumer loans, individual credit cards, personnel loans and personel credit cards

None (December 31, 2017: None).

6.4. Information on commercial installment loans and corporate credit cards

None (December 31, 2017: None).

6.5. Loans according to types of borrowers

	Current Period
Public	-
Private	306,590
Total	306,590

6.6. Distribution of domestic and foreign loans

	Current Period
Domestic Loans	306,590
Foreign Loans	-
Total	306,590

6.7. Loans given to associates and subsidiaries

None (December 31, 2017: None).

6.8. Liquidation policies for uncollectible loans and other receivables

For the unrecoverable non-performing loans under legal follow-up, the loan quality, collateral quality, bona fide of the debtor and assessment of the emergency of legal follow-up are considered, before applying the best practice for unrecoverable non-performing loans under legal follow up. The bank prefers to liquidate the risk through negotiations with the debtors. If this cannot be possible, then the Bank starts the legal procedures for the liquidation of the risk. Ongoing legal follow-up procedures do not prevent negotiations with the debtors. An agreement is made with the debtor at all stage of the negotiations for the liquidation of the risk.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS(continued)

6.9. 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 be collected 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".

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

7. Information on financial assets measured at amortized cost

None (December 31, 2017: None).

7.1. 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 December 31, 2018, the Bank does not have securities given as collateral (December 31, 2017: None).

8. Information on associates

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

9. Information on subsidiaries (net)

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

10. Information on entities under common control (Joint Ventures)

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

11. Information on lease receivables

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

12. Information on derivative financial assets held for hedging purposes

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

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS(continued)

13. Information on tangible assets

	Buildings	Vehicles	Other tangible assets(*)	Securities acquired through financial leasing	Total
Prior Period					
Cost	-	-	6,054	-	6,054
Accumulated depreciation (-)	-	-	667	-	667
Net book value	-	-	5,387	-	5,387
Current Period					
Net book value at beginning of the period	-	-	5,387	-	5,387
Additions	-	-	1,356	-	1,356
Transfers	-	-	-	-	-
Disposals (-) (net)	-	-	86	-	86
Impairment (-)	-	-	-	-	-
Depreciation (-)	-	-	1,154	-	1,154
Closing Net Book Value at Period End	-	-	5,503	-	5,503
Cost at the end of current period	-	-	7,324	-	7,324
Accumulated depreciation at end of current period(-)	-	-	1,821	-	1,821
Current Period	-	-	5,503	-	5,503

(*)Other tangible assets consist of office machinery, furniture and furnishing and operating lease development costs.

14. Information on intangible assets

Costs	Rights	
	Current Period	Prior Period
Opening Balance, January 1	5,543	-
Additions	2,111	5,543
Closing Balance, December31	7,654	5,543
Accumulated Depreciation		
	Current Period	Prior Period
Opening Balance, January 1	(1,456)	-
Depreciation	(2,223)	(1,456)
Closing Balance, December 31	(3,679)	(1,456)
Net Book Value, December 31	3,975	4,087

15. Information on investment properties (net)

None (December 31, 2017: None).

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS(continued)

16. 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 1,779 (December 31, 2017: 6 TL) and tax liability amounting to TL 386 (December 31, 2017: TL 180) as of December 31, 2018, the Bank has net deferred tax asset amounting to TL 1,393 (December 31, 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	226	48
Bonus Provision	2,976	655
Tangible Assets Amortization Differences	(1,314)	(289)
Differences Arising From Market Value of Derivative Financial Instruments	(441)	(97)
Other	4,886	1,076
Total	6,333	1,393
	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	-	-
Total	(789)	(174)

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

None.

18. If the other assets item of the balance sheet exceeds 10% of the total balance sheet excluding commitments in the off-balance sheet accounts, the names and amounts of the sub-accounts constituting at least 20% of the balance sheet

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

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 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	Demand	7 Days' Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	-	-	-	-	-	-	-	-	-
Foreign Currency Deposits	3	-	-	-	-	-	-	-	3
Residents in Turkey	3	-	-	-	-	-	-	-	3
Residents Abroad	-	-	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	1	-	-	-	-	-	-	-	1
Other Ins. Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Interbank Deposits	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Special Finan. Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	4	-	-	-	-	-	-	-	4

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 December 31, 2018 (December 31, 2017: None).

2. Information on banks and other financial institution

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

3. 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 (December 31, 2017:Not exceeding).

4. Information on Lease Obligations

4.1. 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)

4.2. 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).

5. Information on derivative financial liabilities for hedging purposes

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

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (continued)

6. Information on Provisions

6.1. Information on General Provisions

	Current Period	Prior Period
Loans and Receivables in Group I	18,874	-
- 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	1,473	-
Others	-	-
Total	20,347	-

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

	Current Period	Prior Period
Opening Balance, January 1	-	-
Period expenses	20,347	-
Cancelled provision	-	-
Closing Balance	20,347	-

6.2. Information on other provisions

None (December 31, 2017: None).

6.2.1. Provision for probable losses

None (December 31, 2017: None).

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

Other provisions do not exceed 10% of the total provisions (December 31, 2017: None).

6.2.3. 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	83	4
Payments made	-	-
Actuarial Difference	5	-
Closing Balance	92	4

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 December 31, 2018 and December 31, 2017, the ceiling of the provision for employment termination benefits is TL 6,017.60 (full TL) and TL 4,732.48 (full TL) respectively.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (continued)

6.2.3. Explanations on reserves for employee benefit(continued)

In the financial statements of December 31, 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	10.40%	8.47%
Interest Rate	16.00%	12.88%

As of December 31, 2018, total provision for employee benefits amounting to TL 3,202 (December 31, 2017: TL 1,932) is composed of TL 134 unused vacation provision(December 31, 2017: TL 27), TL 2,976 bonus provision as of December 31, 2018 (December 31, 2017 : TL 1,901), TL 92 provision for employee termination benefits. (December 31, 2017: 4 TL)

7. Explanations on Tax Liability

As of December 31, 2018, the Bank has current tax liability of TL 2,348 (December 31, 2017 : TL 8,559).

There is no corporate tax amount (December 31, 2017: TL 7,816) that is payable after the deduction of TL 42,387 of prepaid corporate tax (December 31, 2017: TL 13,564) from the corporate tax payable calculated as TL 41,355 (December 31, 2017: TL 21,380).

7.1. Information on tax payables

	Current Period	Prior Period
Corporate taxes payable	-	7,816
Taxation on securities	-	-
Property tax	9	11
Banking and Insurance Transaction Tax (BITT)	286	14
Taxes on foreign exchange transactions	-	-
Value added taxes payable	1,025	159
Other	1,028	559
Total	2,348	8,559

7.2. 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	-	-
Total	143	106

7.3. Explanations on deferred tax liabilities

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

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

None (December 31, 2017: None).

9. Explanations on Subordinated loans

None (December 31, 2017: None).

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (continued)

10. Information on Shareholders' equity

10.1. Paid in Capital

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

10.2. 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	81,827	-
Bills of Exchange and Acceptances	-	-
Letters of Credit	-	-
Total	81,827	-

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	2,577	-
Total	2,577	-

1.3. Explanation on Non-cash loans

1.3.1 Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	81,827	-
With Original Maturity of 1 Year or Less Than 1 Year	-	-
With Original Maturity of More Than 1 Year	81,827	-
Other Non-Cash Loans	2,577	-
Total	84,404	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

III. EXPLANATIONS AND DISCLOSURES RELATED TO OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS(continued)

1.3.2. Information on sectoral risk breakdown of non-cash loans irrevocable loan commitments(excluding forward asset sales and purchase commitments)

	December 31, 2018			
	TL	(%)	FC	(%)
Agricultural	-	-	-	-
Farming and Livestock	-	-	-	-
Forestry	-	-	-	-
Fishing	-	-	-	-
Manufacturing	-	-	-	-
Mining	-	-	-	-
Production	-	-	-	-
Electric, Gas, Water	-	-	-	-
Construction	-	-	81,827	99%
Services	-	-	-	-
Wholesale and Retail Trade	-	-	-	-
Hotel and Food Services	-	-	-	-
Transportation and Telecommunication	-	-	-	-
Financial Institutions	-	-	2,577	1%
Real Estate and Leasing Ser.	-	-	-	-
Professional Services	-	-	-	-
Education Services	-	-	-	-
Health and Social Services	-	-	-	-
Other	-	-	-	-
Total	-	-	84,404	100%

1.3.3. Information on non-cash loans classified in 1st and 2nd group

Non-cash loans	Group 1		Group 2	
	TL	FC	TL	FC
Letters of Guarantee	-	2,577	-	-
Acceptance and Acceptance Loans	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Securities Issuance Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	81,827	-	-
Total	-	84,404	-	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS AND DISCLOSURES RELATED TO OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS(continued)

2. Information related to derivative financial instruments

Current Period	Types of Derivative Transactions	
	Trading	Hedging
Types of Trading Transactions		
Foreign currency related derivative transactions (I)	604,120	-
Currency forward transactions	-	-
Currency swap transactions	604,120	-
Futures transactions	-	-
Options	-	-
Interest related derivative transactions (II)		
Forward rate agreements	-	-
Interest rate swaps	-	-
Interest rate options	-	-
Interest rate futures	-	-
Other derivative transactions for trade (III)		
A. Total trading derivative transactions (I+II+III)	604,120	-
Types of hedging transactions		
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	-	-
Total derivative transactions (A+B)	604,120	-

The swap transactions contracts are for the purpose of protection from exchange rate changes and are not included in the classification of hedging instruments under the TAS, and are followed by their fair values by the Bank as trading transactions.

3. Explanation on credit derivatives and risk exposures due to these credit derivatives

None (December 31, 2017: None).

4. Explanation on contingent liabilities and assets

None (December 31, 2017: None).

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

None (December 31, 2017: None).

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT

1. Information on interest income

1.1. Information on interest on loans

	Prior Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans	-	4,480	-	-
Short-term Loans	-	-	-	-
Medium/Long-term Loans	-	4,480	-	-
Interest on Loans Under Follow-up	-	-	-	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	-	4,480	-	-

1.2. Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	109	2,572	38,468
Domestic Banks	179,640	132	-	-
Foreign Banks	-	4	-	-
Branches and Head Office Abroad	-	-	-	-
Total	179,640	245	2,572	38,468

1.3 Interest received from marketable securities portfolio

None (December 31, 2017: None).

1.4. Information on interest income received from associates and subsidiaries

None (December 31, 2017: None).

2. Information on Interest Expense

2.1. Information on interest on funds borrowed

None (December 31, 2017: None).

2.2. Information on interest expenses to associates and subsidiaries

None (December 31, 2017: None).

2.3. Information on interest expenses to marketable securities

None (December 31, 2017: None).

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT(continued)

2. Interest Expense(continued)

2.4. Information maturity structure of deposits

December 31, 2018								
Time Deposit								
Account Name	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Month	Up to 1 Year	Over 1 Year	Accum. Deposit	Total
Turkish Currency								
Bank Deposits	-	-	-	-	-	-	-	-
Savings Deposits	-	-	-	-	-	-	-	-
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	2	-	-	-	-	-	2
Other Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	2	-	-	-	-	-	2
Foreign Currency								
Foreign Currency Account	-	-	-	-	-	-	-	-
Bank Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Toplam	-	-	-	-	-	-	-	-

As of December 31, 2017, there is no interest expense on deposits.

3. Information on dividend income

None (December 31, 2017: None).

4. Information on net trading income / loss

	Current Period	Prior Period
Income	312,265	82,478
Gains on Capital Market Operations	-	-
Gains on Derivative Financial Instruments	4,016	-
Foreign Exchange Gains	308,249	282,478
Loss (-)	281,218	190,551
Losses on Capital Market Operations	-	-
Losses on Derivative Financial Instruments	-	-
Foreign Exchange Losses	281,218	190,551
Total	31,047	91,927

5. Information on other operating income

	Current Period	Prior Period
Adjustment to previous years expenses	102	-
Total	102	-

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT(continued)

6. Impairment provisions on loans and other receivables

	Current Period	Prior Period
Specific Provisions	-	-
Loans with limited collectability	-	-
Loans with doubtful collectability	-	-
Uncollectible loans	-	-
General Provisions	20,347	-
Impairment Losses on Securities	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment Losses on Associates, Subsidiaries, Joint Ventures and Investment Securities Held to Maturity	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investments Held to Maturity	-	-
Other	-	-
Total	20,347	-

7. Information related to other operational expenses

	Current Period	Prior Period
Personnel Expenses (*)	14,293	10,729
Provision for Employee Termination Benefits	83	4
Provision for Bank's Social Aid Fund Deficit	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Charges of Tangible Assets	1,166	667
Impairment Losses on Intangible Assets	-	-
Impairment losses on goodwill	-	-
Amortization Charges of Intangible Assets	2,223	1,456
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	15,738	6,753
<i>Operational Leases Expenses</i>	287	85
<i>Repair and Maintenance Expenses</i>	95	18
<i>Advertisement Expenses</i>	-	-
<i>Other Expenses</i>	15,356	6,650
Losses on Sale of Assets	-	-
Taxes	2,346	-
Other	7,876	5,687
Total	43,725	25,296

(*) 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 December 31, 2018 Profit before tax from continued operations is TL 154,523 (December 31, 2017: TL 107,640).

9. Explanations on tax provision for continued and discontinued operations

The tax expense for the period ended December 31, 2018 is TL 39,789 (December 31, 2017: TL 21,380).

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

As of December 31, 2018, operating profit after-tax is TL 114,734 (December 31, 2017: TL 86,086).

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT(continued)

11. Information on net profit/loss for the period

Interest income from ordinary banking transactions amounted to TL 184,365 (December 31, 2017: TL 41,040).Interest expenses arising from ordinary banking transactions are TL 2 (December 31, 2017: None).

There are no changes in the estimates made by the Bank regarding the financial statement items.

There is no profit or loss related to minority shares.

11. Information on the components of other items in the income statement exceeding 10% of the total, or items that comprise at least 20% of the income statement

Other items in the statement of income do not exceed 10% of the statement of income(December 31, 2017: None).

V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY

1. Information on distribution of profit

General Assembly is responsible for profit distribution and the annual Ordinary General Assembly meeting has not been held as of the date of revision of these financial statements. The profit distribution for 2018 has not been made yet.

2. Explanations on increase / decrease balance due to merger

None.

3. Explanations on available-for-sale financial assets

None.

4. Information on increases in cash flow hedges

None.

5. Settlement of exchange rate differences at the beginning and end of the period

None.

6. Information on issuance of shares

The Bank does not have any instruments representing the borrowing issued by the Bank itself. The Bank does not have any dividends related to the shares announced after the balance sheet date.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)***VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS****1. Information on cash and cash equivalent assets****a) Components of cash and cash equivalents and the accounting policy applied in their determination**

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents"

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

The components of cash and cash equivalents, the accounting policy used in the determination of these elements, the effect of any change in accounting policy in the current period and the amounts recorded in the balance sheet and cash flow statement of the items that make up the cash and cash equivalents:

a) Cash and cash equivalents at the beginning of period

	December 31, 2017
Cash	-
Receivables from banks and money market	1,156,510
CBRT	-
Total	1,156,510

b) Cash and cash equivalents at the end of the period

	December 31, 2018
Cash	-
Receivables from banks and money market	946,990
CBRT	16,369
Total	963,359

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

VII. 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

December 31, 2018:

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
Current Period						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	20,739	2,577	-	-
Interest and Commission Income Received						
	-	-	4	1,142	-	-

(*) 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.

December 31, 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
Current Period						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Interest and Commission Income Received						
	-	-	-	-	-	-

(*) 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

As of December 31, 2018 and December 31, 2017, the Bank has no deposits and interest expense from the risk group.

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
Financial Assets at Fair Value Through Profit and Loss:						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	604,120	-	-	-
Total Income/Loss	-	-	7,066	-	-	-
Transactions for Hedging Purposes:						
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 December 31, 2018, TL 2,143 was paid to the top management of the Bank.

e) Other transactions with the Bank's risk group

The Bank has other liabilities amounts to TL 7,741 to the risk group arising from banking transactions.

**Notes to unconsolidated financial statements
as for the period 1 January- 31 December 2018**

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

**VIII. 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					

SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE OPERATIONS OF THE BANK

None.

II. EVENTS AFTER THE BALANCE SHEET DATE

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDIT REPORT

I. EXPLANATIONS ON INDEPENDENT AUDIT REPORT

The unconsolidated financial statements as of December 31, 2018 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Ernst&Young Global Limited) and the auditor's independent audit report dated 25 February 2019 has been presented prior to the unconsolidated financial statements.

II. OTHER FOOTNOTES AND EXPLANATIONS PREPARED BY INDEPENDENT AUDITORS'

None.