

**BANK OF CHINA TURKEY A.Ş.**

**INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT  
UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS AND  
RELATED DISCLOSURES FOR THE THREE MONTHS  
PERIOD ENDED MARCH 31, 2022  
(Convenience translation of publicly announced unconsolidated  
financial statements, related disclosures and auditor's report  
originally issued in Turkish)**



## AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the General Assembly of Bank of China Turkey A.Ş.;

### *Introduction*

We have reviewed the unconsolidated balance sheet of Bank of China Turkey A.Ş. ("the Bank") at 31 March 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation which includes "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 BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information 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 does not present fairly in all material respects the financial position of Bank of China Turkey A.Ş. at 31 March 2022 and the results of its financial performance and its cash flows for the three-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

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

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

### *Additional Paragraph for Convenience Translation:*

The effects of differences between accounting principles and standards explained in detail in Section Three and 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.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM  
Partner

Istanbul, 12 May 2022

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

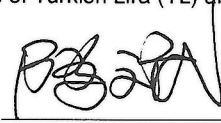
THE UNCONSOLIDATED INTERIM FINANCIAL REPORT OF  
BANK OF CHINA TURKEY A.Ş. AS AT AND FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2022

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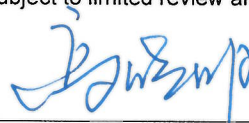
The unconsolidated interim financial report as at and for the three-month period ended prepared in accordance with the communiqué of "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, comprises the following sections;

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

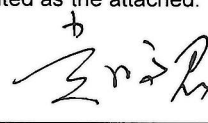
The unconsolidated financial statements for the three-month period ended and related disclosures and footnotes in this report are prepared in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks, Banking Regulation and Supervision 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



**Xiaoming GAO**  
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 Membe  
of the Audit Committee



**Dalei DING**  
Assistant General  
Manager



**Fang LONG**  
Head of Financial and  
Operational Control  
Department



**Elif GÜMRAH**  
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

# BANK OF CHINA TURKEY A.Ş.

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# BANK OF CHINA TURKEY A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2022

(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 May 2, 2016. As BRSA’s establishment permission, as per the decision numbered 7612 dated December 1, 2017 and published on the Official Gazette no 30263 dated December 7, 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 January 17, 2017, numbered 9243 along with the Articles of Association dated January 10, 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 have not been any changes in the Bank’s partnership structure in 2021.

#### 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 March 31, 2022 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
Xiaoming GAO	Member of the Board of Directors and General Manager	September 10, 2021	PHD Degree
Xiaoyu LIU	Member of the Board of Directors	January 10, 2017	Master Degree
Pengjun DANG	Deputy Chairman of the Board of Directors	January 10, 2017	Master Degree
Özgür DALGIÇ	Member of the Board of Directors	January 10, 2017	Master Degree

Members of the Audit Committee:

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

## BANK OF CHINA TURKEY A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2022

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

#### GENERAL INFORMATION (Continued)

#### 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 (Continued)

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

#### 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 March 31, 2022, the Bank serves with 45 employees (December 31, 2021: 42 employees).

#### 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.

**BANK OF CHINA TURKEY A.Ş.**

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**I. Balance Sheet (Statement of Financial Position)**

	Note (Section Five)	Current Period 31.03.2022			Prior Period 31.12.2021		
		TL	FC	Total	TL	FC	Total
<b>I. ASSETS</b>		<b>296,119</b>	<b>651,369</b>	<b>947,488</b>	<b>335,527</b>	<b>539,125</b>	<b>874,652</b>
1.1 Cash and cash equivalents		296,119	651,369	947,488	335,527	539,125	874,652
1.1.1 Cash and balances at central bank	(5.1.1)	2,066	327,451	329,517	1,964	247,909	249,873
1.1.2 Banks	(5.1.4)	294,355	324,354	618,709	333,921	291,496	625,417
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4 Expected Credit Losses (-)	(5.1.4)	302	436	738	358	280	638
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		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>1,333,903</b>	<b>374,525</b>	<b>1,708,428</b>	<b>1,242,835</b>	<b>449,797</b>	<b>1,692,632</b>
2.1 Loans	(5.1.6)	200,201	377,901	578,102	200,201	454,520	654,721
2.2 Lease receivables		-	-	-	-	-	-
2.3 Factoring receivables		-	-	-	-	-	-
2.4 Other financial assets measured at amortised cost	(5.1.7)	1,135,249	-	1,135,249	1,044,541	-	1,044,541
2.4.1 Government debt securities		1,135,249	-	1,135,249	1,044,541	-	1,044,541
2.4.2 Other financial assets		-	-	-	-	-	-
2.5 Expected credit losses (-)	(5.1.6.7)	1,547	3,376	4,923	1,907	4,723	6,630
<b>III. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS(Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for sale		-	-	-	-	-	-
3.2 Discontinued operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(5.1.13)	<b>13,302</b>	<b>-</b>	<b>13,302</b>	<b>12,593</b>	<b>-</b>	<b>12,593</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(5.1.14)	<b>2,603</b>	<b>-</b>	<b>2,603</b>	<b>2,043</b>	<b>-</b>	<b>2,043</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		2,603	-	2,603	2,043	-	2,043
<b>VII. INVESTMENT PROPERTY (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>	(5.1.17)	<b>57,459</b>	<b>-</b>	<b>57,459</b>	<b>61,264</b>	<b>-</b>	<b>61,264</b>
<b>X. OTHER ASSETS</b>	(5.1.19)	<b>4,249</b>	<b>40,734</b>	<b>44,983</b>	<b>3,450</b>	<b>16,058</b>	<b>19,508</b>
<b>Total Assets</b>		<b>1,707,635</b>	<b>1,066,628</b>	<b>2,774,263</b>	<b>1,657,712</b>	<b>1,004,980</b>	<b>2,662,692</b>

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



**BANK OF CHINA TURKEY A.Ş.**
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**I. Balance Sheet (Statement of Financial Position) (Continued)**

	Note (Section Five)	Current Period 31.03.2022			Prior Period 31.12.2021		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.II.1)	900	537,502	538,402	96	367,811	367,907
<b>II. LOAN RECEIVED</b>	(5.II.3)	-	104,574	104,574	-	180,930	180,930
<b>III. MONEY MARKET FUNDS</b>		-	-	-	-	-	-
<b>IV. MARKETABLE SECURITIES (Net)</b>		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(5.II.2)	176,068	-	176,068	199,564	-	199,564
7.1 Derivative financial liabilities at fair value through profit or loss		176,068	-	176,068	199,564	-	199,564
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
<b>VIII. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES</b>	(5.II.5)	1,785	31,047	32,832	308	29,693	30,001
<b>X. PROVISIONS</b>	(5.II.7)	4,930	40,532	45,462	4,717	35,334	40,051
10.1 Provisions for restructuring		-	-	-	-	-	-
10.2 Reserve for employee benefits		4,927	19,796	24,723	4,707	14,042	18,749
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		3	20,736	20,739	10	21,292	21,302
<b>XI. CURRENT TAX LIABILITIES</b>	(5.II.8)	20,115	-	20,115	54,507	-	54,507
<b>XII. DEFERRED TAX LIABILITIES</b>		-	-	-	-	-	-
<b>XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBTS</b>		-	-	-	-	-	-
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	(5.II.4)	35,131	892	36,023	17,171	958	18,129
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.11)	1,820,787	-	1,820,787	1,771,603	-	1,771,603
16.1 Paid-in capital		1,051,230	-	1,051,230	1,051,230	-	1,051,230
16.2 Capital reserves		-	-	-	-	-	-
16.2.1 Equity share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		-	-	-	-	-	-
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		(20)	-	(20)	(20)	-	(20)
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		-	-	-	-	-	-
16.5 Profit reserves		676,329	-	676,329	503,049	-	503,049
16.5.1 Legal reserves		46,330	-	46,330	33,572	-	33,572
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		629,999	-	629,999	469,477	-	469,477
16.5.4 Other profit reserves		-	-	-	-	-	-
16.6 Profit or loss		93,248	-	93,248	217,344	-	217,344
16.6.1 Prior years' profits or losses		26,229	-	26,229	26,229	-	26,229
16.6.2 Current Period net profit or loss		67,019	-	67,019	191,115	-	191,115
16.7 Minority Shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,059,716</b>	<b>714,547</b>	<b>2,774,263</b>	<b>2,047,966</b>	<b>614,726</b>	<b>2,662,692</b>

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

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AS OF MARCH 31, 2022

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

### II. Off Balance Sheet Commitments

	Note (Section Five)	Current Period 31.03.2022			Prior Period 31.12.2021		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>	<b>(5.III.1)</b>	<b>346,264</b>	<b>4,239,527</b>	<b>4,585,791</b>	<b>379,821</b>	<b>3,441,406</b>	<b>3,821,227</b>
<b>I. GUARANTEES AND WARRANTIES</b>		<b>245,594</b>	<b>3,968,102</b>	<b>4,213,696</b>	<b>245,594</b>	<b>3,106,146</b>	<b>3,351,740</b>
1.1 Letters of Guarantee		245,594	187,324	432,918	245,594	142,541	388,135
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	187,324	432,918	245,594	142,541	388,135
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		-	3,780,778	3,780,778	-	2,963,605	2,963,605
1.9 Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		-	-	-	-	-	-
2.1 Irrevocable Commitments		-	-	-	-	-	-
2.1.1 Asset Purchase Commitments		-	-	-	-	-	-
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		-	-	-	-	-	-
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		-	-	-	-	-	-
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10 Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		-	-	-	-	-	-
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(5.III.2)</b>	<b>100,670</b>	<b>271,425</b>	<b>372,095</b>	<b>134,227</b>	<b>335,260</b>	<b>469,487</b>
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Fair Value Hedges		-	-	-	-	-	-
3.1.2 Cash Flow Hedges		-	-	-	-	-	-
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		100,670	271,425	372,095	134,227	335,260	469,487
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		100,670	271,425	372,095	134,227	335,260	469,487
3.2.2.1 Foreign Currency Swap-Buy		100,670	-	100,670	134,227	-	134,227
3.2.2.2 Foreign Currency Swap-Sell		-	271,425	271,425	-	335,260	335,260
3.2.2.3 Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4 Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3 Foreign Currency, Interest Rate and Securities Options		-	-	-	-	-	-
3.2.3.1 Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2 Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		-	<b>614,758</b>	<b>614,758</b>	-	<b>293,238</b>	<b>293,238</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		-	-	-	-	-	-
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		-	-	-	-	-	-
4.3 Cheques Received for Collection		-	-	-	-	-	-
4.4 Commercial Notes Received for Collection		-	-	-	-	-	-
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		-	<b>614,758</b>	<b>614,758</b>	-	<b>293,238</b>	<b>293,238</b>
5.1 Marketable Securities		-	-	-	-	-	-
5.2 Guarantee Notes		-	-	-	-	-	-
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Immovables		-	614,758	614,758	-	293,238	293,238
5.6 Other Pledged Items		-	-	-	-	-	-
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>346,264</b>	<b>4,854,285</b>	<b>5,200,549</b>	<b>379,821</b>	<b>3,734,644</b>	<b>4,114,465</b>

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

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED MARCH 31, 2022

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

### III. Statements of Profit or Loss

INCOME AND EXPENSE ITEMS		Note (Section five)	Current Period 01.01.2022- 31.03.2022	Prior Period 01.01.2021- 31.03.2021
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.1)	<b>70,279</b>	<b>55,324</b>
1.1	Interest from Loans		12,326	9,025
1.2	Interest from Reserve Deposits		1	245
1.3	Interest from Banks		11,724	28,814
1.4	Interest from Money Market Transactions		-	-
1.5	Interest from Marketable Securities Portfolio		46,228	17,240
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		46,228	17,240
1.6	Interest from Financial Leases		-	-
1.7	Other Interest Income		-	-
<b>II.</b>	<b>INTEREST EXPENSE</b>	(5.IV.2)	<b>3,190</b>	<b>7,510</b>
2.1	Interest on Deposits		2,277	7,035
2.2	Interest on Funds Borrowed		377	221
2.3	Interest Expense on Money Market Transactions		-	-
2.4	Interest on Securities Issued		-	-
2.5	Lease Interest Expenses		288	230
2.6	Other Interest Expenses		248	24
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>67,089</b>	<b>47,814</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME / LOSSES</b>		<b>28,380</b>	<b>9,801</b>
4.1	Fees and Commissions Received		28,430	9,834
4.1.1	Non-cash Loans		27,436	9,180
4.1.2	Other		994	654
4.2	Fees and Commissions Paid		50	33
4.2.1	Non-cash Loans		-	-
4.2.2	Other		50	33
<b>V.</b>	<b>DIVIDEND INCOME</b>	(5.IV.3)	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING INCOME/LOSS (Net)</b>	(5.IV.4)	<b>10,905</b>	<b>(6,356)</b>
6.1	Profit / Loss on Securities Trading		-	-
6.2	Profit / Loss on Derivative Financial Transactions		(14,563)	(27,467)
6.3	Foreign Exchange Gains / Losses		25,468	21,111
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.5)	<b>2,339</b>	<b>1,694</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>108,713</b>	<b>52,953</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>	(5.IV.6)	<b>163</b>	<b>293</b>
<b>X.</b>	<b>OTHER PROVISIONS (-)</b>		<b>-</b>	<b>-</b>
<b>XI.</b>	<b>PERSONEL EXPENSES (-)</b>		<b>10,692</b>	<b>5,988</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES</b>	(5.IV.7)	<b>10,599</b>	<b>6,362</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>87,259</b>	<b>40,310</b>
<b>XIV.</b>	<b>INCOME RESULTED FROM MERGERS</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>GAIN / LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)</b>	(5.IV.8)	<b>87,259</b>	<b>40,310</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	(5.IV.9)	<b>(20,240)</b>	<b>(8,077)</b>
18.1	Current Tax Provision		(16,435)	(12,243)
18.2	Expense Effect of Deferred Tax		(7,722)	(600)
18.3	Income Effect of Deferred Tax		3,917	4,766
<b>XIX.</b>	<b>NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)</b>	(5.IV.10)	<b>67,019</b>	<b>32,233</b>
<b>XX.</b>	<b>PROFIT FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
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		-	-
<b>XXI.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
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		-	-
<b>XXII.</b>	<b>P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
23.1	Current Tax Provision		-	-
23.2	Expense Effect of Deferred Tax		-	-
23.3	Income Effect of Deferred Tax		-	-
<b>XXIV.</b>	<b>NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT / LOSS (XVIII+XXIII)</b>	(5.IV.11)	<b>67,019</b>	<b>32,233</b>
	Profit/Loss per share		0.06375	0.03066

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

**BANK OF CHINA TURKEY A.Ş.****UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2022**

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

**IV Statement of Profit or Loss and Other Comprehensive Income**

	Current Period 01.01.2022-31.03.2022	Prior Period 01.01.2021-31.03.2021
<b>I CURRENT PERIOD INCOME/LOSS</b>	<b>67,019</b>	<b>32,233</b>
<b>II OTHER COMPREHENSIVE INCOME</b>	-	-
2.1 <b>Other comprehensive income that will not be reclassified to profit or loss</b>	-	-
2.1.1 Gains (Losses) on Revaluation of Property and Equipment	-	-
2.1.2 Gains (Losses) on Revaluation of Intangible Assets	-	-
2.1.3 Gains (Losses) on Remeasurements of Defined Benefit Plans	-	-
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-	-
2.1.5 Taxes Relating to Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-	-
<b>22 Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	-	-
2.2.1 Exchange Differences on Translation	-	-
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	-	-
2.2.3 Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4 Income (Loss) Related with Hedges of Net Investment Foreign Operations	-	-
2.2.5 Other Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-	-
2.2.6 Tax Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-	-
<b>III TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>67,019</b>	<b>32,233</b>

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

# BANK OF CHINA TURKEY A.Ş.

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED MARCH 31, 2022

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

### V. Statement of Changes in Shareholders' Equity

Current Period (31.03.2022)	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income or Expense That Will Not Be Reclassified in Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified in Profit and Loss			Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income / (Loss)	Total Equity
					1	2	3	4	5	6				
I. Balances at beginning of the Period (*)	1,051,230	-	-	-	-	(20)	-	-	-	-	503,049	217,344	-	1,771,603
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	-	-	-	-	(20)	-	-	-	-	503,049	217,344	-	1,771,603
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	67,019	67,019
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	-	-	-	-	-	-	-	-	-	-	173,280	(191,115)	-	(17,835)
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	(17,835)	-	(17,835)
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	173,280	(173,280)	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the end of the Period (III+IV+.....+X+XI)</b>	<b>1,051,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>676,329</b>	<b>26,229</b>	<b>67,019</b>	<b>1,820,787</b>

Prior Period (31.03.2021)	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income or Expense That Will Not Be Reclassified in Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified in Profit and Loss			Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income / (Loss)	Total Equity
					1	2	3	4	5	6				
I. Balances at beginning of the Period (*)	1,051,230	-	-	-	-	(12)	-	-	-	-	395,224	145,170	-	1,591,612
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	-	-	-	-	(12)	-	-	-	-	395,224	145,170	-	1,591,612
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	32,233	32,233
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	-	-	-	-	-	-	-	-	-	-	107,825	(118,941)	-	(11,116)
11.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	(11,116)	-	(11,116)
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	107,825	(107,825)	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the end of the Period (III+IV+.....+X+XI)</b>	<b>1,051,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>503,049</b>	<b>26,229</b>	<b>32,233</b>	<b>1,612,729</b>

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

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

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2022

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

### VI. Statement of Cash Flows

STATEMENT OF CASH FLOWS		Note	Current Period 01.01.2022-31.03.2022	Prior Period 01.01.2021-31.03.2021
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1</b>	<b>Operating profit before changes in operating assets and liabilities</b>		<b>11,423</b>	<b>60,566</b>
1.1.1	Interest received (+)		76,082	76,866
1.1.2	Interest paid (-)		1,640	4,776
1.1.3	Dividend received (+)		-	-
1.1.4	Fees and commissions received (+)		6,245	10,947
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 (-)		13,197	8,176
1.1.8	Taxes paid (-)		56,067	14,295
1.1.9	Other (+/-)		-	-
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>		<b>148,421</b>	<b>213,666</b>
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 (+/-)		-	-
1.2.3	Net increase (decrease) in loans		105,101	250,216
1.2.4	Net increase (decrease) in other assets (+/-)		-	-
1.2.5	Net increase (decrease) in bank deposits (+/-)		-	-
1.2.6	Net increase (decrease) in other deposits (+/-)		169,648	(18,499)
1.2.7	Net increase (decrease) in financial liabilities at fair value through profit or loss (+/-)		(50,401)	(16,659)
1.2.8	Net increase (decrease) in funds borrowed (+/-)		(76,348)	-
1.2.9	Net increase (decrease) in matured payables (+/-)		-	-
1.2.10	Net increase (decrease) in other liabilities (+/-)		421	(1,392)
<b>I.</b>	<b>Net cash provided from banking operations</b>		<b>159,844</b>	<b>274,232</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net cash provided from investing activities (+/-)</b>		<b>(91,473)</b>	<b>(232,853)</b>
2.1	Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2	Cash obtained for acquisition of investments, associates and subsidiaries		-	-
2.3	Purchases of property and equipment (-)		765	121
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 (-)		399,602	596,695
2.8	Cash obtained from sale of investment securities (+)		308,894	363,963
2.9	Other (+)		-	-
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net cash provided from financing activities (+/-)</b>		<b>-</b>	<b>-</b>
3.1	Cash obtained from funds borrowed and securities issued (+)		-	-
3.2	Cash used for repayment of funds borrowed and securities issued (-)		-	-
3.3	Issued equity instruments (+)		-	-
3.4	Dividends paid (-)		-	-
3.5	Payments for financial leases (-)		-	-
3.6	Other (+/-)		-	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>4,347</b>	<b>(945)</b>
<b>V.</b>	<b>Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>72,718</b>	<b>40,434</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of Period</b>		<b>874,615</b>	<b>754,069</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of Period</b>		<b>947,333</b>	<b>794,503</b>

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

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022

(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 unconsolidated financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents” published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency (“BRSA”) which refers to “Turkish Accounting Standards (“TAS”) 34 - Interim Financial Reporting” and “Turkish Financial Reporting Standards (“TFRS”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”) and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” and changes and notes to this communiqué published in the Official Gazette No. 28337 dated June 28, 2012.

The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act, the Turkish Commercial Code (“TCC”) 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.

In TAS 29 Financial Reporting Standard in Hyperinflationary Economies (“TAS 29”), the threshold value to be taken as a basis for determining whether there is hyperinflation in an economy by considering the economies with high inflation and the financial statements of the enterprises whose functional currency is the currency of a hyperinflationary economy are related to inflation. explains how to fix it. On January 20, 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of March 31, 2022, no new announcement has been made by POA within the scope of TAS 29, and no inflation adjustment has been made according to TAS 29 while preparing the financial statements for March 31, 2022.

###### **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.

# **BANK OF CHINA TURKEY A.Ş.**

## **UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

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### **ACCOUNTING POLICIES (Continued)**

#### **I. BASIS OF PRESENTATION (Continued)**

On January 20, 2022, POA made a statement on the Implementation of Financial Reporting in High Inflation Economies within the scope of TFRS, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

#### **c. Changes in accounting policy**

Within the scope of the Interest Rate Benchmark Reform published by the Public Oversight Agency in the Official Gazette dated 14 December 2019 and numbered 30978, the Phase 1 amendments made in TFRS 9, TAS 39 and TFRS 7 started to be implemented as of 1 January 2020. In 2020, the International Accounting Standards Board and POA published Phase 2 standards regarding the reform and related amendments to TFRS 9, TMS 39, TFRS 7, TFRS 4 and TFRS 16. Accordingly, as of January 1, 2022, necessary changes/transitions regarding benchmark interest rates should be completed.

The Bank has loan and borrowing transactions within the scope of the reform mentioned in the previous paragraph. Bank transactions are indexed to EURIBOR and USD LIBOR benchmark interest rates, and EURIBOR continues to be used after the transition. And also; It is anticipated that USD LIBOR rates will continue to be published overnight in 1M, 3M, 6M and 1Y tenors until June 2023.

The TFRS changes, effective from January 1, 2021, do not have a significant effect on the Bank's accounting policies, financial status and performance. The TFRS changes that were published but not put into effect as of the final date of the financial statements will not have a significant effect on the Bank's accounting policies, financial status and performance.

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

#### **Explanation on foreign currency transactions:**

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

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

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

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

As of March 31, 2022, the Bank has derivative financial liability is TL 176,068 which is classified as "Derivative Financial Liabilities Measured at Fair Value through Profit and Loss" (December 31, 2021: TL 199,564 liability).



## **BANK OF CHINA TURKEY A.Ş.**

### **UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

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#### **ACCOUNTING POLICIES (Continued)**

#### **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 accounted for in accordance with the "TFRS 9 Financial Instruments" standard, which is about the classification and measurement of financial instruments published in the Official Gazette dated January 15, 2019 and numbered 30656 by the Public Oversight Accounting and Auditing Standards Authority. The Bank is registered or issued in accordance with the provisions of "Inclusion in Financial Statements and Exclusion from Financial Statements" in the third part of the standard, effective from January 1, 2018.

In the first measurement of financial assets other than "Financial Assets at Fair Value Through Profit/Loss", transaction costs are added to the fair value or deducted from the 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 profit or loss and other comprehensive income as of March 31, 2022. (December 31, 2021: None).

#### **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.

#### **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".

## **BANK OF CHINA TURKEY A.Ş.**

### **UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

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#### **ACCOUNTING POLICIES (Continued)**

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

As of January 1, 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 June 22, 2016 numbered 29750. In this framework, as of March 31, 2022, 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. Impairment 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. Impairment for credit risk is determined based on the instrument’s lifetime expected credit losses.

##### **Stage 3:**

Stage 3 includes financial assets that have objective evidence of impairment as of the reporting date. Lifetime expected credit losses are recorded for these assets.

##### **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 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.

## **BANK OF CHINA TURKEY A.Ş.**

### **UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

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#### **ACCOUNTING POLICIES (Continued)**

#### **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.

#### **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 given against securities purchased under agreements to resell ("Reverse repos") are accounted under "Receivables from money market" in 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 March 31, 2022, the Bank has no repo, reverse repo and foreclosed marketable securities (December 31, 2021: 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 March 31, 2022, the Bank has no assets held for sale and discontinued operations (December 31, 2021: None).

## BANK OF CHINA TURKEY A.Ş.

### UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

#### ACCOUNTING POLICIES (Continued)

#### 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.

The main assets that the Bank classifies as intangible assets are the license and development fees paid by the Bank for the systems it uses. Intangible assets are depreciated using the straight-line method over their useful lives. The depreciation method and period are reviewed periodically at the end of each year.

As of March 31, 2022, there is no goodwill in the accompanying financial statements (December 31, 2021: None).

#### 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	7-9	11.11-14.29
Furniture	5-10	10-20
Office equipment	3-10	10-33.33
Safe	50	2
Vehicles	5	20

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

## **BANK OF CHINA TURKEY A.Ş.**

### **UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

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#### **ACCOUNTING POLICIES (Continued)**

#### **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 April 16, 2019 and numbered 29826, effective from January 1, 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 January 1, 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 June 5, 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.

#### **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 because 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.

## **BANK OF CHINA TURKEY A.Ş.**

### **UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

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#### **ACCOUNTING POLICIES (Continued)**

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

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

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

##### **a. Defined benefit plans:**

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

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

##### **b. Defined contribution plans:**

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

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

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

##### **XVI. EXPLANATIONS ON TAXATION**

##### **a. Corporate tax:**

The corporate tax rate is 20% in accordance with the article number 32 of the New Corporate Tax Law no.5520 which is published in the official Gazette dated June 21, 2006 and numbered 26205. In accordance with the 11 and 14th articles of the Law numbered 7316 on "Amendment of Law on Collection Procedure of Public Receivables and Certain Laws" published in the Official Gazette dated April 22, 2021 and numbered 31462, starting from the declarations that must be submitted starting from July 1, 2021 and to be valid for the taxation period starting from January 1, 2021, corporate tax rate will be applied as 25% for enterprises' corporate income belonging to the taxation periods of 2021, 23% for enterprises' corporate income belonging to the taxation periods of 2022 and 20% for enterprises' corporate income belonging to the taxation periods of 2023 and beyond. These rates have entered into force on the date of publication, starting from the declarations that must be submitted as of July 1, 2021 and being valid for the corporate earnings for the taxation period starting from January 1, 2021. In the March 31, 2022 financial statements the corporate tax has been used as 25%.

Corporate tax declarations are prepared between 1st and 30th days of 4th month of the related fiscal year and are paid until the end of the following month in one instalment.

## BANK OF CHINA TURKEY A.Ş.

### UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

#### ACCOUNTING POLICIES (Continued)

#### XVI. EXPLANATIONS ON TAXATION (Continued)

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 July 23, 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 concerning transactions directly accounted for in equity is also reflected to equity.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022 with the Law No. 7352. According to this law, in 2021, 2022 tax periods and 2023 provisional tax periods; It has been decided that the financial statements will not be subject to inflation adjustment, regardless of whether the conditions for the inflation adjustment within the scope of the repeated article 298 have been met. In accordance with Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023. The profit/loss difference arising from the inflation adjustment made in accordance with this law will be recorded in the previous years' profit/loss account and will not affect tax base.

#### 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 March 31, 2022, the Bank has TL 57,459 deferred tax asset (December 31, 2021: TL 61,264 deferred tax asset).

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. The Bank calculated its deferred tax assets or liabilities over 20% as of December 31, 2020, 2021 within the scope of TAS 12. In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, starting from the declarations that must be submitted as of July 1, 2021 and to be valid for the taxation period starting from January 1, 2021, the corporate tax rate is 25% for the taxation period of 2021. and this rate will be applied as 23% for the taxation period of 2022. The corporate tax rate was applied as 25% on second provisional tax declaration and deferred tax rate was applied between 20% and 25% regarding anticipated realization dates of incomes or expenses.

Deferred tax liabilities are recognized for all temporary differences whereas deferred tax assets calculated from deductible temporary differences are only recognized if it is highly probable that these will in the future create taxable profit. Starting from January 1, 2020, deferred tax asset has been calculated for temporary differences of expected credit loss provisions.

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

## **BANK OF CHINA TURKEY A.Ş.**

### **UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

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#### **ACCOUNTING POLICIES (Continued)**

#### **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. 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 March 31, 2022, the Bank has obtained funds from foreign institutions amounting to TL 104,574 through borrowings. (December 31, 2021: TL 180,930).

#### **XVIII. EXPLANATIONS ON SHARE CERTIFICATES ISSUED**

None (December 31, 2021: 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, 2021: None).

#### **XX. EXPLANATIONS ON GOVERNMENT INCENTIVES**

As of the balance sheet date, the Bank does not have any government incentives (December 31, 2021: 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.



## BANK OF CHINA TURKEY A.Ş.

### UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

#### ACCOUNTING POLICIES (Continued)

#### XXI. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION (Continued)

Other than legal reserves in statutory financial statements, retained earnings and reserves set aside by the resolution of the general assembly are available for distribution, subject to the legal reserve requirement set out below. Legal reserves consist of first and second reserves as stipulated in the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve should be separated from profits at a rate of 5% until it reaches 20% of the total reserve paid-in capital. The second legal reserve is reserved at the rate of 10% on all cash dividend distributions exceeding 5% of the paid-in capital.

#### 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.

#### XXV. EXPLANATIONS ON SEGMENT REPORTING

The main segment of banking operations is Corporate Banking. As of March 31, 2022, the financial information per banking segments is presented below:

	Corporate Banking	Fund Management	Unallocated	Total
<b>Current Period</b>				
Operating income	38,430	67,944	2,339	108,713
Operating expense	(163)	-	(21,291)	(21,454)
Pre-tax income / (loss)	38,267	67,944	(18,952)	87,259
Tax provision (-)	-	-	(20,240)	(20,240)
<b>Net Profit / (Loss)</b>	<b>38,267</b>	<b>67,944</b>	<b>(39,192)</b>	<b>67,019</b>
Segment assets	573,252	2,082,664	118,347	2,774,263
Segment liabilities	559,141	280,642	113,693	953,476
Equity	-	1,820,787	-	1,820,787
<b>Prior Period</b>				
Operating income	12,036	39,223	1,694	52,953
Operating expense	(293)	-	(12,350)	(12,643)
Pre-tax income / (loss)	11,743	39,223	(10,656)	40,310
Tax provision (-)	-	-	(8,077)	(8,077)
<b>Net Profit / (Loss)</b>	<b>11,743</b>	<b>39,223</b>	<b>(18,733)</b>	<b>32,233</b>
Segment assets	648,158	1,919,126	95,408	2,662,692
Segment liabilities	389,209	380,494	121,386	891,089
Equity	-	1,771,603	-	1,771,603

**BANK OF CHINA TURKEY A.Ş.**

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

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**ACCOUNTING POLICIES (Continued)**

**XXVI. RECLASSIFICATIONS**

In order to be consistent with the presentation of current period financial statements, there can be certain reclassifications in case needed.

**XXVII. EXPLANATIONS ON OTHER MATTERS**

None.

# **BANK OF CHINA TURKEY A.Ş.**

## **NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2022**

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

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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".

Total capital amount 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". Additionally, calculated according to BRSA regulations dated 21 December 2021, numbered 9996. As of December 31, 2021, based on recent regulation changes: In the calculation of the amount subject to credit risk, the method of calculating the valued amounts in foreign currency by using the simple arithmetic average of the CBRT's purchase foreign exchange rates for the 252 weekdays before cut-off date, may be used. In case the net valuation differences of the securities owned by banks and acquired before 21 December 2021 in the "Securities at Fair Value through Other Comprehensive Income" portfolio is negative, these differences may not be considered in the equity amount.

The Bank did not take advantage of the above-mentioned COVID-19 supplementary regulation while calculating the capital adequacy standard ratio as of March 31, 2022.

As of March 31, 2022, the Bank's total capital has been calculated as TL 1,786,005 (December 31, 2021: TL 1,735,678) and the capital adequacy ratio is 29.87% (December 31, 2021: 35.84%). This ratio is well above the minimum ratio required by the legislation.

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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

##### Information on Equity Accounts:

	Current Period 31.03.2022	Amounts as per the regulation before 1/1/2014 (* )	Prior Period 31.12.2021	Amounts as per the regulation before 1/1/2014 (* )
<b>COMMON EQUITY TIER I CAPITAL</b>	<b>1,759,605</b>	-	<b>1,707,108</b>	-
Paid-in capital to be entitled for compensation after all creditors	1,051,230	-	1,051,230	-
Share Premium	-	-	-	-
Reserves	676,329	-	503,049	-
Gains recognized in equity as per TAS	-	-	-	-
Profit	93,248	-	217,344	-
Current Period profit	67,019	-	191,115	-
Prior Period profit	26,229	-	26,229	-
Bonus shares from associates, subsidiaries and joint ventures not accounted in current Period's profit	-	-	-	-
<b>Common Equity Tier I Capital Before Deductions</b>	<b>1,820,807</b>	-	<b>1,771,623</b>	-
<b>Deductions from Common Equity Tier I Capital</b>				
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-	-	-
Current and Prior Periods' losses not covered by reserves, and losses accounted under equity according to TAS	20	-	20	-
Improvement costs for operating leasing (-)	1,121	-	1,189	-
Goodwill and other intangible assets and related deferred taxes (-)	-	-	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2,440	-	1,866	-
Excess amount arising from deferred tax assets from temporary differences	57,621	-	61,440	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-	-	-
Securitization gains	-	-	-	-
Unrealized gains and losses arising from the differences in the credit value of the Bank's liabilities at fair value.	-	-	-	-
Net amount of defined benefit plans	-	-	-	-
Direct and indirect investments of the Bank on its own Tier I Capital (-)	-	-	-	-
Shares obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	-	-	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	-	-	-	-
Mortgage servicing rights exceeding the 10% threshold of Tier I Capital (-)	-	-	-	-
Net deferred tax assets arising from temporary differences exceeding the 10% threshold of Tier I Capital (-)	-	-	-	-
Amount exceeding the 15% threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-	-	-
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital not deducted from Tier I Capital (-)	-	-	-	-
Excess amount arising from mortgage servicing rights	-	-	-	-
Excess amount arising from deferred tax assets from temporary differences (-)	-	-	-	-
Other items to be defined by the BRSA	-	-	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	-	-	-
<b>Total Deductions from Common Equity Tier I Capital</b>	<b>61,202</b>	-	<b>64,515</b>	-
<b>Total Common Equity Tier I Capital</b>	<b>1,759,605</b>	-	<b>1,707,108</b>	-

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

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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

	Current Period 31.03.2022	Amounts as per the regulation before 1/1/2014 (*)	Prior Period 31.12.2021	Amounts as per the regulation before 1/1/2014 (*)
<b>ADDITIONAL TIER I CAPITAL</b>				
Preferred stock not included in Tier I capital and the related share premiums	-	-	-	-
Debt instruments and the related issuance premiums defined by the BRSA	-	-	-	-
Debt instruments and the related issuance premiums defined by the BRSA (Covered by Temporary Article 4)	-	-	-	-
Shares of third parties in Additional Tier I Capital	-	-	-	-
Shares of third parties in Additional Tier I Capital (Temporary Article 3)	-	-	-	-
<b>Additional Core Capital before Deductions</b>	-	-	-	-
<b>Deductions from Additional Core Capital</b>	-	-	-	-
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	-	-	-	-
Investments in equity instruments issued by Banks or financial institutions invested in Bank's Additional Tier I Capital and having conditions stated in the Article 7 of the Regulation	-	-	-	-
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	-	-	-	-
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital (-)	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
<b>Items to be Deducted from Tier I Capital during the Transition Period</b>	-	-	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not 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 (-)	-	-	-	-
<b>Total Deductions from Additional Tier I Capital</b>	-	-	-	-
<b>Total Additional Tier I Capital</b>	-	-	-	-
<b>Total Tier I Capital (Tier I Capital=Common Equity Additional Tier I Capital)</b>	<b>1,759,605</b>	-	<b>1,707,108</b>	-
<b>TIER II CAPITAL</b>				
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	26,400	-	28,570	-
<b>Tier II Capital before Deductions</b>	<b>26,400</b>	-	<b>28,570</b>	-
<b>Deductions from Tier II Capital</b>	-	-	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-	-	-
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	-	-	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	-	-	-	-
Total of net long position of the direct or indirect investments in Additional Tier I Capital and Tier II Capital of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital exceeding the 10% threshold of Tier I Capital (-)	-	-	-	-
Net long-term position of investments in capital assets of banks and financial institutions that have 10% or more of their shareholding interests and have not been consolidated	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
<b>Total Deductions from Tier II Capital</b>	-	-	-	-
<b>Total Tier II Capital</b>	<b>26,400</b>	-	<b>28,570</b>	-
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>1,786,005</b>	-	<b>1,735,678</b>	-

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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

	Current Period 31.03.2022	Amounts as per the regulation before 1/1/2014 (*)	Prior Period 31.12.2021	Amounts as per the regulation before 1/1/2014 (*)
<b>Total Tier I Capital and Tier II Capital (Total Equity)</b>	<b>1,786,005</b>	-	<b>1,735,678</b>	-
Loans granted against the Articles 50 and 51 of the Banking Law (-)	-	-	-	-
Net book values of movables and immovable exceeding the limit defined in the Article 57, Clause 1 of the Banking Law and the assets acquired against overdue receivables and held for sale but retained more than five years (-)	-	-	-	-
Other items to be defined by the BRSA (-)	-	-	-	-
<b>Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>	-	-	-	-
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-	-	-
The portion of total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-	-	-
The portion of net long position of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or more of the issued share capital, of the net deferred tax assets arising from temporary differences and of the mortgage servicing rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-	-	-
<b>EQUITY</b>	<b>1,786,005</b>	-	<b>1,735,678</b>	-
Total Capital (Total of Tier I Capital and Tier II Capital)	1,786,005	-	1,735,678	-
Total Risk Weighted Assets	5,978,613	-	4,843,521	-
<b>CAPITAL ADEQUACY RATIOS</b>				
Core Capital Adequacy Ratio (%)	29.43	-	35.25	-
Tier I Capital Adequacy Ratio (%)	29.43	-	35.25	-
Capital Adequacy Ratio (%)	29.87	-	35.84	-
<b>BUFFERS</b>				
Bank-specific total Core Capital Ratio	0.17	-	0.18	-
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	24.93	-	30.75	-
<b>Amounts lower than Excesses as per Deduction Rules</b>	-	-	-	-
Remaining total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital	-	-	-	-
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% or less of the Tier I Capital	-	-	-	-
Remaining mortgage servicing rights	-	-	-	-
Net deferred tax assets arising from temporary differences	-	-	-	-
<b>Limits for Provisions Used in Tier II Capital Calculation</b>	-	-	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	26,400	-	28,570	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	66,957	-	54,085	-
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.

## BANK OF CHINA TURKEY A.Ş.

### UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

#### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

##### 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.

	<b>Current Period</b>	<b>Prior Period</b>
	<b>31.03.2022</b>	<b>31.12.2021</b>
<b>Paid in Capital</b>	<b>1,051,230</b>	<b>1,051,230</b>
Capital Reserves	676,329	503,049
Profit	93,248	217,344
<b>Total Equity before Deductions</b>	<b>1,820,807</b>	<b>1,771,623</b>
Deduction made within the scope of the Regulation	61,202	64,515
Common Equity Tier 1 Capital	1,759,605	1,707,108
Tier 1 Capital	1,759,605	1,707,108
General Provisions (Up to 1.25%)	26,400	28,570
<b>Total Equity</b>	<b>1,786,005</b>	<b>1,735,678</b>

##### II. 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 rate risk is not transferred.

**BANK OF CHINA TURKEY A.Ş.****UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)****II. EXPLANATIONS ON CURRENCY RISK (Continued)**

The Bank's current foreign exchange buying rates announced on March 31, 2022 and December 31, 2021 as well as the last five days financial statement valuation rates are as follows:

(All rates presented as full TL).

<b>31.03.2022</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CNY</b>
<b>Rates:</b>	14.6371	16.2855	19.1807	2.2948
<b>1. Day Foreign Exchange Buying Rate</b>	14.8068	16.3136	19.4913	2.3139
<b>2. Day Foreign Exchange Buying Rate</b>	14.8068	16.3136	19.4913	2.3139
<b>3. Day Foreign Exchange Buying Rate</b>	14.8221	16.2620	19.4497	2.3136
<b>4. Day Foreign Exchange Buying Rate</b>	14.7933	16.3117	19.3392	2.3096
<b>5. Day Foreign Exchange Buying Rate</b>	14.6458	16.3086	19.2129	2.2926
<b>Arithmetic mean of last 30 days</b>	14.6168	16.1061	19.2239	2.2909
<b>31.12.2021</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>CNY</b>
<b>Rates:</b>	13.3290	15.0867	17.9667	2.0840
<b>1. Day Foreign Exchange Buying Rate</b>	11.7278	13.2926	15.6985	1.8312
<b>2. Day Foreign Exchange Buying Rate</b>	11.3900	12.8903	15.2412	1.7775
<b>3. Day Foreign Exchange Buying Rate</b>	11.8302	13.4000	15.8766	1.8468
<b>4. Day Foreign Exchange Buying Rate</b>	12.2219	13.8011	16.3800	1.9079
<b>5. Day Foreign Exchange Buying Rate</b>	12.9775	14.6823	17.4530	2.0250
<b>Arithmetic mean of last 30 days</b>	13.6356	15.4126	18.1086	2.1290

**Sensitivity analysis on currency risk:**

The table below demonstrates prospective increase and decrease in equity and profit/loss as of March 31, 2022 and December 31, 2021 (excluding tax effect) on condition that 10 percent revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared assuming that other variables, particularly interest rates, remain constant.

<b>Current Period 31.03.2022</b>	<b>Change in Foreign Currency</b>	<b>Impact on Profit / Loss (*)</b>	<b>Impact on Equity</b>
EUR	10% Increase	4,271	4,271
	10% Decrease	(4,271)	(4,271)
USD	10% Increase	5,239	5,239
	10% Decrease	(5,239)	(5,239)
<b>Prior Period 31.12.2021</b>	<b>Change in foreign currency</b>	<b>Impact on Profit / Loss (*)</b>	<b>Impact on Equity</b>
EUR	10% Increase	4,042	4,042
	10% Decrease	(4,042)	(4,042)
USD	10% Increase	2,615	2,615
	10% Decrease	(2,615)	(2,615)

(\*) Pre-tax figures.



# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### II. EXPLANATIONS ON CURRENCY RISK (Continued)

##### Explanations on currency risk:

	EUR	USD	Other FC	Total
<b>Current Period 31.03.2022</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	266,268	61,183	-	327,451
Due from Banks (*)	140,482	181,791	1,645	323,918
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 (**)	270,885	103,640	-	374,525
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	12,897	25,558	2,279	40,734
<b>Total Assets</b>	<b>690,532</b>	<b>372,172</b>	<b>3,924</b>	<b>1,066,628</b>
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	366,924	170,502	76	537,502
Money Market Borrowings	-	-	-	-
Funds Provided from Other Financial Institutions	-	104,574	-	104,574
Securities Issued	-	-	-	-
Sundry Creditors	-	-	-	-
Derivative Fin. Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	9,478	44,705	18,288	72,471
<b>Total Liabilities</b>	<b>376,402</b>	<b>319,781</b>	<b>18,364</b>	<b>714,547</b>
<b>Net Balance Sheet Position</b>	<b>314,130</b>	<b>52,391</b>	<b>(14,440)</b>	<b>352,081</b>
<b>Net Off-Balance Sheet Position</b>	<b>(271,425)</b>	<b>-</b>	<b>-</b>	<b>(271,425)</b>
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	(271,425)	-	-	(271,425)
Non-Cash Loans (***)	2,288,178	1,542,236	137,688	3,968,102
<b>Prior Period 31.12.2021</b>				
Total Assets	624,842	375,747	4,391	1,004,980
Total Liabilities	249,166	349,598	15,962	614,726
Net Balance Sheet Position	375,676	26,149	(11,571)	390,254
Net Off-Balance Sheet Position	(335,260)	-	-	(335,260)
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	335,260	-	-	335,260
Non-Cash Loans (***)	1,625,246	1,355,860	125,040	3,106,146

(\*) Banks include balance of expected loss provisions amounting to TL 436.

(\*\*) Loans and receivables include balance of expected loss provisions amounting to TL 3,376.

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

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### III. EXPLANATIONS ON INTEREST RATE RISK

Interest rate risk is the probability of loss due to changes in interest rates depending on the Bank's position regarding the interest-bearing financial instruments. Interest rate risk arises because of timing differences on the re-pricing of assets and liabilities, changes in correlation of interest rates between different financial instruments and, unexpected changes in the shape and slope of yield curves.

Exposure to interest rate movements arises when there is a mismatch between rate sensitive assets and liabilities. Interest rate risk is a key component of the Bank's market risk and asset and liability management. As part of asset and liability management, sensitivity analysis are used to measure the effects of changes in yield curves on the balance sheet.

The impact of interest rate volatility to the Bank will be analysed by presenting the results to the Risk Committee and senior management regularly. 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 31.03.2022	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	144,021	-	-	-	-	185,496	329,517
Banks	461,848	122,141	-	-	-	34,720	618,709
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans	-	-	377,901	200,201	-	-	578,102
Financial Assets Measured at Amortized Cost	-	387,158	748,091	-	-	-	1,135,249
Other Assets	-	-	-	-	-	112,686	112,686
<b>Total Assets</b>	<b>605,869</b>	<b>509,299</b>	<b>1,125,992</b>	<b>200,201</b>	<b>-</b>	<b>332,902</b>	<b>2,774,263</b>
<b>Liabilities</b>							
Bank Deposits	168,303	359,633	-	-	-	10,466	538,402
Other Deposits	-	-	-	-	-	-	-
Interbank Money Market Received	-	-	-	-	-	-	-
Marketable Securities Issued	-	21	41,823	62,730	-	-	104,574
Funds Borrowed from Other Financial Institutions	-	-	-	-	-	2,131,287	2,131,287
Other Liabilities (*)	168,303	359,654	41,823	62,730	-	2,141,753	2,774,263
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Balance sheet long position	437,566	149,645	1,084,169	137,471	-	-	1,808,851
Balance sheet short position	-	-	-	-	-	(1,808,851)	(1,808,851)
Off-Balance sheet long position	-	-	67,114	33,556	-	-	100,670
Off-Balance sheet short position	-	-	(180,950)	(90,475)	-	-	(271,425)
<b>Total Position</b>	<b>437,566</b>	<b>149,645</b>	<b>970,333</b>	<b>80,552</b>	<b>-</b>	<b>(1,808,851)</b>	<b>(170,755)</b>

(\*) Including TL 1,820,787 shareholders' equity.

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### III. EXPLANATIONS ON INTEREST RATE RISK (Continued)

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

Prior Period 31.12.2021	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non- interest Bearing	Total
<b>Assets</b>							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	104,547	-	-	-	-	145,326	249,873
Banks	583,242	-	-	-	-	42,175	625,417
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans	340,232	114,288	-	200,201	-	-	654,721
Financial Assets Measured at Amortized Cost	142,741	136,113	765,687	-	-	-	1,044,541
Other assets	-	-	-	-	-	88,140	88,140
<b>Total Assets</b>	<b>1,170,762</b>	<b>250,401</b>	<b>765,687</b>	<b>200,201</b>	<b>-</b>	<b>275,641</b>	<b>2,662,692</b>
<b>Liabilities</b>							
Bank Deposits	82,977	-	-	-	-	-	82,977
Other Deposits	271,089	-	-	-	-	13,841	284,930
Interbank Money Market Received	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	66,645	114,285	-	-	-	-	180,930
Other Liabilities (*)	-	-	-	-	-	2,113,855	2,113,855
<b>Total Liabilities</b>	<b>420,711</b>	<b>114,285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,127,696</b>	<b>2,662,692</b>
Balance sheet long position	750,051	136,116	765,687	200,201	-	-	1,852,055
Balance sheet short position	-	-	-	-	-	(1,852,055)	(1,852,055)
Off-Balance sheet long position	33,557	-	33,557	67,113	-	-	134,227
Off-Balance sheet short position	(83,815)	-	(83,815)	(167,630)	-	-	(335,260)
<b>Total Position</b>	<b>699,793</b>	<b>136,116</b>	<b>715,429</b>	<b>99,684</b>	<b>-</b>	<b>(1,852,055)</b>	<b>(201,033)</b>

(\*) Including TL 1,771,603 shareholders' equity.

**BANK OF CHINA TURKEY A.Ş.****UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)****III. EXPLANATIONS ON INTEREST RATE RISK (Continued)****Average interest rates applied to financial instruments (%)**

<b>Current Period 31.03.2022</b>	<b>EUR</b>	<b>USD</b>	<b>Other FC</b>	<b>TL</b>
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	8.50
Banks and Receivables from Other Financial Institutions	0.05	0.37	-	13.51
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	3.12	-	18.50
Financial Assets Measured at Amortized	-	-	-	18.87
<b>Liabilities</b>				
Bank Deposits	(0.40)	-	-	-
Other Deposits	2.10	1.72	-	16.60
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	0.87	-	-
<b>Prior Period 31.12.2021</b>				
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	12.24
Banks and Receivables from Other Financial Institutions	0.01	0.26	-	16.67
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	3.09	-	15.96
Financial Assets Measured at Amortized	-	-	-	15.83
<b>Liabilities</b>				
Bank Deposits	(0.35)	-	-	17.20
Other Deposits	0.47	1.59	-	18.60
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	0.93	-	-

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

None (December 31, 2021: 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, 2021: None).

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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

The Bank established Liquidity Management Principles in order to monitor, audit and manage its liquidity position and liquidity requirement. Liquidity risk of the Bank is managed through taking potential funding sources, unexpected situation plans and legal limits into consideration within the framework of limits which are updated at least annually. It is aimed to carry out activities through ensuring a liquidity level which can provide to make payments at any time to sustain the trustable bank image of the Bank in the sector via taking risk/return balance of the Bank into consideration. Cash inflow and outflows in Turkish Lira and foreign currencies are tried to be kept under control continuously in liquidity risk management approach, long-term cash flow tables are formed and scenario analysis based on expectations and stress tests are performed to determine the resistance against the sudden crisis.

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 because of market fluctuations.

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

Current Period 31.03.2022								
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	185,496	144,021	-	-	-	-	-	329,517
Banks	34,720	461,848	122,141	-	-	-	-	618,709
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans	-	-	-	377,901	200,201	-	-	578,102
Financial Assets Measured at Amortized Cost	-	-	387,158	748,091	-	-	-	1,135,249
Other Assets (*)	-	-	-	-	-	-	112,686	112,686
<b>Total Assets</b>	<b>220,216</b>	<b>605,869</b>	<b>509,299</b>	<b>1,125,992</b>	<b>200,201</b>	<b>-</b>	<b>112,686</b>	<b>2,774,263</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	10,466	168,303	359,633	-	-	-	-	538,402
Funds Borrowed from Other Financial Institutions	-	-	21	41,823	62,730	-	-	104,574
Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	-	-	-	-	-	2,131,287	2,131,287
<b>Total Liabilities</b>	<b>10,466</b>	<b>168,303</b>	<b>359,654</b>	<b>41,823</b>	<b>62,730</b>	<b>-</b>	<b>2,131,287</b>	<b>2,774,263</b>
<b>Net Liquidity Gap</b>	<b>209,750</b>	<b>437,566</b>	<b>149,645</b>	<b>1,084,169</b>	<b>137,471</b>	<b>-</b>	<b>(2,018,601)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(113,836)</b>	<b>(56,919)</b>	<b>-</b>	<b>-</b>	<b>(170,755)</b>
Financial Derivative Assets	-	-	-	67,114	33,556	-	-	100,670
Financial Derivative Liabilities	-	-	-	180,950	90,475	-	-	271,425
<b>Non-Cash Loans</b>	<b>-</b>	<b>684,217</b>	<b>381,971</b>	<b>538,549</b>	<b>658,670</b>	<b>1,925,862</b>	<b>24,427</b>	<b>4,213,696</b>

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

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

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### V. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Prior Period 31.12.2021								
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	145,326	104,547	-	-	-	-	-	249,873
Banks	42,175	583,242	-	-	-	-	-	625,417
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans	-	88,787	19,080	102,856	443,998	-	-	654,721
Financial Assets Measured at Amortized Cost	-	142,741	136,113	765,687	-	-	-	1,044,541
Other Assets (*)	-	-	-	-	-	-	88,140	88,140
<b>Total Assets</b>	<b>187,501</b>	<b>919,317</b>	<b>155,193</b>	<b>868,543</b>	<b>443,998</b>	<b>-</b>	<b>88,140</b>	<b>2,662,692</b>
<b>Liabilities</b>								
Bank Deposits	-	82,977	-	-	-	-	-	82,977
Other Deposits	13,841	271,089	-	-	-	-	-	284,930
Funds Borrowed from Other Financial Institutions	-	66,645	19,078	19,041	76,166	-	-	180,930
Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	-	-	-	-	-	2,113,855	2,113,855
<b>Total Liabilities</b>	<b>13,841</b>	<b>420,711</b>	<b>19,078</b>	<b>19,041</b>	<b>76,166</b>	<b>-</b>	<b>2,113,855</b>	<b>2,662,692</b>
<b>Net Liquidity Gap</b>	<b>173,660</b>	<b>498,606</b>	<b>136,115</b>	<b>849,502</b>	<b>367,832</b>	<b>-</b>	<b>(2,025,715)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(50,258)</b>	<b>-</b>	<b>(50,258)</b>	<b>(100,517)</b>	<b>-</b>	<b>-</b>	<b>(201,033)</b>
Financial Derivative Assets	-	33,557	-	33,557	67,113	-	-	134,227
Financial Derivative Liabilities	-	83,815	-	83,815	167,630	-	-	335,260
<b>Non-Cash Loans</b>	<b>-</b>	<b>49,516</b>	<b>55,734</b>	<b>1,365,933</b>	<b>599,803</b>	<b>1,258,124</b>	<b>22,630</b>	<b>3,351,740</b>

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

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

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### V. 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 next 30 days' 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 31.03.2022		Total Unweighted Value		Total Weighted Value	
		(Average)(*)		(Average)(*)	
High-Quality Liquid Assets		TL+FC	FC	TL+FC	FC
1	Total high-quality liquid assets (HQLA)			1,358,325	241,253
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:				
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured wholesale funding, of which:	211,186	190,068	97,967	89,400
6	Operational deposits	-	-	-	-
7	Non-operational deposits	188,698	167,780	75,479	67,112
8	Unsecured funding	22,488	22,288	22,488	22,288
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:				
11	Outflows related to derivative exposures and other collateral requirements	11,279	8,102	11,279	8,102
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	29,809	32,293	1,490	1,615
<b>16</b>	<b>Total Cash Outflows</b>			<b>110,736</b>	<b>99,117</b>
<b>Cash Inflows</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	480,062	138,724	480,062	138,724
19	Other cash inflows	2,899	-	2,899	-
<b>20</b>	<b>Total Cash Inflows</b>	<b>482,961</b>	<b>138,724</b>	<b>482,961</b>	<b>138,724</b>
21	Total HQLA			1,358,325	241,253
22	Total Net Cash Outflows			27,684	24,779
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>10,176</b>	<b>2,269</b>

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

**BANK OF CHINA TURKEY A.Ş.**

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**INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**V. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)**

**Liquidity coverage ratio:**

<b>Prior Period 31.12.2021</b>		<b>Total Unweighted Value (Average)(*)</b>		<b>Total Weighted Value (Average)(*)</b>	
<b>High-Quality Liquid Assets</b>		<b>TL+FC</b>	<b>FC</b>	<b>TL+FC</b>	<b>FC</b>
1	Total high-quality liquid assets (HQLA)			1,047,117	233,181
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured wholesale funding, of which:	523,383	361,484	218,502	151,133
6	Operational deposits	-	-	-	-
7	Non-operational deposits	508,135	350,585	203,254	140,234
8	Unsecured funding	15,248	10,899	15,248	10,899
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	43,614	24,590	43,614	24,590
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	76,022	76,022	27,062	27,062
<b>16</b>	<b>Total Cash Outflows</b>			<b>289,178</b>	<b>202,785</b>
<b>Cash Inflows</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	898,234	229,904	898,234	229,904
19	Other cash inflows	6,49	-	6,49	-
<b>20</b>	<b>Total Cash Inflows</b>	<b>898,883</b>	<b>229,904</b>	<b>898,883</b>	<b>229,904</b>
21	Total HQLA			1,047,117	233,181
22	Total Net Cash Outflows			72,294	50,696
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>1.704</b>	<b>443</b>

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



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## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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### INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

#### V. EXPLANATIONS ON LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Liquidity coverage ratios are calculated on a weekly and monthly basis as of January 1, 2015 in accordance with the "Regulation on Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette No. 28948 dated March 21, 2014 and are subject to legal reporting. Liquidity coverage ratio must be at least 80% for foreign currency assets and liabilities for 2022, and at least 100% for total assets and liabilities. The dates and values of the lowest and highest foreign currency and total unconsolidated liquidity coverage ratios calculated weekly for the last three months are explained in the table below:

Current Period 31.03.2022					
	Highest	Date	Lowest	Date	Average
TL+FC	39,151	11 March 2022	2,001	7 January 2022	10,176
FC	10,126	11 March 2022	317	21 January 2022	2,269
Prior Period 31.12.2021					
	Highest	Date	Lowest	Date	Average
TL+FC	3,016	1 October 2021	895	5 November 2021	1,704
FC	1,189	9 October 2021	100	24 December 2021	443

#### VI. 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 26.62% (December 31, 2021: 29.79%). 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 November 5, 2013 shown below.

	Current Period 31.03.2022 (*)	Prior Period 31.12.2021 (*)
1 Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	2,657,891	2,820,395
2 (Assets deducted in determining Tier 1 capital)	57,797	55,704
3 Total balance sheet risks (sum of lines 1 and 2)	2,600,094	2,764,691
<b>Derivative financial instruments and credit derivatives</b>		
4 Replacement cost associated with all derivative financial instruments and credit derivatives	-	-
5 Potential credit risk associated with all derivative financial instruments and credit derivatives	5,034	6,711
6 Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	5,034	6,711
<b>Securities or commodity financing transactions (SCFT)</b>		
7 Risks from SCFT assets (except for on-balance sheet)	-	-
8 Risks from brokerage activities related exposures	-	-
9 Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	-	-
<b>Off-balance sheet transactions</b>		
10 Gross notional amounts of off-balance sheet transactions	4,004,590	3,018,478
11 (Adjustments for conversion to credit equivalent amounts)	-	-
12 Total risks of off-balance sheet items (sum of lines 10 and 11)	4,004,590	3,018,478
<b>Capital and total risks</b>		
13 Tier 1 capital	1,751,449	1,702,198
14 Total risks (sum of lines 3, 6, 9 and 12)	6,609,718	5,789,880
15 <b>Leverage ratio</b>	<b>26.62</b>	<b>29.79</b>

(\*) Represents yearly weighted average amounts.

## **BANK OF CHINA TURKEY A.Ş.**

### **UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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#### **INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

##### **VII. EXPLANATIONS ON SECURITIZATION POSITIONS**

None.

##### **VIII. EXPLANATIONS ON RISK MANAGEMENT**

Footnotes and related explanations are given in the section prepared based on “Communiqué on Public Disclosures Regarding to Banks Risk Management” published in Official Gazette No. 29511 at October 23, 2015 and became effective as of December 31, 2016. Based on this communique, the tables, which are to be prepared according to Internal rating-based (IRB) approach must be presented, are not presented because standard approach is used in calculation of the Bank’s capital adequacy.

#### **1. Explanations on Risk Management and Risk Weighted Assets**

##### **1.1. Bank’s Risk Management Approach**

Risk management covers the processes of measuring and monitoring risks, controlling and reporting risks within certain limits. These activities are carried out by Risk Management by reporting directly to the Internal Systems Officer. The Risk Management function is independent from the executive units and fulfils its responsibilities to the Board of Directors through the Audit Committee and the Risk Committee. Risk Control Committee has been established to act as senior management level sub committee for risk management.

Policies and procedures related to each of the quantifiable risks such as General Risk Policy, Market Risk, Liquidity Risk, Operational Risk have been formed in order to identify, measure and control the risks that the Bank may be exposed to due to its activities and approved by the Board of Directors and entered into force. Furthermore, the Bank has also Reputational Risk Policy.

Credit and operational risk constitute the main risk factors in terms of the types of risks that the Bank is exposed to.

For these risks, written limits, early warning thresholds and risk appetite indicators were determined at 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 of the Bank and evaluating its adequacy 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 using methods that comply with international and local regulations, the Bank’s policies and procedures suitable for the Bank’s structure, stress tests and scenario analyses are conducted and reported regularly to the senior management, Risk Committee and the Board of Directors. Risk measurements are included in the Bank’s decision-making processes.

The risk reports prepared for 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 are given.

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**INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON RISK MANAGEMENT (Continued)**

**1. Explanations on Risk Management and Risk Weighted Assets (Continued)**

**1.2. Overview of Risk Weighted Amounts**

		Risk Weighted Amounts		Minimum Capital Liability	
		Current Period 31.03.2022	Prior Period 31.12.2021	Current Period 31.03.2022	Prior Period 31.12.2021
1	Credit risk (excluding counterparty credit risk) (CCR)	5,354,795	4,323,981	428,384	345,918
2	Standardized approach (SA)	5,354,795	4,323,981	428,384	345,918
3	Internal rating-based (IRB) approach	-	-	-	-
4	Counterparty credit risk	1,798	2,847	144	228
5	Standardized approach for counterparty credit risk (SACCR)	1,798	2,847	144	228
6	Internal Model method (IMM)	-	-	-	-
7	Basic risk weight approach to internal modals 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	80,656	54,994	6,452	4,400
17	Standardized approach (SA)	80,656	54,994	6,452	4,400
18	Internal model approaches (IMM)	-	-	-	-
19	Operational risk	541,364	461,699	43,309	36,936
20	Basic indicator approach	541,364	461,699	43,309	36,936
21	Standard approach	-	-	-	-
22	Advanced measurement approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24	Floor Adjustments	-	-	-	-
25	<b>Total</b> (1+4+7+8+9+10+11+12+16+19+23+24)	<b>5,978,613</b>	<b>4,843,521</b>	<b>478,289</b>	<b>387,482</b>

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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**SECTION FIVE**
**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS**
**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS**
**1. Information on cash and balances with the Central Bank of Turkey**
**1.1. Information on cash and cash equivalents**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL /Foreign Currency	-	-	-	-
Balances with the Central Bank of Turkey	2,066	327,451	1,964	247,909
Other	-	-	-	-
<b>Total</b>	<b>2,066</b>	<b>327,451</b>	<b>1,964</b>	<b>247,909</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	2,066	183,431	1,964	143,631
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	144,020	-	104,278
<b>Total</b>	<b>2,066</b>	<b>327,451</b>	<b>1,964</b>	<b>247,909</b>

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. July 1, 2021, according to the "Communique on Reserve Requirements" published in the Official Gazette No. 31528, the possibility of establishing TL reserve requirements in foreign currency has been terminated as of October 1, 2021. In addition, according to the CBRT article No. 713 dated 25.03.2022, the interest / nema ratio to be applied to the mandatory reserves established in Turkish lira has been determined as zero percent.

As of March 31, 2022, valid rates for required reserves established in the CBRT are between 3% and 8% according to the maturity structure in Turkish currency (December 31, 2021: between 3% and 8%); in foreign currency, 5% to 25% depending on the maturity structure range (December 31, 2021: 5% to 25%).

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of TL Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in USD, EUR, GBP and participation fund accounts in foreign currency to time deposits and participation funds in TL as of the obligation date of April 15, 2022, it has been decided not to apply an annual commission of 1,5% to the banks that have reached the 10% level and the 20% level as of the 8 July 2022 obligation date, up to the amount to be kept for their liabilities until the end of 2022. In addition, within the scope of the relevant communiqué, it is stated that the said changes are effective as of the liability period dated 24 December 2021. Installation of this liability period begins on 7 January 2022.

**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 March 31, 2022, there are no financial assets at fair value through profit or loss subject to repurchase agreement (December 31, 2021: None).

As of March 31, 2022, the Bank does not have any collateral assets in exchange for Istanbul Stock Exchange (December 31, 2021: None).

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

None (December 31, 2021: None).

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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (Continued)**

**3. Positive differences related to derivative financial assets**

None (December 31, 2021: None).

**4. Information on Banks**

**4.1. Information on Banks and Other Financial Institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	294,355	324,354	333,921	291,496
<i>Domestic</i>	294,355	293,994	333,921	251,778
<i>Foreign</i>	-	30,360	-	39,718
<i>Foreign head-offices and branches</i>	-	-	-	-
<b>Total</b>	<b>294,355</b>	<b>324,354</b>	<b>333,921</b>	<b>291,496</b>

**4.2. Expected credit losses for cash and cash equivalents**

Current Period	Stage 1	Stage 2	Stage 2	Total
<b>Balances at End of Prior Period</b>	<b>638</b>	-	-	<b>638</b>
Additions during the Period	461	-	-	461
Disposal	(361)	-	-	(361)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	-	-	-	-
<b>Balances at End of Period</b>	<b>738</b>	-	-	<b>738</b>

**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 March 31, 2022, there are no financial assets at fair value through other comprehensive income subject to repurchase agreement (December 31, 2021: None). As of March 31, 2022, there are no financial assets given as collateral/blocked (December 31, 2021: None).

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

None (December 31, 2021: None).

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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (Continued)**

**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, 2021: None).

**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
<b>Non-Specialized Loans</b>	<b>578,102</b>	-	-	-
Loans Given to Enterprises	-	-	-	-
Export Loans	200,201	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	-	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	377,901	-	-	-
<b>Specialized Loans</b>	-	-	-	-
<b>Other Loans</b>	-	-	-	-
<b>Total</b>	<b>578,102</b>	-	-	-

Expected Credit Losses	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	4,850	-
Significant Increase in Credit Risk	-	-
<b>Total</b>	<b>4,850</b>	-

**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	578,102	-	-
Medium and Long-term Loans	-	-	-
<b>Total</b>	<b>578,102</b>	-	-

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

None (December 31, 2021: None).

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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (Continued)****6. Information on Loans (Continued)****6.5. Information on commercial instalment loans and corporate credit cards**

None (December 31, 2021: None).

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

	Current Period	Prior Period
Public	-	-
Private	578,102	654,721
<b>Total</b>	<b>578,102</b>	<b>654,721</b>

**6.7. Distribution of domestic and foreign loans**

	Current Period	Prior Period
Domestic Loans	578,102	654,721
Foreign Loans	-	-
<b>Total</b>	<b>578,102</b>	<b>654,721</b>

**6.8. Loans given to associates and subsidiaries**

None (December 31, 2021: None).

**6.9. Credit-Impaired Losses Stage III Provisions**

None (December 31, 2021: 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, if it is agreed.

As of March 31, 2021 the Bank does not have any written-off assets (December 31, 2021: None).

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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (Continued)**

**6. Information on Loans (Continued)**

**6.12. Explanations on expected credit losses for loans**

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Balances at End of Prior Period</b>	<b>6,564</b>	-	-	<b>6,564</b>
Additions during the Period	-	-	-	-
Disposal	(1,714)	-	-	(1,714)
Debt Sale	-	-	-	-
Write-offs	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	-	-	-	-
<b>Balances at End of Period</b>	<b>4,850</b>	-	-	<b>4,850</b>

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

None (December 31, 2021: 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, 2021: None). As of March 31, 2022, the Bank does not have securities given as collateral (December 31, 2021: None).

**7.2. Information on government debt securities measured at amortized cost**

	<b>Current Period</b>	<b>Prior Period</b>
Government Bond	1,135,249	1,044,541
Treasury Bonds	-	-
Other Public Debt Securities	-	-
<b>Total</b>	<b>1,135,249</b>	<b>1,044,541</b>

**7.3. Information on investments measured at amortized cost**

	<b>Current Period</b>	<b>Prior Period</b>
Debt Securities	1,135,249	1,044,541
<i>Quoted at Stock Exchange</i>	<i>1,135,249</i>	<i>1,044,541</i>
<i>Unquoted at Stock Exchange</i>	-	-
Value Increases/Impairment Losses (-)	-	-
<b>Total</b>	<b>1,135,249</b>	<b>1,044,541</b>



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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (Continued)**

**7. Information on financial assets measured at amortized cost (Continued)**

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Opening balance</b>	<b>1,044,541</b>	<b>614,303</b>
Foreign exchange differences in monetary assets	-	-
Purchases during the year	399,602	2,080,303
Disposals through Sales and Redemptions	(308,894)	(1,650,065)
Value decrease equivalent	-	-
<b>Period end balance</b>	<b>1,135,249</b>	<b>1,044,541</b>

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

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 2</b>	<b>Total</b>
<b>Balances at End of Prior Period</b>	<b>66</b>	<b>-</b>	<b>-</b>	<b>66</b>
Additions during the Period	38	-	-	38
Disposal	(31)	-	-	(31)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	-	-	-	-
<b>Balances at End of Period</b>	<b>73</b>	<b>-</b>	<b>-</b>	<b>73</b>

**8. Information on associates**

The Bank has no associates as of March 31, 2022 (December 31, 2021: None).

**9. Information on subsidiaries (net)**

The Bank has no subsidiaries as of March 31, 2022 (December 31, 2021: None).

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

The Bank does not have investments in entities under common control as of March 31, 2022 (December 31, 2021: None).

**11. Information on lease receivables**

The Bank does not have lease receivables as of March 31, 2022 (December 31, 2021: None).

**12. Information on derivative financial assets held for hedging purposes**

There are no derivative financial instruments for hedging purposes (December 31, 2021: None).

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (Continued)**

**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, 2021: None).

**16. Information on current tax assets**

None (December 31, 2021: None).

**17. Information on Deferred Tax asset**

For taxable temporary differences arising between the book value of an asset or liability and its tax base determined in accordance with the tax legislation, the Bank will obtain financial profit that can be deducted in the following periods according to the provisions of "TAS 12 - Income Taxes", BRSA's explanations and circulars and tax legislation, calculates deferred tax on deductible temporary differences, to the extent possible.

As of March 31, 2022, net deferred tax assets amounted to TL 57,459 (December 31,2021: TL 61,264) has been reflected in the financial statements of the Bank after netting the deferred tax asset amounting to TL 58,654 (December 31: 2021: TL 64,931) and the tax liability amounting to TL 1,195 (December 31,2021: TL 3,667).

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

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
- Retirement Pay and Unused Vacation Provision	2,537	1,682	565	370
- Bonus Provision	22,186	17,067	4,998	4,109
- Differences Arising from Market Value of Derivative Financial Instruments	180,347	211,578	41,480	48,663
- Commission charged in advance	18,162	17,052	4,177	3,922
- Expected Credit Loss According to TFRS 9	26,399	28,570	5,280	5,713
- MTM-TFRS16 difference	9,386	9,402	2,117	2,120
- MTM-TFRS difference for interest income/expense	161	147	37	34
<b>Deferred Tax Assets</b>	<b>259,178</b>	<b>285,498</b>	<b>58,654</b>	<b>64,931</b>
- Tangible Assets Amortization Differences	(1,561)	(1,750)	(312)	(350)
- MTM – SL securities interest difference	(3,838)	(14,426)	(883)	(3,317)
<b>Deferred Tax Liabilities</b>	<b>(5,399)</b>	<b>(16,176)</b>	<b>(1,195)</b>	<b>(3,667)</b>
<b>Deferred Tax Assets/(Liabilities), Net</b>	<b>253,779</b>	<b>269,322</b>	<b>57,459</b>	<b>61,264</b>

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS (Continued)**
**7. Information on financial assets measured at amortized cost (Continued)**
**18. Information on assets held for sale and non-current assets related to discontinued operations**

None (December 31, 2021: None).

**19. 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, 2021: None).

**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	9,566	-	168,303	359,633	-	-	-	-	537,502
Residents in Turkey	9,566	-	168,303	359,633	-	-	-	-	537,502
Residents Abroad	-	-	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	900	-	-	-	-	-	-	-	900
Other Ins. Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Interbank Deposits	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	-	-	-	-	-	-	-
Special Finan. Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10,466</b>	<b>-</b>	<b>168,303</b>	<b>359,633</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>538,402</b>

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	13,745	-	271,089	-	-	-	-	-	284,834
Residents in Turkey	13,745	-	271,089	-	-	-	-	-	284,834
Residents Abroad	-	-	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	96	-	-	-	-	-	-	-	96
Other Ins. Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Interbank Deposits	-	-	82,977	-	-	-	-	-	82,977
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	-	-	82,977	-	-	-	-	-	82,977
Special Finan. Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13,841</b>	<b>-</b>	<b>354,066</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>367,907</b>

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

None (December 31, 2021: None).

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (Continued)****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 March 31, 2022 (December 31, 2021: None).

**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	176,068	-	199,564	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>176,068</b>	<b>-</b>	<b>199,564</b>	<b>-</b>

**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	-	104,574	-	180,930
<b>Total</b>	<b>-</b>	<b>104,574</b>	<b>-</b>	<b>180,930</b>

**3.2. Maturity structure of borrowings**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	2	-	66,653
Medium and Long-term	-	104,572	-	114,277
<b>Total</b>	<b>-</b>	<b>104,574</b>	<b>-</b>	<b>180,930</b>

**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, 2021: Not exceeding).

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (Continued)**

**5. Information on Lease Obligations**

**5.1. Criteria used in the determination of lease instalments 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, 2021: 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, 2021: None).

**5.3. Information on lease liabilities**

As of March 31, 2022, total net lease liability amount of the Bank is TL 32,832 (December 31, 2021: TL 30,001).

**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, 2021: None).

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

There are no derivative financial liabilities for hedging purposes (December 31, 2020: None).

**7. Information on Provisions**

**7.1. Information on provisions related with foreign currency difference of foreign indexed loans**

As of March 31, 2022, the Bank has no provision related to foreign currency differences of foreign indexed loans (December 31, 2021: None).

**7.2. Information on provisions for non-cash loans that are non-funded and non-transformed into cash**

	<b>Current Period</b>	<b>Prior Period(*)</b>
Provisions for Non-cash Loans	20,739	21,302
<b>Total</b>	<b>20,739</b>	<b>21,302</b>

**7.2.1. Provision for probable losses**

None (December 31, 2021: 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, 2021: Not exceed).

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (Continued)**

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Opening Balance, January 1	570	308
Period expenses	54	251
Payments made	-	-
Actuarial Difference	-	11
<b>Closing Balance</b>	<b>624</b>	<b>570</b>

In accordance with the current labour law in Turkey, the Bank is required to pay termination benefits to the personnel who are dismissed from work due to retirement or who are terminated for reasons other than resignation and abuse. These compensations are the 30-day Gross wage for each year of work based on the wage on the date of dismissal. As of March 31, 2022, and December 31, 2021, the ceiling of the provision for employment termination benefits is TL 10,848.59 (full TL) and TL 10,848.59 (full TL).

In the financial statements of March 31, 2022 and December 31, 2021, the Bank calculates the termination indemnity by discounting the annual inflation and interest rate usage. The inflation and interest rates used are as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Inflation Rate	14.41%	14.41%
Interest Rate	18.71%	18.71%

As of March 31, 2022, total provision for employee benefits amounting to TL 24,723 (December 31, 2021: TL 18,749) is composed of TL 1,913 unused vacation provision (December 31, 2021: TL 1,112), TL 22,186 bonus provision (December 31, 2021: TL 17,067), TL 624 provision for employee termination benefits (December 31, 2021: 570 TL).

**8. Explanations on Tax Liability**

As of March 31, 2022, the Bank has current tax liability of TL 20,115 (December 31, 2021: TL 54,507).

The Bank has a corporate tax amount of TL 118,825 (December 31, 2021: TL 102,390) to be paid after the deduction of the prepaid corporate tax of TL 102,391 (December 31, 2021: 51,275) from the corporate tax calculated as TL 16,434 (December 31, 2021: 51,115).

**8.1. Information on tax payables**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate taxes payable	16,434	51,115
Taxation on securities	-	369
Property tax	12	12
Banking and Insurance Transaction Tax (BITT)	213	410
Taxes on foreign exchange transactions	-	-
Value added taxes payable	139	158
Other	2,808	2,077
<b>Total</b>	<b>19,606</b>	<b>54,141</b>

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (Continued)****8.2. Information on premium**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums- Employee	217	156
Social Security Premiums- Employer	246	177
Unemployment Insurance- Employee	15	11
Unemployment Insurance- Employer	31	22
Other	-	-
<b>Total</b>	<b>509</b>	<b>366</b>

**8.3. Explanations on deferred tax liabilities**

None (December 31, 2021: None).

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

None (December 31, 2021: None).

**10. Explanations on Subordinated loans**

None (December 31, 2021: None).

**11. Information on Shareholders' equity****11.1. Paid in Capital**

The Bank's paid-in capital is TL 1,051,230 as of March 31, 2022 (December 31, 2021: 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.

**11.3. Capital increases and sources in the current period and other information based on increased capital shares**

None (December 31, 2021: None).

**11.4. Information on share capital increases from capital reserves during the current period**

None (December 31, 2021: None).

**11.5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period**

None (December 31, 2021: None).

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES (Continued)**

**11.6. The effects of anticipations based on the financial figures for prior periods regarding the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties at these indicators**

Forecasts are made taking into account the prior period indicators of the Bank's income, profitability and liquidity and the uncertainties in these indicators, and their estimated effects on equity are prepared by the Finance Department and reported to the top management.

**11.7. Information on privileges given to shares representing the capital**

None (December 31, 2021: None).

**11.8. Information on marketable securities value increase fund**

None (December 31, 2021: None).

**11. Information on Shareholders' equity (Continued)**

**11.9. Information on profit distribution**

It was decided to distribute unconsolidated net profit of TL 191,115 as of December 31, 2021, in accordance with the General Assembly dated March 29, 2022 as follows: TL 12,758 to be transferred to legal reserves, TL 160,522 to be transferred to undistributed profits and TL 17,835 to be distributed as cash dividend. On March 30, 2022, TL 191,115 was transferred to reserves and dividend payable accounts. Dividends amounting to TL 17,835 were paid to the shareholders on April 22, 2022.

**11.10. Information on minority interest**

None (December 31, 2021: None).

**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, 2021: 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**

	<b>Current Period</b>	<b>Prior Period</b>
Guarantees	3,780,778	2,963,605
Bills of Exchange and Acceptances	-	-
Letters of Credit	-	-
<b>Total</b>	<b>3,780,778</b>	<b>2,963,605</b>



**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**III. EXPLANATIONS AND DISCLOSURES RELATED TO OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (Continued)**
**1.2.2. Revocable, irrevocable guarantees and other similar commitments and contingencies**

	Current Period	Prior Period
Temporary letter of guarantees	39,064	22,629
Revocable letters of guarantee	794	794
Letters of guarantee given in advance	299,576	279,074
Other letter of guarantees	93,484	85,638
<b>Total</b>	<b>432,918</b>	<b>388,135</b>

**1. Information on off-balance sheet commitments (Continued)**
**1.3. Explanation on Non-cash loans**
**1.3.1. Total amount of non-cash loans**

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	3,780,778	2,903,605
With Original Maturity of 1 Year or Less Than 1 Year	137,688	125,040
With Original Maturity of More Than 1 Year	3,643,090	2,838,535
Other Non-Cash Loans	432,918	388,135
<b>Total</b>	<b>4,213,696</b>	<b>3,351,740</b>

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

Current Period	Stage 1	Stage 2	Stage 3	Total
<b>Balances at End of Prior Period</b>	<b>21,302</b>	-	-	<b>21,302</b>
Additions during the Period	3,460	-	-	3,460
Disposal	(4,458)	-	-	(4,458)
Sold Credits	-	-	-	-
Deleted from Active	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	435	-	-	435
<b>Balances at End of Period</b>	<b>20,739</b>	-	-	<b>20,739</b>

**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**

None (December 31, 2021: None).

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

None (December 31, 2021: None).

**5. Information on services in the name and account of others**

None (December 31, 2021: None).

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**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	9,250	3,076	6,369	2,656
Short-term Loans	-	-	-	-
Medium/Long-term Loans	9,250	3,076	6,369	2,656
Interest on Loans Under Follow-up	-	-	-	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>9,250</b>	<b>3,076</b>	<b>6,369</b>	<b>2,656</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	1	-	245	-
Domestic Banks	11,486	211	28,813	-
Foreign Banks	-	27	-	1
Branches and Head Office Abroad	-	-	-	-
<b>Total</b>	<b>11,487</b>	<b>238</b>	<b>29,058</b>	<b>1</b>

**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	46,228	-	17,240	-
<b>Total</b>	<b>46,228</b>	<b>-</b>	<b>17,240</b>	<b>-</b>

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

None (March 31, 2021: None).

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**2. Information on Interest Expense**

**2.1. Information on interest on funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	-	377	-	221
TR Central Bank	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	377	-	221
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	-	377	-	221

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

None (March 31, 2021: None).

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

None (March 31, 2021: None).

**2.4. Information on interest expense to maturity structure of deposits**

Account Name	Current Period 31.03.2022							Accum. Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Month	Up to 1 Year	Over 1 Year			
<b>Turkish Currency</b>	-	-	-	-	-	-	-	-	-
Bank Deposits	-	-	-	-	-	-	-	-	-
Savings Deposits	-	-	-	-	-	-	-	-	-
Public Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	-	819	-	-	-	-	-	-	819
Other Deposits	-	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	819	-	-	-	-	-	-	819
<b>Foreign Currency</b>	-	-	-	-	-	-	-	-	-
Foreign Currency Account	-	78	617	763	-	-	-	-	1,458
Bank Deposits	-	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	78	617	763	-	-	-	-	1,458
<b>Grand Total</b>	-	897	617	763	-	-	-	-	2,277

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**2. Information on Interest Expense (Continued)**

Account Name	Prior Period 31.03.2021							Total
	Demand Deposit	Time Deposit					Accum. Deposit	
		Up to 1 Month	Up to 3 Months	Up to 6 Month	Up to 1 Year	Over 1 Year		
<b>Turkish Currency</b>								
Bank Deposits	-	162	-	-	-	-	-	162
Savings Deposits	-	-	-	-	-	-	-	-
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	6,873	-	-	-	-	-	6,873
Other Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>7,035</b>	-	-	-	-	-	<b>7,035</b>
<b>Foreign Currency</b>								
Foreign Currency Account	-	-	-	-	-	-	-	-
Bank Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
<b>Grand Total</b>	-	<b>7,035</b>	-	-	-	-	-	<b>7,035</b>

**2.5. Interest expense on lease liabilities**

	Current Period	Prior Period
Lease Interest Expenses	288	230
<b>Total</b>	<b>288</b>	<b>230</b>

**3. Information on dividend income**

None (March 31, 2021: None).

**4. Information on net trading income / loss**

	Current Period	Prior Period
<b>Income</b>	<b>315,219</b>	<b>213,279</b>
Gains on Capital Market Operations	-	-
Gains on Derivative Financial Instruments	12,349	18,523
Foreign Exchange Gains	302,870	194,756
<b>Loss (-)</b>	<b>304,314</b>	<b>219,635</b>
Losses on Capital Market Operations	-	-
Losses on Derivative Financial Instruments	26,912	45,990
Foreign Exchange Losses	277,402	173,645
<b>Total</b>	<b>10,905</b>	<b>(6,356)</b>

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**5. Information on other operating income**

	Current Period	Prior Period
Adjustment to previous years expenses	2,334	-
Other	5	1,694
<b>Total</b>	<b>2,339</b>	<b>1,694</b>

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

	Current Period	Prior Period
<b>Expected Credit Losses</b>	<b>163</b>	<b>293</b>
12 Month Expected Credit Loss (Stage 1)	163	293
Significant increase in credit risk (Stage 2)	-	-
Non-Performing Loans (Stage 3)	-	-
<b>Marketable Securities Impairment Provision</b>	<b>-</b>	<b>-</b>
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets At Fair Value Through Other Comprehensive Income	-	-
<b>Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	-
<b>Total</b>	<b>163</b>	<b>293</b>

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

	Current Period	Prior Period
Provision for Employee Termination Benefits	54	17
Provision for Bank's Social Aid Fund Deficit	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Charges of Tangible Assets	927	1,026
Impairment Losses on Intangible Assets	-	-
Impairment losses on goodwill	-	-
Amortization Charges of Intangible Assets	364	416
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	2,970	2,392
<i>Operational Leases Expenses</i>	-	-
<i>Repair and Maintenance Expenses</i>	28	23
<i>Advertisement Expenses</i>	-	-
<i>Other Expenses (*)</i>	2,942	2,369
<i>Losses on Sale of Assets</i>	-	-
Taxes	433	423
Other (**)	5,851	2,088
<b>Total</b>	<b>10,599</b>	<b>6,362</b>

(\*) The amount of TL 2,942 (31 March 2021 : TL 2,369) in the "Other Expenses" title consists of TL 1,675 (31 March 2021 : TL 1,283) IT services expenses, TL 103 (31 March 2021: TL 343) outsource services, TL 543 (31 March 2021: TL 443) data line service expenses, TL 621 (31 March 2021: TL 300) other operating expenses.

(\*\*) The amount of TL 5,851 (31 March 2021: TL 2,088) in the "Other" title consists of TL 4,540 (31 March 2021: TL 1,776) employee benefits provisions, TL 1,122 (31 March 2021: TL 220) auditing services and advisory services, TL 189 (31 March 2021: TL 92) operational costs.

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

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**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**8. Fees related with the services provided by independent auditors/independent audit agencies**

In accordance with the decision made by Public Oversight Accounting and Auditing Standards Authority dated 26 March 2021, fees, based on the given reporting period, in relation to the services provided by independent auditors or independent audit agencies excluding value added tax costs are presented in the following table.

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

As of March 31, 2022, Profit before tax from continued operations is TL 87,259 (March 31, 2021: TL 40,310).

**10. Explanations on tax provision for continued and discontinued operations**

The tax expense for the Period ended March 31, 2022 is TL 20,240 (March 31, 2021: TL 8,077).

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

As of March 31, 2022, operating profit after-tax is TL 67,019 (March 31, 2021: TL 32,233).

**12. Information on net profit/loss for the Period**

Interest income from ordinary banking transactions amounted to TL 70,279 (March 31, 2021: TL 55,324). Interest expenses arising from ordinary banking transactions are TL 3,190 (March 31, 2021: TL 7,510). As of March 31, 2022, operating profit after-tax is TL 67,019 (March 31, 2021: TL 32,233).

There is no profit or loss related to minority shares.

**13. 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.

**BANK OF CHINA TURKEY A.Ş.**

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

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

March 31, 2022:

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
<b>Current Period</b>						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	39,678	388,135	-	-
Balance at the End of the Period	-	-	30,221	432,918	-	-
Interest and Commission Income Received	-	-	27	20,374	-	-

(\*) 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, 2021:

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
<b>Prior Period</b>						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	75,878	405,598	-	-
Balance at the End of the Period	-	-	39,678	388,135	-	-
Interest and Commission Income Received	-	-	1	9,605	-	-

(\*) 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.

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**V. 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	-	-	263,907	74,203	-	-
Balance at the End of the Period	-	-	104,574	263,907	-	-
Interest Paid	-	-	377	221	-	-

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

(\*\*) As of March 31, 2022 and December 31, 2021, the above table consists of the borrowings, foreign banks deposits and the interest paid to them.

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

Bank's Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets at Fair Value Through Profit and Loss:</b>						
Balance at the Beginning of the Period	-	-	469,487	505,220	-	-
Balance at the End of the Period	-	-	372,095	469,487	-	-
Total Income/Loss	-	-	(14,563)	(27,467)	-	-
<b>Transactions for Hedging Purposes:</b>						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

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

As of March 31, 2022, TL 1,698 (March 31, 2021: TL 906) was paid to the top management of the Bank.

**e) Other transactions with the Bank's risk group**

As of March 31, 2022, the Bank's dividends payable to the risk group in the amount of TL 17,835 was reported in the other liabilities line. The full amount were paid to the shareholders on April 22, 2022. (March 31, 2022: None)

**VI. EXPLANATIONS ON THE BANK'S DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR INVESTMENTS IN ASSOCIATES AND FOREIGN REPRESENTATIVE OFFICES**

	Number	Number of Employees			
Domestic Branch	-	45			
			Country of Incorporations		
Foreign Representation Office					
				Total Assets	Statutory Share Capital
Foreign Branch					
Off-shore Banking Region Branches					



**BANK OF CHINA TURKEY A.Ş.**

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

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**SECTION SIX**

**OTHER EXPLANATIONS**

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

None.

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

None.

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

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**SECTION SEVEN**

**EXPLANATIONS ON AUDITOR'S REVIEW REPORT**

**I. EXPLANATIONS ON AUDITOR'S REVIEW REPORT**

The unconsolidated financial statements as of March 31, 2022 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the auditor's review report has been presented prior to the unconsolidated financial statements

**II. OTHER FOOTNOTES AND EXPLANATIONS PREPARED BY INDEPENDENT AUDITOR**

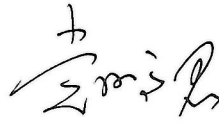
None.

**BANK OF CHINA TURKEY A.Ş.**  
**STATEMENT REGARDING INTERIM ACTIVITY REPORT AS AT MARCH 31, 2022**

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

**Bin CHEN**

Chairman of the  
Board of Directors

**Pengjun DANG**

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

**Xiaoyu LIU**

Member of the  
Board of Directors

**Xiaoming GAO**

Member of the  
Board of Directors and  
General Manager

**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

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

### SECTION EIGHT

#### REMARKS REGARDING INTERIM ACTIVITY REPORT

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

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

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

##### B. Shareholding Structure

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

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

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

Members of the board of directors, members of the audit committee, general manager and assistant general managers of the Bank as of March 31, 2022 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
Xiaoming GAO	Member of the Board of Directors and General Manager	September 10,2021	PHD 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	Assigned Date	Education
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	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

## **BANK OF CHINA TURKEY A.Ş.**

### **UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

#### **REMARKS REGARDING INTERIM ACTIVITY REPORT (Devamı)**

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

##### **D. Information on Branches and Personnel**

As of March 31, 2022, Bank of China Turkey A.Ş. has 45 employees and no branch. The Bank runs its operations at its head office (December 31, 2021: 42 employees).

##### **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 May 2, 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 December 1, 2017 and numbered 7612 on the volume of the Official Gazette dated December 7, 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 January 10, 2017 and the said matter was announced on the Turkish Trade Registry Gazette dated January 17, 2017 and numbered 9243 together with the Bank's Articles of Association.

Our Bank started its banking operations on May 9, 2018.

Total assets of the Bank as of March 31, 2022 are TL 2,774,263 (December 31, 2021: TL 2,662,692). While our equity amounts to TL 1,820,787 (December 31, 2021: TL 1,771,603) our capital adequacy ratio is at the level of 29.87% (December 31, 2021: 35.84%). As of March 31, 2022, the profit after tax of the Bank for the Period is TL 67,019 (March 31, 2021: TL 32,233). The majority of such profit is the interest income derived from banks placements, government bonds 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**

The Russia-Ukraine conflict and its impacts on global markets were prominent during the first quarter of 2022. Escalation of the conflict has seriously led global economic growth expectations downward. In addition, monetary policies began tightening especially led by the Federal Reserve in US and coronavirus pandemic concerns were replaced by concerns over global inflation.

During the 1<sup>st</sup> quarter, as the number of coronavirus cases decreased in Turkey, the measures were eased gradually. Regional tension caused negative impacts on Turkey due to increasing energy costs. Global and local inflation concerns and the turmoil in the financial markets also caused negative impacts on Turkey in the first quarter. Relatively stable outlook on currency and predictable monetary policy stance were the positive developments during the first quarter.

During the 1<sup>st</sup> quarter of 2022, while monetary policy actions remained stable, benchmark rate was unchanged. Turkish Lira had nearly lost 10% of its value in the first 3 months and capital flows continued decreasing. Whereas the bond markets witnessed sellouts in line with the inflation expectations, stock market was considerably affected in a positive manner.

As of March, 2022, CPI occurred at 61.14% while PPI was 114.97% y/y. As per the latest expectations, rise in inflation may last till the last quarter of 2022 and may decline afterwards. A permanent fall in inflation is expected after end of year owing to the base effect. Path in global energy prices will play an important role in terms of current account balance within the year. Although global situation is expected to have negative impacts on the growth outlook, Turkish economy is expected to grow relatively higher during 2022.

Loan to Deposit ratio of the sector is at 96.80% according to 202 February BRSA data. Sectors' NPL ratio is at 3.02% while CAR is at 19%. Sectors' total asset size is 9.482 trillion Turkish Lira while deposits size is at 5.54 trillion Turkish Lira.

## BANK OF CHINA TURKEY A.Ş.

### UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022

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

#### REMARKS REGARDING INTERIM ACTIVITY REPORT (Devamı)

### 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 2,774,263 (December 31, 2021: TL 2,662,692) as of the Period that ended on March 31, 2021. 41% of the assets are composed of Government debt securities measured at amortized cost whereas 21% is loans. The balance sheet's biggest source of funding is the equity.

	31.03.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
<b>Total assets</b>	<b>2,774,263</b>	<b>2,662,692</b>	<b>2,004,474</b>	<b>1,676,970</b>	<b>1,291,801</b>
Cash Assets and Central Bank	329,517	249,873	43,398	42,859	16,421
Banks	618,709	625,417	712,785	677,701	949,969
Loans	578,102	654,721	589,720	568,012	306,590
Government debt securities measured at amortized cost	1,135,249	1,044,541	614,303	329,421	-
Financial Derivative Assets	-	-	-	20,444	4,516
Other Assets	112,686	88,140	44,268	38,553	14,305
<b>Total liabilities and equities</b>	<b>2,774,263</b>	<b>2,662,692</b>	<b>2,004,474</b>	<b>1,676,970</b>	<b>1,291,801</b>
Deposits	538,402	367,907	204,189	75,685	4
Provisions	45,462	40,051	12,974	40,626	23,549
Financial Derivative Liabilities	176,068	199,564	74,203	59,423	-
Loan Received	104,574	180,930	79,019	-	-
Other Liabilities	88,970	102,637	42,477	54,801	16,202
Shareholders' Equity	1,820,787	1,771,603	1,591,612	1,446,435	1,252,046
Letter of Guarantees	432,918	388,135	405,598	271,883	2,577
Other Guarantees	3,780,778	2,963,605	1,120,291	973,594	81,827
Derivatives	372,095	469,487	505,220	564,546	604,120

	01.01.2022-31.03.2022	01.01.2021-31.03.2021	01.01.2020-31.03.2020	01.01.2019-31.03.2019	01.01.2018-31.03.2018
Net Interest Income	67,089	47,814	38,044	57,436	-
Non-Interest Income	28,380	9,801	8,537	586	-
Trading Income/Loss	10,905	(6,356)	7,357	(9,145)	-
<b>Total Operating Income/(Expense)</b>	<b>106,374</b>	<b>51,259</b>	<b>53,938</b>	<b>48,877</b>	<b>-</b>
Staff Cost (-)	10,692	5,988	4,924	3,837	
Other Total Operating Income/(Expense)	(8,260)	(4,668)	(6,347)	(5,368)	-
Loan Provisions	163	293	389	3,507	-
<b>Net Operating Profit/(loss)</b>	<b>87,259</b>	<b>40,310</b>	<b>42,278</b>	<b>36,165</b>	<b>-</b>
Tax Provision (-)	20,240	8,077	9,331	(9,420)	-
<b>Net Profit / Loss for the Period</b>	<b>67,019</b>	<b>32,233</b>	<b>32,947</b>	<b>26,745</b>	<b>-</b>

#### Financial Ratios

	31.03.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Capital Adequacy Ratio (%)	29.87	35.84	62.71	63.32	190.69
Equity/ Assets (%)	65.63	66.53	79.40	86.25	96.92

**BANK OF CHINA TURKEY A.Ş.**

**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31, 2022**

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

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**REMARKS REGARDING INTERIM ACTIVITY REPORT (Devamı)**

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

**B. Information Regarding Distribution of Profit**

The legal reserves are allocated to the first and second reserves in accordance with Turkish Commercial Code (TTK). First legal reserves are allocated as 5% of the profit until the total reserves reach 20% of the paid-in capital. Second legal reserves are allocated as 10% of excess amount on profit distribution which is more than 5% of capital.

The Bank's Ordinary General Assembly Meeting was held on March 29, 2022. At the Ordinary General Assembly Meeting, it was decided to transfer the unconsolidated net profit amounting to 191,115 TL from the activities of 2021, 12,758 TL to general legal reserves, 160,522 TL to undistributed profits as extraordinary reserves and 10% of distributable profit which is 17,835 TL to payables to shareholder's dividend according to BRSA decision. On March 30, 2022, 191,115 TL was transferred to reserve funds and payables to shareholder's dividend accounts.

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