

BANK OF CHINA TURKEY ANONİM ŐİRKETİ

**INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND RELATED DISCLOSURES FOR THE SIX MONTHS
PERIOD ENDED 30 JUNE 2019**

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

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

INTERIM REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the Board of Directors of Bank Of China Turkey Anonim Şirketi

Introduction

We have reviewed the unconsolidated balance sheet of Bank Of China Turkey Anonim Şirketi ("the Bank") at 30 June 2019 and the related unconsolidated profit/loss statement, unconsolidated statement of profit/loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of unconsolidated interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Reporting Legislation") and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation. Our responsibility is to express a reviewed conclusion on these unconsolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not give a true view of the financial position of Bank Of China Turkey Anonim Şirketi at 30 June 2019 and of the results of its operations and its cash flows for the six-month-period then ended in all material respects in accordance with the BRSA Accounting and Financial Reporting Legislation.

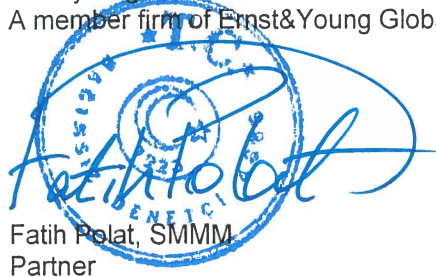
Report on other regulatory requirements arising from legislation

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

Additional paragraph for English translation:

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

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



Fatih Polat, SMMM
Partner

5 August 2019
İstanbul, Turkey

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

THE UNCONSOLIDATED INTERIM FINANCIAL REPORT OF
BANK OF CHINA TURKEY A.Ş. AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

Address : Esentepe Mahallesi. Büyükdere Caddesi, Tekfen Tower No:209 Şişli-İstanbul
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The unconsolidated interim financial report as at and for the six-month period ended prepared in accordance with the communiqué of "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, comprises the following sections;

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

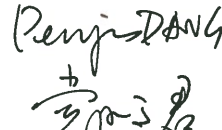
The unconsolidated financial statements for the six-month period ended and related disclosures and footnotes in this report are prepared in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks, Banking Regulation and Supervision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



Bin CHEN
Chairman of the
Board of Directors



Ruojie LI
Member of the
Board of Directors and
General Manager



Pengjun DANG
Deputy Chairman 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



Dalei DING
Assistant General Manager



Fang LONG
Head of Financial and Operational
Control Department

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

Name-Surname/Title : **Metin Özbay** / Financial Reporting Assistant Manager
Telephone Number : (0 212) 386 01 38

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**Notes to the unconsolidated financial statements
as of June 30, 2019***(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 2019.

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 June 30, 2019 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	January 10,2017	PHD Degree
Ruojie LI	Member of the Board of Directors and General Manager	January 10,2017	Master Degree
Xiaoyu LIU	Member of the Board of Directors	January 10,2017	Master Degree
Pengjun DANG	Deputy Chairman of the Board of Directors and Chairman of the Audit Committee	January 10,2017	Master Degree
Özgür DALGIÇ	Member of the Board of Directors	January 10,2017	Master Degree

Members of the Audit Committee:

Name	Title	Assigned Date	Education
Pengjun DANG	Chairman of the Audit Committee	May 4,2017	Master Degree
Özgür DALGIÇ	Member of the Audit Committee Responsible for Internal Systems	May 4,2017	Master Degree

**Notes to the unconsolidated financial statements
as of June 30, 2019***(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 June 30, 2019, the Bank serves with 33 employees. (December 31, 2018: 31)

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
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- VI. Unconsolidated Statement of Cash Flows

BANK OF CHINA TURKEY A.Ş.
**Unconsolidated balance sheet (statement of financial position)
as of June 30, 2019**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

Assets	Note (Section Five)	Reviewed			Audited		
		Current period			Prior period		
		30.06.2019			31.12.2018		
		TC	FC	Total	TC	FC	Total
I. FINANCIAL ASSETS (Net)		914.214	50.455	964.669	939.514	31.392	970.906
1.1 Cash and cash equivalents		914.214	50.455	964.669	934.998	31.392	966.390
1.1.1 Cash and balances at central bank	(5.1.1)	7.777	38.999	46.776	5.859	10.562	16.421
1.1.2 Banks	(5.1.4)	906.437	11.456	917.893	929.139	20.830	949.969
1.1.3 Money Market Placements		-	-	-	-	-	-
1.2 Financial assets at fair value through profit or loss		-	-	-	-	-	-
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 Derivative financial assets	(5.1.3)	-	-	-	4.516	-	4.516
1.4.1 Derivative financial assets at fair value through profit and loss		-	-	-	4.516	-	4.516
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II. LOANS MEASURED AT AMORTISED COST (net)		238.754	332.283	571.037	-	306.590	306.590
2.1 Loans		212.565	332.283	544.848	-	306.590	306.590
2.2 Lease receivables		-	-	-	-	-	-
2.3 Factoring receivables		-	-	-	-	-	-
2.4 Loans measured at amortised cost		26.189	-	26.189	-	-	-
2.4.1 Government debt securities		26.189	-	26.189	-	-	-
2.4.2 Other financial assets		-	-	-	-	-	-
2.4 Non-performing loans		-	-	-	-	-	-
2.5 Expected credit losses (-)		-	-	-	-	-	-
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)	26.192	-	26.192	5.503	-	5.503
VI. INTANGIBLE ASSETS (Net)	(5.1.14)	2.897	-	2.897	3.975	-	3.975
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		2.897	-	2.897	3.975	-	3.975
VII. INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	1.032	-	1.032
IX. DEFERRED TAX ASSET	(5.1.16)	7.347	-	7.347	1.393	-	1.393
X. OTHER ASSETS	(5.1.18)	1.158	1.753	2.911	733	1.669	2.402
TOTAL ASSETS		1.190.562	384.491	1.575.053	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 June 30, 2019**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

Liabilities	Note	Reviewed			Audited		
		Current period			Prior period		
		30.06.2019			31.12.2018		
	(Section Five)	TC	FC	Total	TC	FC	Total
I. DEPOSITS	(5.II.1)	150.035	41	150.076	1	3	4
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	(5.II.2)	991	-	991	-	-	-
7.1 Derivative financial liabilities at fair value through profit or loss		991	-	991	-	-	-
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE LIABILITIES		421	22.633	23.054	-	-	-
X. PROVISIONS	(5.II.7)	33.931	-	33.931	23.549	-	23.549
10.1 General loan loss provisions		31.652	-	31.652	20.347	-	20.347
10.2 Provisions for restructuring		-	-	-	-	-	-
10.3 Reserve for employee benefits		2.279	-	2.279	3.202	-	3.202
10.4 Insurance technical reserves (Net)		-	-	-	-	-	-
10.5 Other provisions		-	-	-	-	-	-
XI. CURRENT TAX LIABILITIES	(5.II.8)	18.089	-	18.089	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		5.352	126	5.478	5.738	8.116	13.854
XVI. SHAREHOLDERS' EQUITY	(5.II.11)	1.343.434	-	1.343.434	1.252.046	-	1.252.046
16.1 Paid-in capital		1.051.230	-	1.051.230	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)	(4)	-	(4)
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		-	-	-	-	-	-
16.5 Profit reserves		200.820	-	200.820	86.086	-	86.086
16.5.1 Legal reserves		10.041	-	10.041	4.304	-	4.304
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		190.779	-	190.779	81.782	-	81.782
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		91.388	-	91.388	114.734	-	114.734
16.6.1 Prior years' profits or losses		-	-	-	-	-	-
16.6.2 Current period net profit or loss		91.388	-	91.388	114.734	-	114.734
16.7 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		1.552.253	22.800	1.575.053	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 statement of off-balance sheet commitments
as of June 30, 2019**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

		Reviewed Current period 30.06.2019			Audited Prior period 31.12.2018			
		Note (Section Five)	TC	FC	Total	TC	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	(5.III.1)	546.810	836.657	1.383.467	302.010	386.514	688.524
I.	GUARANTEES AND WARRANTIES		244.800	509.122	753.922	-	84.404	84.404
1.1	Letters of Guarantee		244.800	2.808	247.608	-	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		244.800	2.808	247.608	-	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		-	506.314	506.314	-	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	327.535	629.545	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	327.535	629.545	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	327.535	629.545	302.010	302.110	604.120
3.2.2.1	Foreign Currency Swap-Buy		302.010	-	302.010	302.010	-	302.010
3.2.2.2	Foreign Currency Swap-Sell		-	327.535	327.535	-	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)		546.810	836.657	1.383.467	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 profit/loss for the period ended June 30, 2019
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

INCOME AND EXPENSE ITEMS	Note (section five)	Reviewed		Reviewed	
		Current period	Prior period	Current period	Prior period
		01.01.2019- 30.06.2019	01.01.2018- 30.06.2018	01.04.2019- 30.06.2019	01.04.2018- 30.06.2018
I. INTEREST INCOME	(5.IV.1)	124.613	78.709	66.219	78.709
1.1 Interest from Loans		17.565	-	14.381	-
1.2 Interest from Reserve Deposits		2	-	2	-
1.3 Interest from Banks		106.717	78.709	51.507	78.709
1.4 Interest from Money Market Transactions		-	-	-	-
1.5 Interest from Marketable Securities Portfolio		329	-	329	-
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		329	-	329	-
1.6 Interest from Financial Leases		-	-	-	-
1.7 Other Interest Income		-	-	-	-
II. INTEREST EXPENSE	(5.IV.2)	6.275	-	5.317	-
2.1 Interest on Deposits		5.751	-	5.049	-
2.2 Interest on Funds Borrowed		-	-	-	-
2.3 Interest Expense on Money Market Transactions		-	-	-	-
2.4 Interest on Securities Issued		-	-	-	-
2.5 Lease Interest Expenses		524	-	268	-
2.6 Other Interest Expenses		-	-	-	-
III. NET INTEREST INCOME (I - II)		118.338	78.709	60.902	78.709
IV. NET FEES AND COMMISSIONS INCOME / LOSSES		7.146	218	6.560	218
4.1 Fees and Commissions Received		7.168	237	6.575	237
4.1.1 Non-cash Loans		6.351	237	5.963	237
4.1.2 Other		817	-	612	-
4.2 Fees and Commissions Paid		22	19	15	19
4.2.1 Non-cash Loans		-	-	-	-
4.2.2 Other		22	19	15	19
V. DIVIDEND INCOME	(5.IV.3)	-	-	-	-
VI. TRADING INCOME / LOSS (Net)	(5.IV.4)	26.702	2.733	35.847	2.733
6.1 Profit / Loss on Securities Trading		-	-	-	-
6.2 Profit / Loss on Derivative Financial Transactions		(524)	-	23.563	-
6.3 Foreign Exchange Gains / Losses		27.226	2.733	12.284	2.733
VII. OTHER OPERATING INCOME	(5.IV.5)	40	4	6	4
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII+VIII)		152.226	81.664	103.315	81.664
IX. LOAN PROVISIONS (-)	(5.IV.6)	11.305	18.484	7.798	18.484
X. PERSONEL EXPENSES (-)		8.954	6.597	5.117	6.597
XI. OTHER OPERATING EXPENSES (-)	(5.IV.7)	11.440	9.231	6.038	9.231
XII. NET OPERATING PROFIT / LOSS (IX-X-XI)		120.527	47.352	84.362	47.352
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)	120.527	47.352	84.362	47.352
XVII. TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.9)	(29.139)	(14.429)	(19.719)	(14.429)
17.1 Current Tax Provision		(35.093)	(15.020)	(17.813)	(15.020)
17.2 Expense Effect of Deferred Tax		-	-	-	-
17.3 Income Effect of Deferred Tax		5.954	591	(1.906)	591
XVIII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVI±XVII)	(5.IV.10)	91.388	32.923	64.643	32.923
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)	91.388	32.923	64.643	32.923

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 June 30, 2019***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

		Reviewed	Reviewed
		01.01.2019-30.06.2019	01.01.2018-30.06.2018
I.	CURRENT PERIOD INCOME/LOSS	91.388	32.923
II.	OTHER COMPREHENSIVE INCOME	-	-
2.1	Other comprehensive income that will not be reclassified to profit or loss	-	-
2.1.1	Gains (Losses) on Revaluation of Property and Equipment	-	-
2.1.2	Gains (Losses) on Revaluation of Intangible Assets	-	-
2.1.3	Gains (Losses) on Remeasurements of Defined Benefit Plans	-	-
2.1.4	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-	-
2.1.5	Taxes Relating to Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	-	-
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)	91.388	32.923

**Statement of changes in shareholders equity
for the period ended June 30, 2019**

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

Statement of changes in shareholders equity		Note	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 (30.06.2019)															
I.	Balances at beginning of the period (*)		1.051.230	-	-	-	-	(4)	-	-	-	86.086	-	114.734	1.252.046	
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	-	-	-	-	(4)	-	-	-	86.086	-	114.734	1.252.046	
IV.	Total Comprehensive Income		-	-	-	-	-	-	-	-	-	-	-	91.388	91.388	
V.	Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Capital Increase through Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Debt		-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Profit distribution		-	-	-	-	-	-	-	-	-	114.734	-	(114.734)	-	
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2	Transfers to reserves		-	-	-	-	-	-	-	-	-	114.734	-	(114.734)	-	
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	
	Balances at the end of the period (III+IV+.....+X+XI)		1.051.230	-	-	-	-	(4)	-	-	-	200.820	-	91.388	1.343.434	

Statement of changes in shareholders equity		Note	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				
	Prior period (30.06.2018)															
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		-	-	-	-	-	-	-	-	-	-	-	32.923	32.923	
V.	Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Capital Increase through Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Debt		-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	Profit distribution		-	-	-	-	-	-	-	-	-	86.086	-	(86.086)	-	
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2	Transfers to reserves		-	-	-	-	-	-	-	-	-	86.086	-	(86.086)	-	
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	
	Balances at the end of the period (III+IV+.....+X+XI)		1.051.230	-	-	-	-	-	-	-	-	86.086	-	32.923	1.170.239	

(*) Those figures represents the closing amounts as of December 31, 2018.

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 cash flows
for the period January 1 - June 30, 2019**

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

Statement of Cash Flows		Note (section five)	Reviewed	Reviewed
			Current period 01.01.2019-30.06.2019	Prior period 01.01.2018-30.06.2018
A.	CASH FLOWS FROM BANKING OPERATIONS		-	-
1.1	Operating profit before changes in operating assets and liabilities		82.057	48.115
1.1.1	Interest received (+)		115.686	65.733
1.1.2	Interest paid (-)		5.153	-
1.1.3	Dividend received (+)		-	-
1.1.4	Fees and commissions received (+)		7.104	1.503
1.1.5	Other income (+)		-	-
1.1.6	Collections from previously written off loans and other receivables (+)		-	-
1.1.7	Payments to personnel and service suppliers (-)		18.140	12.124
1.1.8	Taxes paid (-)		17.440	6.997
1.1.9	Other (+/-)		-	-
1.2	Changes in Operating Assets and Liabilities		(64.734)	(30.032)
1.2.1	Net (increase) / decrease in trading securities (+/-)		-	-
1.2.2	Net (increase) / decrease in fair value through profit/(loss) financial assets (+/-)		(5.015)	(10.338)
1.2.3	Net (increase) / decrease in due from banks and other financial institutions (+/-)		(200.000)	-
1.2.4	Net (increase) / decrease in loans (+/-)		(509)	(597)
1.2.5	Net (increase) / decrease in other assets (+/-)		-	-
1.2.6	Net increase / (decrease) in bank deposits (+/-)		150.072	3
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 (+/-)		(9.282)	(19.100)
I.	Net cash provided from banking operations		17.323	18.083
B.	CASH FLOWS FROM INVESTING ACTIVITIES		-	-
II.	Net cash provided from investing activities (+/-)		(25.860)	-
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 (-)		25.860	-
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		1.801	2.733
V.	Net increase in cash and cash equivalents (I+II+III+IV)		(6.736)	20.816
VI.	Cash and cash equivalents at beginning of period		963.359	1.156.510
VII.	Cash and cash equivalents at end of period		956.623	1.177.326

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

**Notes to unconsolidated financial statements
as at 30 June 2019**

(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".

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

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

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

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

**Notes to unconsolidated financial statements
as at 30 June 2019**

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

I. 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.

As of June 30, the Bank has derivative financial liabilities is TL 991 which is classified as "Derivative Financial Liabilities Measured at Fair Value through Profit and Loss"(December 31, 2018: TL 4.516 Derivative Financial Asset).

**Notes to unconsolidated financial statements
as at 30 June 2019**

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

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 other comprehensive income " 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 as of June 30, 2019.

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".

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at their acquisition cost including the transaction costs which reflect the fair value of those instruments and are subsequently recognized at "Amortized Cost" by using "Effective Interest (Internal Efficiency) Rate" method. Interest income obtained from financial assets measured at amortized cost are accounted in the income statement.

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.

**Notes to unconsolidated financial statements
as at 30 June 2019**

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

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 Jun 30, 2019, the Bank has no repo, reverse repo and foreclosed marketable securities (December 31, 2018: 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 Jun 30, 2019, the Bank has no assets held for sale and discontinued operations (December 31, 2018: 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.

As of Jun 30, 2019, there is no goodwill in the accompanying financial statements (December 31, 2018: None).

**Notes to unconsolidated financial statements
as at 30 June 2019***(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 is a lessee in the offices used for the marketing of operational area services and operations, and there are no financial leasing transactions.

Explanations on TAS 16 Leases Standard

TAS 16 Leases Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826, effective from 1 January 2019. This Standard specifies the principles for the leasing, presentation, presentation and disclosure of leases. The purpose of the standard is to provide tenants and lessees with appropriate information. This information is the basis for evaluating the impact of the leases on the entity's financial position, financial performance and cash flows by users of financial statements. The Bank has started to apply the related standard on 1 January 2019.

Measurement, Presentation and Reflection of Financial Leasings into Financial Statement

The amount of the lease obligation is shown in the balance sheet as gross in proportion to the total of all cash payments under the contract and netted off with the interest expense arising from the contract. The usage right arising from the leasing transactions is capitalized at the date of the rental at the beginning of the lease by measuring the present value of the lease payments that have not been paid at that date. In this measurement, if the interest can be easily determined, the implied interest rate in the lease is used. If this ratio cannot be easily determined, the Bank's alternative borrowing interest rate announced by the Treasury Unit is used.

As a result of TAS 16 Standard implementation, as of June 30, 2019, the Bank has classified TL 20.586 operating lease into fixed assets and net operating lease liability is TL 23.053.

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XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT ASSETS/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.

**Notes to unconsolidated financial statements
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

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 2 years beginning from 30 June 2019, 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 2020 and 2021). 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 June 30, 2019, the Bank has TL 7.347 deferred tax assets (December 31, 2018: TL 1.393 deferred tax asset).

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.

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.

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XVI. EXPLANATIONS ON TAXATION (continued)

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, 2018: None).

XVIII. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

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

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES

As of the balance sheet date, the Bank does not have any government incentives. (December 31, 2018: None).

**Notes to unconsolidated financial statements
as at 30 June 2019**

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

XXI. EXPLANATIONS ON SEGMENT REPORTING

The main segment of banking operations is Corporate Banking. As of June 30, 2019, the financial information per banking segments is presented below:

Current period	Corporate Banking	Fund management	Unallocated	Total
Operating income	18.767	133.420	40	152.227
Operating expense	(3.381)	(7.925)	(20.394)	(31.700)
Pretax income / (loss)	15.386	125.495	(20.354)	120.527
Tax provision (-)	-	-	(29.139)	(29.139)
Net Profit / (Loss)	15.386	125.495	(49.493)	91.388
Segment assets	544.848	990.858	39.347	1.575.053
Segment liabilities	163.784	18.935	48.900	231.619
Equity	-	1.343.434	-	1.343.434

Prior period(**)	Corporate Banking	Fund management	Unallocated	Total
Operating income	218	81.442	4	81.664
Operating expense	(783)	(17.701)	(15.828)	(34.312)
Pretax income / (loss)	(565)	63.741	(15.824)	47.352
Tax provision (-)	-	-	(14.429)	(14.429)
Net Profit / (Loss)	(565)	63.741	(30.253)	32.923
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 numbers subject to income statement indicated as of 30th June,2018.

XXII. OTHER MATTERS

None.

**Notes to unconsolidated financial statements
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(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 June 30, 2019, the Bank's total capital has been calculated as TL 1.348.660 (December 31, 2018: TL 1.252.526) and the capital adequacy ratio is 73,67%(December 31, 2018:190.69%). This ratio is well above the minimum ratio required by the legislation.

Information on Equity Accounts:

	Current Period (30/06/2019) Amount	Amounts as per the regulation before 1/1/2014 (*)	Prior Period (31/12/2018) Amount	Amounts as per the regulation before 1/1/2014 (*)
COMMON EQUITY TIER I CAPITAL	1.331.328	-	1.244.682	-
Paid-in capital to be entitled for compensation after all creditors	1.051.230	-	1.051.230	-
Share Premium	-	-	-	-
Reserves	200.820	-	86.086	-
Gains recognized in equity as per TAS	-	-	-	-
Profit	91.388	-	114.734	-
Current period profit	91.388	-	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	1.343.438	-	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	-	4	-
Improvement costs for operating leasing(-)	1.863	-	1.998	-
Goodwill and other intangible assets and related deferred taxes (-)	-	-	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2.736	-	3.816	-
Excess amount arising from deferred tax assets from temporary differences	7.507	-	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	12.110	-	7.368	-
Total Common Equity Tier I Capital	1.331.328	-	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.

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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)
I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY(continued)

	Current Period (30/06/2019) Amount	Amounts as per the regulation before 1/1/2014 (*)	Prior Period (31/12/2018) Amount	Amounts as per the regulation before 1/1/2014 (*)
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 be deducted from Common Equity Tier I capital for the purposes of the first subparagraph 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)	1.331.328	-	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)	17.333	-	7.844	-
Tier II Capital before Deductions	17.333	-	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	17.333	-	7.844	-
Total Equity (Total Tier I and Tier II Capital)	1.348.661	-	1.252.526	-

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

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS' EQUITY(continued)

	Current Period (30/06/2019) Amount	Amounts as per the regulation before 1/1/2014 (*)	Prior Period (31/12/2018) Amount	Amounts as per the regulation before 1/1/2014 (*)
Total Tier I Capital and Tier II Capital (Total Equity)	1.348.661	-	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	1.348.661	-	1.252.526	-
Total Capital (Total of Tier I Capital and Tier II Capital)	1.348.661	-	1.252.526	-
Total Risk Weighted Assets	1.830.679	-	627.410	-
CAPITAL ADEQUACY RATIOS				
Core Capital Adequacy Ratio (%)	72,72	-	189,5	-
Tier I Capital Adequacy Ratio (%)	72,72	-	189,5	-
Capital Adequacy Ratio (%)	73,67	-	190,69	-
BUFFERS				
Bank-specific total Core Capital Ratio	2,5	-	0,04	-
Capital Conservation Buffer Ratio (%)	0,28	-	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	69	-	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	31.652	-	20.347	-
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	17.333	-	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.

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as at 30 June 2019**

(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 30.06.2019	Prior Period 31.12.2018
Paid in Capital	1.051.230	1.051.230
Capital Reserves	200.820	86.086
Profit	91.388	114.734
Total Equity before Deductions	1.343.438	1.252.050
Deduction made within the scope of the Regulation	12.111	7.368
Common Equity Tier 1 Capital	1.331.328	1.244.682
Tier 1 Capital	1.331.328	1.244.682
General Provisions (Up to 1.25%)	17.333	7.844
Total Equity	1.348.661	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

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

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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 managable 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 June 30, 2019 and December 31, 2018 as well as the last five day financial statement valuation rates are as follows:

(All rates presented as full TL.)

30.06.2019	USD	EUR	GBP	CNY
Rates :				
1. Day Foreign Exchange Buying Rate	5,7904	6,5935	7,3745	0,8368
2. Day Foreign Exchange Buying Rate	5,7630	6,5476	7,2939	0,8330
3. Day Foreign Exchange Buying Rate	5,7665	6,5571	7,3114	0,8338
4. Day Foreign Exchange Buying Rate	5,7551	6,5507	7,2855	0,8333
5. Day Foreign Exchange Buying Rate	5,7551	6,5507	7,2855	0,8333
Arithmetic mean of last 30 days	5,8213	6,5577	7,3558	0,8388
31.12.2018	USD	EUR	GBP	CNY
Rates :				
1. Day Foreign Exchange Buying Rate	5,2810	6,0422	6,7135	0,7635
2. Day Foreign Exchange Buying Rate	5,2889	6,0245	6,6761	0,7651
3. Day Foreign Exchange Buying Rate	5,2832	6,0185	6,6954	0,7631
4. Day Foreign Exchange Buying Rate	5,3034	6,0419	6,7245	0,7661
5. Day Foreign Exchange Buying Rate	5,2746	6,0291	6,6877	0,7629
Arithmetic mean of last 30 days	5,2746	6,0342	6,6718	0,7599
	5,2970	6,0280	6,6528	0,7642

**Notes to unconsolidated financial statements
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(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 FC	Total
Current Period 30.06.2019				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	13.101	25.898	-	38.999
Due From Banks	6.312	5.144	-	11.456
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	332.283	-	-	332.283
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	1.524	229	-	1.753
Total Assets	353.220	31.271	-	384.491
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	26	15	-	41
Money Market Borrowings	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-
Securities Issued	-	-	-	-
Sundry Creditors	-	-	-	-
Derivative Fin. Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	3	22.756	-	22.759
Total Liabilities	29	22.771	-	22.800
Net Balance Sheet Position	353.191	8.500	-	361.691
Net Off-Balance Sheet Position	(327.535)	-	-	(327.535)
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	(327.535)	-	-	(327.535)
Non-Cash Loans (*)	506.314	2.808	-	509.122
Prior Period				
Total Assets	315.336	24.315	-	339.651
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

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

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III. EXPLANATIONS ON CURRENCY RISK(continued)**Sensitivity analysis on currency risk:**

If the foreign currency position of USD and EUR carried by the Bank as of June 30, 2019 is 10%(December 31,2018:10%) 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:

Current period 30.06.2019	Change in foreign currency	Impact on Profit / Loss (*)	Impact on Equity
EUR	%10 Increase	2.566	2.566
	%10 Decrease	(2.566)	(2.566)
USD	%10 Increase	850	850
	%10 Decrease	(850)	(850)

Prior Period 31.12.2018	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.

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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 30.06.2019	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	-	-	-	-	-	46.776	46.776
Banks	906.314	-	-	-	-	11.579	917.893
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans	332.283	212.565	-	-	-	-	544.848
Financial Assets Measured at Amortized Cost	10.243	-	15.946	-	-	-	26.189
Other Assets	-	-	-	-	-	39.347	39.347
Total Assets	1.248.840	212.565	15.946	-	-	97.702	1.575.053
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	150.000	-	-	-	-	76	150.076
Interbank Money Market Received	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (*)	-	-	-	991	-	1.423.986	1.424.977
Total Liabilities	150.000	-	-	991	-	1.424.062	1.575.053
Balance sheet long position	1.098.840	212.565	15.946	-	-	-	1.327.351
Balance sheet short position	-	-	-	(991)	-	(1.326.360)	(1.327.351)
Off-Balance sheet long position	-	-	67.113	234.897	-	-	302.010
Off-Balance sheet short position	-	-	(72.786)	(254.749)	-	-	(327.535)
Total Position	1.098.840	212.565	10.273	(20.843)	-	(1.326.360)	(25.525)

(*) Including 1.343.434 TL shareholders' equity.

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as at 30 June 2019**

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

IV. EXPLANATIONS ON INTEREST RATE RISK(continued)

Prior Period 31.12.2018	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	-	-	-	-	-	-	-
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.

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IV. EXPLANATIONS ON INTEREST RATE RISK(continued)

Average interest rates applied to financial instruments

	EUR	USD	Other FC	TL
Current period 30.06.2019				
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	2,00	-	-
Banks and Receivables from Other Financial Institutions	0,10	-	-	23,74
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	-	-	23,98
Financial Assets Measured at Amortized	-	-	-	24,08
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	1,00	-	-	23,21
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	-	-

	EUR	USD	Other FC	TL
Prior Period 31.12.2018				
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	2,00	-	-
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	-	-	-	-

V. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES

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

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

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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 30.06.2019

Assets	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated	Total
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	46.776	-	-	-	-	-	-	46.776
Banks	11.579	906.314	-	-	-	-	-	917.893
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans	-	36.393	-	36.393	472.062	-	-	544.848
Financial Assets Measured at Amortized Cost	-	10.243	-	15.946	-	-	-	26.189
Other Assets (*)	-	-	-	-	-	-	39.347	39.347
Total assets	58.355	952.950	-	52.339	472.062	-	39.347	1.575.053
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	76	150.000	-	-	-	-	-	150.076
Funds Borrowed from Other Financial Institutions	-	-	-	-	-	-	-	-
Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities (**)	49.768	-	-	-	-	-	1.375.209	1.424.977
Total Liabilities	49.844	150.000	-	-	-	-	1.375.209	1.575.053
Net Liquidity Gap	8.511	802.950	-	52.339	472.062	-	(1.335.862)	-
Net Off-Balance Sheet Position	-	-	-	-	(19.853)	-	-	(25.525)
Financial Derivative Assets	-	33.557	-	33.557	234.896	-	-	302.010
Financial Derivative Liabilities	-	36.393	-	36.393	254.749	-	-	327.535
Non-Cash Loans	-	-	-	196.521	444.129	113.272	-	753.922

(*) 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.

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VI. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO(continued)
Prior Period 31.12.2018

Assets	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated	Total
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)	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	-	-	(11)	(89)	-	-	(100)
Financial Derivative Liabilities	-	-	-	33.557	268.453	-	-	302.010
Non-Cash Loans	-	-	-	-	2.577	81.827	-	84.404

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

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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 30.06.2019		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)			38.332	32.064
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:	91.546	15.496	43.618	6.556
6	Operational deposits	-	-	-	-
7	Non-operational deposits	79.880	14.900	31.952	5.960
8	Unsecured funding	11.666	596	11.666	596
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			43.618	6.556
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	880.392	21.602	880.392	21.602
19	Other cash inflows	16.667	-	16.667	-
20	Total Cash Inflows	897.059	21.602	897.059	21.602
Values applied upper limit					
21	Total HQLA			38.332	32.064
22	Total Net Cash Outflows			14.478	2.371
23	Liquidity Coverage Ratio (%)			567	15.866

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

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VI. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO(continued)

Liquidity coverage ratio:

Prior Period 31.12.2018		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:	14.298	8.990	8.902	3.626
6	Operational deposits	-	-	-	-
7	Non-operational deposits	8.993	8.940	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. As of June 30,2019 liquidity ratio is required to be at least 80% (December 31,2018:70%) for foreign currency assets/liabilities and 100% (December 31,2018:90%) 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:

Current period 30.06.2019					
	Highest	Date	Lowest	Date	Average
TL+FC	2.256	31-May-19	165	10-May-19	567
FC	63.613	28-Jun-19	426	14-Jun-19	15.866

Prior Period 31.12.2018					
	Highest	Date	Lowest	Date	Average
TL+FC	17.283	28-Dec-18	275	02-Nov-18	7.351
FC	4.805.771	12-Oct-18	34.647	26-Dec-18	2.440.162

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VII. EXPLANATIONS ON LEVERAGE RATIO

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

	Current period 30.06.2019 (*)	Prior Period 31.12.2018 (*)
1 Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	1.537.555	1.288.589
2 (Assets deducted in determining Tier 1 capital)	(15.882)	(9.101)
3 Total balance sheet risks (sum of lines 1 and 2)	1.521.673	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	15.101	-
6 Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	15.101	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	684.027	114.132
11 (Adjustments for conversion to credit equivalent amounts)	-	-
12 Total risks of off-balance sheet items (sum of lines 10 and 11)	684.027	114.132
Capital and total risks		
13 Tier 1 capital	1.299.535	1.230.387
14 Total risks (sum of lines 3, 6, 9 and 12)	2.220.801	1.402.424
15 Leverage ratio	58,70	82,41

(*) 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.

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.

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IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

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 30.06.2019	Prior Period 31.12.2018	Current period 30.06.2019
1	Credit risk (excluding counterparty credit risk) (CCR)	1.370.644	604.319	109.653
2	Standardized approach (SA)	1.370.644	604.319	109.653
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	16.014	23.091	1.281
5	Standardized approach for counterparty credit risk (SACCR)	16.014	23.091	1.281
6	Internal Model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies - %1250 weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory Formula Approach (SSFA)	-	-	-
16	Market risk	-	-	-
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)	1.386.658	627.410	110.934

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IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

2. Credit quality of assets

Current Period 30.06.2019		Gross carrying values of as per TAS		Allowances/ impairments	Net values
		Defaulted exposures	Non- defaulted exposures		
1	Loans	-	658.261	-	658.261
2	Debt Securities	-	-	-	-
3	Off-balance sheet exposures	-	640.650	-	640.650
4	Total	-	1.298.911	-	1.298.911

Prior Period 31.12.2018		Gross carrying values of as per TAS		Allowances/ impairments	Net values
		Defaulted exposures	Non- defaulted exposures		
1	Loans	-	306.690	-	306.690
2	Debt Securities	-	-	-	-
3	Off-balance sheet exposures	-	84.403	-	84.403
4	Total	-	391.093	-	391.093

3. Changes in stock of defaulted loans and debt securities

The Bank does not have any default receivables or borrowing instruments

4. Credit risk mitigation techniques

Current Period 30.06.2019		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	658.261	-	-	-	-	-	-
2	Debt securities	-	-	-	-	-	-	-
3	Total	658.261	-	-	-	-	-	-
4	Of which defaulted	-	-	-	-	-	-	-
Prior Period 31.12.2018		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	306.690	-	-	-	-	-	-
2	Debt securities	-	-	-	-	-	-	-
3	Total	306.690	-	-	-	-	-	-
4	Of which defaulted	-	-	-	-	-	-	-

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IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

5. 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

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

Current Period 30.06.2019		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes		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	72.965	-	72.965	-	38.999	53%
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	934.377	640.650	934.377	516.846	647.668	45%
7	Exposures to corporates	658.261	-	658.261	-	658.261	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	25.716	-	25.716	-	25.716	100%
17	Equity Investment	-	-	-	-	-	-
18	Total	1.691.319	640.650	1.691.319	516.846	1.370.644	62%

Prior Period 31.12.2018		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Asset classes		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%

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IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

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

Current Period 30.06.2019		0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit risk exposure amount (after CCF and CRM)
Asset classes/	Risk weight											
1	Exposures to central governments or central banks	33.966	-	-	-	-	-	38.999	-	-	-	72.965
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	-	-	917.628	-	138.905	-	394.690	-	-	-	1.451.223
7	Exposures to corporates	-	-	-	-	-	-	658.261	-	-	-	658.261
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	-	-	-	-	-	-	25.716	-	-	-	25.716
18	Total	33.966	-	917.628	-	138.905	-	1.117.666	-	-	-	2.208.165
Prior period 31.12.2018		0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit risk exposure amount (after CCF and CRM)
Asset classes/	Risk weight											
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

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IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

6. Disclosures regarding Counterparty Credit Risk

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

Current Period 30.06.2019		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	-	15.101		-	15.101	7.551
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	Toplam						7.551

Prior period 31.12.2018		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		-	19.618	9.809
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	Toplam						9.809

6.2 . Credit Valuation Adjustment (CVA) Capital Charge

		Current Period 30.06.2019		Prior period 31.12.2018	
		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts	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	15.101	7.551	19.618	23.092
4	Total amount of CVA capital adequacy	15.101	7.551	19.618	23.092

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IX. EXPLANATIONS ON RISK MANAGEMENT(continued)
6.3. Standardised approach – CCR exposures by regulatory portfolio and riskweights

Current Period 30.06.2019 Asset classes/ Risk weight	0%	10%	20%	50%	75%	100%	150%	Other	Total 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	-	-	-	15.101	-	-	-	-	15.101
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	-	-	-	15.101	-	-	-	-	15.101

Prior period 31.12.2018 Asset classes/ Risk weight	0%	10%	20%	50%	75%	100%	150%	Other	Total 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

**Notes to unconsolidated financial statements
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

IX. EXPLANATIONS ON RISK MANAGEMENT(continued)

6.4. Composition of collateral for CCR exposure

The Bank has no collaterals used for counterparty credit risk.

6.5. Credit derivatives

The Bank has no derivatives.

6.6. Risks to Central Counterparty

The Bank has no risks to central counterparty.

7. Securitization disclosures

The Bank has no securities.

8. Explanations On 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.

Market risk under standartised approach:

	Current Period 30.06.2019	Prior period 31.12.2018
	Risk Weighted Asset	Risk Weighted Asset
Outright products		
1	-	-
2	-	-
3	34.156	29.423
4	-	-
Options		
5	-	-
6	-	-
7	-	-
8	Securitisat	ion
9	Total	34.156 29.423

**Notes to unconsolidated financial statements
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

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

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

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

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

**Notes to unconsolidated financial statements
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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	7.777	38.999	5.859	10.562
Other	-	-	-	-
Total	7.777	38.999	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	7.777	35.268	-	-
Unrestricted Time Deposits	-	-	5.859	10.562
Restricted Time Deposits	-	3.731	-	-
Total	7.777	38.999	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 June 30, 2019 there are no financial assets at fair value through profit or loss subject to repurchase agreement (December 31, 2018: None).

As of June 30, 2019, the Bank does not have any collateral assets in exchange for Istanbul Stock Exchange (December 31, 2018: None).

2.2. Positive differences related to financial assets at fair value through profit or loss

None (December 31, 2018: None).

**Notes to unconsolidated financial statements
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS(continued)

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	-

4. Information on Banks

4.1. Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	906.437	11.456	929.139	20.830
<i>Domestic</i>	906.437	265	929.139	91
<i>Foreign</i>	-	11.191	-	20.739
<i>Foreign head-offices and branches</i>	-	-	-	-
Total	906.437	11.456	929.139	20.830

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 June 30, 2019 there are no financial assets at fair value through other comprehensive income subject to repurchase agreement (December 31, 2018: None). As of June 30, 2019, there are no financial assets given as collateral/blocked (December 31, 2018: None).

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

None (December 31, 2018: None).

6. Information on Loans

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

None (December 31, 2018: None).

**Notes to unconsolidated financial statements
as at 30 June 2019**

(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	Restructured Loans and Receivables	
			Loans and Receivables Not Subject To Restructuring	Loans and Receivables with Revised Contract Terms
Non-Specialized Loans	-	-	-	-
Loans Given to Enterprises	-	-	-	-
Export Loans	212.565	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	-	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	332.283	-	-	-
Specialized Loans	-	-	-	-
Other Loans	-	-	-	-
Total	544.848	-	-	-

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

None (December 31, 2018: None).

6.4. Information on commercial installment loans and corporate credit cards

None (December 31, 2018: None).

6.5. Loans according to types of borrowers

	Current Period	Prior Period
Public	-	-
Private	544.848	306.590
Total	544.848	306.590

6.6. Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	544.848	306.590
Foreign Loans	-	-
Total	544.848	306.590

6.7. Loans given to associates and subsidiaries

None (December 31, 2018: 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 at 30 June 2019**

(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, 2018: None).

7. Information on financial assets measured at amortized cost

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, 2018: None). As of June 30, 2019, the Bank does not have securities given as collateral (December 31, 2018: None).

7.2. Information on government debt securities held-to-maturity

	Current Period	Prior Period
Government Bond	-	-
Treasury Bonds	26.189	-
Other Public Debt Securities	-	-
Total	26.189	-

7.3. Information on investment securities held-to-maturity

	Current Period	Prior Period
Debt Securities	26.189	-
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	26.189	-
Value Increases/Impairment Losses (-)	-	-
Total	26.189	-

7.4. Movement of held-to-maturity investments within the period

	Current Period	Prior Period
Opening balance	-	-
Foreign exchange differences in monetary assets	-	-
Purchases during the year	26.189	-
Disposals through Sales and Redemptions	-	-
Value decrease equivalent	-	-
Period end balance	26.189	-

8. Information on associates

The Bank has no associates as of June 30, 2019 (December 31, 2018: None).

9. Information on subsidiaries (net)

The Bank has no subsidiaries as of June 30, 2019 (December 31, 2018: None).

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

The Bank does not have investments in entities under common control as of June 30, 2019 (December 31, 2018: None).

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

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS(continued)

11. Information on lease receivables

The Bank does not have lease receivables as of June 30, 2019 (December 31, 2018: None).

12. Information on derivative financial assets held for hedging purposes

There are no derivative financial instruments for hedging purposes (December 31, 2018: None).

13. Information on tangible assets

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

14. Information on intangible assets

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

15. Information on investment properties (net)

None (December 31, 2018: None).

**Notes to unconsolidated financial statements
as at 30 June 2019**

(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.

As of 30 June 2019, net deferred tax asset amounted to TL 7.347 (December 31,2018: TL 1.393) has been reflected in the financial statements of the Bank after netting the deferred tax asset amounting to TL 7.658 (December 31;2018: TL1.779) and the tax liability amounting to TL 311 (December 31,2018: TL 386).

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

	Current Period	
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Retirement Pay and Unused Vacation Provision	431	92
Bonus Provision	1.847	406
Tangible Assets Amortization Differences	(1.414)	(311)
Differences Arising From Market Value of Derivative Financial Instruments	27.417	6.032
Other	5.126	1.128
Total	33.407	7.347

	Prior Period	
	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

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

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

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II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES

1. Information on deposits

1.1. Information on maturity structure of deposits

	Demand	7 Days' Notice	Up to 1 Month	1-3 Months	3-6 Months	6- 1 Year	1 Year and Over	Cumulative Deposit	Total
Current Period									
Saving Deposits	-	-	-	-	-	-	-	-	-
Foreign Currency Deposits	41	-	-	-	-	-	-	-	41
Residents in Turkey	41	-	-	-	-	-	-	-	41
Residents Abroad	-	-	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	35	150.000	-	-	-	-	-	-	150.035
Other Ins, Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Interbank Deposits	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Special Finan. Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	76	150.000	-	-	-	-	-	-	150.076

	Demand	7 Days' Notice	Up to 1 Month	1-3 Months	3-6 Months	6- 1 Year	1 Year and Over	Cumulative Deposit	Total
Prior Period									
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

1.2. Information on saving deposits under insurance

1.2.1. Amounts exceeding the insurance limit

None (December 31, 2018: 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 June 30, 2019 (December 31, 2018: None).

**Notes to unconsolidated financial statements
as at 30 June 2019***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)***II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES(continued)****2. Information on derivative financial liabilities****2.1. Negative differences table related to derivative financial liabilities**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	991	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	991	-	-	-

3. Information on banks and other financial institution

The Bank does not have any funds provided by banks or other financial institutions as of June 30, 2019 (December 31, 2018: None).

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

Other foreign liabilities do not exceed 10% of the balance sheet total (December 31, 2018: Not exceeding).

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

The Bank does not have any financial lease agreement (December 31, 2018: None).

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

The Bank does not have any financial lease agreement (December 31, 2018: None).

5.3. Information on operational lease

Following the TAS 16 Leases Standard which was put into effect as of 1 January 2019, the total net operating lease amount of the Bank is TL 23.054. Implementation and impacts related to the transition of TAS 16 are explained in Note XIII of Section Three.

5.4. Information on “Sale -and- lease back” agreements

The Bank does not have any sale-and-lease back transactions in the current period (December 31, 2018: None).

6. Information on derivative financial liabilities for hedging purposes

There are no derivative financial liabilities for hedging purposes (December 31, 2018:None).

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

II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES(continued)

7. Information on Provisions

7.1. Information on General Provisions

	Current Period	Prior Period
Loans and Receivables in Group I	21.974	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	9.678	1.473
Others	-	-
Total	31.652	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	20.347	-
Period expenses	11.305	20.347
Cancelled provision	-	-
Closing Balance	31.652	20.347

7.2. Information on other provisions

None (December 31, 2018: None).

7.2.1. Provision for probable losses

None (December 31, 2018: None).

7.2.2. 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, 2018: Not exceed).

7.2.3. Explanations on reserves for employee benefit

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

	Current Period	Prior Period
Opening Balance, January 1	92	4
Period expenses	33	83
Payments made	-	-
Actuarial Difference	-	5
Closing Balance	125	92

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 June 30, 2019 and December 31, 2018, the ceiling of the provision for employment termination benefits is TL 6.017.60 (full TL) respectively.

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

II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES(continued)

7.2.3. Explanations on reserves for employee benefit(continued)

In the financial statements of June 30, 2019 and December 31, 2018 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%	10,40%
Interest Rate	16,00%	16,00%

As of June 30, 2019, total provision for employee benefits amounting to TL 2.279 (December 31, 2018: TL 3.202) is composed of TL 307 unused vacation provision (December 31, 2018: TL 134), TL 1.847 bonus provision as of June 30, 2019 (December 31, 2018 : TL 2.976), TL 125 provision for employee termination benefits (December 31, 2018: 92 TL)

8. Explanations on Tax Liability

As of June 30, 2019, the Bank has current tax liability of TL 18.089 (December 31, 2018 : TL 2.348).

The Bank has a corporate tax amount of TL 16.774 (December 31, 2018:None) to be paid after the deduction of the prepaid corporate tax of TL 18.974 (December 31, 2018: 42.387) from the corporate tax calculated as TL 35.748 (December 31, 2018:41.355).

8.1. Information on tax payables

	Current Period	Prior Period
Corporate taxes payable	16.774	-
Taxation on securities	356	-
Property tax	9	9
Banking and Insurance Transaction Tax (BITT)	196	196
Taxes on foreign exchange transactions	-	-
Value added taxes payable	30	30
Other	529	885
Total	17.894	2.205

8.2. Information on premium

	Current Period	Prior Period
Social Security Premiums- Employee	84	62
Social Security Premiums- Employer	93	68
Unemployment Insurance- Employee	6	4
Unemployment Insurance- Employer	12	9
Other	-	-
Total	195	143

8.3. Explanations on deferred tax liabilities

There are no deferred tax liabilities after netting of deferred tax assets (December 31, 2018: None).

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

None (December 31, 2018: None).

10. Explanations on Subordinated loans

None (December 31, 2018: None).

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

II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES(continued)

11. Information on Shareholders' equity

11.1. Paid in Capital

The Bank's paid-in capital is TL 1.051.230 as of June 30, 2019 (December 31, 2018: TL 1.051.230). The capital does not have a share certificate.

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

Registered share capital system is not applied.

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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, 2018: 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	506.314	81.827
Bills of Exchange and Acceptances	-	-
Letters of Credit	-	-
Total	506.314	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	247.608	2.577
Total	247.608	2.577

**Notes to unconsolidated financial statements
as at 30 June 2019***(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. 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	506.314	81.827
With Original Maturity of 1 Year or Less Than 1 Year	-	-
With Original Maturity of More Than 1 Year	506.314	81.827
Other Non-Cash Loans	247.608	2.577
Total	753.922	84.404

2. Information related to derivative financial instruments

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

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

None (December 31, 2018: None).

4. Explanation on contingent liabilities and assets

None (December 31, 2018: None).

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

None (December 31, 2018: None).

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(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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans	-	-	-	-
Short-term Loans	-	-	-	-
Medium/Long-term Loans	12.565	5.000	-	-
Interest on Loans Under Follow-up	-	-	-	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	12.565	5.000	-	-

1.2. Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	152	191	-	-
Domestic Banks	106.371	-	78.562	147
Foreign Banks	-	3	-	-
Branches and Head Office Abroad	-	-	-	-
Total	106.523	194	78.562	147

1.3 Interest received from marketable securities portfolio

As of June 30, 2019 interest received from marketable securities is TL 329. (June 30, 2018: None).

1.4. Information on interest income received from associates and subsidiaries

None (June 30, 2018: None).

2. Information on Interest Expense

2.1. Information on interest on funds borrowed

None (June 30, 2018: None).

2.2. Information on interest expenses to associates and subsidiaries

None (June 30, 2018: None).

2.3. Information on interest expenses to marketable securities

None (June 30, 2018: None).

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as at 30 June 2019**

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

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

2.4. Information on interest expense to maturity structure of deposits

Current Period 30.06.2019								
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	-	5.745	-	-	-	-	-	5.745
Other Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	5.745	-	-	-	-	-	5.745
Foreign Currency								
Foreign Currency Account	-	-	6	-	-	-	-	6
Bank Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	-	6	-	-	-	-	6
Prior Period 30.06.2018								
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	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Foreign Currency								
Foreign Currency Account	-	-	-	-	-	-	-	-
Bank Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

3. Information on dividend income

None (June 30, 2018: None).

**Notes to unconsolidated financial statements
as at 30 June 2019**

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

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

4. Information on net trading income / loss

	Current Period	Prior Period
Income	168.160	12.218
Gains on Capital Market Operations	-	-
Gains on Derivative Financial Instruments	4.983	-
Foreign Exchange Gains	163.177	12.218
Loss (-)	141.458	9.485
Losses on Capital Market Operations	-	-
Losses on Derivative Financial Instruments	5.507	-
Foreign Exchange Losses	135.951	9.485
Total	26.702	2.733

5. Information on other operating income

	Current Period	Prior Period
Adjustment to previous years expenses	32	4
Other	8	-
Total	40	4

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	11.305	18.484
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	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investments Held to Maturity	-	-
Other	-	-
Total	11.305	18.484

**Notes to unconsolidated financial statements
as at 30 June 2019**

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

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

7. Information related to other operational expenses

	Current Period	Prior Period
Provision for Employee Termination Benefits	34	55
Provision for Bank's Social Aid Fund Deficit	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Charges of Tangible Assets	2.192	562
Impairment Losses on Intangible Assets	-	-
Impairment losses on goodwill	-	-
Amortization Charges of Intangible Assets	1.286	1.037
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	4.009	4.122
Operational Leases Expenses	31	55
Repair and Maintenance Expenses	37	21
Advertisement Expenses	-	-
Other Expenses	3.941	4.046
Losses on Sale of Assets	-	-
Taxes	1.377	953
Other(**)	2.542	2.502
Total	11.440	9.231

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

(**) The amount of TL 2.542 in the "Other" title consists of 2.020 employee benefits provisions, TL 185 auditing services, TL 285 advisory services, TL 52 operational costs.

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

As of June 30, 2019 Profit before tax from continued operations is TL 120.527.

9. Explanations on tax provision for continued and discontinued operations

The tax expense for the period ended June 30, 2019 is TL 29.139.

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

As of June 30, 2019, operating profit after-tax is TL 91.388.

11. Information on net profit/loss for the period

Interest income from ordinary banking transactions amounted to TL 124.613. Interest expenses arising from ordinary banking transactions are TL 6.275.

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.

12. 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.

**Notes to unconsolidated financial statements
as at 30 June 2019**

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

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

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

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

June 30, 2019:

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	-	-	11.191	247.608	-	-
Interest and Commission Income Received	-	-	3	6.767	-	-

(*) 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, 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
Prior 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	1.609	-	-

(*) 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.

**Notes to unconsolidated financial statements
as at 30 June 2019**

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

V. EXPLANATIONS AND DISCLOSURES ON THE RISK GROUP OF THE BANK(continued)

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

As of June 30, 2019 and December 31, 2018, the Bank has no deposits and interest expense from the 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	-	-	604.120	-	-	-
Balance at the End of the Period	-	-	629.545	604.120	-	-
Total Income/Loss	-	-	(524)	7.066	-	-
Transactions for Hedging Purposes:						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

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

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

As of June 30, 2019, TL 1.836 (December 31, 2018:TL 2.143) was paid to the top management of the Bank.

e) Other transactions with the Bank's risk group

As of June 30,2019, The Bank has no other liabilities (December 31, 2018:TL 7.741) to the risk group arising from banking transactions.

**Notes to unconsolidated financial statements
as at 30 June 2019***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)***VI. EXPLANATIONS ON THE BANK'S DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR INVESTMENTS IN ASSOCIATES AND FOREIGN REPRESENTATIVE OFFICES**

	Number	Number of Employees			
Domestic Branch	0	33			
			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

AUDITORS' LIMITED REVIEW REPORT

I. EXPLANATIONS ON THE AUDITORS' LIMITED REVIEW REPORT

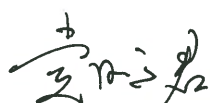
The Bank's publicly available financial statements and footnotes for the period ended 30 June 2019 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Ernst&Young Global Limited) and the independent auditors' limited review report is presented in front of the financial statements.

II. OTHER FOOTNOTES AND EXPLANATIONS PREPARED BY INDEPENDENT AUDITORS'

None.

BANK OF CHINA TURKEY A.Ş.
STATEMENT REGARDING INTERIM ACTIVITY REPORT AS AT 30 JUNE 2019

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

**Bin CHEN**Chairman of the
Board of Directors**Ruojie LI**Member of the
Board of Directors and
General Manager**Pengjun DANG**Deputy Chairman 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

**Notes to unconsolidated financial statements
as at 30 June 2019**

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

SECTION EIGHT

REMARKS REGARDING INTERIM ACTIVITY REPORT

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

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

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

B. Shareholding Structure

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

Name-Surname/Trade Name	Share Amounts	Share Ratios	Paid-up Shares	Unpaid Portion
Bank of China Limited	1.051.229	99,99%	1.051.229	-

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

Members of the board of directors, members of the audit committee, general manager and assistant general managers of the Bank as of 30 June 2019 are listed below: None of the members of the Board of Directors (including the General Manager) has shareholding in the Bank.

Chairman and Members of the Board of Directors:

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

Members of the Audit Committee:

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

**Notes to unconsolidated financial statements
as at 30 June 2019**

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

D. Information on Branches and Personnel

As of 30 June 2019, Bank of China Turkey A.Ş. has 33 employees and no branch. The Bank runs its operations at its head office.

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

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

Our Bank started its banking operations in 9 May 2018.

Total assets of the Bank as of 30 June 2019 are TL 1.575.053 (December 31, 2018: TL 1.291.801). While our equity amounts to TL 1.343.434 (December 31, 2018: TL 1.252.526) our capital adequacy ratio is at the level of 73,67% (December 31, 2018: 190,69%). As of 30 June 2019, the profit after tax of the Bank for the period is TL 91.388. The majority of such profit is the interest income derived from banks and loans.

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

II. ECONOMIC DEVELOPMENTS AND BANKING SECTOR OVERVIEW

Global growth concerns and monetary policy change of FED triggered inflows to Emerging Markets in the second quarter of 2019. Markets started to price rate cut from FED. Political risks remain elevated till the end of June in Turkey, However, afterwards Turkey started to be impacted positively from this EM positive environment. A sharp selloff in Turkey assets followed by a sharp rally after June 24th.

In the second quarter of 2019, CBRT did not change its tight monetary policy stance. In May, CBRT suspended 1 week repo auctions because of the volatility, but then started again with the calm down in local financial markets. In June, CBRT decided to provide liquidity facility to Primary Dealer banks within the framework of open market operations 100 basis below the policy rate. Thus, weighted average cost of funding decreased.

With the help of economic rebalancing, 2019 first quarter GDP Growth occurred at -2.6%. Leading indicators and CBRT expectations survey showing that GDP Growth in 2019 will be close to flat.

Stabilization in Turkish Lira and slowing down in economy had positive impact on inflation. 2019 June CPI data occurred at 15.70% while yearly PPI data was at 25.00%. Latest CBRT expectations survey showing that year end inflation will be close to the target in New Economy Program which was at 15.9%. 12-month rolling Current Account Deficit to GDP occurred 1.1% in April 2019.

Loan to Deposit ratio of the sector increased to 118% according to 2019 April BRSA data. Sectors' NPL ratio is at 4.05% in April while CAR retreated to 16.89%. Sectors' total asset size is 4.28 trillion Turkish Lira while deposits size is at 2.27 trillion Turkish Lira as of April 2019.

Turkish Treasury borrowed 8.7 bio USD from international capital markets through bond issuances in the first half of the year 2019.

**Notes to unconsolidated financial statements
as at 30 June 2019***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)***III. FINANCIAL INFORMATION AND EVALUATIONS REGARDING BANK OF CHINA TURKEY A.Ş.****A. Financial Summary Information Regarding the Interim Period**

Total assets of Bank of China Turkey A.Ş. are TL 1.575.053 (December 31,2018: TL 1.291.801) as of the period that ended on 30 June 2019. At the end of the period, 58% of the assets are composed of banks account whereas 35% is loans. The balance sheet's biggest source of funding is the equity.

	30.06.2019	31.12.2018
Total assets	1.575.053	1.291.801
Cash Assets and Central Bank	46.776	16.421
Banks	917.893	949.969
Loans	544.848	306.590
Other Assets	65.536	18.821
Total liabilities and Equities	1.575.053	1.291.801
Deposits	150.076	4
Financial Derivative Liabilities	991	-
Provisions	33.931	23.549
Other Liabilities	46.621	16.202
Equities	1.343.434	1.252.046
Letter of Guarantees	247.608	2.577
Other Guarantees	506.314	81.827
Derivatives	629.545	604.120
Capital Adequacy Ratio	73,67%	190,69%

	01.01.2019-30.06.2019
Net Interest Income	118.338
Non-Interest Income	7.146
Trading Income/Loss	26.702
Total Operating Income/(Expense)	152.186
Other Total Operating Income/(Expense)	20.354
Loan Provisions	11.305
Net Operating Profit/(loss)	120.527
Tax Provision (-)	29.139
Net Profit / Loss for the Period	91.388

B. Information Regarding Distribution of Profit

The Ordinary General Assembly Meeting of the Bank was held on 28.03.2019. At the Ordinary General Assembly Meeting, it was resolved that the net profit for the period amounting to TL 114.734 derived from the operations of the year 2018 be retained;

- of such amount, TL 5.737 be set aside as General Legal Reserve
- of such amount, TL 108.997 be set aside as Extraordinary Legal Reserve.

In 31.03.2019, TL 114.734 was transferred to the reserves account.