

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 2020**

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



EY

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(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 financial statement of Bank Of China Turkey Anonim Şirketi ("the Bank") at June 30, 2020 and the related unconsolidated profit/loss statement, unconsolidated statement of profit/loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-Period then ended. The Bank Management is responsible for the preparation and fair presentation of unconsolidated interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority, (together referred as "BRSA Accounting and Reporting Legislation") and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation. Our responsibility is to express a reviewed conclusion on these unconsolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not give a true view of the financial position of Bank Of China Turkey Anonim Şirketi at June 30, 2020 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.



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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 activity 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 1 of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by BRSA Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Fatma Polat, SMMM
Partner

11 August 2020
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, 2020

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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



Elif GUMRAH
Financial Reporting
and Budgeting
Manager

Contact information of the personnel in charge of the addressing of questions about this financial report:
Name-Surname/Title : Elif Gümrah / Financial Reporting and Budgeting Manager
Telephone Number : (0 212) 386 01 32

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**Notes to the unconsolidated financial statements
as June 30, 2020***(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 on 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 2020.

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, 2020 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

Assistant General Manager:

Name	Title	Assigned Date	Education
Dalei DING	Deputy of General Manager and Assistant General Manager Responsible for Financial Management and Control, Information Technologies, Credit Allocation, Human Resources and Administrative Affairs of the Bank	June,3 2019	Bachelor Degree

**Notes to the unconsolidated financial statements
as of June 30, 2020***(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, 2020, the Bank serves with 43 employees (December 31, 2019: 39).

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

None.

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

**Unconsolidated balance sheet (statement of financial position)
as of June 30, 2020**

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

ASSETS	Note (Section Five)	Reviewed Current Period 30.06.2020		
		TL	FC	Total
I. FINANCIAL ASSETS (Net)		413,389	201,942	615,331
1.1 Cash and cash equivalents		413,389	201,942	615,331
1.1.1 Cash and balances at central bank	(5.1.1)	2,808	58,285	61,093
1.1.2 Banks	(5.1.4)	411,028	143,777	554,805
1.1.3 Money Market Placements		-	-	-
1.1.4 Expected Credit Losses(-)	(5.1.4)	447	120	567
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)	-	-	-
1.4.1 Derivative financial assets at fair value through profit and loss		-	-	-
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-
II. LOANS MEASURED AT AMORTISED COST (Net)		804,541	367,110	1,171,651
2.1 Loans	(5.1.6)	205,225	371,186	576,411
2.2 Lease receivables		-	-	-
2.3 Factoring receivables		-	-	-
2.4 Other financial assets measured at amortised cost	(5.1.7)	600,655	-	600,655
2.4.1 Government debt securities		600,655	-	600,655
2.4.2 Other financial assets		-	-	-
2.5 Expected credit losses (-)	(5.1.6,7)	1,339	4,076	5,415
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)	22,781	-	22,781
VI. INTANGIBLE ASSETS (Net)	(5.1.14)	2,022	-	2,022
6.1 Goodwill		-	-	-
6.2 Other		2,022	-	2,022
VII. INVESTMENT PROPERTY (Net)		-	-	-
VIII. CURRENT TAX ASSET		-	-	-
IX. DEFERRED TAX ASSET	(5.1.16)	17,204	-	17,204
X. OTHER ASSETS	(5.1.18)	2,906	18,326	21,232
TOTAL ASSETS		1,262,843	587,378	1,850,221

Note: The Prior Period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2019 and 2020 financial statements are prepared on different principles, 2019 financial statements are presented separately.

**Unconsolidated balance sheet (statement of financial position)
as of June 30, 2020**

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

ASSETS	Note (Section Five)	Audited Prior Period 31.12.2019		
		TL	FC	Total
I. FINANCIAL ASSETS (Net)		692,109	48,895	741,004
1.1 Cash and cash equivalents		671,665	48,895	720,560
1.1.1 Cash and balances at central bank	(5.1.1)	2,805	40,054	42,859
1.1.2 Banks	(5.1.4)	668,860	8,841	677,701
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)	20,444	-	20,444
1.4.1 Derivative financial assets at fair value through profit and loss		20,444	-	20,444
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-
II. LOANS MEASURED AT AMORTISED COST (Net)		537,558	359,875	897,433
2.1 Loans	(5.1.6)	208,137	359,875	568,012
2.2 Lease receivables		-	-	-
2.3 Factoring receivables		-	-	-
2.4 Other financial assets measured at amortised cost	(5.1.7)	329,421	-	329,421
2.4.1 Government debt securities		329,421	-	329,421
2.4.2 Other financial assets		-	-	-
2.5 Non-performing loans		-	-	-
2.6 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 for 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)	24,746	-	24,746
VI. INTANGIBLE ASSETS (Net)	(5.1.14)	2,648	-	2,648
6.1 Goodwill		-	-	-
6.2 Other		2,648	-	2,648
VII. INVESTMENT PROPERTY (Net)		-	-	-
VIII. CURRENT TAX ASSET		-	-	-
IX. DEFERRED TAX ASSET	(5.1.16)	5,228	-	5,228
X. OTHER ASSETS	(5.1.18)	1,994	3,917	5,911
TOTAL ASSETS		1,264,283	412,687	1,676,970

Note: The Prior Period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2019 and 2020 financial statements are prepared on different principles, 2019 financial statements are presented separately.

**Unconsolidated balance sheet (statement of financial position)
as of June 30, 2020**

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

LIABILITIES	Note (Section Five)	Reviewed Current Period 30.06.2020		
		TL	FC	Total
I. DEPOSITS	(5.II.1)	97	126,757	126,854
II. LOAN RECEIVED	(5.II.3)	-	102,960	102,960
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)	30,134	-	30,134
7.1 Derivative financial liabilities at fair value through profit or loss		30,134	-	30,134
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-
VIII. FACTORING PAYABLES		-	-	-
IX. LEASE LIABILITIES	(5.II.5)	425	23,915	24,340
X. PROVISIONS	(5.II.7)	1,596	7,665	9,261
10.1 Provisions for restructuring		-	-	-
10.2 Reserve for employee benefits		1,563	1,780	3,343
10.3 Insurance technical reserves (Net)		-	-	-
10.4 Other provisions		33	5,885	5,918
XI. CURRENT TAX LIABILITIES	(5.II.8)	13,248	-	13,248
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.II.4)	10,257	397	10,654
XVI. SHAREHOLDERS' EQUITY	(5.II.11)	1,532,770	-	1,532,770
16.1 Paid-in capital		1,051,230	-	1,051,230
16.2 Capital reserves		-	-	-
16.2.1 Equity share premium		-	-	-
16.2.2 Share cancellation profits		-	-	-
16.2.3 Other capital reserves		-	-	-
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		(19)	-	(19)
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		-	-	-
16.5 Profit reserves		395,224	-	395,224
16.5.1 Legal reserves		25,789	-	25,789
16.5.2 Statutory reserves		-	-	-
16.5.3 Extraordinary reserves		369,435	-	369,435
16.5.4 Other profit reserves		-	-	-
16.6 Profit or loss		86,335	-	86,335
16.6.1 Prior years' profits or losses		27,176	-	27,176
16.6.2 Current Period net profit or loss		59,159	-	59,159
16.7 Minority Shares		-	-	-
TOTAL LIABILITIES AND EQUITY		1,588,527	261,694	1,850,221

Note: The Prior Period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2019 and 2020 financial statements are prepared on different principles, 2019 financial statements are presented separately.

BANK OF CHINA TURKEY A.Ş.
**Unconsolidated balance sheet (statement of financial position)
as of June 30, 2020**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

LIABILITIES	Note (Section Five)	Audited Prior Period 31.12.2019		
		TL	FC	Total
I. DEPOSITS	(5.II.1)	75,677	8	75,685
II. LOAN RECEIVED	(5.II.3)	-	59,423	59,423
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)	-	-	-
7.1 Derivative financial liabilities at fair value through profit or loss		-	-	-
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-
VIII. FACTORING PAYABLES		-	-	-
IX. LEASE LIABILITIES	(5.II.5)	330	22,082	22,412
X. PROVISIONS	(5.II.7)	40,626	-	40,626
10.1 General loan loss provisions		35,589	-	35,589
10.2 Provisions for restructuring		-	-	-
10.3 Reserve for employee benefits		5,037	-	5,037
10.4 Insurance technical reserves (Net)		-	-	-
10.5 Other provisions		-	-	-
XI. CURRENT TAX LIABILITIES	(5.II.8)	19,484	-	19,484
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.II.4)	10,996	1,909	12,905
XVI. SHAREHOLDERS' EQUITY	(5.II.11)	1,446,435	-	1,446,435
16.1 Paid-in capital		1,051,230	-	1,051,230
16.2 Capital reserves		-	-	-
16.2.1 Equity share premium		-	-	-
16.2.2 Share cancellation profits		-	-	-
16.2.3 Other capital reserves		-	-	-
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		(19)	-	(19)
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		-	-	-
16.5 Profit reserves		200,820	-	200,820
16.5.1 Legal reserves		10,041	-	10,041
16.5.2 Statutory reserves		-	-	-
16.5.3 Extraordinary reserves		190,779	-	190,779
16.5.4 Other profit reserves		-	-	-
16.6 Profit or loss		194,404	-	194,404
16.6.1 Prior years' profits or losses		-	-	-
16.6.2 Current Period net profit or loss		194,404	-	194,404
16.7 Minority Shares		-	-	-
TOTAL LIABILITIES AND EQUITY		1,593,548	83,422	1,676,970

Note: The Prior Period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2019 and 2020 financial statements are prepared on different principles, 2019 financial statements are presented separately.

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, 2020**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

	Note (Section Five)	Reviewed Current Period 30.06.2020			Audited Prior Period 31.12.2019		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	(5.III.1)	480,491	1,258,434	1,738,925	514,047	1,295,976	1,810,023
I. GUARANTEES AND WARRANTIES		245,594	960,078	1,205,672	245,594	999,883	1,245,477
1.1 Letters of Guarantee		245,594	10,867	256,461	245,594	26,289	271,883
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		245,594	10,867	256,461	245,594	26,289	271,883
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		-	949,211	949,211	-	973,594	973,594
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)	234,897	298,356	533,253	268,453	296,093	564,546
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		234,897	298,356	533,253	268,453	296,093	564,546
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		234,897	298,356	533,253	268,453	296,093	564,546
3.2.2.1 Foreign Currency Swap-Buy		234,897	-	234,897	268,453	-	268,453
3.2.2.2 Foreign Currency Swap-Sell		-	298,356	298,356	-	296,093	296,093
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)		-	150,550	150,550	-	130,680	130,680
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		-	150,550	150,550	-	130,680	130,680
5.1 Marketable Securities		-	-	-	-	-	-
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		-	150,550	150,550	-	130,680	130,680
5.6 Other Pledged Items		-	-	-	-	-	-
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		480,491	1,408,984	1,889,475	514,047	1,426,656	1,940,703

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, 2020
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

INCOME AND EXPENSE ITEMS	Note (section five)	Reviewed	
		Current Period	Current Period
		01.01.2020-30.06.2020	01.04.2020-30.06.2020
I. INTEREST INCOME	(5.IV.1)	75,906	32,713
1.1 Interest from Loans		18,648	8,013
1.2 Interest from Reserve Deposits		-	-
1.3 Interest from Banks		32,812	10,662
1.4 Interest from Money Market Transactions		-	-
1.5 Interest from Marketable Securities Portfolio		24,446	14,038
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		24,446	14,038
1.6 Interest from Financial Leases		-	-
1.7 Other Interest Income		-	-
II. INTEREST EXPENSE	(5.IV.2)	6,414	1,265
2.1 Interest on Deposits		5,024	591
2.2 Interest on Funds Borrowed		817	364
2.3 Interest Expense on Money Market Transactions		-	-
2.4 Interest on Securities Issued		-	-
2.5 Lease Interest Expenses		527	276
2.6 Other Interest Expenses		46	34
III. NET INTEREST INCOME (I - II)		69,492	31,448
IV. NET FEES AND COMMISSIONS INCOME / LOSSES		16,524	7,987
4.1 Fees and Commissions Received		16,579	8,016
4.1.1 Non-cash Loans		15,117	6,866
4.1.2 Other		1,462	1,150
4.2 Fees and Commissions Paid		55	29
4.2.1 Non-cash Loans		-	-
4.2.2 Other		55	29
V DIVIDEND INCOME	(5.IV.3)	-	-
VI. TRADING INCOME/LOSS (Net)	(5.IV.4)	14,272	6,915
6.1 Profit / Loss on Securities Trading		-	-
6.2 Profit / Loss on Derivative Financial Transactions		(29,516)	(13,014)
6.3 Foreign Exchange Gains / Losses		43,788	19,929
VII. OTHER OPERATING INCOME	(5.IV.5)	349	346
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		100,637	46,696
IX EXPECTED CREDIT LOSSES (-)	(5.IV.6)	1,116	727
X. OTHER PROVISIONS (-)		-	-
XI. PERSONEL EXPENSES (-)		11,824	6,900
XII. OTHER OPERATING EXPENSES	(5.IV.7)	11,814	5,464
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		75,883	33,605
XIV. INCOME RESULTED FROM MERGERS		-	-
XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XVI. GAIN / LOSS ON NET MONETARY POSITION		-	-
XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)	(5.IV.8)	75,883	33,605
XVIII. TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.9)	(16,724)	(7,393)
18.1 Current Tax Provision		(26,327)	(11,752)
18.2 Expense Effect of Deferred Tax		(3,719)	(1,008)
18.3 Income Effect of Deferred Tax		13,322	5,367
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)	(5.IV.10)	59,159	26,212
XX. PROFIT FROM DISCONTINUED OPERATIONS		-	-
20.1 Income From Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Other Income From Discontinued Operations		-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses on Assets Held for Sale		-	-
21.2 Losses from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Other Expenses From Discontinued Operations		-	-
XXII. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current Tax Provision		-	-
23.2 Expense Effect of Deferred Tax		-	-
23.3 Income Effect of Deferred Tax		-	-
XXIV. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-
NET PROFIT / LOSS (XVIII+XXIII)	(5.IV.11)	59,159	26,212
Profit/Loss per share		0.05628	0.02493

Note: The Prior Period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2019 and 2020 financial statements are prepared on different principles, 2019 financial statements are presented separately.

BANK OF CHINA TURKEY A.Ş.
**Unconsolidated statement of profit/loss and other comprehensive income
for the Period ended June 30, 2020**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

INCOME AND EXPENSE ITEMS	Note (section five)	Reviewed	
		Prior Period 01.01.2019- 30.06.2019	Prior Period 01.04.2019- 30.06.2019
I. INTEREST INCOME	(5.IV.1)	124,613	66,219
1.1 Interest from Loans		17,565	14,381
1.2 Interest from Reserve Deposits		2	2
1.3 Interest from Banks		106,717	51,507
1.4 Interest from Money Market Transactions		-	-
1.5 Interest from Marketable Securities Portfolio		-	-
1.5.1 Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		-	-
1.5.3 Financial Assets Measured at Amortized Cost		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	60,902
IV. NET FEES AND COMMISSIONS INCOME / LOSSES		7,146	6,560
4.1 Fees and Commissions Received		7,168	6,575
4.1.1 Non-cash Loans		6,351	5,963
4.1.2 Other		817	612
4.2 Fees and Commissions Paid		22	15
4.2.1 Non-cash Loans		-	-
4.2.2 Other		22	15
V. DIVIDEND INCOME	(5.IV.3)	-	-
VI. TRADING INCOME/LOSS (Net)	(5.IV.4)	26,702	35,847
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	12,284
VII. OTHER OPERATING INCOME	(5.IV.5)	40	6
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		152,226	103,315
IX. LOAN PROVISIONS (-)	(5.IV.6)	11,305	7,798
X. PERSONEL EXPENSES (-)		8,954	5,117
XI. OTHER OPERATING EXPENSES (-)	(5.IV.7)	11,440	6,038
XII. NET OPERATING PROFIT / LOSS (VIII-IX-X-XI)		120,527	84,362
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	84,362
XVII. TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.9)	(29,139)	(19,719)
17.1 Current Tax Provision		(35,093)	(17,813)
17.2 Expense Effect of Deferred Tax		-	-
17.3 Income Effect of Deferred Tax		5,954	(1,906)
XVIII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XVI±XVII)	(5.IV.10)	91,388	64,643
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	64,643
Profit/Loss per share		0.08693	0.06339

Note: The Prior Period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2019 and 2020 financial statements are prepared on different principles, 2019 financial statements are presented separately.

BANK OF CHINA TURKEY A.Ş.**Unconsolidated statement of profit/loss and other comprehensive income
for the Period ended June 30, 2020***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)*

	Reviewed Current Period	Reviewed Prior Period
	01.01.2020-30.06.2020	01.01.2019-30.06.2019
I. CURRENT PERIOD INCOME/LOSS		
II. OTHER COMPREHENSIVE INCOME	59,159	91,388
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 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)	59,159	91,388

BANK OF CHINA TURKEY A.Ş.
**Statement of changes in shareholders' equity
for the Period ended June 30, 2020**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)

Current Period (30.06.2020)	Section 5 Note V	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						Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income / (Loss)	Total Equity
						1	2	3	4	5	6				
I. Balances at beginning of the Period (*)		1,051,230	-	-	-	-	(19)	-	-	-	-	200,820	194,404	-	1,446,435
II. Correction made as per TAS 8 (*)		-	-	-	-	-	-	-	-	-	-	-	27,176	-	27,176
2.1 Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	27,176	-	27,176
III. Adjusted balances at beginning of the Period (I+II)		1,051,230	-	-	-	-	(19)	-	-	-	-	200,820	221,580	-	1,473,611
IV. Total Comprehensive Income		-	-	-	-	-	-	-	-	-	-	-	-	59,159	59,159
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	194,404	-	(194,404)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the Period (III+IV+.....+X+XI)		1,051,230	-	-	-	-	(19)	-	-	-	-	395,224	27,176	59,159	1,532,770

Prior Period (30.06.2019)	Section 5 Note V	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						Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income / (Loss)	Total Equity
						1	2	3	4	5	6				
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

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)

**Statement of cash flows
for the Period January 1 - June 30, 2020**

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

STATEMENT OF CASH FLOWS	Note	Reviewed	Reviewed
		Current Period 01.01.2020-30.06.2020	Prior Period 01.01.2019-30.06.2019
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		21,863	82,057
1.1.1 Interest received (+)		79,700	115,686
1.1.2 Interest paid (-)		5,177	5,153
1.1.3 Dividend received (+)		-	-
1.1.4 Fees and commissions received (+)		8,601	7,104
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 (-)		20,086	18,140
1.1.8 Taxes paid (-)		41,175	17,440
1.1.9 Other (+/-)		-	-
1.2 Changes in Operating Assets and Liabilities		129,870	(64,734)
1.2.1 Net increase (decrease) in financial assets at fair value through profit or loss (+/-)		-	-
1.2.2 Net increase (decrease) in due from banks (+/-)		-	(5,015)
1.2.3 Net increase (decrease) in loans		36,921	(200,000)
1.2.4 Net increase (decrease) in other assets (+/-)		-	(509)
1.2.5 Net increase (decrease) in bank deposits (+/-)		-	-
1.2.6 Net increase (decrease) in other deposits (+/-)		51,663	150,072
1.2.7 Net increase (decrease) in financial liabilities at fair value through profit or loss (+/-)		-	-
1.2.8 Net increase (decrease) in funds borrowed (+/-)		43,537	-
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)		(2,251)	(9,282)
I. Net cash provided from banking operations		151,733	17,323
B. CASH FLOWS FROM INVESTING ACTIVITIES		-	-
II. Net cash provided from investing activities (+/-)		(271,819)	(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 (-)		585	-
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 (-)		397,386	25,860
2.8 Cash obtained from sale of investment securities (+)		126,152	-
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		18,896	1,801
V. Net increase in cash and cash equivalents (I+II+III+IV)		(101,190)	(6,736)
VI. Cash and cash equivalents at beginning of Period		716,744	963,359
VII. Cash and cash equivalents at end of Period		615,556	956,623

**Notes to unconsolidated financial statements
as at 30 June 2020**

(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 ("POA"), 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 Turkish Lira (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.

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 2020**

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

I. BASIS OF PRESENTATION (continued)

c. Changes in accounting policy

The Bank's request for exception for the transition calculations for the "IFRS 9 Financial Instruments" standard, which entered into force on January 1, 2018, it was met positive by the BRSA number 32521522-101.02.02 [68] -E.4652 and dated April 3, 2018. Accordingly, the Bank sets aside general and special provisions within the scope of Articles 10, 11, 13 and 15 of the "Regulation on the Classification of Loans and Provisions and Principles to be Reserved for them", in the accompanying unconsolidated financial statements, dated 22 June 2016. 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 and entered into force on 1 January 2018, the standard "IFRS 9 Financial Instruments" (IFRS 9) published by the POA on January 1, 2020 It has started to be applied for the first time since. Pursuant to the transition provisions of IFRS 9, Prior Period financial statements and footnotes have not been rearranged. Therefore, the first application effects of the standard are reflected to the previous profits and the accompanying financial statements are presented separately, not comparative. IFRS 9 started to be implemented as of January 1, 2020 and its effects on the opening balance are explained in Note XXIII of Section Three.

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

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

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

Explanation on foreign currency transactions:

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

III. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

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

As of June 30, the Bank has derivative financial liability is TL 30,134 which is classified as "Derivative Financial Liabilities Measured at Fair Value through Profit and Loss" (December 31, 2019: TL 20,444 profit).

**Notes to unconsolidated financial statements
as at 30 June 2020**

(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, 2020.

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 is accounted in the income statement.

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

VII. INFORMATION ON IMPAIRMENT OF FINANCIAL ASSETS

As of 1 January 2020, the Bank started to recognize provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2019, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

The Bank sets aside the expected loss provision for its financial assets measured at amortized cost and at fair value through other comprehensive income.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or for those which do not have a significant increase in credit risk since initial recognition. Allowance for credit risk is recorded in the amount of 12-month expected credit losses.

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Allowance for credit risk is determined on the basis of the instrument’s lifetime expected credit losses.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

Use of current conditions, past events and macroeconomic forecasts:

After making a segment separation according to the counterparty of the receivable, the Bank takes into account the different macroeconomic scenarios created for the corporate portfolio, using past events, current conditions and economic prospects for the future. The Bank uses three macroeconomic scenarios as base, positive and negative for future projections. The macroeconomic model is applied to reflect the future outlook of the parameters used in the expected credit loss calculation.

Expected credit loss provision calculation:

The Bank uses the “Probability of Default x Loss in Default x Default” amount that takes into account the time value of money in the expected credit loss calculation. For the first stage receivables, 12-month expected credit loss calculation is applied, considering future information. For the second stage receivables, calculations are made for the expected life of the loan. Expected lifetime expected credit loss is calculated by discounting and collecting possible credit losses in every 12-month Period until maturity. The default probability is taken as 100% for non-performing loans and the expected loan losses are calculated in accordance with the expected life approach. Although methodological calculation methods have been determined, there are currently no loans classified in the second and third stages in the Bank’s portfolio. The entire loan portfolio is at the first stage.

VIII. DISCLOSURES ABOUT NETTING and DERECOGNITION of FINANCIAL INSTRUMENTS

Explanations on netting of 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.

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

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 June 30, 2020, the Bank has no repo, reverse repo and foreclosed marketable securities (December 31, 2019: 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 June 30, 2020, the Bank has no assets held for sale and discontinued operations (December 31, 2019: 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 obtaining the expected economic benefit from the asset.

As of June 30, 2020, there is no goodwill in the accompanying financial statements (December 31, 2019: None).

**Notes to unconsolidated financial statements
as at 30 June 2020***(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
Vehicles	5	20

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 Leasing 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.

On 5 June 2020, POA made amendments to TFRS 16 "Leases" standard by publishing "Concessions Regarding COVID-19" on Lease Payments - "TFRS 16 Leases". With this amendment, tenants were exempted from not being able to evaluate whether the concessions, which were recognized due to COVID-19 in the lease payments, had been made in the lease. The amendment did not have a significant impact on the financial position or performance of the Bank.

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT ASSETS/LIABILITIES

Provisions and contingent liabilities except for the financial instruments within the scope of the TFRS 9 or the provisions recognized in accordance with other standards such as TAS 12 and TAS 19 are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" (TAS 37).

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
as at 30 June 2020**

(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 31 December 2019, 22% tax rate is used in the deferred tax calculation of December 31, 2019 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, 2020, the Bank has TL 17,204 deferred tax asset (December 31, 2019: TL 5,228 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

The Bank’s fund resources consist of borrowing from foreign financial institutions, issued securities and money market debt. Instrument regarding borrowing are valued with their fair values and other financial liabilities are carried at “amortised cost” using the effective interest method. As of 30 June 2020, the Bank has obtained funds from foreign institutions amounting to TL 102,960 through the borrowing. (December 31, 2019: TL 59,423).

XVIII. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

None (December 31, 2019: 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, 2019: None).

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES

As of the balance sheet date, the Bank does not have any government incentives (December 31, 2019: None).

XXI. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION

Retained earnings as per the statutory financial statements and General Assembly decision other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Under the Turkish Commercial Code (“TCC”) the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital.

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XXII. EXPLANATIONS ON EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit for the year to the weighted average number of shares outstanding during the Period concerned. Earnings per share disclosed in the income statement are calculated by dividing net profit for the year to the weighted average capital outstanding during the Period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect to bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier Period. Where the number of outstanding shares increase due to distribution of bonus shares after the balance sheet date but before the release of the financial statements, earnings per share computations are performed based on the revised average number of shares.

XXIII. EXPLANATIONS ON RELATED PARTIES

Parties defined in Article 49 of the Banking Law No.5411, Bank’s senior management and Board Members are deemed as related parties. Transactions regarding related parties are presented in Section Five.

XXIV. EXPLANATIONS ON CASH and CASH EQUIVALENTS

For the purposes of the preparation of statement of cash flows, “Cash” includes cash, effectives, and cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and “Cash equivalents” include interbank money market placements and time deposits at banks with original maturity Periods of less than three months.

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XXV. EXPLANATIONS ON SEGMENT REPORTING

The main segment of banking operations is Corporate Banking. As of June 30, 2020, the financial information per banking segments is presented below:

Current Period 30.06.2020	Corporate Banking	Fund Management	Unallocated	Total
Operating income	35,172	71,530	349	107,051
Operating expense	(6,140)	(863)	(24,165)	(31,168)
Pretax income / (loss)	29,032	70,667	(23,816)	75,883
Tax provision (-)	-	-	(16,724)	(16,724)
Net Profit / (Loss)	29,032	70,667	(40,540)	59,159
Segment assets	571,032	1,215,950	63,239	1,850,221
Segment liabilities	132,772	133,094	51,585	317,451
Equity	-	1,532,770	-	1,532,770
Prior Period 30.06.2019	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

XXVI. RECLASSIFICATIONS

In order to be consistent with the presentation of current Period financial statements, there can be certain reclassifications in case needed. Previous Period financial statements are not reclassified in accordance with TFRS 9 requirements as explained above in note I. Therefore, the Bank does not have any reclassifications in the Prior Period's financial statements.

XXVII. EXPLANATIONS ON OTHER MATTERS

On 11 March 2020, it was classified as an epidemic affecting country globally by the World Health Organization. The COVID-19 epidemic and the measures taken against it have impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues, and remain uncertain about the future. The effects of these effects on the Bank's equity management and capital adequacy, asset quality, credit risk, operational risk, currency risk, interest rate risk, liquidity risk, stock position risk arising from banking accounts, leverage ratio and other risks and indicators are followed up regularly. The effects of the situation are not fully known. The Bank takes the necessary precautions to keep the negative effects under control and to live at the minimum level.

In order to reduce the negative effects of the epidemic, BRSA decisions 8948, 8949 and 8950 have been published. The BRSA has extended the delays stipulated for the classification of loans as a summary in these decisions, and are classified as live receivables due to restructuring and the principal and / or interest payments are delayed more than 30 days within one year of monitoring or are restructured once more during this monitoring Period eliminated the obligation to classify loans in the third group.

In addition to these measures, the announcement dated 23 March 2020 decided to implement the following measures by 31 December 2020:

- According to the Regulation on Measurement and Assessment of Capital Adequacy of Banks in the calculation of the amount subject to credit risk; the presence of non-monetary and monetary assets, the history of excluding the items in foreign currencies are measured at cost Turkey Accounting Standards pursuant revalued amounts and related provisions are calculated at 31 December in preparing the 2019 financial statements buying foreign exchange will be mainly dry used.

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XXVII. EXPLANATIONS ON OTHER MATTERS(continued)

- If the net valuation differences of the securities owned by banks in the portfolio of “Marketable Securities at Fair Value Through Other Comprehensive Income” are negative, these differences will be calculated in accordance with the Regulation on Banks' Equity and used for capital adequacy ratio. It may be taken. However, the implementation of the existing provisions of the Regulation for “Marketable Securities at Fair Value Through Other Comprehensive Income” obtained after 23 March 2020 continues.
- As of March 23, 2020, the depreciation provisions of the securities owned by banks may not be taken into account in the calculation of foreign currency net general position within the scope of the Regulation on Calculation and Implementation of Foreign Currency Net General Position / Equity Standard Ratio by Banks. However, the existing provisions of this Regulation continue to be applied for portfolios acquired after 23 March 2020.

The Bank has not applied the above-mentioned flexibility in the 30 June 2020 and 31 December 2019 financial statements.

XXVIII. EXPLANATIONS ON TFRS9 FINANCIAL INSTRUMENTS STANDARD

BRSA granted the authorization to the Bank numbered 32521522-101.02.02[86]-E.4652 and dated 3 April 2018, as of December 31, 2018, not to apply 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". As of 1 January 2020 the Bank has applied TFRS 9 Financial Instruments (TFRS 9) published by POA according to “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750 for the first time in attached unconsolidated financial statements.

TFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting.

Classification and measurement of financial assets:

The classification and measurement of financial assets according to TFRS 9 is determined by the business model in which the financial asset is managed and whether it is based on contractual cash flows that only include interest payments on principal and principal balance.

Assessment for the business model:

The business model of the Bank represents how the Bank manages its financial assets for generating cash flows. The business model specifies whether cash flows arise from the collection of contractual cash flows or the sale of financial assets, or both. This assessment is based on scenarios the Bank expects to reasonably occur.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular Period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making such assessment, the Bank considers contingent events that would change the amount and timing of cash flows, conditions that limit the Bank's claim to cash flows, prepayments and extension terms and features that modify consideration for the time value of money. Such assessments are also briefly defined as contractual cash flow characteristics test.

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XXVIII. EXPLANATIONS ON TFRS9 FINANCIAL INSTRUMENTS STANDARD(continued)

The Bank fulfills the on-balance sheet classification and measurement criteria by applying the procedures described above for all financial assets.

The information regarding the impacts of TFRS 9 standard is detailed below:

ASSETS	31 December 2019	TFRS-9 Reclassifica tion impact	TFRS-9 Remeasure ment impact	1 January 2020
FINANCIAL ASSETS (Net)	1,070,425	-	(753)	1,069,672
Cash and cash equivalents	720,560	-	-	720,560
<i>Cash and balances at Central Bank</i>	42,859	-	-	42,859
<i>Banks</i>	677,701	-	-	677,701
<i>Receivables from Money Markets</i>	-	-	-	-
Financial assets measured at fair value to profit or loss	-	-	-	-
Financial assets measured at fair value to other comprehensive income	-	-	-	-
Financial assets measured at amortised cost	329,421	-	-	329,421
Derivative financial assets	20,444	-	-	20,444
Non-performing financial assets	-	-	-	-
Allowance for expected credit losses (-)	-	-	(753)	(753)
LOANS (Net)	568,012	-	(4,602)	563,410
Loans	568,012	-	-	568,012
Loans measured at amortised cost	568,012	-	-	568,012
Non-performing loans	-	-	-	-
Allowance for expected credit losses (-)	-	-	(4,602)	(4,602)
<i>12-Month expected credit losses (Stage 1)</i>	-	-	(4,602)	(4,602)
<i>Significant increase in credit risk (Stage 2)</i>	-	-	-	-
<i>Credit-Impaired (Stage 3)</i>	-	-	-	-
TANGIBLE ASSETS (Net)	24,746	-	-	24,746
INTANGIBLE ASSETS AND GOODWILL (Net)	2,648	-	-	2,648
TAX ASSET	5,228	-	2,373	7,601
OTHER ASSETS	5,911	-	-	5,911
TOTAL ASSETS	1,676,970	-	(2,982)	1,673,988
LIABILITIES AND EQUITY	31 December 2019	TFRS-9 Reclassifica tion impact	TFRS-9 Remeasur ement impact	1 January 2020
DEPOSITS	75,685	-	-	75,685
FUNDS BORROWED	59,423	-	-	59,423
MONEY MARKETS	-	-	-	-
SECURITIES ISSUED (Net)	-	-	-	-
FUNDS	-	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	-
DERIVATIVE FINANCIAL LIABILITIES	-	-	-	-
FACTORING LIABILITIES	22,412	-	-	22,412
PROVISIONS	40,626	(35,589)	5,431	10,468
General Provision	35,589	(35,589)	-	-
Reserve for Employee Benefits	5,037	-	-	5,037
Other provision	-	-	5,431	5,431
CURRENT TAX LIABILITY	19,484	-	-	19,484
DEFERRED TAX LIABILITY	-	-	-	-
OTHER LIABILITIES	12,905	-	-	12,905
SHAREHOLDER'S EQUITY	1,446,435	-	(8,413)	1,438,022
Paid in capital	1,051,230	-	-	1,051,230
Capital reserves	-	-	-	-
Other capital reserves	-	-	-	-
Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(19)	-	-	(19)
Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	-	-	-	-
Profit Reserves	200,820	-	-	200,820
Legal Reserves	10,041	-	-	10,041
Status Reserves	-	-	-	-
Extraordinary Reserves	190,779	-	-	190,779
Other Profit Reserves	-	-	-	-
Profit or (Loss)	194,404	-	27,176	221,580
<i>Prior Periods' Profit or (Loss)</i>	-	-	27,176	27,176
<i>Current Period Profit or (Loss)</i>	194,404	-	-	194,404
TOTAL LIABILITIES AND EQUITY	1,676,970	(35,589)	32,607	1,673,988

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XXVIII. EXPLANATIONS ON TFRS9 FINANCIAL INSTRUMENTS STANDARD(continued)

Reconciliation of the opening balances of the provision to TFRS 9

The following table summarizes the reconciliation of the general loan loss provision of the Bank as of 31 December 2019 and the provision for the expected loss model as measured in accordance with TFRS 9 as of 1 January 2020.

	Book value before TFRS 9 31 December 2019	Remeasurements	Book value after TFRS 9 1 January 2020
Loans Provision	18,745	(14,143)	4,602
Stage 1 (*)	18,745	(14,143)	4,602
Stage 2	-	-	-
Stage 3	-	-	-
Financial Assets(**)	-	753	753
Non-Cash Loans	16,844	(11,413)	5,431
Stage 1 and 2	16,844	(11,413)	5,431
Stage 3	-	-	-
Total	35,589	(24,803)	10,786

* Represents general provisions for stage 1 loans before TFRS 9.

** Within the scope of TFRS 9, provisions include provisions for Amortized Cost, Receivables from Banks and Money Market and other assets.

Effects on equity with TFRS 9 transition:

According to paragraph 15 of Clause 2 of Article 7 of TFRS 9 Financial Instruments Standard published in the Official Gazette numbered 29953 dated 19 January 2017, it is stated that it is not compulsory to restate previous Period information in accordance with TFRS 9 and if the previous Period information is not restated, the difference between the book value of 1 January 2020 the date of application should be reflected in the opening balance of equity. The explanations about the transition effects to TFRS 9 presented in the equity items under the scope of this article are explained below.

TL 24,803 positive difference (income natured) between the provision for impairment of the previous Period of the Bank and the provision for loss that is measured in accordance with TFRS 9 impairment model as of 1 January 2020 is classified as "Prior years' profits or losses" line under shareholders' equity.

As of January 1, 2020 the Bank has started to calculate deferred tax asset for general provisions (allowance for expected credit losses for Stage 1 and Stage 2 loans) in accordance with "Communique on Uniform Chart of Accounts" published at 20 September 2017. Within this scope, deferred tax asset amounting to TL 2,373 has been accounted in the opening balance sheet of current Period and the related amount is presented in "Prior years' profits or losses" line under shareholders' equity.

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XXIX. EXPLANATIONS ON PRIOR PERIOD ACCOUNTING POLICIES NOT VALID FOR THE CURRENT PERIOD

"IFRS 9 Financial Instruments" standard became effective instead of "TAS 39 Financial Instruments: Recognition and Measurement" as of 1 January 2018. Accounting policies lost their validity with the transition of IFRS 9 are given below:

a. Loans and receivables:

Loans and receivables are financial assets which are created by providing money, services or goods to a debtor. Loans and receivables originated by the Bank are carried initially at cost and subsequently recognized at the amortised cost value calculated using the effective interest method. The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No. 26333 dated 1 November 2006. Apart from specific provisions, the Bank has general loan loss provision within the scope of the stated regulations. Deferred tax asset is not allocated over the amount of general provisions for possible losses in accordance with the circular of BRSA dated 8 December 2004 no. BRSA.DZM.2/13/1-a-3.

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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, 2020, the Bank's total capital has been calculated as TL 1,523,827 (December 31, 2019: TL 1,460,116) and the capital adequacy ratio is 62.77% (December 31, 2019: 63.32%). This ratio is well above the minimum ratio required by the legislation.

Information on Equity Accounts:

	Current Period 30.06.2020	Amounts as per the regulation before 1/1/2014 (*)	Prior Period 31.12.2019	Amounts as per the regulation before 1/1/2014 (*)
COMMON EQUITY TIER I CAPITAL	1,511,924	-	1,436,830	-
Paid-in capital to be entitled for compensation after all creditors	1,051,230	-	1,051,230	-
Share Premium	-	-	-	-
Reserves	395,205	-	200,820	-
Gains recognized in equity as per TAS	-	-	-	-
Profit	86,328	-	194,404	-
Current Period profit	59,159	-	194,404	-
Prior Period profit	27,169	-	-	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current Period's profit	-	-	-	-
Common Equity Tier I Capital Before Deductions	1,532,763	-	1,446,454	-
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	19	-	19	-
Improvement costs for operating leasing(-)	1,594	-	1,730	-
Goodwill and other intangible assets and related deferred taxes (-)	-	-	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1,867	-	2,420	-
Excess amount arising from deferred tax assets from temporary differences	17,359	-	5,455	-
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	20,839	-	9,624	-
Total Common Equity Tier I Capital	1,511,924	-	1,436,830	-

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

	Current Period 30.06.2020	Amounts as per the regulation before 1/1/2014 (*)	Prior Period 31.12.2019	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 sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-	-	-
Net deferred tax asset/liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-	-	-
Total Deductions from Additional Tier I Capital	-	-	-	-
Total Additional Tier I Capital	-	-	-	-
Total Tier I Capital (Tier I Capital=Common Equity Additional Tier I Capital)	1,511,924	-	1,436,830	-
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)	11,903	-	23,286	-
Tier II Capital before Deductions	11,903	-	23,286	-
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	11,903	-	23,286	-
Total Equity (Total Tier I and Tier II Capital)	1,523,827	-	1,460,116	-

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

	Current Period 30.06.2020	Amounts as per the regulation before 1/1/2014 (*)	Prior Period 31.12.2019	Amounts as per the regulation before 1/1/2014 (*)
Total Tier I Capital and Tier II Capital (Total Equity)	1,523,827	-	1,460,116	-
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	1,523,827	-	1,460,116	-
Total Capital (Total of Tier I Capital and Tier II Capital)	1,523,827	-	1,460,116	-
Total Risk Weighted Assets	2,427,667	-	2,305,921	-
CAPITAL ADEQUACY RATIOS				
Core Capital Adequacy Ratio (%)	62.28	-	62.31	-
Tier I Capital Adequacy Ratio (%)	62.28	-	62.31	-
Capital Adequacy Ratio (%)	62.77	-	63.32	-
BUFFERS				
Bank-specific total Core Capital Ratio	0.24	-	0.24	-
Capital Conservation Buffer Ratio (%)	2.50	-	2.50	-
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	57.78	-	58.61	-
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 thousandtwentyfive limitation)	11,903	-	35,589	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	23,789	-	23,286	-
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-	-	-
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.

**Notes to unconsolidated financial statements
as at 30 June 2020***(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 TFRS 9 transition effect of Stage 1 provisions. In the calculation of Total Capital, TFRS 9 Stage 1 expected credit losses 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 30.06.2020	Prior Period 31.12.2019
Paid in Capital	1,051,230	1,051,230
Capital Reserves	395,205	200,820
Profit	86,328	194,404
Total Equity before Deductions	1,532,763	1,446,454
Deduction made within the scope of the Regulation	20,839	9,624
Common Equity Tier 1 Capital	1,511,924	1,436,830
Tier 1 Capital	1,511,924	1,436,830
General Provisions (Up to 1.25%)	11,903	23,286
Total Equity	1,523,827	1,460,116

II. EXPLANATIONS ON CREDIT RISK

It is not prepared in accordance with Article 25 of the Communiqué on Financial Statements and Related Disclosures and Footnotes Announced to Public by Banks.

III. EXPLANATIONS ON CURRENCY RISK

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

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

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

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

**Notes to unconsolidated financial statements
as at 30 June 2020**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)
III. EXPLANATIONS ON CURRENCY RISK (continued)

The Bank's current foreign exchange buying rates announced on June 30, 2020 and December 31, 2019 as well as the last five day financial statement valuation rates are as follows:

(All rates presented as full TL).

30.06.2020	USD	EUR	GBP	CNY
Rates :				
1. Day Foreign Exchange Buying Rate	6,8432	7,6720	8,3844	0,9622
2. Day Foreign Exchange Buying Rate	6,8417	7,6776	8,4717	0,9612
3. Day Foreign Exchange Buying Rate	6,8417	7,6776	8,4717	0,9612
4. Day Foreign Exchange Buying Rate	6,8422	7,7082	8,4282	0,9615
5. Day Foreign Exchange Buying Rate	6,8432	7,6720	8,3844	0,9622
Arithmetic mean of last 30 days	6,8113	7,6707	8,5162	0,9561
31.12.2019	USD	EUR	GBP	CNY
Rates :				
1. Day Foreign Exchange Buying Rate	5,9402	6,6621	7,8013	0,8483
2. Day Foreign Exchange Buying Rate	5,9302	6,5759	7,6854	0,8424
3. Day Foreign Exchange Buying Rate	5,9370	6,6117	7,7375	0,8437
4. Day Foreign Exchange Buying Rate	5,9370	6,6117	7,7375	0,8437
5. Day Foreign Exchange Buying Rate	5,9402	6,6506	7,7765	0,8455
Arithmetic mean of last 30 days	5,8357	6,4814	7,6341	0,8273

Sensitivity analysis on currency risk:

If the foreign currency position of USD and EUR carried by the Bank as of June 30, 2020 is 10% (December 31, 2019: 10%) increase / decrease of TL against foreign currencies and all other variables are constant, the changes that will be caused in the net profit of the Bank, regardless of the tax effect of the foreign currency risk that the Bank will be exposed to, are stated below:

Current Period 30.06.2020	Change in Foreign Currency	Impact on Profit / Loss (*)	Impact on Equity
USD	10% Increase	(89)	(89)
	10% Decrease	89	89
EUR	10% Increase	2,816	2,816
	10% Decrease	(2,816)	(2,816)
Prior Period 31.12.2019	Change in foreign currency	Impact on Profit / Loss (*)	Impact on Equity
USD	10% Increase	1,146	1,146
	10% Decrease	(1,146)	(1,146)
EUR	10% Increase	2,172	2,172
	10% Decrease	(2,172)	(2,172)

(*) Pre-tax figures.

**Notes to unconsolidated financial statements
as at 30 June 2020**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)
III. EXPLANATIONS ON CURRENCY RISK (continued)
Explanations on currency risk: Foreign Currency

	EUR	USD	Other FC	Total
Current Period 30.06.2020				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	49,868	8,417	-	58,285
Due From Banks	116,325	27,341	111	143,777
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	302,730	68,456	-	371,186
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	4,091	10,039	-	14,130
Total Assets	473,014	114,253	111	587,378
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	107,534	19,127	96	126,757
Money Market Borrowings	-	-	-	-
Funds Provided from Other Financial Institutions	34,526	68,434	-	102,960
Securities Issued	-	-	-	-
Sundry Creditors	-	-	-	-
Derivative Fin. Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	4,420	27,561	-	31,981
Total Liabilities	146,480	115,122	96	261,698
Net Balance Sheet Position	326,534	(869)	15	325,680
Net Off-Balance Sheet Position	(298,356)	-	-	(298,356)
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	298,356	-	-	298,356
Non-Cash Loans (*)	597,189	362,889	-	960,078
Prior Period 31.12.2019				
Total Assets	317,937	94,750	-	412,687
Total Liabilities	127	83,295	-	83,422
Net Balance Sheet Position	317,810	11,455	-	329,265
Net Off-Balance Sheet Position	(296,093)	-	-	(296,093)
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	296,093	-	-	296,093
Non-Cash Loans (*)	700,856	299,027	-	999,883

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

**Notes to unconsolidated financial statements
as at 30 June 2020**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)
IV. EXPLANATIONS ON INTEREST RATE RISK

Sensitivity analysis of the Bank's interest rate sensitive assets and liabilities and interest rate fluctuations are analyzed. The impact of interest rate volatility to the Bank will be analyzed by presenting the results to the Risk Committee and senior management regularly, sensitivity and scenario analysis in the coming Periods. In this analysis, it is planned to calculate possible losses in fair value changes on interest rate sensitive products by interest rate shocks.

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

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

Current Period 30.06.2020	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	21,162	-	-	-	-	39,931	61,093
Banks	516,733	-	-	-	-	38,072	554,805
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans	302,731	273,680	-	-	-	-	576,411
Financial Assets Measured at Amortized Cost	20,340	192,093	388,222	-	-	-	600,655
Other Assets	-	-	-	-	-	57,257	57,257
Total Assets	860,966	465,773	388,222	-	-	135,260	1,850,221
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	107,534	-	-	-	-	19,320	126,854
Interbank Money Market Received	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	34,528	68,432	-	-	-	-	102,960
Other Liabilities (*)	-	-	-	-	-	1,620,407	1,620,407
Total Liabilities	142,062	68,432	-	-	-	1,639,727	1,850,221
Balance sheet long position	718,904	397,341	388,222	-	-	-	1,504,467
Balance sheet short position	-	-	-	-	-	(1,504,467)	(1,504,467)
Off-Balance sheet long position	33,557	-	33,557	167,783	-	-	234,897
Off-Balance sheet short position	(42,622)	-	(42,622)	(213,112)	-	-	(298,356)
Total Position	709,839	397,341	379,157	(45,329)	-	(1,504,467)	(63,459)

(*) Including TL 1,532,770 shareholders' equity.

**Notes to unconsolidated financial statements
as at 30 June 2020**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)
IV. EXPLANATIONS ON INTEREST RATE RISK (continued)

Prior Period 31.12.2019	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	5,025	-	-	-	-	37,834	42,859
Banks	668,667	-	-	-	-	9,034	677,701
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans	41,394	8,177	37,012	481,429	-	-	568,012
Financial Assets Measured at Amortized Cost	51,129	5,103	273,189	-	-	-	329,421
Other assets	-	-	-	-	-	58,977	58,977
Total Assets	766,215	13,280	310,201	481,429	-	105,845	1,676,970
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	65,620	-	-	-	-	10,065	75,685
Interbank Money Market Received	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	-	23	59,400	-	-	59,423
Other Liabilities (*)	-	-	-	-	-	1,541,862	1,541,862
Total Liabilities	65,620	-	23	59,400	-	1,551,927	1,676,970
Balance sheet long position	700,595	13,240	310,178	422,069	-	-	1,446,082
Balance sheet short position	-	-	-	-	-	(1,446,082)	(1,446,082)
Off-Balance sheet long position	-	33,557	33,557	201,339	-	-	268,453
Off-Balance sheet short position	-	(37,012)	(37,012)	(222,069)	-	-	(296,093)
Total Position	700,595	9,785	306,723	401,339	-	(1,446,082)	(27,640)

(*) Including TL 1,446,435 shareholders' equity.

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

IV. EXPLANATIONS ON INTEREST RATE RISK (continued)

Average interest rates applied to financial instruments (%)

Current Period 30.06.2020	EUR	USD	Other FC	TL
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	7.21
Banks and Receivables from Other Financial Institutions	0.10	0.20	-	9.13
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	3.66	-	9.81
Financial Assets Measured at Amortized	-	-	-	12.19
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	1.04	0.20	-	10.29
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	(0.27)	1.64	-	-
Prior Period 31.12.2019				
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.99	-	11.36
Banks and Receivables from Other Financial Institutions	0.10	-	-	21.25
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	4.86	-	15.37
Financial Assets Measured at Amortized	-	-	-	16.75
Liabilities				
Bank Deposits	-	-	-	19.10
Other Deposits	0.10	-	-	21.08
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	2.88	-	-

**Notes to unconsolidated financial statements
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)
V. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES
1. Balance sheet values, fair value and market value comparison of equity investments

None (December 31, 2019: 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, 2019: None).

VI. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

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

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

Presentation of assets and liabilities according to their remaining maturities:

Current Period 30.06.2020								
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	39,931	21,162	-	-	-	-	-	61,093
Banks	38,072	516,733	-	-	-	-	-	554,805
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans	-	46,996	5,249	242,622	281,544	-	-	576,411
Financial Assets Measured at Amortized Cost	-	20,657	192,093	387,905	-	-	-	600,655
Other Assets (*)	-	-	-	-	-	-	57,257	57,257
Total assets	78,003	605,548	197,342	630,527	281,544	-	57,257	1,850,221
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	19,320	107,534	-	-	-	-	-	126,854
Funds Borrowed from Other Financial Institutions	-	34,528	68,432	-	-	-	-	102,960
Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	-	-	-	-	-	1,620,407	1,620,407
Total Liabilities	19,320	142,062	68,432	-	-	-	1,620,407	1,850,221
Net Liquidity Gap	58,683	463,486	128,910	630,527	281,544	-	(1,563,150)	-
Net Off-Balance Sheet Position	-	(9,065)	-	(9,065)	(45,329)	-	-	(63,459)
Financial Derivative Assets	-	33,557	-	33,557	167,783	-	-	234,897
Financial Derivative Liabilities	-	42,622	-	42,622	213,112	-	-	298,356
Non-Cash Loans	-	-	3,339	391,128	245,594	565,611	-	1,205,672

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

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

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

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

Prior Period 31.12.2019

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	37,834	5,025	-	-	-	-	-	42,859
Banks	9,033	668,668	-	-	-	-	-	677,701
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans	-	41,355	8,177	37,012	464,498	16,971	-	568,013
Financial Assets Measured at Amortized Cost	-	51,129	5,103	273,189	-	-	-	329,421
Other Assets (*)	-	-	-	26,279	-	32,512	185	58,976
Total assets	46,867	766,177	13,280	336,480	464,498	49,483	185	1,676,970
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	10,065	65,620	-	-	-	-	-	75,685
Funds Borrowed from Other Financial Institutions	-	-	-	23	42,429	16,971	-	59,423
Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	1,746	465	2,155	12,935	6,857	1,517,704	1,541,862
Total Liabilities	10,065	67,366	465	2,178	55,364	23,828	1,517,704	1,676,970
Net Liquidity Gap	36,802	698,811	12,815	334,302	409,134	25,655	(1,517,519)	-
Net Off-Balance Sheet Position	-	(3,455)	-	(3,455)	(20,730)	-	-	(27,640)
Financial Derivative Assets	-	33,557	-	33,557	201,339	-	-	268,453
Financial Derivative Liabilities	-	37,012	-	37,012	222,069	-	-	296,093
Non-Cash Loans	16,322	-	535	535,867	252,128	440,625	-	1,245,477

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

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

**Notes to unconsolidated financial statements
as at 30 June 2020**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)
VI. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)
Liquidity coverage ratio:

The liquidity coverage ratio is calculated by dividing the high quality liquid assets to the Bank's net cash outflows in the 30 day Period. Important balance sheet items that determine the ratio are 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 30.06.2020		Total Unweighted Value (Average)(*)		Total Weighted Value (Average)(*)	
High-Quality Liquid Assets		TL+FC	FC	TL+FC	FC
1	Total high-quality liquid assets (HQLA)			557.816	77.118
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:				
6	Operational deposits	144,390	119,997	70,378	49,843
7	Non-operational deposits	-	-	-	-
8	Unsecured funding	123,353	116,923	49,341	46,769
9	Secured wholesale funding	21,037	3,074	21,037	3,074
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	3,287	3,287	3,287	3,287
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			73,665	53,130
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	660,551	159,943	660,551	159,943
19	Other cash inflows	-	-	-	-
20	Total Cash Inflows	660,551	159,943	660,551	159,943
Values applied upper limit					
21	Total HQLA			557,816	77,118
22	Total Net Cash Outflows			30,985	33,822
23	Liquidity Coverage Ratio (%)			4,500	664

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

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VI. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (continued)
Liquidity coverage ratio:

Prior Period 31.12.2019		Total Unweighted Value (Average)(*)		Total Weighted Value (Average)(*)	
High-Quality Liquid Assets		TL+FC	FC	TL+FC	FC
1	Total high-quality liquid assets (HQLA)			323,726	41,235
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:	153,859	7,978	62,506	3,327
6	Operational deposits	-	-	-	-
7	Non-operational deposits	152,255	7,753	60,902	3,101
8	Unsecured funding	1,604	226	1,604	226
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			62,506	3,327
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	778,083	15,792	778,083	15,792
19	Other cash inflows	15,280	70	15,280	70
20	Total Cash Inflows	793,363	15,862	793,363	15,862
Values applied upper limit					
21	Total HQLA			323,726	41,235
22	Total Net Cash Outflows			18,478	2,556
23	Liquidity Coverage Ratio (%)			1,833	19,430

(*)The arithmetic average of the last three months weekly unconsolidated Liquidity Coverage Ratios 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, 2020, liquidity ratio is required to be at least 80% (December 31, 2019: 80%) for foreign currency assets/liabilities and 100% (December 31, 2019: 100%) for total assets/liabilities. The table below shows the lowest, highest and average Liquidity Coverage Ratio calculated weekly in the last 3 months:

Current Period 30.06.2020						
	Highest	Date	Lowest	Date	Average	
TL+FC	21,861	12 June 2020	973	3 April 2020	4,500	
FC	3,112	12 June 2020	82	3 April 2020	664	
Prior Period 31.12.2019						
	Highest	Date	Lowest	Date	Average	
TL+FC	2,688	1 November 2019	1,382	4 October 2019	1,833	
FC	70,702	1 November 2019	422	13 December 2019	19,430	

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VII. EXPLANATIONS ON LEVERAGE RATIO

The leverage ratio calculated by the Bank in accordance with the “Regulation on Measurement and Evaluation of Leverage Level of Banks” is 46.39% (31 December 2019: 49.19%). This rate is above the minimum rate, and the regulation stipulated the minimum leverage rate as 3%.

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 30.06.2020 (*)	Prior Period 31.12.2019 (*)
1 Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	1,975,556	1,699,746
2 (Assets deducted in determining Tier 1 capital)	(21,083)	(6,277)
3 Total balance sheet risks (sum of lines 1 and 2)	1,954,473	1,693,469
Derivative financial instruments and credit derivatives		
4 Replacement cost associated with all derivative financial instruments and credit derivatives	-	-
5 Potential credit risk associated with all derivative financial instruments and credit derivatives	11,745	42,896
6 Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	11,745	42,896
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	1,281,771	1,172,070
11 (Adjustments for conversion to credit equivalent amounts)	-	-
12 Total risks of off-balance sheet items (sum of lines 10 and 11)	1,281,771	1,172,070
Capital and total risks		
13 Tier 1 capital	1,503,269	1,429,777
14 Total risks (sum of lines 3, 6, 9 and 12)	3,247,989	2,908,435
15 Leverage ratio	46.39	49.19

(*) Represents three-month weighted 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. 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.

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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 30.06.2020	Prior Period 31.12.2019	Current Period 30.06.2020	Prior Period 31.12.2019
1	Credit risk (excluding counterparty credit risk) (CCR)	1,893,503	1,831,089	151,480	146,487
2	Standardized approach (SA)	1,893,503	1,831,089	151,480	146,487
3	Internal rating-based (IRB) approach	-	-	-	-
4	Counterparty credit risk	9,578	31,795	766	2,544
5	Standardized approach for counterparty credit risk (SACCR)	9,578	31,795	766	2,544
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	27,325	33,172	2,186	2,654
17	Standardized approach (SA)	27,325	33,172	2,186	2,654
18	Internal model approaches (IMM)	-	-	-	-
19	Operational risk	497,260	409,866	39,781	32,789
20	Basic indicator approach	497,260	409,866	39,781	32,789
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)	2,427,666	2,305,922	194,213	184,474

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IX. EXPLANATIONS ON RISK MANAGEMENT (continued)

2. Credit quality of assets

Current Period 30.06.2020		Gross carrying values of as per TAS		Allowances/ impairments	Net values
		Defaulted exposures	Non- defaulted exposures		
1	Loans	-	588,292	-	588,292
2	Debt Securities	-	-	-	-
3	Off-balance sheet exposures	-	1,205,672	-	1,205,672
4	Total	-	1,793,964	-	1,793,964

Prior Period 31.12.2019		Gross carrying values of as per TAS		Allowances/ impairments	Net values
		Defaulted exposures	Non- defaulted exposures		
1	Loans	-	569,839	-	569,839
2	Debt Securities	-	-	-	-
3	Off-balance sheet exposures	-	1,245,477	-	1,245,477
4	Total	-	1,815,316	-	1,815,316

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 30.06.2020		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	588,292	-	-	-	-	-	-
2	Debt securities	-	-	-	-	-	-	-
3	Total	588,292	-	-	-	-	-	-
4	Of which defaulted	-	-	-	-	-	-	-
Prior Period 31.12.2019		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	569,839	-	-	-	-	-	-
2	Debt securities	-	-	-	-	-	-	-
3	Total	569,839	-	-	-	-	-	-
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 30.06.2020	Asset classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central Banks	661,748	-	661,748	-	58,285	%9
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	572,668	640,061	572,668	511,831	656,896	61%
7	Exposures to corporates	588,292	565,611	588,292	565,611	1,153,903	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	24,419	-	24,419	-	24,419	100%
17	Equity Investment	-	-	-	-	-	-
18	Total	1,847,127	1,205,672	1,847,127	1,077,442	1,893,503	65%

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IX. EXPLANATIONS ON RISK MANAGEMENT (continued)

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

Prior Period 31.12.2019		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes							
1	Exposures to central governments or central Banks	372,281	-	372,281	-	40,054	11%
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	713,368	804,851	713,368	668,910	755,272	55%
7	Exposures to corporates	569,839	440,626	569,839	440,626	1,010,465	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	-	-	-	-	-	-
17	Equity Investment	25,298	-	25,298	-	25,298	100%
18	Total	1,680,786	1,245,477	1,680,786	1,109,536	1,831,089	66%

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IX. EXPLANATIONS ON RISK MANAGEMENT (continued)

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

Current Period 30.06.2020		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	603,463	-	-	-	-	-	58,285	-	-	-	661,748
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	-	-	447,019	-	139,975	-	497,505	-	-	-	1,084,499
7	Exposures to corporates	-	-	-	-	-	-	1,153,903	-	-	-	1,153,903
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	-	-	-	-	-	-	24,419	-	-	-	24,419
18	Total	603,463	-	447,019	-	139,975	-	1,734,112	-	-	-	2,924,569

Prior Period 31.12.2019		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	332,227	-	-	-	-	-	40,054	-	-	-	372,281
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	-	-	677,628	-	169,808	-	534,842	-	-	-	1,382,278
7	Exposures to corporates	-	-	-	-	-	-	1,010,465	-	-	-	1,010,465
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	-	-	-	-	-	-	25,298	-	-	-	25,298
18	Total	332,227	-	677,628	-	169,808	-	1,610,659	-	-	-	2,790,322

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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 30.06.2020		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard Approach-CCR	-	11,745		-	11,745	5,873
2	Internal Model Approach			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation					-	-
4	Comprehensive Method for Credit Risk Mitigation					-	-
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
6	Total						5,873

Prior Period 31.12.2019		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard Approach-CCR	20,444	13,422		-	33,866	16,933
2	Internal Model Approach			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation					-	-
4	Comprehensive Method for Credit Risk Mitigation					-	-
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
6	Total						16,933

6.2. Credit Valuation Adjustment (CVA) Capital Charge

		Current Period 30.06.2020		Prior Period 31.12.2019	
		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	11,745	5,873	33,866	16,933
4	Total amount of CVA capital adequacy	11,745	5,873	33,866	16,933

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

Current Period 30.06.2020 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 noncommercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	-	11,745	-	-	-	-	11,745
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	-	-	-	11,745	-	-	-	-	11,745

Prior Period 31.12.2019 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 noncommercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	-	33,866	-	-	-	-	33,866
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	-	-	-	33,866	-	-	-	-	33,866

**Notes to unconsolidated financial statements
as at 30 June 2020**

(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 standardised approach:

		Current Period 30.06.2020 Risk Weighted Asset	Prior Period 31.12.2019 Risk Weighted Asset
	Outright products		
1	Interest rate risk (general and specific)	-	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	27,325	33,172
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisations	-	-
9	Total	27,325	33,172

**Notes to unconsolidated financial statements
as at 30 June 2020**

(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
as at 30 June 2020**

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

SECTION FIVE

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS

1. Information on cash and balances with the Central Bank of Turkey

1.1. Information on cash and cash equivalents

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL /Foreign Currency	-	-	-	-
Balances with the Central Bank of Turkey	2,808	58,285	2,805	40,054
Other	-	-	-	-
Total	2,808	58,285	2,805	40,054

1.2. Information related to account of Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	2,808	37,139	2,805	35,179
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	21,146	-	4,875
Total	2,808	58,285	2,805	40,054

According to the CBRT's "Communiqué on Required Reserves No. 2013/15", the Bank establishes a reserve requirement at the CBRT for Turkish currency and foreign currency liabilities. According to the "Communiqué on Required Reserves" at the CBRT, Turkish Lira can be kept in USD, EUR and standard gold. According to the principles of communiqué No. 2019/19 dated 9 December 2019, the CBRT pays interest to banks that provide credit growth for Turkish Lira required reserves.

As of June 30, 2020, valid rates for required reserves established in the CBRT are between 1% and 7% according to the maturity structure in Turkish currency (31 December 2019: between 1% and 7%); in foreign currency, 5% to 21% depending on the maturity structure range (31 December 2019: 5% to 21%).

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, 2020 there are no financial assets at fair value through profit or loss subject to repurchase agreement (December 31, 2019: None).

As of June 30, 2020, the Bank does not have any collateral assets in exchange for Istanbul Stock Exchange (December 31, 2019: None).

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

None (December 31, 2019: None).

**Notes to unconsolidated financial statements
as at 30 June 2020**

(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	-	-	20,444	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	-	20,444	-

4. Information on Banks

4.1. Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	411,028	143,777	668,860	8,841
<i>Domestic</i>	411,028	107,780	668,860	73
<i>Foreign</i>	-	35,997	-	8,768
<i>Foreign head-offices and branches</i>	-	-	-	-
Total	411,028	143,777	668,860	8,841

4.2. Expected credit losses for cash and cash equivalents

Current Period	Stage 1	Stage 2	Stage 2	Total
Balances at End of Prior Period	729	-	-	729
Additions during the Period	567	-	-	567
Disposal	(729)	-	-	(729)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	-	-	-	-
Balances at End of Period	567	-	-	567

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, 2020, there are no financial assets at fair value through other comprehensive income subject to repurchase agreement (December 31, 2019: None). As of June 30, 2020, there are no financial assets given as collateral/blocked (December 31, 2019: None).

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

None (December 31, 2019: 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, 2019: None).

**Notes to unconsolidated financial statements
as at 30 June 2020**

(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	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring		
		Loans and Receivables Not Subject To Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Re-finance
Non-Specialized Loans	576,411	-	-	-
Loans Given to Enterprises	-	-	-	-
Export Loans	205,225	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	-	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	371,186	-	-	-
Specialized Loans	-	-	-	-
Other Loans	-	-	-	-
Total	576,411	-	-	-

Expected Credit Losses	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	5,379	-
Significant Increase in Credit Risk	-	-
Total	5,379	-

6. Information on Loans (continued)

6.3. Distribution of cash loans according to their maturities

	Standard Loans	Loans Under Close Monitoring	
		Loans without Revised Contract Terms	Restructured Loans
Short-term Loans	-	-	-
Medium and Long-term Loans	576,411	-	-
Total	576,411	-	-

6.4. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards

None (December 31, 2019: None).

6.5. Information on commercial installment loans and corporate credit cards

None (December 31, 2019: None).

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (continued)

6.6. Loans according to types of borrowers

	Current Period	Prior Period
Public	-	-
Private	576,411	568,012
Total	576,411	568,012

6.7. Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	576,411	568,012
Foreign Loans	-	-
Total	576,411	568,012

6.8. Loans given to associates and subsidiaries

None (December 31, 2019: None).

6.9. Explanations on non-performing loans

None (December 31, 2019: None).

6.10. 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.

6.11. Explanations on write-off policy

In order to ensure the collection and liquidation of the Bank's receivables, which are given legal follow-up instructions due to the loss of credit worthiness, the subjects such as the quality of the loan, the condition of the loan, the good will of the debtor and the urgency of the follow-up are determined and the most appropriate action style is determined. Although the elimination of the risk is preferred through the administrative interventions and negotiations in the debtors, the liquidation method of the receivable is used by directly initiating legal follow-up procedures. However, the fact that legal proceedings have been initiated does not mean that administrative interviews have ended. An agreement can be made with the debtor regarding the liquidation of the Bank's receivables at each stage, provided that it is agreed.

6.12. Explanations on expected credit losses for loans

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at End of Prior Period	4,602	-	-	4,602
Additions during the Period	-	-	-	-
Disposal	(485)	-	-	(485)
Debt Sale	-	-	-	-
Write-offs	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	1,262	-	-	1,262
Balances at End of Period	5,379	-	-	5,379

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (continued)

6.13. Information on interest accruals, discounts, valuation differences and their provisions calculated for non-performing loans in accordance with TFRS 9

None (December 31, 2019: None).

7. Information on financial assets measured at amortized cost

7.1. Information on financial assets that are subject to repo transactions and are given as collateral / blocked, and measured financial assets

There are no financial assets subject to repurchase agreements in the current Period (December 31, 2019: None). As of June 30, 2020, the Bank does not have securities given as collateral (December 31, 2019: None).

7.2. Information on government debt securities measured at amortized cost

	Current Period	Prior Period
Government Bond	600,655	329,421
Treasury Bonds	-	-
Other Public Debt Securities	-	-
Total	600,655	329,421

7.3. Information on investments measured at amortized cost

	Current Period	Prior Period
Debt Securities	600,655	329,421
<i>Quoted at Stock Exchange</i>	<i>600,655</i>	<i>329,421</i>
<i>Unquoted at Stock Exchange</i>	-	-
Value Increases/Impairment Losses (-)	-	-
Total	600,655	329,421

7.4. Movements of investments measured at amortized cost during the year

	Current Period	Prior Period
Opening balance	329,421	-
Foreign exchange differences in monetary assets	-	-
Purchases during the year	397,386	340,071
Disposals through Sales and Redemptions	(126,152)	(10,650)
Value decrease equivalent	-	-
Period end balance	600,655	329,421

7.5. Explanations on expected credit losses for financial assets measured at amortised cost

Current Period	Stage 1	Stage 2	Stage 2	Total
Balances at End of Prior Period	24	-	-	24
Additions during the Period	71	-	-	71
Disposal	(59)	-	-	(59)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	-	-	-	-
Balances at End of Period	36	-	-	36

8. Information on associates

The Bank has no associates as of June 30, 2020 (December 31, 2019: None).

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (continued)

9. Information on subsidiaries (net)

The Bank has no subsidiaries as of June 30, 2020 (December 31, 2019: 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, 2020 (December 31, 2019: None).

11. Information on lease receivables

The Bank does not have lease receivables as of June 30, 2020 (December 31, 2019: None).

12. Information on derivative financial assets held for hedging purposes

There are no derivative financial instruments for hedging purposes (December 31, 2019: 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, 2019: None).

**Notes to unconsolidated financial statements
as at 30 June 2020**

(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 June 30, 2020, net deferred tax asset amounted to TL 17,204 (December 31, 2019: TL 5,228) has been reflected in the financial statements of the Bank after netting the deferred tax asset amounting to TL 17,543 (December 31: 2019: TL 5,640) and the tax liability amounting to TL 339 (December 31, 2019: TL 412).

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	784	167
Bonus Provision	2,559	563
Tangible Assets Amortization Differences	(1,542)	(339)
Differences Arising from Market Value of Derivative Financial Instruments	50,922	11,203
Commission charged in advance	10,071	2,216
MTM – SL securities interest difference	1,815	399
Expected Credit Loss According to TFRS 9	11,903	2,619
MTM-TFRS16 difference	1,561	343
MTM-TFRS difference for interest income/expense	149	33
Total	78,222	17,204

	Prior Period	
	Deferred Tax Base	Deferred Tax Asset/ (Liability)
Retirement Pay and Unused Vacation Provision	432	91
Bonus Provision	4,605	1,013
Tangible Assets Amortization Differences	(1,875)	(412)
Differences Arising From Market Value of Derivative Financial Instruments	3,314	729
Commission charged in advance	10,689	2,352
MTM – SL securities interest difference	6,093	1,340
Other	523	115
Total	23,781	5,228

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

None (December 31, 2019: 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, 2019: None).

BANK OF CHINA TURKEY A.Ş.
**Notes to unconsolidated financial statements
as at 30 June 2020**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)
II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES
1. Information on deposits
1.1. Information on maturity structure of deposits

Current Period	Demand	7 Days' Notice	Up to 1 Month	1-3 Months	3-6 Months	6- 1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	-	-	-	-	-	-	-	-	-
Foreign Currency Deposits	19,223	-	107,534	-	-	-	-	-	126,757
Residents in Turkey	19,223	-	107,534	-	-	-	-	-	126,757
Residents Abroad	-	-	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	97	-	-	-	-	-	-	-	97
Other Ins, Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Interbank Deposits	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Special Finan. Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	19,320	-	107,534	-	-	-	-	-	126,854

Prior Period	Demand	7 Days' Notice	Up to 1 Month	1-3 Months	3-6 Months	6- 1 Year	1 Year and Over	Cumulative Deposit	Total
Saving Deposits	-	-	-	-	-	-	-	-	-
Foreign Currency Deposits	8	-	-	-	-	-	-	-	8
Residents in Turkey	8	-	-	-	-	-	-	-	8
Residents Abroad	-	-	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	10,057	65,620	-	-	-	-	-	-	75,677
Other Ins, Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Interbank Deposits	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Special Finan. Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	10,065	65,620	-	-	-	-	-	-	75,685

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

None (December 31, 2019: 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, 2020 (December 31, 2019: None).

**Notes to unconsolidated financial statements
as at 30 June 2020**

(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	30,134	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	30,134	-	-	-

3. Information on borrowings

3.1. Banks and other financial institution

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT Borrowings	-	-	-	-
From domestic Banks and Institutions	-	-	-	-
From Foreign Banks, Institutions and Funds	-	102,960	-	59,423
Total	-	102,960	-	59,423

3.2. Maturity structure of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	34,524	-	-
Medium and Long-term	-	68,436	-	59,423
Total	-	102,960	-	59,423

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, 2019: 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, 2019: 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, 2019: None).

5.3. Information on lease liabilities

As of June 30, 2020, total net lease liability amount of the Bank is TL 24,340 (31 December 2019: TL 22,412).

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as at 30 June 2020**

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

II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (continued)

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, 2019: None).

6. Information on derivative financial liabilities for hedging purposes

There are no derivative financial liabilities for hedging purposes (December 31, 2019: None).

7. Information on Provisions

7.1. Information on General Provisions

As of 1 January 2020, the Bank has applied TFRS 9 regulation and has started to calculate allowance for expected credit losses.

The information on the general provisions of the Bank as of 31 December 2019 before adoption of TFRS 9 is presented below:

	Prior Period
I. Loans and Receivables in Group I	18,745
-Additional Provision for Loan and Receivables with Extended Maturities	-
II. Loans and Receivables in Group II	-
-Additional Provision for Loan and Receivables with Extended Maturities	-
Non-Cash Loans	16,844
Others	-
Total	35,589

7.2. Information on other provisions

	Current Period	Prior Period(*)
Provisions for Non Cash Loans	5,918	-
Total	5,918	-

*The expected loss provisions for non-cash loans are included in other provisions in the liabilities with IFRS 9.

7.2.1. Provision for probable losses

None (December 31, 2019: 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, 2019: 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	201	92
Period expenses	60	90
Payments made	-	-
Actuarial Difference	-	19
Closing Balance	261	201

**Notes to unconsolidated financial statements
as at 30 June 2020**

(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 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, 2020 and December 31, 2019, the ceiling of the provision for employment termination benefits is TL 7,117.17 (full TL).

In the financial statements of June 30, 2020 and December 31, 2019 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	5.90%	5.90%
Interest Rate	9.39%	9.39%

As of June 30, 2020, total provision for employee benefits amounting to TL 3,343 (December 31, 2019: TL 5,037) is composed of TL 523 unused vacation provision (December 31, 2019: TL 231), TL 2,559 bonus provision (December 31, 2019: TL 4,605), TL 261 provision for employee termination benefits (December 31, 2019: 201 TL).

8. Explanations on Tax Liability

As of June 30, 2020, the Bank has current tax liability of TL 13,248 (December 31, 2019: TL 19,484).

The Bank has a corporate tax amount of TL 27,271 (December 31, 2019: TL 63,703) to be paid after the deduction of the prepaid corporate tax of TL 15,519 (December 31, 2019: 45,828) from the corporate tax calculated as TL 11,752 (December 31, 2019: 17,785).

8.1. Information on tax payables

	Current Period	Prior Period
Corporate taxes payable	11,752	17,875
Taxation on securities	60	344
Property tax	12	11
Banking and Insurance Transaction Tax (BITT)	107	454
Taxes on foreign exchange transactions	-	-
Value added taxes payable	50	124
Other	962	463
Total	12,943	19,271

8.2. Information on premium

	Current Period	Prior Period
Social Security Premiums- Employee	130	92
Social Security Premiums- Employer	148	101
Unemployment Insurance- Employee	9	7
Unemployment Insurance- Employer	18	13
Other	-	-
Total	305	213

8.3. Explanations on deferred tax liabilities

None (December 31, 2019: None).

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

None (December 31, 2019: None).

10. Explanations on Subordinated loans

None (December 31, 2019: None).

**Notes to unconsolidated financial statements
as at 30 June 2020**

(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, 2020 (December 31, 2019: 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.

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

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, 2019: 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	949,211	973,594
Bills of Exchange and Acceptances	-	-
Letters of Credit	-	-
Total	949,211	973,594

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

	Current Period	Prior Period
Temporary letter of guarantees	-	16,857
Revocable letters of guarantee	794	794
Letters of guarantee given in advance	252,327	251,333
Guarantees given to customs	-	-
Other letter of guarantees	3,340	2,899
Total	256,461	271,883

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	949,211	973,594
With Original Maturity of 1 Year or Less Than 1 Year	-	532,968
With Original Maturity of More Than 1 Year	949,211	440,626
Other Non-Cash Loans	256,461	271,883
Total	1,205,672	1,245,477

1.4. Explanation on expected losses for non-cash loans and irrevocable commitments

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at End of Prior Period	5,431	-	-	5,431
Additions during the Period	6,198	-	-	6,198
Disposal	(6,499)	-	-	(6,499)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	790	-	-	790
Balances at End of Period	5,920	-	-	5,920

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

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

2. Explanations on financial derivatives

It is not prepared in accordance with Article 25 of the Communiqué on Financial Statements and Related Disclosures and Footnotes Announced to Public by Banks.

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

It is not prepared in accordance with Article 25 of the Communiqué on Financial Statements and Related Disclosures and Footnotes Announced to Public by Banks.

4. Explanation on contingent liabilities and assets

It is not prepared in accordance with Article 25 of the Communiqué on Financial Statements and Related Disclosures and Footnotes Announced to Public by Banks.

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

It is not prepared in accordance with Article 25 of the Communiqué on Financial Statements and Related Disclosures and Footnotes Announced to Public by Banks.

**Notes to unconsolidated financial statements
as at 30 June 2020**

(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	12,630	6,018	12,565	5,000
Interest on Loans Under Follow-up	-	-	-	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	12,630	6,018	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	171	-	152	191
Domestic Banks	32,556	50	106,371	-
Foreign Banks	-	35	-	3
Branches and Head Office Abroad	-	-	-	-
Total	32,727	85	106,523	194

* The interest income on Required Reserves amounting to TL 2 is not included into interest income on Banks (December 2019: 2).

1.3 Interest received from marketable securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Financial Assets Measured at Amortized Cost	24,446	-	329	-
Total	24,446	-	329	-

1.4. Information on interest income received from associates and subsidiaries

None (June 30, 2019: None).

2. Information on Interest Expense

2.1. Information on interest on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	-	817	-	-
TR Central Bank	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	817	-	-
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	-	817	-	-

2.2. Information on interest expenses to associates and subsidiaries

None (June 30, 2019: None).

2.3. Information on interest expenses to marketable securities

None (June 30, 2019: None).

**Notes to unconsolidated financial statements
as at 30 June 2020**

(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 30.06.2020								
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	-	3,504	1,008	-	-	-	-	4,512
Other Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	3,504	1,008	-	-	-	-	4,512
Foreign Currency								
Foreign Currency Account	-	-	512	-	-	-	-	512
Bank Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	-	512	-	-	-	-	512
Prior 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

2.5. Interest expense on lease liabilities

	Current Period	Prior Period
Lease Interest Expenses	527	524
Total	527	524

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

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

3. Information on dividend income

None (June 30, 2019: None).

4. Information on net trading income / loss

	Current Period	Prior Period
Income	187,650	168,160
Gains on Capital Market Operations	-	-
Gains on Derivative Financial Instruments	24,429	4,983
Foreign Exchange Gains	163,221	163,177
Loss (-)	173,378	141,458
Losses on Capital Market Operations	-	-
Losses on Derivative Financial Instruments	53,945	5,507
Foreign Exchange Losses	119,433	135,951
Total	14,272	26,702

5. Information on other operating income

	Current Period	Prior Period
Adjustment to previous years expenses	341	32
Other	8	8
Total	349	40

6. Impairment provisions on loans and other receivables

	Current Period
Expected Credit Losses	1,116
12 Month Expected Credit Loss (Stage 1)	1,116
Significant increase in credit risk (Stage 2)	-
Non-Performing Loans (Stage 3)	-
Marketable Securities Impairment Provision	-
Financial Assets at Fair Value Through Profit or Loss	-
Financial Assets At Fair Value Through Other Comprehensive Income	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-
Investments in Associates	-
Subsidiaries	-
Joint Ventures	-
Other	-
Total	1,116

**Notes to unconsolidated financial statements
as at 30 June 2020**
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)
IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT (continued)

	Prior Period
Specific Provisions	-
Loans with limited collectability	-
Loans with doubtful collectability	-
Uncollectible loans	-
General Provisions	11,305
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	-
Subsidiaries	-
Joint Ventures	-
Investments Held to Maturity	-
Other	-
Total	11,305

7. Information related to other operational expenses

	Current Period	Prior Period
Provision for Employee Termination Benefits	59	34
Provision for Bank's Social Aid Fund Deficit	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Charges of Tangible Assets	2,418	2,192
Impairment Losses on Intangible Assets	-	-
Impairment losses on goodwill	-	-
Amortization Charges of Intangible Assets	980	1,286
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	4,078	4,009
<i>Operational Leases Expenses</i>	-	31
<i>Repair and Maintenance Expenses</i>	69	37
<i>Advertisement Expenses</i>	-	-
<i>Other Expenses(*)</i>	4,009	3,941
<i>Losses on Sale of Assets</i>	-	-
Taxes	769	1,377
Other(**)	3,510	2,542
Total	11,814	11,440

(*) The amount of TL 4,009 in the "Other Expenses" title consists of TL 1,824 IT services expenses, TL 732 outsource services, TL 682 data line service expenses, TL 772 other operating expenses.

(**) The amount of TL 3,510 in the "Other" title consists of TL 2,854 employee benefits provisions, TL 499 auditing services and advisory services, TL 157 operational costs.

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

As of June 30, 2020, Profit before tax from continued operations is TL 75,883 (June 30, 2019: TL 120,527).

9. Explanations on tax provision for continued and discontinued operations

The tax expense for the Period ended June 30, 2020 is TL 16,724 (June 30, 2019: TL 29,139).

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

As of June 30, 2020, operating profit after-tax is TL 59,159 (June 30, 2019: TL 91,388).

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

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

11. Information on net profit/loss for the Period

Interest income from ordinary banking transactions amounted to TL 75,906 (June 30, 2019: TL 124,613). Interest expenses arising from ordinary banking transactions are TL 6,414 (June 30, 2019: TL 6,275). As of June 30, 2020, operating profit after-tax is TL 59,159 (June 30, 2019: TL 91,388).

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 2020**

(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 of the Bank's risk group

June 30, 2020:

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	-	-	8,768	271,883	-	-
Balance at the End of the Period	-	-	35,988	256,461	-	-
Interest and Commission Income Received	-	-	35	16,118	-	-

(*) 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, 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
Prior Period						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	8,768	271,883	-	-
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.

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

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

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

Bank's Risk Group(*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit (**)						
Balance at the Beginning of the Period	-	-	59,423	-	-	-
Balance at the End of the Period	-	-	102,960	59,423	-	-
Interest Paid	-	-	817	483	-	-

(*) It is defined in article 49, paragraph 2, of Banking Law No.

(**) As of 30 June 2020, and 31 December 2019 the Bank has no deposit from its risk group. The numbers indicated above are representing funds borrowed and interest on funds borrowed from risk group.

As of June 30, 2020, the Bank has no deposits and interest expense from the risk group.

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

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss:						
Balance at the Beginning of the Period	-	-	564,546	604,120	-	-
Balance at the End of the Period	-	-	533,253	564,546	-	-
Total Income/Loss	-	-	(29,516)	(524)	-	-
Transactions for Hedging Purposes:						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

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

As of June 30, 2020, TL 2,668 (June 30, 2019: TL 1,836) was paid to the top management of the Bank.

e) Other transactions with the Bank's risk group

As of June 30, 2020, the Bank has no other liabilities to the risk group arising from banking transactions (December 31, 2019: None).

**Notes to unconsolidated financial statements
as at 30 June 2020***(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise indicated)***VIII. EXPLANATIONS ON THE BANK'S DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR INVESTMENTS IN ASSOCIATES AND FOREIGN REPRESENTATIVE OFFICES**

	Number	Number of Employees			
Domestic Branch	-	43			
			Country of Incorporations		
Foreign Representation Office					
				Total Assets	Statutory Share Capital
Foreign Branch					
Off-shore Banking Region Branches					

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

**SECTION SIX
OTHER EXPLANATIONS**

I. OTHER EXPLANATIONS ON THE OPERATIONS OF THE BANK

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 2020 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 JUNE 30,
2020**

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  
Xiaoyu LIU

Bin CHEN

Pengjun DANG

Xiaoyu LIU

Chairman of
the Board of
Directors

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

Member of the
Board of
Directors

 Ruojie LI

Ruojie LI


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

**Notes to unconsolidated financial statements
as at 30 June 2020***(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 June 30, 2020 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	May 4, 2017	Master Degree
Özgür DALGIÇ	The Members of the Audit Committee in charge of Internal Systems	May 4, 2017	Master Degree

Assistant General Managers:

Name Surname	Position	Date of Appointment	Educational Background
Dalei DING	Deputy of General Manager and Assistant General Manager Responsible for Financial Management and Control, Information Technologies , Credit Allocation, Human Resources and Administrative Affairs of the Bank	June,3 2019	Bachelor Degree

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

D. Information on Branches and Personnel

As of June 30, 2020, Bank of China Turkey A.Ş. has 43 employees and no branch. The Bank runs its operations at its head office (December 31, 2019: 39).

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 on 9 May 2018.

Total assets of the Bank as of June 30, 2020 are TL 1,850,221 (December 31, 2019: TL 1,676,970). While our equity amounts to TL 1,523,827 (December 31, 2019: TL 1,446,435) our capital adequacy ratio is at the level of 62.77% (December 31, 2019: 63.32%). As of 30 June 2020, the profit after tax of the Bank for the Period is TL 59,159 (June 30, 2019: TL 91,388). The majority of such profit is the interest income derived from banks placements 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

During the second quarter of 2020, negative impacts of the pandemic started to decelerate and this led to a recovery in global financial markets. Especially during May, it was remarkable that asset pricing started improving in both emerging and developed markets. All central banks' shields in terms of monetary policy and package of measures imposed by all governments conduced toward a respective rapid growth in financial market.

During the second quarter, especially locals started purchasing Turkish equities. Although foreigners pulled out of Turkish equities and bonds, because of local player's involvement, asset prices caught up the same levels before the pandemic. Turkish Lira gained stability against USD around 6,85 levels. During 2nd quarter, Central Bank of Republic of Turkey decreased the magnitude of rate cuts and took actions to restrain the pandemic related effects on economy through different policy tools.

As of June, CPI occurred at 12.60% while PPI was at 6.20%. As per the New Economy Program, end of year CPI is expected to decelerate to 8.50%. New Economy Program also forecasts 2020-year end Current Account Deficit to GDP occurred at -1.2%.

Loan to Deposit ratio of the sector is at 111% according to 2020 May BRSA data. Sectors' NPL ratio is at 4.54% while CAR is 19%. Sectors' total asset size is 5.28 trillion Turkish Lira while deposits size is at 2.97 trillion Turkish Lira.

**Notes to unconsolidated financial statements
as at 30 June 2020**

(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 1,850,221 (December 31, 2019: TL 1,676,970) as of the Period that ended on 30 June 2020. At the end of the Period, 32% of the assets are composed of bonds account whereas 31% is loans. The balance sheet's biggest source of funding is the equity.

	30.06.2020	31.12.2019
Total assets	1,850,221	1,676,970
Cash Assets and Central Bank	61,093	42,859
Banks	554,805	677,701
Loans	576,411	568,012
Government debt securities measured at amortized cost	600,655	329,421
Other Assets	57,257	58,977
Total liabilities and Equities	1,850,221	1,676,970
Deposits	126,854	75,685
Provisions	9,261	40,626
Financial Derivative Liabilities	30,134	-
Loan Received	102,960	59,423
Other Liabilities	48,242	54,801
Shareholders' Equity	1,532,770	1,446,435
Letter of Guarantees	256,461	271,883
Other Guarantees	949,211	973,594
Derivatives	533,253	564,546
Capital Adequacy Ratio (%)	62.77	63.32
Total Equity/Assets (%)	82.84	86.25

	01.01.2020- 30.06.2020	01.01.2019- 30.06.2019
Net Interest Income	69,492	118,338
Non-Interest Income	16,524	7,146
Trading Income/Loss	14,272	26,702
Total Operating Income/(Expense)	100,288	152,186
Other Total Operating Income/(Expense)	23,289	20,354
Loan Provisions	1,116	11,305
Net Operating Profit/(loss)	75,883	120,527
Tax Provision (-)	16,724	29,139
Net Profit / Loss for the Period	59,159	91,388

B. Information Regarding Distribution of Profit

According to AOA of our Bank; net income of 2019 after tax (TL 194,404) and previous years' profit (TL 0,00002) were distributed as shown below:

Legal Reserves	12,681
Undistributed Profit	181,723
Total	194,404

BANK OF CHINA TURKEY A.Ş.

**Notes to unconsolidated financial statements
as at 30 June 2020**

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

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

B. Information Regarding Distribution of Profit (continued)

Accounting adjustment between Legal Reserves and General Reserves was done. TL 3,067 was added to Legal Reserves and same amount was deducted from General Reserves.