

**BANK OF CHINA TURKEY A.Ş.**

**INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT  
UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS AND  
RELATED DISCLOSURES FOR THE NINE MONTHS  
PERIOD ENDED SEPTEMBER 30, 2023**

**(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 30 September 2023 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 nine-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 30 September 2023 and its financial performance and its cash flows for the nine-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:*

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 September 2023. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Talar Gül, SMMM  
Partner

Istanbul, 13 November 2023

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

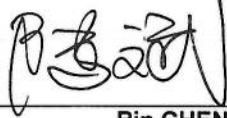
THE UNCONSOLIDATED INTERIM FINANCIAL REPORT OF  
BANK OF CHINA TURKEY A.Ş. AS AT AND FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES 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

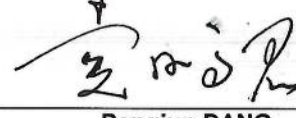
The unconsolidated financial statements for the nine-month period ended and related disclosures and footnotes in this report are prepared in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks, Banking Regulation and Supervision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

**Dalei DING**

Assistant General  
Manager

**Fang LONG**

Head of Financial and  
Operational Control  
Department

**Sevda DIKICI**

Financial Reporting,  
Budgeting and A&L  
Management Manager

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

Name-Surname/Title : **Sevda DIKICI** / Financial Reporting, Budgeting and A&L Management Manager  
Telephone Number : (0 212) 212 386 01 32

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# BANK OF CHINA TURKEY A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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 2023.

#### 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 September 30, 2023 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 SEPTEMBER 30, 2023

(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 September 30, 2023, the Bank serves with 43 employees (December 31, 2022: 43 employees).

#### VI. Differences between the communicate 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 SEPTEMBER 30, 2023

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

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

		Note (Section Five)	Current Period 30.09.2023			Prior Period 31.12.2022		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>ASSETS</b>		<b>1,959,909</b>	<b>1,189,260</b>	<b>3,149,169</b>	<b>265,173</b>	<b>495,745</b>	<b>760,918</b>
1.1	Cash and cash equivalents		1,959,909	1,189,260	3,149,169	265,173	495,745	760,918
1.1.1	Cash and balances at central bank	(5.I.1)	2,038	1,001,381	1,003,419	2,258	120,727	122,985
1.1.2	Banks	(5.I.4)	1,959,791	187,900	2,147,691	263,187	375,260	638,447
1.1.3	Money Market Placements		-	-	-	-	-	-
1.1.4	Expected Credit Losses (-)	(5.I.4)	1,920	21	1,941	272	242	514
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.I.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.</b>	<b>FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>56,974</b>	<b>77,794</b>	<b>134,768</b>	<b>1,566,638</b>	<b>330,290</b>	<b>1,896,928</b>
2.1	Loans	(5.I.6)	-	78,293	78,293	200,201	331,984	532,185
2.2	Lease receivables		-	-	-	-	-	-
2.3	Factoring receivables		-	-	-	-	-	-
2.4	Other financial assets measured at amortised cost	(5.I.7)	56,976	-	56,976	1,368,229	-	1,368,229
2.4.1	Government debt securities		56,976	-	56,976	1,368,229	-	1,368,229
2.4.2	Other financial assets		-	-	-	-	-	-
2.5	Expected credit losses (-)	(5.I.6.7)	2	499	501	1,792	1,694	3,486
<b>III.</b>	<b>ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS(NET)</b>		-	-	-	-	-	-
3.1	Held for sale		-	-	-	-	-	-
3.2	Discontinued operations		-	-	-	-	-	-
<b>IV.</b>	<b>EQUITY INVESTMENTS</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.</b>	<b>TANGIBLE ASSETS (Net)</b>	(5.I.13)	<b>11,621</b>	-	<b>11,621</b>	<b>11,374</b>	-	<b>11,374</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS (Net)</b>	(5.I.14)	<b>4,801</b>	-	<b>4,801</b>	<b>4,269</b>	-	<b>4,269</b>
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		4,801	-	4,801	4,269	-	4,269
<b>VII.</b>	<b>INVESTMENT PROPERTY (Net)</b>		-	-	-	-	-	-
<b>VIII.</b>	<b>CURRENT TAX ASSET</b>		<b>2,091</b>	-	<b>2,091</b>	-	-	-
<b>IX.</b>	<b>DEFERRED TAX ASSET</b>	(5.I.17)	<b>39,579</b>	-	<b>39,579</b>	<b>72,930</b>	-	<b>72,930</b>
<b>X.</b>	<b>OTHER ASSETS</b>	(5.I.19)	<b>12,172</b>	<b>45,286</b>	<b>57,458</b>	<b>5,641</b>	<b>32,658</b>	<b>38,299</b>
	<b>Total Assets</b>		<b>2,087,147</b>	<b>1,312,340</b>	<b>3,399,487</b>	<b>1,926,025</b>	<b>858,693</b>	<b>2,784,718</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 SEPTEMBER 30, 2023

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

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

		Note (Section Five)	Current Period 30.09.2023			Prior Period 31.12.2022		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	(5.II.1)	13,772	736,081	749,853	2,152	334,123	336,275
<b>II.</b>	<b>LOAN RECEIVED</b>	(5.II.3)	-	281,620	281,620	-	106,943	106,943
<b>III.</b>	<b>MONEY MARKET FUNDS</b>		-	-	-	-	-	-
<b>IV.</b>	<b>MARKETABLE SECURITIES (Net)</b>		-	-	-	-	-	-
4.1	Bills		-	-	-	-	-	-
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
<b>V.</b>	<b>FUNDS</b>		-	-	-	-	-	-
5.1	Borrower funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>	(5.II.2)	-	-	-	149,893	-	149,893
7.1	Derivative financial liabilities at fair value through profit or loss		-	-	-	149,893	-	149,893
7.2	Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
<b>VIII.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX.</b>	<b>LEASE LIABILITIES</b>	(5.II.5)	2,878	40,898	43,776	1,335	33,814	35,149
<b>X.</b>	<b>PROVISIONS</b>	(5.II.7)	1,608	79,705	81,313	1,698	71,361	73,059
10.1	Provisions for restructuring		-	-	-	-	-	-
10.2	Reserve for employee benefits		1,608	45,736	47,344	1,698	39,750	41,448
10.3	Insurance technical reserves (Net)		-	-	-	-	-	-
10.4	Other provisions		-	33,969	33,969	-	31,611	31,611
<b>XI.</b>	<b>CURRENT TAX LIABILITIES</b>	(5.II.8)	6,104	-	6,104	32,060	-	32,060
<b>XII.</b>	<b>DEFERRED TAX LIABILITIES</b>		-	-	-	-	-	-
<b>XIII.</b>	<b>LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
<b>XIV.</b>	<b>SUBORDINATED DEBTS</b>		-	-	-	-	-	-
14.1	Loans		-	-	-	-	-	-
14.2	Other debt instruments		-	-	-	-	-	-
<b>XV.</b>	<b>OTHER LIABILITIES</b>	(5.II.4)	25,858	645	26,503	27,331	633	27,964
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(5.II.11)	2,210,318	-	2,210,318	2,023,375	-	2,023,375
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		(89)	-	(89)	(149)	-	(149)
16.4	Other accumulated comprehensive income that will be reclassified in profit or loss		-	-	-	-	-	-
16.5	Profit reserves		908,190	-	908,190	676,329	-	676,329
16.5.1	Legal reserves		63,562	-	63,562	46,330	-	46,330
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary reserves		844,628	-	844,628	629,999	-	629,999
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or loss		250,987	-	250,987	295,965	-	295,965
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		224,758	-	224,758	269,736	-	269,736
16.7	Minority Shares		-	-	-	-	-	-
	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,260,538</b>	<b>1,138,949</b>	<b>3,399,487</b>	<b>2,237,844</b>	<b>546,874</b>	<b>2,784,718</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 SEPTEMBER 30, 2023

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

### II. Statement of Off-Balance Sheet Commitments

	Note	Current Period			Prior Period		
		30.09.2023			31.12.2022		
	(Section Five)	TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>						
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>						
1.	Letters of Guarantee	-	6,455,096	6,455,096	67,113	5,555,870	5,622,983
1.1	Guarantees Subject to State Tender Law	-	453,957	453,957	-	295,982	295,982
1.1.1	Guarantees Given for Foreign Trade Operations	-	-	-	-	-	-
1.1.2	Other Letters of Guarantee	-	453,957	453,957	-	295,982	295,982
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	-	6,001,139	6,001,139	-	4,957,703	4,957,703
1.9	Other Collaterals	-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b>						
2.	Irrevocable Commitments	-	-	-	-	80,686	80,686
2.1	Asset Purchase Commitments	-	-	-	-	-	-
2.1.1	Deposit Purchase and Sales Commitments	-	-	-	-	80,686	80,686
2.1.2	Share Capital Commitments to Associates and Subsidiaries	-	-	-	-	-	-
2.1.3	Loan Granting Commitments	-	-	-	-	-	-
2.1.4	Securities Issue Brokerage Commitments	-	-	-	-	-	-
2.1.5	Commitments for Reserve Requirements	-	-	-	-	-	-
2.1.6	Commitments for Cheque Payments	-	-	-	-	-	-
2.1.7	Tax and Fund Liabilities from Export Commitments	-	-	-	-	-	-
2.1.8	Commitments for Credit Card Limits	-	-	-	-	-	-
2.1.9	Commitments for Credit Cards and Banking Services Promotions	-	-	-	-	-	-
2.1.10	Receivables from Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
2.1.11	Payables for Short Sale Commitments of Marketable Securities	-	-	-	-	-	-
2.1.12	Other Irrevocable Commitments	-	-	-	-	-	-
2.2	Revocable Commitments	-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments	-	-	-	-	-	-
2.2.2	Other Revocable Commitments	-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>						
3.	Hedging Derivative Financial Instruments	-	-	-	67,113	221,499	288,612
3.1	Fair Value Hedges	-	-	-	-	-	-
3.1.1	Cash Flow Hedges	-	-	-	-	-	-
3.1.2	Foreign Net Investment Hedges	-	-	-	-	-	-
3.1.3	Trading Derivative Financial Instruments	-	-	-	67,113	221,499	288,612
3.2	Forward Foreign Currency Buy/Sell Transactions	-	-	-	-	-	-
3.2.1	Forward Foreign Currency Transactions-Buy	-	-	-	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Sell	-	-	-	-	-	-
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	-	-	-	67,113	221,499	288,612
3.2.2.1	Foreign Currency Swap-Buy	-	-	-	67,113	-	67,113
3.2.2.2	Foreign Currency Swap-Sell	-	-	-	-	221,499	221,499
3.2.2.3	Interest Rate Swap-Buy	-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell	-	-	-	-	-	-
3.2.3	Foreign Currency, Interest Rate and Securities Options	-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy	-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell	-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy	-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell	-	-	-	-	-	-
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-
3.2.4	Foreign Currency Futures	-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy	-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell	-	-	-	-	-	-
3.2.5	Interest Rate Futures	-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6	Other	-	-	-	-	-	-
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>						
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>						
4.	Customer Fund and Portfolio Balances	-	1,149,821	1,149,821	-	785,329	785,329
4.1	Investment Securities Held in Custody	-	-	-	-	-	-
4.2	Cheques Received for Collection	-	-	-	-	-	-
4.3	Commercial Notes Received for Collection	-	-	-	-	-	-
4.4	Other Assets Received for Collection	-	-	-	-	-	-
4.5	Assets Received for Public Offering	-	-	-	-	-	-
4.6	Other Items Under Custody	-	-	-	-	-	-
4.7	Custodians	-	-	-	-	-	-
4.8		-	-	-	-	-	-
<b>V.</b>	<b>PLEDGES RECEIVED</b>						
5.	Marketable Securities	-	1,149,821	1,149,821	-	785,329	785,329
5.1	Guarantee Notes	-	-	-	-	-	-
5.2	Commodity	-	-	-	-	-	-
5.3	Warranty	-	-	-	-	-	-
5.4	Immovables	-	1,149,821	1,149,821	-	785,329	785,329
5.5	Other Pledged Items	-	-	-	-	-	-
5.6	Pledged Items-Depository	-	-	-	-	-	-
5.7		-	-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>						
	<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>						
		-	7,604,917	7,604,917	67,113	6,341,199	6,408,312

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

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(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 01.01.2023- 30.09.2023	Prior Period 01.01.2022- 30.09.2022	Current Period 01.07.2023- 30.09.2023	Prior Period 01.07.2022- 30.09.2022
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(5.IV.1)</b>	<b>236,293</b>	<b>225,986</b>	<b>105,806</b>	<b>81,696</b>
1.1	Interest from Loans		30,385	38,157	2,996	12,917
1.2	Interest from Reserve Deposits		-	1	-	-
1.3	Interest from Banks		152,539	41,198	99,156	18,331
1.4	Interest from Money Market Transactions		-	-	-	-
1.5	Interest from Marketable Securities Portfolio		53,369	146,630	3,654	50,448
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		1,506	-	-	-
1.5.3	Financial Assets Measured at Amortized Cost		51,863	146,630	3,654	50,448
1.6	Interest from Financial Leases		-	-	-	-
1.7	Other Interest Income		-	-	-	-
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>(5.IV.2)</b>	<b>22,116</b>	<b>12,812</b>	<b>9,229</b>	<b>4,517</b>
2.1	Interest on Deposits		8,872	8,121	4,620	2,393
2.2	Interest on Funds Borrowed		6,497	1,710	2,279	760
2.3	Interest Expense on Money Market Transactions		-	-	-	-
2.4	Interest on Securities Issued		-	-	-	-
2.5	Lease Interest Expenses		1,468	1,156	560	442
2.6	Other Interest Expenses		5,279	1,825	1,770	922
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>214,177</b>	<b>213,174</b>	<b>96,577</b>	<b>77,179</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME / LOSSES</b>		<b>138,831</b>	<b>103,133</b>	<b>48,708</b>	<b>39,364</b>
4.1	Fees and Commissions Received		139,096	103,314	48,813	39,429
4.1.1	Non-cash Loans		135,679	100,740	47,538	38,531
4.1.2	Other		3,417	2,574	1,275	898
4.2	Fees and Commissions Paid		265	181	105	65
4.2.1	Non-cash Loans		-	-	-	-
4.2.2	Other		265	181	105	65
<b>V</b>	<b>DIVIDEND INCOME</b>	<b>(5.IV.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING INCOME/LOSS (Net)</b>	<b>(5.IV.4)</b>	<b>89,484</b>	<b>38,575</b>	<b>25,111</b>	<b>15,296</b>
6.1	Profit / Loss on Securities Trading		-	-	-	-
6.2	Profit / Loss on Derivative Financial Transactions		(41,785)	(32,048)	-1,136	(3,209)
6.3	Foreign Exchange Gains / Losses		131,269	70,623	26,247	18,505
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5.IV.5)</b>	<b>5,336</b>	<b>3,367</b>	<b>2,841</b>	<b>385</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>447,828</b>	<b>358,249</b>	<b>173,237</b>	<b>132,224</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>	<b>(5.IV.6)</b>	<b>4,005</b>	<b>6,833</b>	<b>-1,340</b>	<b>(4,493)</b>
<b>X.</b>	<b>OTHER PROVISIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XI.</b>	<b>PERSONEL EXPENSES (-)</b>		<b>68,233</b>	<b>44,724</b>	<b>29,770</b>	<b>18,493</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES</b>	<b>(5.IV.7)</b>	<b>77,790</b>	<b>34,385</b>	<b>29,259</b>	<b>11,858</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>297,800</b>	<b>272,307</b>	<b>115,548</b>	<b>106,366</b>
<b>XIV.</b>	<b>INCOME RESULTED FROM MERGERS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>GAIN / LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)</b>	<b>(5.IV.8)</b>	<b>297,800</b>	<b>272,307</b>	<b>115,548</b>	<b>106,366</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	<b>(5.IV.9)</b>	<b>(73,042)</b>	<b>(57,365)</b>	<b>-28,619</b>	<b>(26,066)</b>
18.1	Current Tax Provision		(39,703)	(59,831)	2,091	(16,447)
18.2	Expense Effect of Deferred Tax		(33,339)	-	(30,710)	(9,619)
18.3	Income Effect of Deferred Tax		-	2,466	-	-
<b>XIX.</b>	<b>NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)</b>	<b>(5.IV.10)</b>	<b>224,758</b>	<b>214,942</b>	<b>86,929</b>	<b>80,300</b>
<b>XX.</b>	<b>PROFIT FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</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>	<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>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</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>-</b>	<b>-</b>
<b>XV.</b>	<b>NET PROFIT / LOSS (XVIII+XXIII)</b>	<b>(5.IV.11)</b>	<b>224,758</b>	<b>214,942</b>	<b>86,929</b>	<b>80,300</b>
	Profit/Loss per share		0.21380	0.20447	0.08269	0.07639

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 SEPTEMBER 30, 2023**

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

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

		<b>Current Period</b>	<b>Prior Period</b>
		<b>01.01.2023-30.09.2023</b>	<b>01.01.2022-30.09.2022</b>
<b>I</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>224,758</b>	<b>214,942</b>
<b>II</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>60</b>	<b>-</b>
<b>2.1</b>	<b>Other comprehensive income that will not be reclassified to profit or loss</b>	<b>60</b>	<b>-</b>
2.1.1	Gains (Losses) on Revaluation of Property and Equipment	-	-
2.1.2	Gains (Losses) on Revaluation of Intangible Assets	-	-
2.1.3	Gains (Losses) on Remeasurements of Defined Benefit Plans	71	-
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	(11)	-
<b>2.2</b>	<b>Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	<b>-</b>	<b>-</b>
2.2.1	Exchange Differences on Translation	-	-
2.2.2	Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	-	-
<b>2.2.3</b>	<b>Income (Loss) Related with Cash Flow Hedges</b>	<b>-</b>	<b>-</b>
2.2.4	Income (Loss) Related with Hedges of Net Investment Foreign Operations	-	-
2.2.5	Other Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-	-
2.2.6	Tax Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	-	-
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>224,818</b>	<b>214,942</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 SEPTEMBER 30, 2023

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

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

							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				
	Audited Current Period (30.09.2023)		Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves										
I.	Balances at beginning of the Period (*)		1,051,230	-	-	-	-	(149)	-	-	-	-	676,329	295,965	0	2,023,375
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	-	-	-	-	(149)	-	-	-	-	676,329	295,965	-	2,023,375
IV.	Total Comprehensive Income		-	-	-	-	-	60	-	-	-	-	-	-	224,758	224,818
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		-	-	-	-	-	-	-	-	-	-	231,861	(269,736)	-	(37,875)
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	(37,875)	-	(37,875)
11.2	Transfers to reserves		-	-	-	-	-	-	-	-	-	-	231,861	(231,861)	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the end of the Period (III+IV+.....+X+XI)		1,051,230	-	-	-	-	(89)	-	-	-	-	908,190	26,229	224,758	2,210,318

							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				
	Audited Prior Period (30.09.2022)		Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves										
I.	Balances at beginning of the Period (*)		1,051,230	-	-	-	-	(19)	-	-	-	-	503,049	217,344	-	1,771,604
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	-	-	-	-	(19)	-	-	-	-	503,049	217,344	-	1,771,604
IV.	Total Comprehensive Income		-	-	-	-	-	-	-	-	-	-	-	-	214,942	214,942
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the end of the Period (III+IV+.....+X+XI)		1,051,230	-	-	-	-	(19)	-	-	-	-	676,329	26,229	214,942	1,968,711

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 CASH FLOWS FOR THE PERIOD ENDED  
SEPTEMBER 30, 2023**

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

**VI. Statement of Cash Flows**

	STATEMENT OF CASH FLOWS	Note	Current Period 01.01.2023-30.09.2023	Prior Period 01.01.2022-30.09.2022
<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>131,639</b>	<b>159,834</b>
1.1.1	Interest received (+)		232,005	206,722
1.1.2	Interest paid (-)		20,486	10,841
1.1.3	Dividend received (+)		-	-
1.1.4	Fees and commissions received (+)		126,708	82,581
1.1.5	Other income (+)		9,211	21,459
1.1.6	Collections from previously written off loans and other receivables (+)		-	-
1.1.7	Payments to personnel and service suppliers (-)		93,328	49,379
1.1.8	Taxes paid (-)		118,201	90,708
1.1.9	Other (+/-)		(4,270)	-
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>		<b>844,363</b>	<b>20,624</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		424,820	228,584
1.2.4	Net increase (decrease) in other assets (+/-)		(19,159)	(20,283)
1.2.5	Net increase (decrease) in bank deposits (+/-)		-	(82,977)
1.2.6	Net increase (decrease) in other deposits (+/-)		413,172	68,270
1.2.7	Net increase (decrease) in financial liabilities at fair value through profit or loss (+/-)		(149,893)	(114,077)
1.2.8	Net increase (decrease) in funds borrowed (+/-)		174,595	(75,067)
1.2.9	Net increase (decrease) in matured payables (+/-)		-	-
1.2.10	Net increase (decrease) in other liabilities (+/-)		828	(3,826)
<b>I.</b>	<b>Net cash provided from banking operations</b>		<b>976,002</b>	<b>180,458</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net cash provided from investing activities (+/-)</b>		<b>1,311,253</b>	<b>121,065</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 (-)		-	3,308
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 (-)		741,769	944,339
2.8	Cash obtained from sale of investment securities (+)		2,053,022	1,068,712
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>(46,762)</b>	<b>(25,355)</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 (-)		37,875	17,835
3.5	Payments for financial leases (-)		8,887	7,520
3.6	Other (+/-)		-	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>147,758</b>	<b>(2,242)</b>
<b>V.</b>	<b>Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>2,388,251</b>	<b>273,926</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of Period</b>		<b>760,918</b>	<b>874,615</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of Period</b>		<b>3,149,169</b>	<b>1,148,541</b>

The accompanying notes form an integral part of these financial statements

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS AT SEPTEMBER 30, 2023**

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

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**SECTION THREE**

**ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION**

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

The 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.

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 the “TAS - 29 Financial Reporting in High Inflation Economies” standard. As of the report date, no additional disclosure has been made by the POA for the financial statements of 2022, and no inflation adjustment has been made in accordance with TAS 29 in the financial statements dated September 30, 2023.

**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.

In preparing the financial statements in accordance with TFRS, the Bank's management is required to make assumptions and estimates about the assets and liabilities on the balance sheet and conditional issues as of the balance sheet date. These assumptions and estimates are reviewed regularly, necessary adjustments are made, and the details of the effects of these adjustments are reflected in the income statement as described in the related footnotes.

**c. Changes in accounting policy**

The TFRS changes, effective from January 1, 2023, 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.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

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

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**ACCOUNTING POLICIES (Continued)**

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

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.

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. Necessary developments have been completed for the usage of USD LIBOR indexed transaction's overnight interest rate transition as of September 30, 2023. Besides, the Bank is using alternative interest rates for its floating interest transactions after the EURIBOR transition since September 30, 2023.

**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 September 30, 2023, the Bank has no derivative financial liability which is classified as "Derivative Financial Liabilities Measured at Fair Value through Profit and Loss" (December 31, 2022: TL 149,893 liability).



**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

(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 recorded at their fair values and are accounted for on an accrual basis using the effective interest method (the rate that equates the future cash flows of a financial asset or liability to its current net book value) considering the current principal amount.

**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 September 30, 2023. (December 31, 2022: 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".

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

(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 December 31, 2019, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

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

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

**Stage 1:**

For the financial assets at initial recognition or for those which do not have a significant increase in credit risk since initial recognition. 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.

The Bank has taken into account the possible difficulties in the cash flows or payments of customers due to uncertainties caused by the earthquake disaster on February 6, 2023 within the scope of TFRS 9 while calculating the expected credit loss for the loans classified according to their stages in the scope above

# **BANK OF CHINA TURKEY A.Ş.**

## **NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023**

(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 September 30, 2023, the Bank has no repo, reverse repo and foreclosed marketable securities (December 31, 2022: 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 September 30, 2023, the Bank has no assets held for sale and discontinued operations (December 31, 2022: None).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

(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 September 30, 2023, there is no goodwill in the accompanying financial statements (December 31, 2022: 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:

<b>Tangible Assets</b>	<b>Estimated Useful Life (Year)</b>	<b>Amortization Rate (%)</b>
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.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

(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.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

(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:**

As of January 1, 2023 in Turkey, corporate earnings of Banks are subject to corporate tax at the rate of 30%.

Pursuant to the regulation introduced by the Law on the Amendment of Some Laws and the Law on the Collection of Public Claims, dated April 22, 2021 and numbered 7316, 25% for the corporate earnings of the corporations for the 2021 taxation period, 23% for the corporate earnings of the 2022 taxation period, and 20% for the taxation periods of 2023 and after, it has been applied to the tax returns that must be submitted as of July 1, 2021 and for the taxation period starting from January 1, 2021.

With the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, corporate tax rate for banks has been increased to 30% from 25%, and has been applied to the corporate earnings of the accounting periods starting from January 1, 2023.

Advance tax is calculated and paid quarterly for the earnings within first 9 month of accounting period by applying the corporate tax rate which is valid for corporate earnings of that year. Advance taxes which is paid within the year is offset to Corporate Tax on the corporate tax declaration of that year. 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.**

## **NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023**

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

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### **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 Presidential Decree no.4936 and dated December 21, 2021 which is published in the Official Gazette dated December 22, 2021, 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 10%. 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 29, 2022 with the Law No. 31734. 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/A 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.

Providing the opportunity to revalue the real estates and depreciable assets, amendments to Tax Procedure Law, temporary article 32 and repeated article 298 (Ç), was published with the Law numbered 7338 and explanations is done by communique numbered 537. Bank revalued depreciable assets as of 2022 accounting period regarding temporary article 32 and repeated article 298 (Ç).

Within the scope of the temporary article 32 of the Tax Procedure Law Numbered 213, depreciable assets were revalued and additional tax amount of 2% is levied over the revaluation difference. Assets that are included in the scope pursuant to repeated article 298-ç are valued with the revaluation rate announced in the relevant year and no tax is levied over this revaluation increase.

#### **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 September 30, 2023, the Bank has TL 39,578 deferred tax asset (December 31, 2022: TL 72,930 deferred tax asset).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

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

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**ACCOUNTING POLICIES (Continued)**

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

With the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, corporate tax rate for banks has been increased to 30% from 25%, and has been applied to the corporate earnings of the accounting periods starting from January 1, 2023.

As of September 30, 2023, 30% tax rate was applied in deferred tax calculation of assets and liabilities.

Deferred tax calculated for all taxable temporary differences of liabilities however, for taxable temporary differences of assets, deferred tax calculated if there is strong probability of profit realization from these differences. Deferred tax calculation for temporary differences of TFRS 9, started from January 1, 2019.

Deferred tax of assets categorized in equity, is booked in equity.

**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 September 30, 2023, the Bank has obtained funds from foreign institutions amounting to TL 281,620 through borrowings. (December 31, 2022: TL 106,943).

**XVIII. EXPLANATIONS ON SHARE CERTIFICATES ISSUED**

None (December 31, 2022: 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, 2022: None).

**XX. EXPLANATIONS ON GOVERNMENT INCENTIVES**

As of the balance sheet date, the Bank does not have any government incentives (December 31, 2022: None).

**XXI. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION**

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.



# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

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

### ACCOUNTING POLICIES (Continued)

#### 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 September 30, 2023, the financial information per banking segments is presented below:

Current Period	Corporate Banking	Fund Management	Unallocated	Total
Operating income	163,282	282,415	2,131	447,828
Operating expense	(6,943)	(267)	(142,818)	(150,028)
Pre-tax income / (loss)	156,339	282,148	(140,687)	297,800
Tax provision (-)	-	-	(73,042)	(73,042)
<b>Net Profit / (Loss)</b>	<b>156,339</b>	<b>282,148</b>	<b>(213,729)</b>	<b>224,758</b>
Segment assets	77,794	3,206,143	115,550	3,399,487
Segment liabilities	783,822	281,620	123,727	1,189,169
Equity	-	2,210,318	-	2,210,318
Prior Period (*)	Corporate Banking	Fund Management	Unallocated	Total
Operating income	83,282	139,761	2,982	226,025
Operating expense	(11,326)	-	(48,758)	(60,084)
Pre-tax income / (loss)	71,956	139,761	(45,776)	165,941
Tax provision (-)	-	-	(31,299)	(31,299)
<b>Net Profit / (Loss)</b>	<b>126,337</b>	<b>221,712</b>	<b>(133,107)</b>	<b>214,942</b>
Segment assets	505,282	2,068,663	118,580	2,692,525
Segment liabilities	381,480	244,878	97,456	723,814
Equity	-	1,968,711	-	1,968,711

(\*) Income statements items presents the balances as of September 30, 2022.

#### 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.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS AT SEPTEMBER 30, 2023**

(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”.

Within the scope of the regulations of the Banking Regulation and Supervision Agency dated 28 April 2022 and 1 May 2022, the calculation of the amount subject to credit risk with the Central Bank's foreign exchange buying rates as of 31 December 2022 and the net value of the securities in the securities portfolio whose fair value difference is reflected in other comprehensive income. In case the valuation differences are negative, these differences are not taken into account in the equity amount to be used for the capital adequacy ratio.

Equity amount and capital adequacy standard ratio are calculated within the framework of “Regulation on Banks' Equity” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”. According to the last regulation changes, as of September 30, 2023; in the calculation of the amount subject to credit risk; In accordance with the Standard Approach, 0% risk weight is applied to foreign currency receivables from the Central Government of the Republic of Turkey.

As of September 30, 2023, the Bank's total capital has been calculated as TL 2,201,582 (December 31, 2022: TL 1,980,811) and the capital adequacy ratio is 29.93% (December 31, 2022: 30.22%). This ratio is well above the minimum ratio required by the legislation.

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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 30.09.2023	Amounts as per the regulation before 1/1/2014 (*)	Prior Period 31.12.2022	Amounts as per the regulation before 1/1/2014 (*)
<b>COMMON EQUITY TIER I CAPITAL</b>	<b>2,165,172</b>	-	<b>1,945,200</b>	-
Paid-in capital to be entitled for compensation after all creditors	1,051,230	-	1,051,230	-
Share Premium	-	-	-	-
Reserves	908,190	-	676,329	-
Gains recognized in equity as per TAS	-	-	-	-
Profit	250,987	-	295,965	-
Current Period profit	224,758	-	269,736	-
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>2,210,407</b>	-	<b>2,023,524</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	89	-	149	-
Improvement costs for operating leasing (-)	766	-	976	-
Goodwill and other intangible assets and related deferred taxes (-)	-	-	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,564	-	3,929	-
Excess amount arising from deferred tax assets from temporary differences	40,816	-	73,270	-
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>45,235</b>	-	<b>78,324</b>	-
<b>Total Common Equity Tier I Capital</b>	<b>2,165,172</b>	-	<b>1,945,200</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.

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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 30.09.2023	Amounts as per the regulation before 1/1/2014 (*)	Prior Period 31.12.2022	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 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>2,165,172</b>	-	<b>1,945,200</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)	36,410	-	35,611	-
<b>Tier II Capital before Deductions</b>	<b>36,410</b>	-	<b>35,611</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>36,410</b>	-	<b>35,611</b>	-
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>2,201,582</b>	-	<b>1,980,811</b>	-

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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 30.09.2023	Amounts as per the regulation before 1/1/2014 (*)	Prior Period 31.12.2022	Amounts as per the regulation before 1/1/2014 (*)
<b>Total Tier I Capital and Tier II Capital (Total Equity)</b>	<b>2,201,582</b>	-	<b>1,980,811</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>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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>2,201,582</b>	-	<b>1,980,811</b>	-
Total Capital (Total of Tier I Capital and Tier II Capital)	2,201,582	-	1,980,811	-
Total Risk Weighted Assets	7,356,976	-	6,554,037	-
<b>CAPITAL ADEQUACY RATIOS</b>				
Core Capital Adequacy Ratio (%)	29,43	-	29,68	-
Tier I Capital Adequacy Ratio (%)	29,43	-	29,68	-
Capital Adequacy Ratio (%)	29,93	-	30,22	-
<b>BUFFERS</b>				
Bank-specific total Core Capital Ratio	0,13	-	0,10	-
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	-	25,18	-
<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)	36,410	-	35,611	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	81,651	-	74,029	-
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.

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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.

	Current Period 30.09.2023	Prior Period 31.12.2022
<b>Paid in Capital</b>	<b>1,051,230</b>	<b>1,051,230</b>
Capital Reserves	908,190	676,329
Profit	250,987	295,965
<b>Total Equity before Deductions</b>	<b>2,210,407</b>	<b>2,023,524</b>
Deduction made within the scope of the Regulation	45,235	78,324
Common Equity Tier 1 Capital	2,165,172	1,945,200
Tier 1 Capital	2,165,172	1,945,200
General Provisions (Up to 1.25%)	36,410	35,611
<b>Total Equity</b>	<b>2,201,582</b>	<b>1,980,811</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.

The Bank's current foreign exchange buying rates announced on September 30, 2023 and December 31, 2022 as well as the last five days financial statement valuation rates are as follows:

(All rates presented as full TL).

30.09.2023	USD	EUR	GBP	CNY
<b>Rates:</b>				
September 28, 2023 Foreign Exchange Buying Rate	27.3767	29.0305	33.4816	3.7284
September 27, 2023 Foreign Exchange Buying Rate	27.3752	28.8083	33.2751	3.7270
September 26, 2023 Foreign Exchange Buying Rate	27.2640	28.7853	33.0617	3.7089
September 25, 2023 Foreign Exchange Buying Rate	27.2108	28.8183	33.0850	3.7017
September 22, 2023 Foreign Exchange Buying Rate	27.1751	28.9027	33.1842	3.6963
Arithmetic mean of last 30 days	27.1039	28.8483	33.1659	3.6909

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

31.12.2022	USD	EUR	GBP	CNY
<b>Rates:</b>	18.6983	19.9349	22.4892	2.6806
December 29, 2022 Foreign Exchange Buying Rate	18.6966	19.8816	22.4663	2.6696
December 28, 2022 Foreign Exchange Buying Rate	18.6964	19.8946	22.4804	2.6663
December 27, 2022 Foreign Exchange Buying Rate	18.6813	19.9087	22.5142	2.6683
December 26, 2022 Foreign Exchange Buying Rate	18.6649	19.8324	22.4831	2.6655
December 25, 2022 Foreign Exchange Buying Rate	18.6592	19.8044	22.4675	2.6557
Arithmetic mean of last 30 days	18.6395	19.7374	22.6536	2.6563

#### Sensitivity analysis on currency risk:

The table below demonstrates prospective increase and decrease in equity and profit/loss as of September 30, 2023 and December 31, 2022 (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 30.09.2023</b>	<b>Change in Foreign Currency</b>	<b>Impact on Profit / Loss (*)</b>	<b>Impact on Equity</b>
	10% Increase	7,226	7,226
EUR	10% Decrease	(7,226)	(7,226)
	10% Increase	12,144	12,144
USD	10% Decrease	(12,144)	(12,144)
<b>Prior Period 31.12.2022</b>	<b>Change in foreign currency</b>	<b>Impact on Profit / Loss (*)</b>	<b>Impact on Equity</b>
	10% Increase	3,865	3,865
EUR	10% Decrease	(3,865)	(3,865)
	10% Increase	6,474	6,474
USD	10% Decrease	(6,474)	(6,474)

(\*) Pre-tax figures.

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

(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 30.09.2023</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	705,017	296,364	-	1,001,381
Due from Banks (*)	6,599	30,656	150,624	187,879
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 (**)	-	77,794	-	77,794
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	12,337	31,569	1,380	45,286
<b>Total Assets</b>	<b>723,953</b>	<b>436,383</b>	<b>152,004</b>	<b>1,312,340</b>
<b>Liabilities</b>				
Bank Deposits				
Foreign Currency Deposits	432,964	155,023	148,094	736,081
Money Market Borrowings	-	-	-	-
Funds Provided from Other Financial Institutions	203,307	78,313	-	281,620
Securities Issued	-	-	-	-
Sundry Creditors	-	-	-	-
Derivative Fin. Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	15,425	81,603	24,220	121,248
<b>Total Liabilities</b>	<b>651,696</b>	<b>314,939</b>	<b>172,314</b>	<b>1,138,949</b>
<b>Net Balance Sheet Position</b>	<b>72,257</b>	<b>121,444</b>	<b>(20,310)</b>	<b>173,391</b>
<b>Net Off-Balance Sheet Position</b>				
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	3,282,913	3,032,368	139,815	6,455,096
Non-Cash Loans (***)	-	-	-	-
<b>Prior Period 31.12.2022</b>				
Total Assets	278,938	489,002	90,753	858,693
Total Liabilities	18,792	424,263	103,819	546,874
Net Balance Sheet Position	260,146	64,739	(13,066)	311,819
Net Off-Balance Sheet Position	(221,499)	-	-	(221,499)
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	(221,499)	-	-	(221,499)
Non-Cash Loans (***)	2,941,296	2,144,851	167,538	5,253,685

(\*) Banks include balance of expected loss provisions amounting to TL 21.

(\*\*) Loans and receivables include balance of expected loss provisions amounting to TL 499.

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



# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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 30.09.2023	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	334,785	-	-	-	-	668,634	1,003,419
Banks	2,108,496	-	-	-	-	39,195	2,147,691
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans	-	-	78,293	-	-	-	78,293
Financial Assets Measured at Amortized Cost	-	56,976	-	-	-	-	56,976
Other Assets	-	-	-	-	-	113,108	113,108
<b>Total Assets</b>	<b>2,443,281</b>	<b>56,976</b>	<b>78,293</b>	<b>-</b>	<b>-</b>	<b>820,937</b>	<b>3,399,487</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	490	490
Other Deposits	707,478	-	-	-	-	41,885	749,363
Interbank Money Market Received	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	203,308	23	78,289	-	-	-	281,620
Other Liabilities (*)	-	-	-	-	-	2,368,014	2,368,014
<b>Total Liabilities</b>	<b>910,786</b>	<b>23</b>	<b>78,289</b>	<b>-</b>	<b>-</b>	<b>2,410,389</b>	<b>3,399,487</b>
Balance sheet long position	1,532,495	56,953	4	-	-	-	1,589,452
Balance sheet short position	-	-	-	-	-	(1,589,452)	(1,589,452)
Off-Balance sheet long position	-	-	-	-	-	-	-
Off-Balance sheet short position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>1,532,495</b>	<b>56,953</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>(1,589,452)</b>	<b>-</b>

(\*) Including TL 2,210,318 shareholders' equity.

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

Prior Period 31.12.2022	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	108,884	-	-	-	-	14,101	122,985
Banks	593,117	-	-	-	-	45,330	638,447
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans	-	106,937	425,248	-	-	-	532,185
Financial Assets Measured at Amortized Cost	486,770	505,482	375,977	-	-	-	1,368,229
Other assets (*)	-	-	-	-	-	122,872	122,872
<b>Total Assets</b>	<b>1,188,771</b>	<b>612,419</b>	<b>801,225</b>	<b>-</b>	<b>-</b>	<b>182,303</b>	<b>2,784,718</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	490	490
Other Deposits	330,279	-	-	-	-	5,506	335,785
Interbank Money Market Received	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	106,943	-	-	-	-	106,943
Other Liabilities (**)	-	-	-	-	-	2,341,500	2,341,500
<b>Total Liabilities</b>	<b>330,279</b>	<b>106,943</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,347,496</b>	<b>2,784,718</b>
Balance sheet long position	858,492	505,476	801,225	-	-	-	2,165,193
Balance sheet short position	-	-	-	-	-	(2,165,193)	(2,165,193)
Off-Balance sheet long position	33,557	-	33,556	-	-	-	67,113
Off-Balance sheet short position	(110,749)	-	(110,750)	-	-	-	(221,499)
<b>Total Position</b>	<b>781,300</b>	<b>505,476</b>	<b>724,031</b>	<b>-</b>	<b>-</b>	<b>(2,165,193)</b>	<b>(154,386)</b>

(\*) Including TL 4,000 provisions.

(\*\*) Including TL 2,023,375 shareholders' equity.

#### Average interest rates applied to financial instruments (%)

Current Period 30.09.2023	EUR	USD	YEN	TL
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	4.75	4.75	-	-
Banks and Receivables from Other Financial Institutions	-	5.50	4.40	29.89
Financial Assets at Fair Value Through Profit/ Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-
Loans	4.08	5.08	-	18.50
Financial Assets Measured at Amortized	-	-	-	23.83
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	3.58	5.25	0.40	-
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	4.14	4.5	-	-

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

Prior Period 31.12.2022	EUR	USD	YEN	TL
<b>Assets</b>				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks and Receivables from Other Financial Institutions	-	3,72	0,80	9,75
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-
Loans	3,10	4,48	-	18,50
Financial Assets Measured at Amortized	-	-	-	17,54
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	-	3,46	0,60	-
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	3,59	-	-

#### IV. EXPLANATIONS ON POSITION RISK OF EQUITY SECURITIES

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

None (December 31, 2022: 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, 2022: None).

#### 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.

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

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

<b>Current Period 30.09.2023</b>								
<b>Assets</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Unallocated</b>	<b>Total</b>
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	668,634	334,785	-	-	-	-	-	1,003,419
Banks	39,195	2,108,496	-	-	-	-	-	2,147,691
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans	-	-	-	78,293	-	-	-	78,293
Financial Assets Measured at Amortized Cost	-	-	56,976	-	-	-	-	56,976
Other Assets (*)	-	-	-	-	-	-	113,108	113,108
<b>Total assets</b>	<b>707,829</b>	<b>2,443,281</b>	<b>56,976</b>	<b>78,293</b>	<b>-</b>	<b>-</b>	<b>113,108</b>	<b>3,399,487</b>
<b>Liabilities</b>								
Bank Deposits	490	-	-	-	-	-	-	490
Other Deposits	41,885	707,478	-	-	-	-	-	749,363
Funds Borrowed from Other Financial Institutions	-	203,308	23	78,289	-	-	-	281,620
Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>42,375</b>	<b>910,786</b>	<b>23</b>	<b>78,289</b>	<b>-</b>	<b>-</b>	<b>2,368,014</b>	<b>3,399,487</b>
<b>Net Liquidity Gap</b>	<b>665,454</b>	<b>1,532,495</b>	<b>56,953</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>(2,254,906)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>								
Financial Derivative Assets	-	-	-	-	-	-	-	-
Financial Derivative Liabilities	-	-	-	-	-	-	-	-
<b>Non-Cash Loans</b>	<b>43,546</b>	<b>130,258</b>	<b>578,979</b>	<b>519,313</b>	<b>1,669,272</b>	<b>3,513,728</b>	<b>-</b>	<b>6,455,096</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.

<b>Prior Period 31.12.2022</b>								
<b>Assets</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Unallocated</b>	<b>Total</b>
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	14,101	108,884	-	-	-	-	-	122,985
Banks	45,330	593,117	-	-	-	-	-	638,447
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans	-	114,297	27,003	337,461	53,424	-	-	532,185
Financial Assets Measured at Amortized Cost	-	486,770	505,482	375,977	-	-	-	1,368,229
Other Assets (*)	-	-	-	-	-	-	122,872	122,872
<b>Total assets</b>	<b>59,431</b>	<b>1,303,068</b>	<b>532,485</b>	<b>713,438</b>	<b>53,424</b>	<b>-</b>	<b>122,872</b>	<b>2,784,718</b>
<b>Liabilities</b>								
Bank Deposits	490	-	-	-	-	-	-	490
Other Deposits	5,506	330,279	-	-	-	-	-	335,785
Funds Borrowed from Other Financial Institutions	-	-	26,807	26,712	53,424	-	-	106,943
Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	-	-	-	-	-	2,341,500	2,341,500
<b>Total Liabilities</b>	<b>5,996</b>	<b>330,279</b>	<b>26,807</b>	<b>26,712</b>	<b>53,424</b>	<b>-</b>	<b>2,341,500</b>	<b>2,784,718</b>
<b>Net Liquidity Gap</b>	<b>53,435</b>	<b>972,789</b>	<b>505,678</b>	<b>686,726</b>	<b>-</b>	<b>-</b>	<b>(2,218,628)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>								
<b>Position</b>	<b>-</b>	<b>3,494</b>	<b>-</b>	<b>(77,194)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(73,700)</b>
Financial Derivative Assets	-	114,243	-	33,556	-	-	-	147,799
Financial Derivative Liabilities	-	110,749	-	110,750	-	-	-	221,499
<b>Non-Cash Loans</b>	<b>-</b>	<b>-</b>	<b>1,580</b>	<b>219,376</b>	<b>1,357,125</b>	<b>3,675,604</b>	<b>-</b>	<b>5,253,685</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.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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 30.09.2023		Total Unweighted Value (Average)(*)		Total Weighted Value (Average)(*)	
		TL+FC	FC	TL+FC	FC
<b>High-Quality Liquid Assets</b>					
<b>1</b>	<b>Total high-quality liquid assets (HQLA)</b>			<b>747,042</b>	<b>456,554</b>
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:				
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
<b>5</b>	<b>Unsecured wholesale funding, of which:</b>	<b>535,592</b>	<b>504,396</b>	<b>243,383</b>	<b>228,214</b>
6	Operational deposits	-	-	-	-
7	Non-operational deposits	487,015	460,303	194,806	184,121
8	Unsecured funding	48,577	44,093	48,577	44,093
9	Secured wholesale funding	-	-	-	-
<b>10</b>	<b>Other cash outflows of which:</b>	<b>5,625</b>	<b>6,586</b>	<b>5,625</b>	<b>6,586</b>
11	Outflows related to derivative exposures and other collateral requirements	5,625	6,586	5,625	6,586
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	75,455	81,743	3,773	4,088
<b>16</b>	<b>Total Cash Outflows</b>			<b>252,781</b>	<b>238,888</b>
<b>Cash Inflows</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	2,175,620	345,249	2,166,441	336,070
19	Other cash inflows	1,208	-	1,208	-
<b>20</b>	<b>Total Cash Inflows</b>	<b>2,176,828</b>	<b>345,249</b>	<b>2,167,649</b>	<b>336,070</b>
21	Total HQLA			747,042	456,554
22	Total Net Cash Outflows			63,195	59,722
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>1,042</b>	<b>634</b>

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

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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:

Prior Period 31.12.2022		Total Unweighted Value (Average)(*)		Total Weighted Value (Average)(*)	
High-Quality Liquid Assets		TL+FC	FC	TL+FC	FC
1	Total high-quality liquid assets (HQLA)			1,390,268	166,355
<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:	353,545	343,929	150,254	143,239
6	Operational deposits	-	-	-	-
7	Non-operational deposits	338,818	334,483	135,527	133,793
8	Unsecured funding	14,727	9,446	14,727	9,446
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	61,678	34,137	61,678	34,137
11	Outflows related to derivative exposures and other collateral requirements	61,678	34,137	61,678	34,137
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	213,754	217,044	71,684	71,849
16	Total Cash Outflows			283,616	249,225
<b>Cash Inflows</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	722,468	388,397	703,753	371,275
19	Other cash inflows	2,183	-	2,183	-
20	Total Cash Inflows	724,651	388,397	705,936	371,275
				Upper Bound Value	
21	Total HQLA			1,390,268	166,355
22	Total Net Cash Outflows			70,904	62,306
23	Liquidity Coverage Ratio (%)			2,370	312

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

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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 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 2020, 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 30.09.2023

	Highest	Date	Lowest	Date	Average
TL+FC	1,770	29 September 2023	758	1 September 2023	1,042
FC	1,067	22 September 2023	444	1 September 2023	634

##### Prior Period 31.12.2022

	Highest	Date	Lowest	Date	Average
TL+FC	5,246	16 December 2022	1,275	7 October 2022	2,370
FC	619	2 December 2022	139	7 October 2022	312

#### 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 21,63% (December 31, 2022: 24,57%). 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 30.09.2023 (*)	Prior Period 31.12.2022 (*)
1 Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	3,447,176	2,905,934
2 (Assets deducted in determining Tier 1 capital)	(48,271)	72,927
3 Total balance sheet risks (sum of lines 1 and 2)	3,398,905	2,833,007
<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	-	263
6 Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	-	263
<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	6,469,745	5,048,559
11 (Adjustments for conversion to credit equivalent amounts)	-	-
12 Total risks of off-balance sheet items (sum of lines 10 and 11)	6,469,745	5,048,559
<b>Capital and total risks</b>		
13 Tier 1 capital	2,134,298	1,936,281
14 Total risks (sum of lines 3, 6, 9 and 12)	9,868,650	7,881,828
15 <b>Leverage ratio</b>	<b>21,63</b>	<b>24,57</b>

(\*) Represents yearly weighted average amounts.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

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

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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, monitoring, controlling and reporting risks within certain limits. These activities are carried out by Risk Management Department which reports 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 a senior management level sub-committee for risk management.

Policies related to each of the quantifiable as well as non-quantifiable risks have been developed under the umbrella of Comprehensive Risk Management Policy, In this context; General Risk Limit Policy, Market Risk Policy, Liquidity Risk Policy, Operational Risk Policy, Reputational Risk Policy, Three Lines of Defence Policy and Contingency Management Policy for Sudden Risk Events have been formulated and approved by the Board of Directors.

Credit and operational risk constitute the main risk areas that the Bank is exposed to. For these risks, written internal limits, early warning thresholds and risk appetite indicators were determined through the General Risk Limit Policy which is 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.



# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

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

### 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 30.09.2023	Prior Period 31.12.2022	Current Period 30.09.2023	Prior Period 31.12.2022
1	Credit risk (excluding counterparty credit risk) (CCR)	6,532,055	5,922,319	522,564	473,786
2	Standardized approach (SA)	6,532,055	5,922,319	522,564	473,786
3	Internal rating-based (IRB) approach	-	-	-	-
4	Counterparty credit risk	-	35	-	3
5	Standardized approach for counterparty credit risk (SACCR)	-	35	-	3
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	173,391	90,319	13,871	7,226
17	Standardized approach (SA)	173,391	90,319	13,871	7,226
18	Internal model approaches (IMM)	-	-	-	-
19	Operational risk	651,530	541,364	52,122	43,309
20	Basic indicator approach	651,530	541,364	52,122	43,309
21	Standard approach	-	-	-	-
22	Advanced measurement approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24	Floor Adjustments	-	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>7,356,976</b>	<b>6,554,037</b>	<b>588,558</b>	<b>524,324</b>

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL /Foreign Currency	-	-	-	-
Balances with the Central Bank of Turkey	2,038	1,001,381	2,258	120,727
Other	-	-	-	-
<b>Total</b>	<b>2,038</b>	<b>1,001,381</b>	<b>2,258</b>	<b>120,727</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	2,038	666,769	2,258	11,843
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	334,612	-	108,884
<b>Total</b>	<b>2,038</b>	<b>1,001,381</b>	<b>2,258</b>	<b>120,727</b>

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

As of September 30, 2023, there are no financial assets at fair value through profit or loss subject to repurchase agreement (December 31, 2022: None).

As of September 30, 2023, the Bank does not have any collateral assets in exchange for Istanbul Stock Exchange (December 31, 2022: None).

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

None (December 31, 2022: None).

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

None (December 31, 2022: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
<i>Domestic</i>	<i>1,959,791</i>	<i>3,720</i>	<i>263,187</i>	<i>223,533</i>
<i>Foreign</i>	<i>-</i>	<i>184,180</i>	<i>-</i>	<i>151,727</i>
<i>Foreign head-offices and branches</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total</b>	<b>1,959,791</b>	<b>187,900</b>	<b>263,187</b>	<b>375,260</b>

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

##### 4. Information on Banks (Continued)

###### 4.2. Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	155,798	123,411	-	-
USA, Canada	10	19	-	-
OECD Countries *	28,372	28,297	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>184,180</b>	<b>151,727</b>	<b>-</b>	<b>-</b>

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

###### 4.3. 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>	3,486	-	-	3,486
Additions during the Period	-	-	-	-
Disposal	(3,145)	-	-	(3,145)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	160	-	-	160
<b>Balances at End of Period</b>	<b>501</b>	<b>-</b>	<b>-</b>	<b>501</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 September 30, 2023, there are no financial assets at fair value through other comprehensive income subject to repurchase agreement (December 31, 2022: None). As of September 30, 2023, there are no financial assets given as collateral/blocked (December 31, 2022: None).

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

None (December 31, 2022: None).

##### 6. Information on Loans

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

None (December 31, 2022: None).

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

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

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

Cash Loans	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Re-finance
<b>Non-Specialized Loans</b>	<b>78,293</b>	-	-	-
Loans Given to Enterprises	-	-	-	-
Export Loans	-	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	-	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	78,293	-	-	-
<b>Specialized Loans</b>	-	-	-	-
<b>Other Loans</b>	<b>78,293</b>	-	-	-
<b>Total</b>		-	-	-

Expected Credit Losses	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	-	-
Significant Increase in Credit Risk	501	-
<b>Total</b>	<b>501</b>	-

##### 6.3. Distribution of cash loans according to their maturities

	Loans Under Close Monitoring		
	Standard Loans	Loans without Revised Contract Terms	Restructured Loans
Short-term Loans	-	-	-
Medium and Long-term Loans	78,293	-	-
<b>Total</b>	<b>78,293</b>	-	-

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

None (December 31, 2022: None).

##### 6.5. Information on commercial installment loans and corporate credit cards

None (December 31, 2022: None).

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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(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)****6. Information on Loans (Continued)****6.6. Loans according to types of borrowers**

	<b>Current Period</b>	<b>Prior Period</b>
Public	-	225,047
Private	78,293	307,138
<b>Total</b>	<b>78,293</b>	<b>532,185</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	78,293	532,185
Foreign Loans	-	-
<b>Total</b>	<b>78,293</b>	<b>532,185</b>

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

None (December 31, 2022: None).

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

None (December 31, 2022: None).

**6.10. Explanations on non-performing loans**

None (December 31, 2022: None).

**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 September 30, 2023, the Bank does not have any written-off assets (December 31, 2022: None).

**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>3,486</b>	-	-	<b>3,486</b>
Additions during the Period	-	-	-	-
Disposal	(3,145)	-	-	(3,145)
Debt Sale	-	-	-	-
Write-offs	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	160	-	-	160
<b>Balances at End of Period</b>	<b>501</b>	-	-	<b>501</b>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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 Loans (Continued)

##### 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, 2022: 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, 2022: None). As of September 30, 2023, the Bank does not have securities given as collateral (December 31, 2022: None).

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

	Current Period	Prior Period
Government Bond	56,976	1,105,426
Treasury Bonds	-	262,803
Other Public Debt Securities	-	-
<b>Total</b>	<b>56,976</b>	<b>1,368,229</b>

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

	Current Period	Prior Period
Debt Securities	<b>56,976</b>	1,368,229
<i>Quoted at Stock Exchange</i>	56,976	1,368,229
<i>Unquoted at Stock Exchange</i>	-	-
Value Increases/Impairment Losses (-)	-	-
<b>Total</b>	<b>56,976</b>	<b>1,368,229</b>

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

	Current Period	Prior Period
<b>Opening balance</b>	<b>1,368,229</b>	1,044,541
Foreign exchange differences in monetary assets	-	-
Purchases during the year	741,769	1,545,950
Disposals through Sales and Redemptions	(2,053,022)	(1,222,262)
Value decrease equivalent	-	-
<b>Period end balance</b>	<b>56,976</b>	<b>1,368,229</b>

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

Current Period	Stage 1	Stage 2	Stage 2	Total
<b>Balances at End of Prior Period</b>	<b>14</b>	-	-	<b>14</b>
Additions during the Period	2	-	-	2
Disposal	(14)	-	-	(14)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	-	-	-	-
<b>Balances at End of Period</b>	<b>2</b>	-	-	<b>2</b>

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

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

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

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

**8. Information on associates**

The Bank has no associates as of September 30, 2023 (December 31, 2022: None).

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

The Bank has no subsidiaries as of September 30, 2023 (December 31, 2022: None).

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

The Bank does not have investments in entities under common control as of September 30, 2023 (December 31, 2022: None).

**11. Information on lease receivables**

The Bank does not have lease receivables as of September 30, 2023 (December 31, 2022: None).

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

There are no derivative financial instruments for hedging purposes (December 31, 2022: None).

**13. Information on tangible assets**

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

**14. Information on intangible assets**

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

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

None (December 31, 2022: 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 September 30, 2023, net deferred tax assets amounted to TL 39,578 (December 31, 2022: TL 72,930) has been reflected in the financial statements of the Bank after netting the deferred tax asset amounting to TL 43,189 (December 31, 2022: TL 73,455) and the tax liability amounting to TL 3,611 (December 31, 2022: TL 525).

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

##### 17. Information on Deferred Tax asset (Continued)

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

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
- Retirement Pay and Unused Vacation Provision	3,727	3,641	1,118	910
- Bonus Provision	43,617	37,807	13,085	9,451
- Differences Arising from Market Value of Derivative Financial Instruments	-	155,900	-	38,975
- Commission charged in advance	25,445	26,483	7,633	6,621
- Expected Credit Loss According to TFRS 9	36,411	35,611	10,923	8,903
- MTM-TFRS16 difference	34,745	26,615	10,423	6,654
- MTM-TFRS difference for interest income/expense	23	152	7	38
- MTM – SL securities interest difference	-	7,613	-	1,903
<b>Deferred Tax Assets</b>	<b>143,967</b>	<b>293,822</b>	<b>43,189</b>	<b>73,455</b>
- Tangible Assets Amortization Differences	(11,931)	(2,102)	(3,579)	(525)
- MTM – SL securities interest difference	(105)	-	(32)	-
<b>Deferred Tax Liabilities</b>	<b>(12,036)</b>	<b>(2,102)</b>	<b>(3,611)</b>	<b>(525)</b>
<b>Deferred Tax Assets/(Liabilities), Net</b>	<b>131,931</b>	<b>291,720</b>	<b>39,578</b>	<b>72,930</b>

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

None (December 31, 2022: 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, 2022: 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	28,603	-	707,478	-	-	-	-	-	736,081
Residents in	-	-	-	-	-	-	-	-	-
Turkey	28,603	-	707,478	-	-	-	-	-	736,081
Residents Abroad	-	-	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	13,282	-	-	-	-	-	-	-	13,282
Other Ins, Deposits	-	-	-	-	-	-	-	-	-
Precious Metal	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-
Interbank Deposits	490	-	-	-	-	-	-	-	490
Central Bank of	-	-	-	-	-	-	-	-	-
Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	490	-	-	-	-	-	-	-	490
Special Finan,	-	-	-	-	-	-	-	-	-
Inst,	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>42,375</b>	<b>-</b>	<b>707,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>749,853</b>



# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

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	3,844	-	330,279	-	-	-	-	-	334,123
Residents in Turkey	3,844	-	330,279	-	-	-	-	-	334,123
Residents Abroad	-	-	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	1,662	-	-	-	-	-	-	-	1,662
Other Ins, Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Interbank Deposits	490	-	-	-	-	-	-	-	490
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	490	-	-	-	-	-	-	-	490
Special Finan, Inst,	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,996</b>	<b>-</b>	<b>330,279</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>336,275</b>

#### 1.2. Information on saving deposits under insurance

##### 1.2.1. Amounts exceeding the insurance limit

In accordance with the "Regulation on Amending the Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936, the official institutions, credit institutions and financial institutions other than those belonging to the credit institutions All deposit and participation funds have been insured.

Saving deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Deposits	1,734	435	11,548	1,227
Foreign currency saving deposits	1,521	798	734,561	333,325
Other deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

There are no saving deposits that are not under the guarantee of deposit insurance fund as of September 30, 2023 (December 31, 2022: 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	-	-	149,893	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>149,893</b>	<b>-</b>

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

##### 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	-	281,620	-	106,943
<b>Total</b>	<b>-</b>	<b>281,620</b>	<b>-</b>	<b>106,943</b>

###### 3.2. Maturity structure of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	203,237	-	13
Medium and Long-term	-	78,383	-	106,930
<b>Total</b>	<b>-</b>	<b>281,620</b>	<b>-</b>	<b>106,943</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, 2022: Not exceeding).

##### 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, 2022: 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, 2022: None).

###### 5.3. Information on lease liabilities

As of September 30, 2023, total net lease liability amount of the Bank is TL 43,776 (December 31, 2022: TL 35,149).

###### 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, 2022: None).

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

There are no derivative financial liabilities for hedging purposes (December 31, 2022: None).

##### 7. Information on Provisions

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

As of September 30, 2023, the Bank has no provision related to foreign currency differences of foreign indexed loans (December 31, 2022: None).

## BANK OF CHINA TURKEY A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

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

	Current Period	Prior Period(*)
Provisions for Non-cash Loans	33,969	31,611
<b>Total</b>	<b>33,969</b>	<b>31,611</b>

##### 7.2.1. Provision for probable losses

None (December 31, 2022: None).

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

Other provisions do not exceed 10% of the total provisions (December 31, 2022: Not exceed).

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

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

	Current Period	Prior Period
Opening Balance, January 1	1,698	570
Period expenses	(19)	955
Payments made	-	-
Actuarial Difference	(71)	173
<b>Closing Balance, June 30</b>	<b>1,608</b>	<b>1,698</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 September 30, 2023, the ceiling of the provision for employment termination benefits is TL 23,489,83 (full TL), (December 31, 2022: TL 19,982,83).

In the financial statements of September 30, 2023 and December 31, 2022, the Bank calculates the termination indemnity by discounting the annual inflation and interest rate usage. The inflation and interest rates used are as follows:

	Current Period	Prior Period
Inflation Rate	%9,11	9,11%
Interest Rate	%9,40	9,40%

As of September 30, 2023, total provision for employee benefits amounting to TL 47,344 (December 31, 2022: TL 41,448) is composed of TL 2,119 unused vacation provision (December 31, 2022: TL 1,943), TL 43,617 bonus provision (December 31, 2022: TL 37,807), TL 1,608 provision for employee termination benefits (December 31, 2022: 1,698 TL).

#### 8. Explanations on Tax Liability

As of September 30, 2023, the Bank has current tax liability of TL 43,189 (December 31, 2022: TL 32,060).

The Bank does not have any corporate tax amount for September, 2023 (December 31, 2022: 26,696).

## BANK OF CHINA TURKEY A.Ş.

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

##### 8.1. Information on tax payables

	Current Period	Prior Period
Corporate taxes payable	-	26,696
Taxation on securities	481	57
Property tax	9	19
Banking and Insurance Transaction Tax (BITT)	1,634	1,026
Taxes on foreign exchange transactions	-	-
Value added taxes payable	55	353
Other	2,542	3,222
<b>Total</b>	<b>4,721</b>	<b>31,373</b>

##### 8.2. Information on premium

	Current Period	Prior Period
Social Security Premiums- Employee	577	293
Social Security Premiums- Employer	689	332
Unemployment Insurance- Employee	39	21
Unemployment Insurance- Employer	78	41
Other	-	-
<b>Total</b>	<b>1,383</b>	<b>687</b>

##### 8.3. Explanations on deferred tax liabilities

None (December 31, 2022: None).

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

None (December 31, 2022: None).

#### 10. Explanations on Subordinated loans

None (December 31, 2022: None).

#### 11. Information on Shareholders' equity

##### 11.1. Paid in Capital

The Bank's paid-in capital is TL 1,051,230 as of September 30, 2023 (December 31, 2022: 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, 2022: None).

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

None (December 31, 2022: None).

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

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

None (December 31, 2022: None).

**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, 2022: None).

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

None (December 31, 2022: None).

**11.9. Information on profit distribution**

It was decided to distribute unconsolidated net profit of the year 2022 in the amount of TL 269,736, in accordance with the General Assembly dated March 28, 2023 as follows: TL 17,232 to be transferred to legal reserves, TL 214,629 to be transferred to undistributed profits and TL 37,875 to be distributed as cash dividend. On March 29, 2023, TL 269,736 was transferred to reserves and dividend payable accounts, 37,875 TL of dividends were paid to shareholders on April 14, 2023 and May 12, 2023.

**11.10. Information on minority interest**

None (December 31, 2022: 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, 2022: None).

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

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

	Current Period	Prior Period
Guarantees	6,001,139	4,957,703
Bills of Exchange and Acceptances	-	-
Letters of Credit	-	-
<b>Total</b>	<b>6,001,139</b>	<b>4,957,703</b>

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

(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**

	<b>Current Period</b>	<b>Prior Period</b>
Temporary letter of guarantees	43,544	48,600
Revocable letters of guarantee	-	-
Letters of guarantee given in advance	246,113	109,534
Other letter of guarantees	164,300	137,848
<b>Total</b>	<b>453,957</b>	<b>295,982</b>

**1.3. Explanation on Non-cash loans****1.3.1. Total amount of non-cash loans**

	<b>Current Period</b>	<b>Prior Period</b>
Non-Cash Loans Given against Cash Loans	6,001,139	4,957,703
With Original Maturity of 1 Year or Less Than 1 Year	139,815	167,538
With Original Maturity of More Than 1 Year	5,861,324	4,790,165
Other Non-Cash Loans	453,957	295,982
<b>Total</b>	<b>6,455,096</b>	<b>5,253,685</b>

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

<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>31,611</b>	-	-	<b>31,611</b>
Additions during the Period	3,097	-	-	3,097
Disposal	(7,761)	-	-	(7,761)
Sold Credits	-	-	-	-
Deleted from Active	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	7,022	-	-	7,022
<b>Balances at End of Period</b>	<b>33,969</b>	-	-	<b>33,969</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, 2022: None).

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

None (December 31, 2022: None).

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

None (December 31, 2022: None).

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

(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	18,915	11,470	28,061	10,096
Short-term Loans	-	-	-	-
Medium/Long-term Loans	18,915	11,470	28,061	10,096
Interest on Loans Under Follow-up	-	-	-	-
Premiums Received from Resource	-	-	-	-
Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>18,915</b>	<b>11,470</b>	<b>28,061</b>	<b>10,096</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	7,205	1	-
Domestic Banks	137,879	5,759	38,978	1,552
Foreign Banks	-	1,696	-	668
Branches and Head Office Abroad	-	-	-	-
<b>Total</b>	<b>137,879</b>	<b>14,660</b>	<b>38,979</b>	<b>2,220</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	1,506	-	-	-
Financial Assets Measured at Amortized Cost	51,863	-	146,630	-
<b>Total</b>	<b>53,369</b>	<b>-</b>	<b>146,630</b>	<b>-</b>

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

None (December 31, 2022: None).

**2. Information on Interest Expense****2.1. Information on interest on funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>-</b>	<b>6,497</b>	<b>-</b>	<b>1,710</b>
TR Central Bank	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	6,497	-	1,710
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6,497</b>	<b>-</b>	<b>1,710</b>

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

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

None (December 31, 2022: None).

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

None (December 31, 2022: None).

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

Current Period 30.09.2023								
Time Deposit								
Account Name	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Month	Up to 1 Year	Over 1 Year	Accum, Deposit	Total
<b>Turkish Currency</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Savings Deposits	-	-	-	-	-	-	-	-
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	520	-	-	-	-	-	520
Other Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>520</b>	-	-	-	-	-	<b>520</b>
<b>Foreign Currency</b>								
Foreign Currency Account	-	1,962	6,390	-	-	-	-	8,352
Bank Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>1,962</b>	<b>6,390</b>	-	-	-	-	<b>8,352</b>
<b>Grand Total</b>	-	<b>2,482</b>	<b>6,390</b>	-	-	-	-	<b>8,872</b>
Prior Period 30.09.2022								
Time Deposit								
Account Name	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Month	Up to 1 Year	Over 1 Year	Accum, Deposit	Total
<b>Turkish Currency</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Savings Deposits	-	-	-	-	-	-	-	-
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	1,537	-	-	-	-	-	1,537
Other Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>1,537</b>	-	-	-	-	-	<b>1,537</b>
<b>Foreign Currency</b>								
Foreign Currency Account	-	667	3,044	2,873	-	-	-	6,584
Bank Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>667</b>	<b>3,044</b>	<b>2,873</b>	-	-	-	<b>6,584</b>
<b>Grand Total</b>	-	<b>2,204</b>	<b>3,044</b>	<b>2,873</b>	-	-	-	<b>8,121</b>



**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**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)****2.5. Interest expense on lease liabilities**

	<b>Current Period</b>	<b>Prior Period</b>
Lease Interest Expenses	1,468	1,156
<b>Total</b>	<b>1,468</b>	<b>1,156</b>

**3. Information on dividend income**

None (September 30, 2022: None).

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Income</b>	<b>907,515</b>	<b>973,428</b>
Gains on Capital Market Operations	-	-
Gains on Derivative Financial Instruments	9,211	21,459
Foreign Exchange Gains	898,304	951,969
<b>Loss (-)</b>	<b>818,031</b>	<b>934,853</b>
Losses on Capital Market Operations	-	-
Losses on Derivative Financial Instruments	50,996	53,507
Foreign Exchange Losses	767,035	881,346
<b>Total</b>	<b>89,484</b>	<b>38,575</b>

**5. Information on other operating income**

	<b>Current Period</b>	<b>Prior Period</b>
Adjustment to previous years expenses	5,261	3,339
Other	75	28
<b>Total</b>	<b>5,336</b>	<b>3,367</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Expected Credit Losses</b>	<b>4,005</b>	<b>6,833</b>
12 Month Expected Credit Loss (Stage 1)	4,005	6,833
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-</b>	<b>-</b>	<b>-</b>
<b>Maturity Securities Value Decrease</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	-
<b>Total</b>	<b>4,005</b>	<b>6,833</b>

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

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

	Current Period	Prior Period
Provision for Employee Termination Benefits	584	409
Provision for Bank's Social Aid Fund Deficit	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Charges of Tangible Assets	3,341	2,940
Impairment Losses on Intangible Assets	-	-
Impairment losses on goodwill	-	-
Amortization Charges of Intangible Assets	1,829	1,218
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	23,316	11,425
<i>Operational Leases Expenses</i>	-	-
<i>Repair and Maintenance Expenses</i>	379	84
<i>Advertisement Expenses</i>	-	-
<i>Other Expenses (*)</i>	22,937	11,341
<i>Losses on Sale of Assets</i>	-	-
Taxes	3,768	1,426
Other (**)	44,952	16,967
<b>Total</b>	<b>77,790</b>	<b>34,385</b>

(\*) The amount of TL 22,937 (September 30, 2022 : TL 11,341) in the "Other Expenses" title consists of TL 11,078 (September 30, 2022 : TL 6,321) IT services expenses, TL 983 (September 30, 2022: TL 397) outsource services, TL 3,082 (September 30, 2022: TL 2,181) data line service expenses, TL 7,794 (September 30, 2022: TL 2,442) other operating expenses.

(\*\*) The amount of TL 44,952 (September 30, 2022: TL 16,967) in the "Other" title consists of TL 37,207 (September 30, 2022: TL 8,603) employee benefits provisions, TL 6,892 (September 30, 2022: TL 3,664) auditing services and advisory services, TL 853 (September 30, 2022: TL 417) operational costs.

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

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.

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

As of September 30, 2023, Profit before tax from continued operations is TL 297,800 (September 30, 2022: TL 272,307).

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

The tax expense for the Period ended September 30, 2023 is TL 73,042 (September 30, 2022: TL 57,365).

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

As of September 30, 2023, operating profit after-tax is TL 224,758 (September 30, 2022: TL 214,942).

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

Interest income from ordinary banking transactions amounted to TL 236,293 (September 30, 2022: TL 225,986). Interest expenses arising from ordinary banking transactions are TL 22,116 (September 30, 2022: TL 12,812). As of September 30, 2023, operating profit after-tax is TL 224,758 (September 30, 2022: TL 214,942).

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.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

(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**

September 30, 2023:

<b>Bank's Risk Group (*)</b>	<b>Associates, Subsidiaries and Joint-Ventures</b>		<b>Bank's Direct and Indirect Shareholder</b>		<b>Other Real Persons and Legal Entities in Risk Group</b>	
	<b>Cash (**)</b>	<b>Non-Cash</b>	<b>Cash (**)</b>	<b>Non-Cash</b>	<b>Cash (**)</b>	<b>Non-Cash</b>
<b>Current Period</b>						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	53,859	285,468	-	-
Balance at the End of the Period	-	-	34,917	453,957	-	-
Interest and Commission Income Received	-	-	342	109,985	-	-

(\*) 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, 2022:

<b>Bank's Risk Group (*)</b>	<b>Associates, Subsidiaries and Joint-Ventures</b>		<b>Bank's Direct and Indirect Shareholder</b>		<b>Other Real Persons and Legal Entities in Risk Group</b>	
	<b>Cash (**)</b>	<b>Non-Cash</b>	<b>Cash (**)</b>	<b>Non-Cash</b>	<b>Cash (**)</b>	<b>Non-Cash</b>
<b>Prior Period</b>						
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	39,678	388,135	-	-
Balance at the End of the Period	-	-	53,859	285,468	-	-
Interest and Commission Income Received	-	-	60	76,360	-	-

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

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

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

None (30 September 2022: None)

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023

(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)

##### 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	-	-	288,612	469,487	-	-
Balance at the End of the Period	-	-	-	288,612	-	-
Total Income/Loss	-	-	(41,785)	(42,963)	-	-
<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 September 30, 2023, TL 16,257 (September 30, 2022: TL 10,128) was paid to the top management of the Bank.

##### e) Other transactions with 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
<b>Borrowing</b>						
Balance at the Beginning of the Period	-	-	263,907	-	-	-
Balance at the End of the Period	-	-	107,432	-	-	-
Interest Paid	-	-	3,107	-	-	-

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

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

	Number	Number of Employees				
Domestic Branch	0	43				
			Country of Incorporations			
Foreign Representation Office			1-			
			2-			
				Total Assets	Statutory Share Capital	
Foreign Branch			1-			
			2-			
Off-shore Banking Region Branches			1-			
			2-			

**BANK OF CHINA TURKEY A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

(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.

## **BANK OF CHINA TURKEY A.Ş.**

### **NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2023**

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

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#### **SECTION SEVEN**

##### **EXPLANATIONS ON INDEPENDENT AUDIT REPORT**

###### **I. EXPLANATIONS ON INDEPENDENT AUDIT REPORT**

The unconsolidated financial statements and annotations of the Bank as of September 30, 2023 have been prepared by PwC Independent Auditing and Independent Accounting Mali Müşavirlik A.Ş., and the independent audit report dated October 13, 2023 is presented before the unconsolidated financial statements.

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

None.

**BANK OF CHINA TURKEY A.Ş.**  
**STATEMENT REGARDING INTERIM ACTIVITY REPORT AS AT SEPTEMBER 30, 2023**

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**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 SEPTEMBER 30, 2023**

(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	<a href="mailto:contact@bankofchina.com.tr">contact@bankofchina.com.tr</a>

**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	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 September 30, 2023 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 SEPTEMBER 30, 2023

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

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

#### 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 September 30, 2023, Bank of China Turkey A.Ş., has 43 employees and no branch, The Bank runs its operations at its head office (December 31, 2022: 43 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 September 30, 2023 are TL 3,399,487 (December 31, 2022: TL 2,784,718). While our equity amounts to TL 2,210,318 (December 31, 2022: TL 2,023,375) our capital adequacy ratio is at the level of 29,93% (December 31, 2022: 30,22%). As of September 30, 2023, the profit after tax of the Bank for the Period is TL 224,758 (September 30, 2022: TL 214,942). 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

For global economy, the number one question in the third quarter was whether developed countries would be able to bring down the inflation without crushing the economy. Impressively, the US seemed to achieve this and most likely very close to finishing its rate hikes. In the Eurozone and UK too, we should see the final rate hikes soon. China growth was a little less than expected due to drag of its property sector and weak Western demand. As we see the food inflation to remain elevated due to the ongoing Russia-Ukraine war, the markets will be most likely focusing on the soft landing narrative in the last quarter of the year.

With the recent changes made in monetary policy committee members, we've seen that the steps toward orthodox policies are continued to be taken, The Central Bank of the Republic of Turkey (CBRT) started to raise interest rates June and the tightening reached to 2150 bps until the end of September, In the third quarters TRY continued to depreciate but in an orderly manner and depreciation level stayed around 6% on a quarterly basis. Turkish Lira-denominated bond yields have increased due to expectations of interest rate hikes, signals of return to orthodox policies had a positive impact on Turkey's credit risk, leading to a decrease in the CDS risk premium.

As of October, Consumer Price Index (CPI) has reached a level of 61,53%, During the same month, the Producer Price Index (PPI) has registered an annual increase of 47,44%. Expectations suggest that inflation will remain at these levels until the end of the year. It is anticipated that the decrease in consumer spending following the Central Bank of the Republic of Turkey's (TCMB) increase in the policy rate will contribute positively to the decline in inflation. However, the persistence of high food inflation, influenced by both domestic factors and global geopolitical developments, will have a negative impact on inflation reduction. CBRT communication indicates that the inflation will start to decrease starting from the second quarter of 2024, It is likely that the increase in the policy rate will moderately affect growth, and a year-end growth rate of 4,0% to 4,5% is expected.

According to the August 2023 data from the Banking Regulation and Supervision Agency (BDDK), the ratio of cash loans to total deposits in the sector stands at 80,8%. In the same month, the ratio of non-performing loans to total cash loans in the sector is 1,61%, and the capital adequacy ratio is 18,51%. The total asset size is 20,332 trillion Turkish Liras, while the deposit size is 12,931 trillion Turkish Liras.

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2023**

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

**REMARKS REGARDING INTERIM ACTIVITY REPORT (Continued)****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 3,399,487 (December 31, 2022: TL 2,784,718) as of the Period that ended on September 30, 2023, 63% of the assets are composed of bank placements whereas 2% is Cash Loans. The balance sheet's biggest source of funding is the equity.

	<b>30.09.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Total assets</b>	<b>3,397,396</b>	<b>2,784,718</b>	<b>2,662,692</b>	<b>2,004,474</b>	<b>1,676,970</b>
Cash Assets and Central Bank	1,003,419	122,985	249,873	43,398	42,859
Banks	2,147,691	638,447	625,417	712,785	677,701
Loans	78,293	532,185	654,721	589,720	568,012
Government debt securities measured at amortized cost	56,976	1,368,229	1,044,541	614,303	329,421
Financial Derivative Assets	-	-	-	-	20,444
Other Assets	111,017	122,872	88,140	44,268	38,553
<b>Total liabilities and equities</b>	<b>3,399,487</b>	<b>2,784,718</b>	<b>2,662,692</b>	<b>2,004,474</b>	<b>1,676,970</b>
Deposits	749,853	336,275	367,907	204,189	75,685
Provisions	81,313	73,059	40,051	12,974	40,626
Financial Derivative Liabilities	-	149,893	199,564	74,203	59,423
Loan Received	281,620	106,943	180,930	79,019	-
Other Liabilities	76,383	95,173	102,637	42,477	54,801
Shareholders' Equity	2,210,318	2,023,375	1,771,603	1,591,612	1,446,435
Letter of Guarantees	453,957	295,982	388,135	405,598	271,883
Other Guarantees	6,001,139	4,957,703	2,963,605	1,120,291	973,594
Derivatives	-	288,612	469,487	505,220	564,546

	<b>01.01.2023- 30.09.2023</b>	<b>01.01.2022- 30.09.2022</b>	<b>01.01.2021- 30.09.2021</b>	<b>01.01.2020- 30.09.2020</b>	<b>01.01.2019- 30.09.2019</b>
Net Interest Income	214,177	213,174	176,328	101,293	173,505
Non-Interest Income	138,831	103,133	35,441	26,470	9,879
Trading Income/Loss	89,484	38,575	19,082	22,930	60,061
<b>Total Operating Income/(Expense)</b>	<b>442,492</b>	<b>354,882</b>	<b>230,851</b>	<b>150,693</b>	<b>243,445</b>
Staff Cost (-)	68,233	44,724	23,556	17,589	13,329
Other Total Operating Income/(Expense)	(72,454)	(31,018)	(44,919)	(18,320)	(17,206)
Loan Provisions	4,005	6,833	5,185	1,713	13,406
<b>Net Operating Profit/(loss)</b>	<b>297,800</b>	<b>272,307</b>	<b>180,747</b>	<b>113,071</b>	<b>199,504</b>
Tax Provision (-)	73,042	57,365	42,601	24,916	46,891
<b>Net Profit / Loss for the Period</b>	<b>224,758</b>	<b>214,942</b>	<b>138,146</b>	<b>88,155</b>	<b>152,613</b>

**Financial Ratios**

	<b>30.09.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
Capital Adequacy Ratio (%)	29.93	30.22	35.84	62.71	63.32
Equity/ Assets (%)	65.06	72.66	66.53	79.40	86.25

## **BANK OF CHINA TURKEY A.Ş.**

### **UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF SEPTEMBER 30, 2023**

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

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

#### **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 28, 2023, At the Ordinary General Assembly Meeting, it was decided to transfer the unconsolidated net profit amounting to TL 269,736 from the activities of the year 2022, TL 17,232 TL to general legal reserves. TL 214,629 to undistributed profits as extraordinary reserves and 15% of distributable profit which is TL 37,875 to payables to shareholder's dividend according to BRSA decision. On March 29, 2023, TL 269,736 was transferred to reserve funds and payables to shareholder's dividend accounts.

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