

**BANK OF CHINA TURKEY A.Ş.**

**UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED  
DISCLOSURES AT DECEMBER 31, 2023  
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT**

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



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH  
(See Note I of Section Three)  
INDEPENDENT AUDITOR'S REPORT**

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

**A. Audit of the Unconsolidated Financial Statements**

**1. Opinion**

We have audited the accompanying unconsolidated financial statements of Bank of China Turkey A.Ş. (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2023, unconsolidated statements 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 for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial 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 Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

**2. Basis for Opinion**

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the unconsolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key Audit Matters</b>	<b>How the key audit matter was addressed in the audit</b>
<p><b>Expected credit losses for loans</b></p> <p>The Bank has total expected credit losses for loans amounting to TL 291 thousand in respect to total loans amounting to TL 84,208 thousand which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2023. Explanations and notes related to expected credit losses for loans and receivables are presented in Section Three Part VII, Section Four Part II and Section Five Part 1.6 in the accompanying unconsolidated financial statements as at 31 December 2023.</p> <p>The Bank recognizes provision for impairment in accordance with "TFRS 9 Financial Instruments" ("TFRS 9") requirements and the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.</p> <p>To determine expected credit losses as of 31 December 2023 the Bank determines stage classification of loans by identifying significant increase in credit risk with quantitative and qualitative assessments disclosed in the Part VII of the Third Section in the accompanying unconsolidated financial statements and identification of default events in the accompanying unconsolidated financial statements.</p> <p>Information including past events, current conditions and macroeconomic estimates taken into account in expected loss allowance accounting should be reasonable and supportable.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as, historical loss experiences, current conditions, macro-economic expectations, development and weighting of macro-economic scenarios; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p>With respect to stage classification of loans and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Bank within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>We checked appropriateness of matters considered in methodology applied by the Bank with TFRS 9 for calculation of the provision amount through stage classification of loans. For forward looking assumptions made by the Bank's management in its expected credit losses calculations, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, exposure at default model, loss given default model and the approaches to reflecting reasonable and supportable forward looking expectations (including macroeconomic factors) with our financial risk experts. Our procedures also included the following:</p> <ul style="list-style-type: none"> <li>• Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used.</li> <li>• We have checked selected models used in determination of provisions for various credit portfolios with our financial risk experts by reperforming on a sample selection basis.</li> <li>• We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</li> <li>• We checked accuracy of resultant expected credit losses calculations.</li> <li>• To assess appropriateness of the Bank's determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures.</li> <li>• We evaluated the adequacy and accuracy of the disclosures made in the unconsolidated financial statements regarding the provision for impairment of loans.</li> </ul>



#### **4. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements**

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

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

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

#### **5. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

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



## **B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

### **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 31 December 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.

Özge Arslan Yılmaz, SMMM  
Independent Auditor

Istanbul, 27 February 2024

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

THE UNCONSOLIDATED FINANCIAL REPORT OF  
BANK OF CHINA TURKEY A.Ş. FOR THE YEAR ENDED DECEMBER 31, 2023

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The unconsolidated yearend financial report includes the following sections in accordance with the "Communiqué on Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation Supervision Agency

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED YEAR END FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDIT REPORT

The accompanying unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited.



Xiaoqing ZHANG  
Chairman of the  
Board of Directors



Xiaoming GAO  
Member of the  
Board of Directors and  
General Manager



Qinyan ZHAO  
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



Sevda DİKİCİ  
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 : (0212) 386 01 32



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# BANK OF CHINA TURKEY A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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 2021.

#### III. Information on the Board of Directors, Members of the Audit Committee, president and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess

Members of the Bank's Board of Directors, Audit Committee Members, General Manager and Deputies as of December 31, 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
Xiaoqing ZHANG	Chairman of the Board of Directors	16 Kasım 2023	PHD Degree
Xiaoming GAO	Member of the Board of Directors and General Manager	10 Eylül 2021	PHD Degree
Xiaofeng ZHANG	Member of the Board of Directors	16 Kasım 2023	Master Degree
Qingyan ZHAO	Deputy Chairman of the Board of Directors	16 Kasım 2023	Master Degree
Özgür DALGIÇ	Member of the Board of Directors	10 Ocak 2017	Master Degree

Members of the Audit Committee:

Name	Title	Assigned Date	Education
Qingyan ZHAO	Deputy Chairman of the Board of Directors and Chairman of the Audit Committee	5 December 2023	Master Degree
Özgür DALGIÇ	Member of the Audit Committee Responsible for Internal Systems	4 May 2017	Master Degree

## BANK OF CHINA TURKEY A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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 December 31, 2023, the Bank serves with 44 employees (December 31, 2022: 43 employees).

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

None.

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

None.

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF DECEMBER 31, 2023

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

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

		Note (Section Five)	Audited Current Period			Audited Prior Period		
			31.12.2023			31.12.2022		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>ASSETS</b>		<b>2,072,142</b>	<b>1,345,876</b>	<b>3,418,018</b>	<b>265,173</b>	<b>495,745</b>	<b>760,918</b>
1.1	Cash and cash equivalents		2,072,142	1,345,876	3,418,018	265,173	495,745	760,918
1.1.1	Cash and balances at central bank	(5.I.1)	28,835	1,108,390	1,137,225	2,258	120,727	122,985
1.1.2	Banks	(5.I.4)	2,045,211	237,528	2,282,739	263,187	375,260	638,447
1.1.3	Money Market Placements		-	-	-	-	-	-
1.1.4	Expected Credit Losses (-)	(5.I.4)	1,904	42	1,946	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>128,355</b>	<b>83,917</b>	<b>212,272</b>	<b>1,566,638</b>	<b>330,290</b>	<b>1,896,928</b>
2.1	Loans	(5.I.6)	-	84,208	84,208	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)	128,362	-	128,362	1,368,229	-	1,368,229
2.4.1	Government debt securities		128,362	-	128,362	1,368,229	-	1,368,229
2.4.2	Other financial assets		-	-	-	-	-	-
2.5	Expected credit losses (-)	(5.I.6.7)	7	291	298	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>22,900</b>	-	<b>22,900</b>	<b>11,374</b>	-	<b>11,374</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS (Net)</b>	(5.I.14)	<b>5,438</b>	-	<b>5,438</b>	<b>4,269</b>	-	<b>4,269</b>
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		5,438	-	5,438	4,269	-	4,269
<b>VII.</b>	<b>INVESTMENT PROPERTY (Net)</b>		-	-	-	-	-	-
<b>VIII.</b>	<b>CURRENT TAX ASSET</b>		-	-	-	-	-	-
<b>IX.</b>	<b>DEFERRED TAX ASSET</b>	(5.I.17)	<b>52,250</b>	-	<b>52,250</b>	<b>72,930</b>	-	<b>72,930</b>
<b>X.</b>	<b>OTHER ASSETS</b>	(5.I.19)	<b>15,490</b>	<b>50,976</b>	<b>66,466</b>	<b>5,641</b>	<b>32,658</b>	<b>38,299</b>
	<b>Total Assets</b>		<b>2,296,575</b>	<b>1,480,769</b>	<b>3,777,344</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 DECEMBER 31, 2023

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

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

		Note (Section Five)	Audited Current Period 31.12.2023			Audited Prior Period 31.12.2022		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	<b>(5.II.1)</b>	<b>9,424</b>	<b>760,239</b>	<b>769,663</b>	<b>2,152</b>	<b>334,123</b>	<b>336,275</b>
<b>II.</b>	<b>LOAN RECEIVED</b>	<b>(5.II.3)</b>	-	<b>410,151</b>	<b>410,151</b>	-	<b>106,943</b>	<b>106,943</b>
<b>III.</b>	<b>MONEY MARKET FUNDS</b>		-	-	0	-	-	-
<b>IV.</b>	<b>MARKETABLE SECURITIES (Net)</b>		-	-	0	-	-	-
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>	<b>(5.II.2)</b>	-	-	-	<b>149,893</b>	-	<b>149,893</b>
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>	<b>(5.II.5)</b>	<b>2,434</b>	<b>40,997</b>	<b>43,431</b>	<b>1,335</b>	<b>33,814</b>	<b>35,149</b>
<b>X.</b>	<b>PROVISIONS</b>	<b>(5.II.7)</b>	<b>1,435</b>	<b>110,832</b>	<b>112,267</b>	<b>1,698</b>	<b>71,361</b>	<b>73,059</b>
10.1	Provisions for restructuring		-	-	-	-	-	-
10.2	Reserve for employee benefits		1,435	72,890	74,325	1,698	39,750	41,448
10.3	Insurance technical reserves (Net)		-	-	-	-	-	-
10.4	Other provisions		-	37,942	37,942	-	31,611	31,611
<b>XI.</b>	<b>CURRENT TAX LIABILITIES</b>	<b>(5.II.8)</b>	<b>71,226</b>	-	<b>71,226</b>	<b>32,060</b>	-	<b>32,060</b>
<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>	<b>(5.II.4)</b>	<b>34,969</b>	<b>1,473</b>	<b>36,442</b>	<b>27,331</b>	<b>633</b>	<b>27,964</b>
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>(5.II.11)</b>	<b>2,334,164</b>	-	<b>2,334,164</b>	<b>2,023,375</b>	-	<b>2,023,375</b>
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		33	-	33	(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		374,711	-	374,711	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		348,482	-	348,482	269,736	-	269,736
16.7	Minority Shares		-	-	-	-	-	-
	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,453,652</b>	<b>1,323,692</b>	<b>3,777,344</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 DECEMBER 31, 2023

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

### II. Off Balance Sheet Commitments

		Note (Section Five)	Audited Current Period 31.12.2023			Audited Prior Period 31.12.2022		
			TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>	<b>(5.III.1)</b>	-	<b>7,144,108</b>	<b>7,144,108</b>	<b>67,113</b>	<b>5,555,870</b>	<b>5,622,983</b>
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>		-	<b>7,144,108</b>	<b>7,144,108</b>	-	<b>5,253,685</b>	<b>5,253,685</b>
1.1	Letters of Guarantee		-	430,529	430,529	-	295,982	295,982
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		-	430,529	430,529	-	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		-	6,713,579	6,713,579	-	4,957,703	4,957,703
1.9	Other Collaterals		-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b>		-	-	-	-	<b>80,686</b>	<b>80,686</b>
2.1	Irrevocable Commitments		-	-	-	-	80,686	80,686
2.1.1	Asset Purchase Commitments		-	-	-	-	-	-
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	80,686	80,686
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Loan Granting Commitments		-	-	-	-	-	-
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments		-	-	-	-	-	-
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10	Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		-	-	-	-	-	-
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(5.III.II)</b>	-	-	-	<b>67,113</b>	<b>221,499</b>	<b>288,612</b>
3.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1	Fair Value Hedges		-	-	-	-	-	-
3.1.2	Cash Flow Hedges		-	-	-	-	-	-
3.1.3	Foreign Net Investment Hedges		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		-	-	-	<b>67,113</b>	221,499	288,612
3.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		-	-	-	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>1,236,404</b>	<b>1,236,404</b>	-	<b>785,329</b>	<b>785,329</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>		-	-	-	-	-	-
4.1	Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		-	-	-	-	-	-
4.3	Cheques Received for Collection		-	-	-	-	-	-
4.4	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		-	-	-	-	-	-
<b>V.</b>	<b>PLEDGES RECEIVED</b>		-	<b>1,236,404</b>	<b>1,236,404</b>	-	<b>785,329</b>	<b>785,329</b>
5.1	Marketable Securities		-	-	-	-	-	-
5.2	Guarantee Notes		-	-	-	-	-	-
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Immovables		-	<b>1,236,404</b>	<b>1,236,404</b>	-	785,329	785,329
5.6	Other Pledged Items		-	-	-	-	-	-
5.7	Pledged Items-Depository		-	-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED BILL, GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
	<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>			<b>8,380,512</b>	<b>8,380,512</b>	<b>67,113</b>	<b>6,341,199</b>	<b>6,408,312</b>

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

**BANK OF CHINA TURKEY A.Ş.****UNCONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED  
DECEMBER 31, 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)	Audited Current Period 01.01.2023- 31.12.2023	Audited Prior Period 01.01.2022- 31.12.2022
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(5.IV.1)</b>	<b>437,926</b>	<b>305,426</b>
1.1	Interest from Loans		32,220	51,404
1.2	Interest from Reserve Deposits		-	1
1.3	Interest from Banks		346,806	54,213
1.4	Interest from Money Market Transactions		-	-
1.5	Interest from Marketable Securities Portfolio		58,900	199,808
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		57,394	199,808
1.6	Interest from Financial Leases		-	-
1.7	Other Interest Income		-	-
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>(5.IV.2)</b>	<b>33,172</b>	<b>19,006</b>
2.1	Interest on Deposits		16,837	10,250
2.2	Interest on Funds Borrowed		9,054	3,107
2.3	Interest Expense on Money Market Transactions		-	-
2.4	Interest on Securities Issued		-	-
2.5	Lease Interest Expenses		2,087	1,605
2.6	Other Interest Expenses		5,194	4,044
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>404,754</b>	<b>286,420</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME / LOSSES</b>		<b>195,773</b>	<b>142,397</b>
4.1	Fees and Commissions Received		196,158	142,666
4.1.1	Non-cash Loans		191,645	138,482
4.1.2	Other		4,513	4,184
4.2	Fees and Commissions Paid		385	269
4.2.1	Non-cash Loans		-	-
4.2.2	Other		385	269
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(5.IV.3)</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING INCOME/LOSS (Net)</b>	<b>(5.IV.4)</b>	<b>108,480</b>	<b>55,355</b>
6.1	Profit / Loss on Securities Trading		-	-
6.2	Profit / Loss on Derivative Financial Transactions		(41,785)	(42,963)
6.3	Foreign Exchange Gains / Losses		150,265	98,318
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5.IV.5)</b>	<b>5,853</b>	<b>3,909</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>714,860</b>	<b>488,081</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>	<b>(5.IV.6)</b>	<b>7,963</b>	<b>10,319</b>
<b>X.</b>	<b>OTHER PROVISIONS (-)</b>		<b>-</b>	<b>-</b>
<b>XI.</b>	<b>PERSONEL EXPENSES (-)</b>		<b>107,286</b>	<b>65,156</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES</b>	<b>(5.IV.7)</b>	<b>129,188</b>	<b>67,966</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>470,423</b>	<b>344,640</b>
<b>XIV.</b>	<b>INCOME RESULTED FROM MERGERS</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>GAIN / LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>OPERATING PROFIT/LOSS BEFORE TAXES (XIII+XIV+XV+XVI)</b>	<b>(5.IV.8)</b>	<b>470,423</b>	<b>344,640</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	<b>(5.IV.9)</b>	<b>121,941</b>	<b>74,904</b>
18.1	Current Tax Provision		101,325	86,526
18.2	Expense Effect of Deferred Tax		53,653	13,868
18.3	Income Effect of Deferred Tax		33,037	25,490
<b>XIX.</b>	<b>NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)</b>	<b>(5.IV.10)</b>	<b>348,482</b>	<b>269,736</b>
<b>XX.</b>	<b>PROFIT FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
20.1	Income From Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Other Income From Discontinued Operations		-	-
<b>XXI.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
21.1	Expenses on Assets Held for Sale		-	-
21.2	Losses from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Other Expenses From Discontinued Operations		-	-
<b>XXII.</b>	<b>P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
23.1	Current Tax Provision		-	-
23.2	Expense Effect of Deferred Tax		-	-
23.3	Income Effect of Deferred Tax		-	-
<b>XXIV.</b>	<b>NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT / LOSS (XVIII+XXIII)</b>	<b>(5.IV.11)</b>	<b>348,482</b>	<b>269,736</b>
	Profit/Loss per share		0,33150	0,25659

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 DECEMBER 31, 2023**

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

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

		<b>Audited Current Period 01.01.2023- 31.12.2023</b>	<b>Audited Prior Period 01.01.2022-31.12.2022</b>
<b>I</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>348,482</b>	<b>269,736</b>
<b>II</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>182</b>	<b>(129)</b>
<b>2.1</b>	<b>Other comprehensive income that will not be reclassified to profit or loss</b>	<b>182</b>	<b>(129)</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	246	(173)
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	(64)	44
<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>348,664</b>	<b>269,607</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 DECEMBER 31, 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
		Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6				
<b>Audited Current Period (31.12.2023)</b>															
I.	Balances at beginning of the Period (*)	1,051,230	-	-	-	-	(149)	-	-	-	-	676,329	295,965	-	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	-	-	-	-	-	182	-	-	-	-	-	-	348,482	348,664
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the end of the Period (III+IV+.....+X+XI)</b>		<b>1,051,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>908,190</b>	<b>26,229</b>	<b>348,482</b>	<b>2,334,164</b>

						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
		Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6				
<b>Audited Prior Period (31.12.2022)</b>															
I.	Balances at beginning of the Period (*)	1,051,230	-	-	-	-	(20)	-	-	-	-	503,049	217,344	-	1,771,603
II.	Correction made as per TAS 8 (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at beginning of the Period (I+II)	1,051,230	-	-	-	-	(20)	-	-	-	-	503,049	217,344	-	1,771,603
IV.	Total Comprehensive Income	-	-	-	-	-	(129)	-	-	-	-	-	-	269,736	269,607
V.	Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	173,280	(191,115)	-	(17,835)
11.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	(17,835)	-	(17,835)
11.2	Transfers to reserves	-	-	-	-	-	-	-	-	-	-	173,280	(173,280)	-	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the end of the Period (III+IV+.....+X+XI)</b>		<b>1,051,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(149)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>676,329</b>	<b>26,229</b>	<b>269,736</b>	<b>2,023,375</b>

- Tangible and Intangible Asset Revaluation Reserve
- Accumulated Gains/Losses on Remeasurement of Defined Benefit Plans
- 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)
- Exchange Differences on Translation
- Accumulated Gains (Losses) due to revolution and/or reclassification of financial assets measured at fair value through other comprehensive income
- 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  
DECEMBER 31, 2023**

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

**VI. Statement of Cash Flows**

	STATEMENT OF CASH FLOWS	Note	Audited Current Period 01.01.2023-31.12.2023	Audited Prior Period 01.01.2022-31.12.2022
<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>272,081</b>	<b>297,475</b>
1.1.1	Interest received (+)		425,614	366,570
1.1.2	Interest paid (-)		27,855	16,215
1.1.3	Dividend received (+)		-	-
1.1.4	Fees and commissions received (+)		178,194	153,346
1.1.5	Other income (+)		-	-
1.1.6	Collections from previously written off loans and other receivables (+)		-	-
1.1.7	Payments to personnel and service suppliers (-)		149,125	81,836
1.1.8	Taxes paid (-)		146,399	124,390
1.1.9	Other (+/-)		(8,348)	-
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>		<b>988,992</b>	<b>(2,618)</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 (+/-)		413,040	228,584
1.2.4	Net increase (decrease) in other assets (+/-)		-	-
1.2.5	Net increase (decrease) in bank deposits (+/-)		(193)	(82,977)
1.2.6	Net increase (decrease) in other deposits (+/-)		432,136	50,685
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 (+/-)		303,013	(74,040)
1.2.9	Net increase (decrease) in matured payables (+/-)		-	-
1.2.10	Net increase (decrease) in other liabilities (+/-)		(9,111)	(10,793)
<b>I.</b>	<b>Net cash provided from banking operations</b>		<b>1,261,073</b>	<b>294,857</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net cash provided from investing activities (+/-)</b>		<b>1,222,749</b>	<b>(328,442)</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 (-)		17,118	4,754
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 (-)		870,131	1,545,950
2.8	Cash obtained from sale of investment securities (+)		2,109,998	1,222,262
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>(42,213)</b>	<b>(23,062)</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 (-)		34,088	17,835
3.5	Payments for financial leases (-)		8,125	5,227
3.6	Other (+/-)		-	-
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>215,491</b>	<b>(50,050)</b>
<b>V.</b>	<b>Net increase in cash and cash equivalents (I+II+III+IV)</b>		<b>2,657,100</b>	<b>(113,697)</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 (V+VI)</b>		<b>3,418,018</b>	<b>760,918</b>

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

# BANK OF CHINA TURKEY A.Ş.

## UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD ENDED DECEMBER 31, 2023

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

### VII. Profit Distribution Statement

		Audited Current period 01.01.2023-31.12.2023(*)	Audited Prior period 01.01.2022-31.12.2022
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1	CURRENT YEAR INCOME	470,423	344,640
1.2	TAXES AND DUTIES PAYABLE (-)	121,941	74,904
1.2.1	Corporate Tax (Income tax)	101,325	86,526
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties(**)	20,616	(11,622)
<b>A.</b>	<b>NET INCOME FOR THE YEAR (1,1-1,2)</b>	<b>348,482</b>	<b>269,736</b>
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
<b>B.</b>	<b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1,3+1,4+1,5))]</b>	<b>348,482</b>	<b>252,504</b>
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	37,876
1.6.1	To Owners of Ordinary Shares	-	37,876
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	214,628
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION OF RESERVES</b>		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>		
3.1	TO OWNERS OF ORDINARY SHARES	0,33	0,26
3.2	TO OWNERS OF ORDINARY SHARES (%)	33,1	25,7
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

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

(\*\*) It is considered by the BRSA that the revenue amount related to deferred tax assets cannot be considered as cash or internal resources and therefore should not be subject to the distribution of the profit for the period. As of December 31, 2023, the Bank has deferred tax expense amounting to TL 20,616 (December 31, 2022: TL 11,622 deferred tax expense).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 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 November 23, 2023, POA announced that entities reporting under TFRS should begin implementing "TAS - 29 Financial Reporting in Hyperinflationary Economies" standard in their financial statements from periods ending on and after December 31, 2023. Besides, regulatory and auditing bodies that are authorized in their respective areas have flexibility to determine alternative transition dates for the application of TAS - 29. Within the scope of the decision dated December 12, 2023 and numbered 10744 by the BRSA, banks, financial leasing, factoring, financing, savings financing, and asset management companies are not subject to inflation adjustments required under TAS - 29 in their financial statements as of December 31, 2023. Based on the decision dated January 11, 2024 and numbered 10825, these entities are required to implement inflation accounting starting from January 1, 2025.

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

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

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

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

The accounting policies and valuation principles applied in the preparation of the accompanying financial statements are explained in Notes II and XXII below.

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.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2023**

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

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**ACCOUNTING POLICIES (Continued)**

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

**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.

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 June 30, 2023. Besides, the Bank is using alternative interest rates (SOFR) for its floating interest transactions after the EURIBOR transition since June 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 December 31, 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).

# **BANK OF CHINA TURKEY A.Ş.**

## **NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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 recognized as they are accrued using internal rate of return method.

#### **V. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES**

According to the nature of fees and commissions; commission income / expenses collected for any future transaction are recognized on an accrual basis and other fee and commission income / expenses are recognized in accordance with TFRS 15 in the Period in which they are incurred.

#### **VI. EXPLANATIONS ON FINANCIAL ASSETS**

Within the framework of the business plan, the Bank classifies and accounts for its financial assets as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income "or "Financial assets at amortized cost". Such financial assets are accounted for in accordance with the "TFRS 9 Financial Instruments" standard, which is about the classification and measurement of financial instruments published in the Official Gazette dated January 15, 2019 and numbered 30656 by the Public Oversight Accounting and Auditing Standards Authority. The Bank is registered or issued in accordance with the provisions of "Inclusion in Financial Statements and Exclusion from Financial Statements" in the third part of the standard, effective from January 1, 2018.

In the first measurement of financial assets other than "Financial Assets at Fair Value Through Profit/Loss", transaction costs are added to the fair value or deducted from the fair value.

The Bank recognizes a financial asset only when it is a party to the contractual provisions of the financial instrument. The first time that a financial asset is included in the financial statements, the characteristics of the business model and the contractual cash flows of the financial asset are taken into account by the Bank Management. When the business model determined by the bank management is changed, all financial assets affected by this change are reclassified and the reclassification is applied in the future, In such cases, no adjustments are made to the earnings, losses or interests previously recognized in the financial statements.

The Bank has no financial assets at fair value through profit or loss and other comprehensive income as of December 31, 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 DECEMBER 31, 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.



**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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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 December 31, 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 December 31, 2023, the Bank has no assets held for sale and discontinued operations (December 31, 2022: None).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**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 December 31, 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  
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(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.

**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  
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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.

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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 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.

Within the scope of the article 298 of the Tax Procedure Law, it has been ruled that the financial statements will be subject to inflation adjustment if the increase in the producer price index is more than 100% in the last three accounting periods, including the current period, and more than 10% in the current accounting period, and as of December 31, 2021 these conditions have been met. However, with the "Law on Amendments to the Tax Procedure Law and the Corporate Tax Law" dated January 29, 2022 and numbered 7352 published in the Official Gazette numbered 31734; a temporary Article 33 has been added to the Tax Procedure Law numbered 213. According to this legislation, financial statements will not be subject to inflation adjustment, regardless of the conditions for inflation adjustment under the duplicated Article 298, for the accounting periods of 2021 and 2022, including temporary tax periods, and for the 2023 accounting period (as of the accounting periods ending in 2022 and 2023 for those with special accounting periods). However, financial statements as of December 31, 2023, will be subject to inflation adjustment, regardless of the conditions for inflation adjustment, and any profit/loss differences arising from the inflation adjustment will be reflected in the profit/loss account of previous years." It has become law that the financial statements dated 2023 will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met or not, and the profit/loss differences resulting from the inflation adjustment will be shown in the previous years' profit/loss account. In accordance with the article 17 of the Turkish Tax Law No. 7491 published in the Official Gazette dated December 28, 2023, and numbered 32413, titled "Law on Making Amendments in Some Laws and Decree-Laws" banks, companies under the scope of the Financial Leasing, Factoring, Financing, and Savings Finance Companies Law numbered 6361 dated November 21, 2012, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, and insurance and reinsurance companies, as well as pension companies, are legislated not to consider profit/loss differences arising from inflation adjustments made during the fiscal periods of 2024 and 2025, including temporary tax periods in determining income. The President is granted the authority to extend the periods specified under this paragraph for a fiscal year, including temporary tax periods.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**ACCOUNTING POLICIES (Continued)**

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

With law no. 7440 published in the Official Gazette dated March 12, 2023, and numbered 32130, titled "Law on Restructuring Some Receivables and Making Amendments in Some Laws" corporate taxpayers can calculate an additional tax at a rate of 10%, unrelated to the period income, based on the exemption and deduction amounts subject to discounted corporate tax, according to the regulations in Law No. 5520 and other laws, shown in the corporate tax return for the year 2022.

Additionally, a 5% extra tax is calculated on exemption gains specified in the first paragraph (a) of Article 5 of Law No. 5520 and proven to carry at least a 15% tax burden from foreign sources. The first instalment of this tax is paid within the payment period of corporate tax, and the second instalment is paid in the fourth month following this period. The bank has no exemptions or deductions subject to the additional tax."

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 dated October 26, 2021. Explanations is done by communique numbered 537 which is change communique number 547 published in 32073 numbered official gazette of January 14, 2023.

Accordingly, the Bank has revalued its depreciable economic assets on its balance sheet until December 31, 2022, subject to meeting the conditions specified in Temporary Article 32 of the Tax Procedure Law and the provisions of subparagraph (ç) of Article 298 of the Law. Corporate income tax is calculated, taking into account the depreciation allocated based on the revalued values of depreciable economic assets until December 31, 2022.

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 December 31, 2023, the Bank has TL 52,250 deferred tax asset (December 31, 2022: TL 72,930 deferred tax asset).

According to the temporary article 33 of the Tax Procedure Law, in the financial statements dated December 31, 2023, the tax effects arising from the inflation adjustment of corporate taxes are included in the deferred tax calculation as of December 31, 2023.

As of December 31, 2023, the legislated tax rates applicable in accordance with the applicable tax legislation have been used for the items subject to deferred tax calculation in accordance with their lifetime.

In calculating deferred taxes, the statutory tax rates that are valid as of the balance sheet date are used in accordance with the applicable tax legislation by estimating when temporary differences will be taxable/tax deductible.

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**ACCOUNTING POLICIES (Continued)**

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

**c. Transfer pricing:**

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “disguised profit distribution” by way of transfer pricing, “The General Communiqué on Disguised Profit Distribution by way of Transfer Pricing” published on November 18, 2007 explains the application related issues in detail.

According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign-based taxpayer is subject to or exempt from tax.

As discussed under subject Communiqué’s 7.1 Annual Documentation section, taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization” form for the purchase and sale of goods or services conducted with their related parties in a taxation Period attach these forms to their corporate tax returns and submit to the tax offices.

**XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS**

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 December 31, 2023, the Bank has obtained funds from foreign institutions amounting to TL 410,151 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).

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

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 DECEMBER 31, 2023

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### 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 December 31, 2023, the financial information per banking segments is presented below:

<b>Current Period 31.12.2023</b>	<b>Corporate Banking</b>	<b>Fund Management</b>	<b>Unallocated</b>	<b>Total</b>
Operating income	214,301	498,093	2,466	714,860
Operating expense	(11,108)	(242)	(233,087)	(244,437)
Pre-tax income / (loss)	203,193	497,851	(230,621)	470,423
Tax provision (-)	-	-	(121,941)	(121,941)
<b>Net Profit / (Loss)</b>	<b>203,193</b>	<b>497,851</b>	<b>(352,562)</b>	<b>348,482</b>
Segment assets	83,917	3,546,374	147,053	3,777,344
Segment liabilities	807,604	410,151	225,425	1,443,180
Equity	-	2,334,164	-	2,334,164
<b>Prior Period 31.12.2022</b>	<b>Corporate Banking</b>	<b>Fund Management</b>	<b>Unallocated</b>	<b>Total</b>
Operating income	186,689	300,676	716	488,081
Operating expense	(13,456)	(56)	(129,929)	(143,441)
Pre-tax income / (loss)	173,233	300,620	(129,213)	344,640
Tax provision (-)	-	-	(74,904)	(74,904)
<b>Net Profit / (Loss)</b>	<b>173,233</b>	<b>300,620</b>	<b>(204,117)</b>	<b>269,736</b>
Segment assets	528,748	2,129,098	126,872	2,784,718
Segment liabilities	367,886	256,836	136,621	761,343
Equity	-	2,023,375	-	2,023,375

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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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”.

Accordance with the decision of the Banking Regulation and Supervision Agency dated 31 January 2023 and numbered 10496, the amount subject to credit risk is calculated with the Central Bank foreign exchange buying rates as of 30 December 2022 and the fair value difference is calculated according to the net valuation differences of the securities in the securities portfolio 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.

The bank uses the current exchange rate in calculating the amount subject to credit risk and the exception in question is not used. Since there is no securities portfolio whose fair value difference is reflected in other comprehensive income, the exception in question has no effect. Pursuant to the decision of the Banking Regulation and Supervision Agency dated 23 June 2022 and numbered 10247, the banks in Turkey from Central Government of the Republic of Turkey. In the capital adequacy ratio calculation for the receivables held in foreign currency and in accordance with the Regulation on Regulation on Measurement and Evaluation of Capital Adequacy of Banks published in the Official Gazette dated 23 October 2015 and numbered 29511; It was decided to apply a zero percent risk weight when calculating the amount subject to credit risk. When the said BRSA decision is adopted by the Bank, 0% risk weight is applied to FX receivables from the CBRT.

As of December 31, 2023, the Bank's total capital has been calculated as TL 2,315,935 (December 31, 2022: TL 1,980,811) and the capital adequacy ratio is 28,11% (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 DECEMBER 31, 2023

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

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

##### Information on Equity Accounts:

	Current Period 31.12.2023	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>2,275,749</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	0	-	-	-
Reserves	908,190	-	676,329	-
Gains recognized in equity as per TAS	0	-	-	-
Profit	374,711	-	295,965	-
Current Period profit	348,482	-	269,736	-
Prior Period profit	26,229	-	26,229	-
Bonus shares from associates, subsidiaries and joint ventures not accounted in current Period's profit	0	-	-	-
<b>Common Equity Tier I Capital Before Deductions</b>	<b>2,334,131</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	-	-	149	-
Improvement costs for operating leasing (-)	694	-	976	-
Goodwill and other intangible assets and related deferred taxes (-)	-	-	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,057	-	3,929	-
Excess amount arising from deferred tax assets from temporary differences	53,631	-	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>58,382</b>	-	<b>78,324</b>	-
<b>Total Common Equity Tier I Capital</b>	<b>2,275,749</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.

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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 31.12.2023	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>2,275,749</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)	40,186	-	35,611	-
<b>Tier II Capital before Deductions</b>	<b>40,186</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>40,186</b>	-	<b>35,611</b>	-
<b>Total Equity (Total Tier I and Tier II Capital)</b>	<b>2,315,935</b>	-	<b>1,980,811</b>	-

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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 31.12.2023	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>2,315,935</b>	<b>-</b>	<b>1,980,811</b>	<b>-</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>2,315,935</b>	<b>-</b>	<b>1,980,811</b>	<b>-</b>
Total Capital (Total of Tier I Capital and Tier II Capital)	2,315,935	-	1,980,811	-
Total Risk Weighted Assets	8,237,703	-	6,554,037	-
<b>CAPITAL ADEQUACY RATIOS</b>				
Core Capital Adequacy Ratio (%)	27,63	-	29,68	-
Tier I Capital Adequacy Ratio (%)	27,63	-	29,68	-
Capital Adequacy Ratio (%)	28,11	-	30,22	-
<b>BUFFERS</b>				
Bank-specific total Core Capital Ratio	0,11	-	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	23,13	-	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 ten thousand twenty five limitation)	40,186	-	35,611	-
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	92,864	-	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.

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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 31.12.2023	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	374,711	295,965
<b>Total Equity before Deductions</b>	<b>2,334,131</b>	<b>2,023,524</b>
Deduction made within the scope of the Regulation	58,382	78,324
Common Equity Tier 1 Capital	2,275,749	1,945,200
Tier 1 Capital	2,275,749	1,945,200
General Provisions (Up to 1,25%)	40,186	35,611
<b>Total Equity</b>	<b>2,315,935</b>	<b>1,980,811</b>

#### II. EXPLANATIONS ON CREDIT RISK

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

The credit allocation is made within the limits set for each debtor and the group of debtors and is updated periodically according to the market conditions. During the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating process of the Bank. To establish a credit risk management framework to manage credit risks; to help maintain a high level of credit portfolio quality; Bank's Credit Policy has been established and approved by the Board of Directors in order to ensure early identification and realization of real and potential credit issues in order to minimize financial losses and to ensure compliance with local legislation and general partnership regulations on general and special loan provisions. With Follow-up Procedure, Credit Allocation Procedure and Collateral Procedure, The Bank's credit risk management framework is formed.

The main principle of the credit risk policy is the risk return structure arising from the credit risk of the bank; the policies set out to monitor, control and, if necessary, correct the nature and level of activities; to identify, measure, report, monitor and control the risks to which the Bank is exposed while determining the procedure and limit and the risks arising from the transactions with the risk group of the Bank is included. Loans marketing, approval, disbursement and monitoring duties; in order to reduce all risks related to errors, deficiencies, irregularities and abuses, and to prevent conflicts of interest, it is ensured that the authorities from different units carry them out. The Bank has a robust credit approval procedure that shares the credit functions of the Bank between the front office and the mid-office functions in order to prevent possible conflicts of interest and to obtain a fair and objective view of the risks faced by new loan disbursements. The Bank's Credit and Risk analysis function is separated from the Corporate Banking Department in order to perform it independently.

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

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

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

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

In the management of credit risk, the risk and control structure is based on the triple line of defense model. The lines of activity are defined as first stage, independent risk management, legal compliance and internal control activities, second stage and independent internal audit activity are defined as third stage responsibility. Top Management, Risk Committee and Board of Directors are regularly informed about developments in credit portfolio quality, stress test and scenario analysis, the limits and risk appetite.

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

	Current Period		Prior period	
	Current Period Risk Amount (*)	Average Risk Amount (**)	Current Period Risk Amount (*)	Average Risk Amount (**)
<b>Risk Types</b>				
Contingent and Non-Contingent Receivables from central governments or central banks	3,177,843	3,038,350	3,017,096	2,172,072
Contingent and Non-Contingent Receivables from regional or local governments	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-
Contingent and Non-Contingent Receivables from banks and brokerage houses	3,044,660	2,305,623	1,722,442	1,756,936
Contingent and Non-Contingent Corporates	4,388,410	3,795,509	3,149,219	3,241,091
Contingent and Non-Contingent Retail Receivables	-	-	-	-
Contingent and Non-Contingent Receivables Secured by Mortgages	-	-	-	-
Past Due Receivables	-	-	-	-
Receivables defined in high risk category by Regulator	-	-	-	-
Secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Other Receivables	38,390	25,065	16,780	16,335
<b>Total</b>	<b>10,649,303</b>	<b>9,164,547</b>	<b>7,905,537</b>	<b>7,186,434</b>

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

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

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

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

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

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

##### Profile of significant exposures in major regions:

Risk Categories (\*)

	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Administrati ve Units and Non- commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non- Contingent Corporates	Conting ent and Non- Contingent Retail Receivables	Continge nt and Non- Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivab les defined in high risk category by Regulator	Collate ralized Mortgage Marketable Securities	Securitization Positions	Short- Term Receivables from Banks, brokerage houses and Corporates	Investme nt similar to collective investment funds	Other Receivables	Total
<b>Current period</b>																	
Domestic	2,041,484	-	-	-	-	2,651,129	4,388,410	-	-	-	-	-	-	-	-	38,390	9,119,414
European Union	-	-	-	-	-	176,192	-	-	-	-	-	-	-	-	-	-	176,192
Countries	-	-	-	-	-	485,096	-	-	-	-	-	-	-	-	-	-	485,096
OECD Countries**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-shore Banking	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Regions	-	-	-	-	-	30	-	-	-	-	-	-	-	-	-	-	30
USA, Canada	1,136,359	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,136,359
Other Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Unallocated Assets/ Liabilities ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
<b>Total</b>	<b>3,177,843</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,312,447</b>	<b>4,388,410</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,390</b>	<b>10,917,091</b>

	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Administrati ve Units and Non- commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non- Contingent Corporates	Conting ent and Non- Contingent Retail Receivables	Continge nt and Non- Contingent Receivables Secured by Mortgages	Past Due Receivables	Receiva bles defined in high risk category by Regulator	Collate ralized Mortgage Marketable Securities	Securitization Positions	Short- Term Receivables from Banks, brokerage houses and Corporates	Investme nt similar to collective investment funds	Other Receivables	Total
<b>Prior period</b>																	
Domestic	2,894,111	-	-	-	-	1,405,289	3,149,219	-	-	-	-	-	-	-	-	16,780	7,465,399
European Union	-	-	-	-	-	204,133	-	-	-	-	-	-	-	-	-	-	204,133
Countries	-	-	-	-	-	325,542	-	-	-	-	-	-	-	-	-	-	325,542
OECD Countries**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-shore Banking	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regions	-	-	-	-	-	19	-	-	-	-	-	-	-	-	-	-	19
USA, Canada	122,985	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	122,985
Other Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,017,096</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,934,983</b>	<b>3,149,219</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,780</b>	<b>8,118,078</b>

(\*) Stands for the risk categories listed in “Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks,”

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

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



# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

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

##### Risk profile by sectors or counterparties:

	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Receivables on Administrativ e Units and Non- commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banksand Brokerage Houses	Contingent and Non- Contingent Corporates	Contingent and Non- Contingent Retail Receivables	Contingent and Non- Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions	Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	TL	FC	TOTAL
<b>Current period</b>																			
<b>Agriculture</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farming and Raising Livestock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fores TL, Wood and Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	1,009,791	-	-	-	-	-	1,620,845	-	-	-	-	-	-	-	-	-	2,630,636	-	2,630,636
Mining and Quarry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	296,126	-	-	-	-	-	-	-	-	-	296,126	-	296,126
Electricity, Gas and Water	1,009,791	-	-	-	-	-	1,324,719	-	-	-	-	-	-	-	-	-	2,334,510	-	2,334,510
<b>Construction</b>	-	-	-	-	-	-	1,430,845	-	-	-	-	-	-	-	-	-	1,430,845	-	1,514,651
<b>Services</b>	2,168,052	-	-	-	-	3,312,447	1,336,721	-	-	-	-	-	-	-	-	38,390	2,291,879	4,563,731	6,855,610
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hotel, Tourism, Food and Beverage Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Communication	-	-	-	-	-	-	378,590	-	-	-	-	-	-	-	-	-	378,590	-	378,590
Financial Institutions	2,168,052	-	-	-	-	3,312,447	958,131	-	-	-	-	-	-	-	-	38,390	2,291,879	4,185,141	6,477,020
Real Estate and Renting Services,	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,569,082
<b>Total</b>	3,177,843	-	-	-	-	3,312,447	4,388,410	-	-	-	-	-	-	-	-	38,390	2,291,879	8,625,211	10,917,091

	Receivables on													Short-Term Receivables from Banks, brokerage houses and Corporates	Investment similar to collective investment funds	Other Receivables	TL	FC	TOTAL		
	Due from Central Governments or Central Banks	Regional Governments or Local Government Receivables	Administrative Units and Non-commercial Enterprises	Receivables on Multilateral Development Banks	Receivables on International Organizations	Receivables on Banks and Brokerage Houses	Contingent and Non-Contingent Corporates	Contingent and Non-Contingent Retail Receivables	Contingent and Non-Contingent Receivables Secured by Mortgages	Past Due Receivables	Receivables defined in high risk category by Regulator	Collateralized Mortgage Marketable Securities	Securitization Positions								
Prior period																					
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Farming and Raising Livestock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Fores TL, Wood and Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Manufacturing	-	-	-	-	-	-	1,340,649	-	-	-	-	-	-	-	-	-	-	-	-		
Mining and Quarry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200,201	1,140,447	1,340,649	
Production	-	-	-	-	-	-	299,024	-	-	-	-	-	-	-	-	-	-	299,024	299,024		
Electricity, Gas and Water	-	-	-	-	-	-	1,041,625	-	-	-	-	-	-	-	-	-	-	200,201	841,424	1,041,625	
Construction	-	-	-	-	-	-	1,514,651	-	-	-	-	-	-	-	-	-	-	-	1,514,652	1,514,651	
Services	834,920	-	-	-	-	1,564,857	293,919	-	-	-	-	-	-	-	-	-	-	815	2,692,882	2,693,696	
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Hotel, Tourism, Food and Beverage Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transportation and Communication	434,364	-	-	-	-	-	293,919	-	-	-	-	-	-	-	-	-	-	-	728,284	728,284	
Financial Institutions	400,556	-	-	-	-	1,564,857	-	-	-	-	-	-	-	-	-	-	-	815	1,964,598	1,965,413	
Real Estate and Renting Services,	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Self-Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Education Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	2,182,176	-	-	-	-	370,126	-	-	-	-	-	-	-	-	-	-	-	16,780	1,720,608	848,474	2,569,082
Total	3,017,096	-	-	-	-	1,934,983	3,149,219	-	-	-	-	-	-	-	-	-	-	16,780	1,921,623	6,196,454	8,118,078

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

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

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

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

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

##### Analysis of maturity-bearing exposures according to remaining maturities:

Risk Types, Current period	Time to Maturity					Total
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	-	-	125,356	-	1,840,425	1,965,781
Regional or Local Government Receivables	-	-	-	-	-	-
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-
Receivables on Multilateral Development Banks	-	-	-	-	-	-
Receivables on International Organizations	2,193,461	-	329,415	-	695,407	3,218,283
Receivables on Banks and Brokerage Houses	11,849	-	-	84,208	4,278,861	4,374,918
Receivables from Corporates	-	-	-	-	-	-
Retail Receivables	-	-	-	-	-	-
Receivables Secured by Mortgages	-	-	-	-	-	-
Past Due Receivables	-	-	-	-	-	-
Receivables defined in high risk category by Regulators	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
<b>Total</b>	<b>2,205,310</b>	<b>-</b>	<b>454,771</b>	<b>84,208</b>	<b>6,814,693</b>	<b>9,558,982</b>

  

Risk Types, Prior period	Time to Maturity					Total
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year	
Due from central governments or central banks	-	-	-	225,047	1,225,997	1,451,044
Regional or Local Government Receivables	-	-	-	-	-	-
Receivables on Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-
Receivables on Multilateral Development Banks	-	-	-	-	-	-
Receivables on International Organizations	-	-	-	-	-	-
Receivables on Banks and Brokerage Houses	96,883	20,395	-	148,801	944,999	1,211,078
Receivables from Corporates	-	-	-	200,201	2,923,547	3,123,748
Retail Receivables	-	-	-	-	-	-
Receivables Secured by Mortgages	-	-	-	-	-	-
Past Due Receivables	-	-	-	-	-	-
Receivables defined in high risk category by Regulators	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-
Short-Term Receivables from Banks, brokerage houses and corporates	-	-	-	-	-	-
Investment similar to collective investment funds	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
<b>Total</b>	<b>96,883</b>	<b>20,395</b>	<b>-</b>	<b>574,049</b>	<b>5,094,543</b>	<b>5,785,870</b>

##### Exposures by risk weights:

Risk Types, Current period	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Deductions from the shareholders' equity
Amount before the credit risk mitigation	1,317,860	-	2,276,220	-	162,741	-	6,892,482	-	-	-	58,382
Amount after the credit risk mitigation	1,317,860	-	2,276,220	-	162,741	-	6,892,482	-	-	-	58,382

  

Risk Types, Prior period	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Deductions from the shareholders' equity
Amount before the credit risk mitigation	1,564,231	-	431,239	-	147,991	-	5,762,076	-	-	-	78,324
Amount after the credit risk mitigation	1,564,231	-	431,239	-	147,991	-	5,762,076	-	-	-	78,324

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2023**

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

**INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)****II. EXPLANATIONS ON CREDIT RISK (Continued)****Movements in value adjustments and provisions:**

<b>Current Period</b>	<b>Opening Balance</b>	<b>The amount of provision in the period</b>	<b>Reversal of Provision</b>	<b>Other Provisions(*)</b>	<b>Closing Balance</b>
Stage 3 Provisions	-	-	-	-	-
Stage 1 and Stage 2 Provisions	35,611	10,476	(12,271)	6,370	40,186

<b>Prior Period</b>	<b>Opening Balance</b>	<b>The amount of provision in the period</b>	<b>Reversal of Provision</b>	<b>Other Provisions</b>	<b>Closing Balance</b>
Stage 3 Provisions	-	-	-	-	-
Stage 1 and Stage 2 Provisions	28,570	17,191	(12,131)	1,981	35,611

(\*) Includes foreign exchange differences.

**Exposures subject to countercyclical capital buffer:**

The geographical distribution of receivables from the private sector, which is taken into account in the calculation of the bank specific circular capital buffer within the scope of the "Regulation on Capital Protection and Cyclic Capital Buffers" and its sub-regulations published in the Official Gazette dated 5 November 2013 and numbered 28812 is explained in the table below:

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

**Current Period**

<b>Country of ultimate risk</b>	<b>Private sector credit exposures in banking book</b>	<b>Risk Weighted Equivalent trading book</b>	<b>Total</b>
Turkey	10,255,773	-	10,255,773
China	215,965	-	215,965
Hong Kong	1,343	-	1,343
US	30	-	30
England	148,528	-	148,528
Germany	27,665	-	27,665

**Prior Period**

<b>Country of ultimate risk</b>	<b>Private sector credit exposures in banking book</b>	<b>Risk Weighted Equivalent trading book</b>	<b>Total</b>
Turkey	7,153,838	-	7,153,838
China	315,045	-	315,045
Hong Kong	8,293	-	8,293
US	19	-	19
England	108,718	-	108,718
Germany	14,670	-	14,670

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### III. EXPLANATIONS ON CURRENCY RISK

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

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

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

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

The Bank's current foreign exchange buying rates announced on December 31, 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)

31.12.2023	USD	EUR	GBP	CNY
<b>Rates:</b>	29,4382	32,5739	37,4417	4,1212
1, Day Foreign Exchange Buying Rate	29,1344	32,0726	36,9491	4,0610
2, Day Foreign Exchange Buying Rate	29,2108	32,1766	37,0336	4,0702
3, Day Foreign Exchange Buying Rate	29,2647	32,2421	37,0895	4,0728
4, Day Foreign Exchange Buying Rate	29,3374	32,4186	37,2657	4,0820
5, Day Foreign Exchange Buying Rate	29,3973	32,6937	37,5718	4,1136
Arithmetic mean of last 30 days	29,0552	31,7410	36,7411	4,0474
31.12.2022	USD	EUR	GBP	CNY
<b>Rates:</b>	18,6983	19,9349	22,4892	2,6806
1, Day Foreign Exchange Buying Rate	18,6592	19,8044	22,4675	2,6557
2, Day Foreign Exchange Buying Rate	18,6649	19,8324	22,4831	2,6655
3, Day Foreign Exchange Buying Rate	18,6813	19,9087	22,5142	2,6683
4, Day Foreign Exchange Buying Rate	18,6964	19,8946	22,4804	2,6663
5, Day Foreign Exchange Buying Rate	18,6966	19,8816	22,4663	2,6696
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 December 31, 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.

Current Period 31.12.2023	Change in Foreign Currency	Impact on Profit / Loss (*)	Impact on Equity
	% 10 Increase	10,855	10,855
EUR	% 10 Decrease	(10,855)	(10,855)
	% 10 Increase	8,148	8,148
USD	% 10 Decrease	(8,148)	(8,148)
Prior Period 31.12.2022	Change in foreign currency	Impact on Profit / Loss (*)	Impact on Equity
	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 DECEMBER 31, 2023

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

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

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

##### Explanations on currency risk:

	EUR	USD	Other FC	Total
<b>Current Period 31.12.2023</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the CBRT	724,945	383,445	-	1,108,390
Due from Banks (*)	27,648	59,367	150,472	237,487
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 (**)	-	83,917	-	83,917
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	26,069	22,018	2,888	50,975
<b>Total Assets</b>	<b>778,662</b>	<b>548,747</b>	<b>153,360</b>	<b>1,480,769</b>
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	323,285	288,226	148,728	760,239
Money Market Borrowings	-	-	-	-
Funds Provided from Other Financial Institutions	325,927	84,224	-	410,151
Securities Issued	-	-	-	-
Sundry Creditors	-	-	-	-
Derivative Fin. Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	20,903	94,813	37,586	153,302
<b>Total Liabilities</b>	<b>670,115</b>	<b>467,263</b>	<b>186,314</b>	<b>1,323,692</b>
<b>Net Balance Sheet Position</b>	<b>108,547</b>	<b>81,484</b>	<b>(32,954)</b>	<b>157,077</b>
<b>Net Off-Balance Sheet Position</b>	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans (***)	3,800,588	3,188,975	154,545	7,144,108
<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 41.

(\*\*) Loans and receivables include balance of expected loss provisions amounting to TL 291.

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

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### IV. EXPLANATIONS ON INTEREST RATE RISK

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

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

The impact of interest rate volatility to the Bank will be analysed by presenting the results to the Risk Committee and senior management regularly. In this analysis, it is planned to calculate possible losses in fair value changes on interest rate sensitive products by interest rate shocks.

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

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

Current Period 31.12.2023	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	213,412	-	-	-	-	923,813	1,137,225
Banks	2,193,461	-	-	-	-	89,278	2,282,739
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-
Loans	-	42,152	42,056	-	-	-	84,208
Financial Assets Measured at Amortized Cost	-	33,130	95,232	-	-	-	128,362
Other Assets	-	-	-	-	-	144,810	144,810
<b>Total Assets</b>	<b>2,406,873</b>	<b>75,282</b>	<b>137,288</b>	<b>-</b>	<b>-</b>	<b>1,157,901</b>	<b>3,777,344</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	298	298
Other Deposits	623,464	-	-	-	-	145,901	769,365
Interbank Money Market Received	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	325,927	42,079	42,145	-	-	-	410,151
Other Liabilities (*)	-	-	-	-	-	2,597,530	2,597,530
<b>Total Liabilities</b>	<b>949,391</b>	<b>42,079</b>	<b>42,145</b>	<b>-</b>	<b>-</b>	<b>2,743,729</b>	<b>3,777,344</b>
Balance sheet long position	1,457,482	33,203	95,143	-	-	-	1,585,828
Balance sheet short position	-	-	-	-	-	(1,585,82)	(1,585,82)
Off-Balance sheet long position	-	-	-	-	-	-	-
Off-Balance sheet short position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>1,457,482</b>	<b>33,203</b>	<b>95,143</b>	<b>-</b>	<b>-</b>	<b>(1,585,82)</b>	<b>-</b>

(\*) Including TL 2,315,935 shareholders' equity.

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### IV. 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 1,980,811 shareholders' equity.

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

Current Period 31.12.2023	EUR	USD	Other FC	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	2,40	34,33
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-
Loans	-	5,08	-	-
Financial Assets Measured at Amortized Cost	-	-	-	36,23
<b>Liabilities</b>				
Bank Deposits	-	5,50	3,00	-
Other Deposits	3,44	5,25	0,43	34,00
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	4,09	4,15	3,84	-

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

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

Prior Period 31.12.2022	EUR	USD	Other FC	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	-	-	-	0,18
Banks and Receivables from Other Financial Institutions	0,28	1,99	1,65	13,48
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	-	-	-	18,01
<b>Liabilities</b>				
Bank Deposits	(0,28)	-	-	-
Other Deposits	2,00	3,12	0,57	16,30
Interbank Money Market Received	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0,53	3,04	-	-

#### Nature of interest rate risk resulted from banking book

Interest rate risk arising from all interest-sensitive and off-balance sheet items is calculated. Interest rate risk arising from banking accounts is calculated monthly and reported to the BRSA.

In accordance with the regulation on measuring and evaluating the interest rate risk arising from banking accounts using the standard shock method, the economic value differences arising from fluctuations in interest rates are specified in the table below.

Current period			
Unit of Currency	Applicable Shock (+ /-) base point)	Profit/ Loss	Profit / Equity Capital – Loss / Equity Capital
TL	500	(4,475)	(0,00193)
	(400)	3,722	0,00161
EURO	200	(521)	(0,00022)
	(200)	510	0,00022
USD	200	(123)	(0,0001)
	(200)	121	0,0001
<b>Total (For Positive Shock)</b>		<b>(3,843)</b>	<b>(0,00166)</b>
<b>Total (For Negative Shock)</b>		<b>3,078</b>	<b>0,00133</b>
Prior Period			
Unit of Currency	Applicable Shock (+ /-) base point)	Profit/ Loss	Profit / Equity Capital – Loss / Equity Capital
TL	500	(13,815)	(0,00697)
	(400)	11,592	0,00585
EURO	200	(1,213)	(0,00061)
	(200)	1,257	0,00063
USD	200	-	-
	(200)	-	-
<b>Total (For Positive Shock)</b>		<b>(15,028)</b>	<b>(0,00759)</b>
<b>Total (For Negative Shock)</b>		<b>12,849</b>	<b>0,00649</b>



# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### V. 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).

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

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

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

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

##### Current Period 31.12.2023

Assets	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated	Total
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	923,813	213,412	-	-	-	-	-	1,137,225
Banks	89,278	2,193,461	-	-	-	-	-	2,282,739
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans	-	-	42,152	42,056	-	-	-	84,208
Financial Assets Measured at Amortized Cost	-	-	33,130	95,232	-	-	-	128,362
Other Assets (*)	-	-	-	-	-	-	144,810	144,810
<b>Total assets</b>	<b>1,013,091</b>	<b>2,406,873</b>	<b>75,282</b>	<b>137,288</b>	<b>-</b>	<b>-</b>	<b>144,810</b>	<b>3,777,344</b>
<b>Liabilities</b>								
Bank Deposits	298	-	-	-	-	-	-	298
Other Deposits	145,901	623,464	-	-	-	-	-	769,365
Funds Borrowed from Other Financial Institutions	-	325,927	42,079	42,145	-	-	-	410,151
Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	-	-	-	-	-	2,597,530	2,597,530
<b>Total Liabilities</b>	<b>146,199</b>	<b>949,391</b>	<b>42,079</b>	<b>42,145</b>	<b>-</b>	<b>-</b>	<b>2,597,530</b>	<b>3,777,344</b>
<b>Net Liquidity Gap</b>	<b>866,892</b>	<b>1,457,482</b>	<b>33,203</b>	<b>95,143</b>	<b>-</b>	<b>-</b>	<b>(2,452,720)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Derivative Assets	-	-	-	-	-	-	-	-
Financial Derivative Liabilities	-	-	-	-	-	-	-	-
<b>Non-Cash Loans</b>	<b>48,861</b>	<b>-</b>	<b>-</b>	<b>1,412,315</b>	<b>2,176,251</b>	<b>3,506,681</b>	<b>-</b>	<b>7,144,108</b>

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

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

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

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

Prior Period 31.12.2022

Assets	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated	Total
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	14,101	108,884	-	-	-	-	-	122,985
Banks	45,331	593,116	-	-	-	-	-	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>59,432</b>	<b>1,303,067</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	-	-	-	-	-	-	2,341,500	2,341,500
Other Liabilities (**)	-	-	-	-	-	-	-	-
<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>53,436</b>	<b>972,788</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>-</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.

#### Liquidity coverage ratio:

The liquidity coverage ratio is calculated by dividing the high-quality liquid assets to the Bank's net cash outflows in the next 30 days' period. Important balance sheet items that determine the ratio are required reserves held by the CBRT, corporate deposits and receivables from banks. These items have higher impact on the liquidity coverage ratio than the other items due to high share of liquid assets and net cash outflows, higher rate of consideration and variability.

Current Period 31.12.2023		Total Unweighted Value (Average)(*)		Total Weighted Value (Average)(*)	
High-Quality Liquid Assets		TL+FC	FC	TL+FC	FC
<b>1</b>	<b>Total high-quality liquid assets (HQLA)</b>			<b>1,200,803</b>	<b>857,683</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>905,228</b>	<b>866,593</b>	<b>413,085</b>	<b>393,863</b>
6	Operational deposits	-	-	-	-
7	Non-operational deposits	820,238	787,883	328,095	315,153
8	Unsecured funding	84,990	78,710	84,990	78,710
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	-	<b>222</b>	-	<b>222</b>
11	Outflows related to derivative exposures and other collateral requirements	-	222	-	222
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	263,678	270,812	75,509	75,865
<b>16</b>	<b>Total Cash Outflows</b>			<b>488,594</b>	<b>469,950</b>
<b>Cash Inflows</b>					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	2,271,499	239,275	2,271,213	238,990
19	Other cash inflows	-	-	-	-
<b>20</b>	<b>Total Cash Inflows</b>	<b>2,271,499</b>	<b>239,275</b>	<b>2,271,213</b>	<b>238,990</b>
21	Total HQLA			1,200,803	857,683
22	Total Net Cash Outflows			122,149	117,488
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>977</b>	<b>506</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 DECEMBER 31, 2023

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

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

#### VI. 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
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured wholesale funding, of which:	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
Cash Inflows					
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
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.

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 31.12.2023					
	Highest	Date	Lowest	Date	Average
TL+FC	1,817	27 October 2023	597	17 November 2023	977
FC	1,138	20 October 2023	195	10 November 2023	506
Prior Period 31.12.2022					
	Highest	Date	Lowest	Date	Average
TL+FC	5,246	16 December 2022	1,275	7 October 2022	2,383
FC	619	2 December 2022	139	7 October 2022	323

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### VII. EXPLANATIONS ON LEVERAGE RATIO

The leverage ratio calculated by the Bank in accordance with the “Regulation on Measurement and Evaluation of Leverage Level of Banks” is 20,96% (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 31.12.2023 (*)	Prior Period 31.12.2022 (*)
1 Balance sheet items (excluding derivative financial instruments and credit derivatives but including collaterals)	3,852,597	2,905,934
2 Assets deducted in determining Tier 1 capital	51,429	72,927
3 Total balance sheet risks (sum of lines 1 and 2)	3,801,168	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	6,906,311	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)	6,906,311	5,048,559
<b>Capital and total risks</b>		
13 Tier 1 capital	2,243,752	1,936,281
14 Total risks (sum of lines 3, 6, 9 and 12)	10,707,478	7,881,828
15 <b>Leverage ratio</b>	<b>20,96</b>	<b>24,57</b>

(\*) Represents yearly weighted average amounts.

#### VIII. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

#### IX. 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 communiqué, 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.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2023**

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

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

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

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

**1.1. Bank's Risk Management Approach**

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

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

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

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

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

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

Risks are measured using methods that comply with international and local regulations, the Bank's policies and procedures suitable for the Bank's structure, stress tests and scenario analyses are conducted and reported regularly to the senior management, Risk Committee and the Board of Directors, Risk measurements are included in the Bank's decision-making processes.

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

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

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

##### 1.2. Overview of Risk Weighted Amounts

		Risk Weighted Amounts		Minimum Capital Liability	
		Current Period 31.12.2023	Prior Period 31.12.2022	Current Period 31.12.2023	Prior Period 31.12.2022
1	Credit risk (excluding counterparty credit risk) (CCR)	7,429,096	5,922,319	594,328	473,786
2	Standardized approach (SA)	7,429,096	5,922,319	594,328	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	157,077	90,319	12,566	7,226
17	Standardized approach (SA)	157,077	90,319	12,566	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>8,237,703</b>	<b>6,554,037</b>	<b>659,016</b>	<b>524,324</b>

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

##### 2. Linkages between financial statements and risk amounts

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

Current period 31.12.2023	Valued amount according to TAS within legal consolidation	Carrying values of items in accordance with TAS			
		Subject to credit risk	Subject to counterparty credit risk	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>					
Cash and balances with the Central Bank	1,137,225	1,137,225	-	-	-
Trading Financial Assets	-	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-
Banks	2,280,794	2,280,794	-	-	-
Money Market Placements	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-	-
Loans and Receivables	83,917	83,917	-	-	-
Factoring Receivables	-	-	-	-	-
Held-to-maturity investments (net)	128,355	128,355	-	-	-
Investment in Associates (net)	-	-	-	-	-
Investment in Subsidiaries (net)	-	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-
Lease Receivables	-	-	-	-	-
Derivative Financial Assets Held For Hedging	-	-	-	-	-
Property And Equipment (net)	22,900	22,900	-	-	694
Intangible Assets (net)	5,438	-	-	-	4,057
Investment Property (net)	-	-	-	-	-
Tax Asset	52,250	-	-	-	53,631
Assets Held For Resale And Related To Discontinued Operations (net)	-	-	-	-	-
Other Assets	66,465	66,465	-	-	-
<b>Total assets</b>	<b>3,777,344</b>	<b>3,719,656</b>	<b>-</b>	<b>-</b>	<b>58,382</b>
<b>Liabilities</b>					
Deposits	769,663	-	-	-	-
Derivative Financial Liabilities Held Trading	-	-	-	-	-
Funds Borrowed	410,151	-	-	-	-
Money Markets	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-
Funds	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-
Other Liabilities	36,443	-	-	-	-
Factoring Payables	-	-	-	-	-
Lease Payables	43,431	-	-	-	-
Derivative Financial Liabilities Held For Hedging	-	-	-	-	-
Provisions	112,266	-	-	-	-
Tax Liability	71,226	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-
Subordinated Loans	-	-	-	-	-
Shareholder's Equity	2,334,164	-	-	-	-
<b>Total liabilities</b>	<b>3,777,344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

##### 2. Linkages between financial statements and risk amounts (Continued)

Prior period 31.12.2022	Valued amount according to TAS within legal consolidation	Carrying values of items in accordance with TAS			Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to market risk	
<b>Assets</b>					
Cash and balances with the Central Bank	122,985	122,985	-	-	-
Trading Financial Assets	-	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-
Banks	638,447	638,447	-	-	-
Money Market Placements	-	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-	-
Loans and Receivables	532,185	532,185	-	-	-
Factoring Receivables	-	-	-	-	-
Held-to-maturity investments (net)	1,368,229	1,368,229	-	-	-
Investment in Associates (net)	-	-	-	-	-
Investment in Subsidiaries (net)	-	-	-	-	-
Investment in Joint ventures (net)	-	-	-	-	-
Lease Receivables	-	-	-	-	-
Derivative Financial Assets Held For Hedging	-	-	-	-	-
Property And Equipment (net)	11,374	10,398	-	-	976
Intangible Assets (net)	4,269	-	-	-	4,269
Investment Property (net)	-	-	-	-	-
Tax Asset	72,930	-	-	-	72,930
Assets Held For Resale And Related To Discontinued Operations (net)	-	-	-	-	-
Other Assets	34,299	34,150	-	-	149
<b>Total assets</b>	<b>2,784,718</b>	<b>2,706,394</b>	<b>-</b>	<b>-</b>	<b>78,324</b>
<b>Liabilities</b>					
Deposits	336,275	-	-	-	-
Derivative Financial Liabilities Held Trading	-	-	-	-	-
Funds Borrowed	106,943	-	-	-	-
Money Markets	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-
Funds	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-
Other Liabilities	27,964	-	-	-	-
Factoring Payables	-	-	-	-	-
Lease Payables	35,149	-	-	-	-
Derivative Financial Liabilities Held For Hedging	149,893	-	-	-	-
Provisions	73,059	-	-	-	-
Tax Liability	32,060	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-
Subordinated Loans	-	-	-	-	-
Shareholder's Equity	2,023,375	-	-	-	-
<b>Total liabilities</b>	<b>2,784,718</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

##### 2. Linkages between financial statements and risk amounts (Continued)

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

	Current period 31.12.2023	Total	Subject To CreditRisk	Subject to the Securitisation	Subject to Counterparty Credit Risk(*)	Subject To Market Risk (*)
1	Asset carrying value amount under scope of regulatory consolidation	3,772,982	3,772,982	-	-	-
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	3,772,982	3,772,982	-	-	-
4	Off-Balance Sheet Amounts	7,144,108	7,144,108	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences Resulted from the BRSA's Applications	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	-	-
10	<b>Risk Amounts</b>	<b>10,917,091</b>	<b>10,917,091</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Prior Period 31.12.2022	Total	Subject To Credit Risk	Subject to the Securitisation	Subject to Counterparty Credit Risk(*)	Subject To Market Risk (*)
1	Asset carrying value amount under scope of regulatory consolidation	2,864,393	2,864,158	-	235	-
2	Liabilities carrying value amount under regulatory scope of consolidation	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	2,864,393	2,864,158	-	235	-
4	Off-Balance Sheet Amounts	5,253,685	5,253,685	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences Resulted from the BRSA's Applications	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	-	-
10	<b>Risk Amounts</b>	<b>8,118,078</b>	<b>8,117,843</b>	<b>-</b>	<b>235</b>	<b>-</b>

(\*) Potential risk arising from derivative transactions

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

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

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2023**

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

**INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)****IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)****3. Credit quality of assets**

		Gross carrying values of as per TAS		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
<b>Current Period 31.12.2023</b>					
1	Loans	-	84,208	291	83,916
2	Debt Securities	-	128,362	7	128,355
3	Off-balance sheet exposures	-	7,144,108	37,942	7,106,166
4	<b>Total</b>	-	<b>7,356,678</b>	<b>38,240</b>	<b>7,318,437</b>
		Gross carrying values of as per TAS		Allowances/ impairments	Net values
		Defaulted exposures	Non-defaulted exposures		
<b>Prior Period 31.12.2022</b>					
1	Loans	-	532,185	3,437	528,748
2	Debt Securities	-	1,368,229	49	1,368,180
3	Off-balance sheet exposures	-	5,334,606	31,611	5,302,994
4	<b>Total</b>	-	<b>7,235,020</b>	<b>35,097</b>	<b>7,199,922</b>

**4. Changes in stock of defaulted loans and debt securities**

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

**5. Additional disclosures related to credit quality of assets**

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

The Bank has no overdue receivables.

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

The Bank has no overdue receivables.

- c. Descriptions of methods used while determining provision amounts**

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

- d. Descriptions of restructured receivables**

The Bank has no restructured receivables.

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

##### 5. Additional disclosures related to credit quality of assets (Continued)

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

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

Current year		TL	%	FC	%
1	Domestic	-	-	6,797,787	94.08
2	European Union Countries	-	-	-	-
3	OECD Countries *	-	-	430,529	5.92
4	Off-shore Banking Regions	-	-	-	-
5	USA, Canada	-	-	-	-
6	Other Countries	-	-	-	-
7	Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-
8	Unallocated Assets / Liabilities	-	-	-	-
<b>9</b>	<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,228,316</b>	<b>100</b>

(\*) Including OECD countries except EU countries, USA and Canada

Prior year		TL	%	FC	%
1	Domestic	200,201	45.75	5,289,687	90.38
2	European Union Countries	-	-	-	-
3	OECD Countries *	-	54.25	295,982	9.62
4	Off-shore Banking Regions	-	-	-	-
5	USA, Canada	-	-	-	-
6	Other Countries	-	-	-	-
7	Associates, Subsidiaries and Jointly Controlled Entities	-	-	-	-
8	Unallocated Assets / Liabilities	-	-	-	-
<b>9</b>	<b>Total</b>	<b>200,201</b>	<b>100</b>	<b>5,585,669</b>	<b>100</b>

(\*) Including OECD countries except EU countries, USA and Canada,

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

Current period		TL	%	FC	%
<b>1</b>	<b>Agriculture</b>	-	-	-	-
2	Farming and Stockbreeding	-	-	-	-
3	Forestry	-	-	-	-
4	Fishery	-	-	-	-
<b>5</b>	<b>Manufacturing</b>	-	-	<b>1,783,721</b>	<b>24.68</b>
6	Mining and Quarrying	-	-	-	-
7	Production	-	-	459,002	6.35
8	Electricity, Gas and Water	-	-	1,324,719	18.33
<b>9</b>	<b>Construction</b>	-	-	<b>2,200,759</b>	<b>30.45</b>
<b>10</b>	<b>Services</b>	-	-	<b>3,243,837</b>	<b>44.88</b>
11	Wholesale and Retail Trade	-	-	-	-
12	Accommodation and Dining	-	-	-	-
13	Transportation and Telecom	-	-	1,730,407	23.94
14	Financial Institutions	-	-	1,513,430	20.94
15	Real Estate and Rental Services	-	-	-	-
16	Professional Services	-	-	-	-
17	Educational Services	-	-	-	-
18	Health and Social Services	-	-	-	-
19	Other	-	-	-	-
<b>20</b>	<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,278,316</b>	<b>100</b>

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2023**

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

**INFORMATION ON FINANCIAL POSITION AND RISK MANAGEMENT (Continued)****IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)****5. Additional disclosures related to credit quality of assets (Continued)**

Prior period	TL	%	FC	%
<b>1 Agriculture</b>	-	-	-	-
<b>2 Farming and Stockbreeding</b>	-	-	-	-
<b>3 Forestry</b>	-	-	-	-
<b>4 Fishery</b>	-	-	-	-
<b>5 Manufacturing</b>	200,201	100	1,140,452	20,13
<b>6 Mining and Quarrying</b>	-	-	-	-
<b>7 Production</b>	-	-	299,028	5,28
<b>8 Electricity, Gas and Water</b>	200,201	100	841,424	14,85
<b>9 Construction</b>	-	-	1,489,181	26,28
<b>10 Services</b>	-	-	3,036,722	53,59
<b>11 Wholesale and Retail Trade</b>	-	-	-	-
<b>12 Accommodation and Dining</b>	-	-	-	-
<b>13 Transportation and Telecom</b>	-	-	1,346,266	23,76
<b>14 Financial Institutions</b>	-	-	1,690,456	29,83
<b>15 Real Estate and Rental Services</b>	-	-	-	-
<b>16 Professional Services</b>	-	-	-	-
<b>17 Educational Services</b>	-	-	-	-
<b>18 Health and Social Services</b>	-	-	-	-
<b>19 Other</b>	-	-	-	-
<b>20 Total</b>	<b>200,201</b>	<b>100</b>	<b>5,666,355</b>	<b>100</b>

**Breakdown of Receivables by Remaining Maturity (Cash, Non-Cash and Non-Performing Loans)**

Current period	1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Undistributable	Total
Cash and Non-cash Loans	-	49,498	1,496,524	3,262,685	2,469,102	-	7,277,809
Prior period	1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Undistributable	Total
Cash and Non-cash Loans	96,883	20,395	574,049	1,410,549	3,683,994	-	5,785,870

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

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

**g. Aging analysis for overdue receivables**

The Bank has no overdue receivables.

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

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

**6. Credit Risk Mitigation****6.1. Qualitative disclosure on credit risk mitigation techniques**

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

Calculation of the collateral amount is based on margins determined by market and currency risk.

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

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

There are no netting-off on-balance sheet and off-balance sheet items within the Bank.

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

##### 6. Credit Risk Mitigation (Continued)

##### 6.2. Credit risk mitigation techniques

Current Period 31.12.2023	Exposures unsecured: carrying amounts per TAS	Exposures secured by collateral	Collateral ized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateraliz ed amount of exposures secured by financial guarantees	Exposure s secured by credit derivatives	Collatera lized amount of exposures secured by credit derivatives
1 Loans	84,208	1,236,404	-	-	-	-	-
2 Debt securities	128,362	-	-	-	-	-	-
3 Total	212,570	1,236,404	-	-	-	-	-
4 Of which defaulted	-	-	-	-	-	-	-

Prior Period 31.12.2022	Exposures unsecured: carrying amounts per TAS	Exposures secured by collateral	Collateral ized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateraliz ed amount of exposures secured by financial guarantees	Exposure s secured by credit derivatives	Collatera lized amount of exposures secured by credit derivatives
1 Loans	532,185	785,329	-	-	-	-	-
2 Debt securities	1,368,229	-	-	-	-	-	-
3 Total	1,900,414	785,329	-	-	-	-	-
4 Of which defaulted	-	-	-	-	-	-	-

##### 7. Credit Risk if the Standard Approach is used

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

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

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

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

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

The institutions which are members of Turkey Wealth Fund (TWF) are classified under Sovereign Asset Class according to regulation as of 2023 year-end.

Current Period 31.12.2023		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central Banks	1,337,418	1,840,425	1,337,418	1,840,425	1,859,983	59%
2	Exposures to regional governments or local Authorities	-	-	-	-	-	-
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Exposures to institutions	2,287,625	1,024,822	2,287,625	757,035	1,142,313	38%
7	Exposures to corporates	109,549	4,278,861	109,549	4,278,861	4,388,410	100%
8	Retail exposures	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	-	-
10	Exposures secured by commercial real estate	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	-	-	-	-	-	-
16	Other receivables	38,390	-	38,390	-	38,390	100%
17	Equity Investment	-	-	-	-	-	-
18	<b>Total</b>	<b>3,772,982</b>	<b>7,144,108</b>	<b>3,772,982</b>	<b>6,876,321</b>	<b>7,429,096</b>	<b>70%</b>

  

Previous Period 31.12.2022		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central Banks	1,791,100	1,225,996	1,791,100	1,225,996	1,452,865	48%
2	Exposures to regional governments or local Authorities	-	-	-	-	-	-
3	Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Exposures to institutions	642,983	1,291,999	642,983	1,079,459	1,303,455	76%
7	Exposures to corporates	332,608	2,816,611	332,608	2,816,611	3,149,219	100%
8	Retail exposures	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	-	-
10	Exposures secured by commercial real estate	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-	-
15	Investments in the nature of collective investment enterprise	16,780	-	16,780	-	16,780	100%
16	Other receivables	-	-	-	-	-	-
17	Equity Investment	2,783,471	5,334,606	2,783,471	5,122,066	5,922,319	%75
18	<b>Total</b>	<b>1,791,100</b>	<b>1,225,996</b>	<b>1,791,100</b>	<b>1,225,996</b>	<b>1,452,865</b>	<b>%48</b>

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

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

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

Current Period 31.12.2023												Total credit risk exposure amount (after CCF and CRM)
Asset classes/ Risk weight		0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	
1 Exposures to central governments or central banks		1,317,860	-	-	-	-	-	1,859,983	-	-	-	3,177,843
2 Exposures to regional governments or local authorities		-	-	-	-	-	-	-	-	-	-	-
3 Exposures to public sector entities		-	-	-	-	-	-	-	-	-	-	-
4 Exposures to multilateral development banks		-	-	-	-	-	-	-	-	-	-	-
5 Receivables from international organizations		-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions		-	-	2,276,220	-	162,741	-	605,699	-	-	-	3,044,660
7 Exposures to corporates		-	-	-	-	-	-	4,388,410	-	-	-	4,388,410
8 Retail exposures		-	-	-	-	-	-	-	-	-	-	-
9 Exposures secured by residential property		-	-	-	-	-	-	-	-	-	-	-
10 Exposures secured by commercial real estate		-	-	-	-	-	-	-	-	-	-	-
11 Past-due loans		-	-	-	-	-	-	-	-	-	-	-
12 Higher-risk categories by the Agency Board		-	-	-	-	-	-	-	-	-	-	-
13 Mortgage-backed securities		-	-	-	-	-	-	-	-	-	-	-
14 Short-term receivables from banks and intermediary institutions and short-term corporate receivables		-	-	-	-	-	-	-	-	-	-	-
15 Investments in the nature of collective investment enterprise		-	-	-	-	-	-	-	-	-	-	-
16 Investments in equities		-	-	-	-	-	-	-	-	-	-	-
17 Other receivables		-	-	-	-	-	-	38,390	-	-	-	38,390
18 Total		1,317,860	-	2,276,220	-	162,741	-	6,892,482	-	-	-	10,649,303

Prior period 31.12.2022												Total credit risk exposure amount (after CCF and CRM)
Asset classes/ Risk weight		0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	
1 Exposures to central governments or central banks		1,564,231	-	-	-	-	-	1,452,865	-	-	-	3,017,096
2 Exposures to regional governments or local authorities		-	-	-	-	-	-	-	-	-	-	-
3 Exposures to public sector entities		-	-	-	-	-	-	-	-	-	-	-
4 Exposures to multilateral development banks		-	-	-	-	-	-	-	-	-	-	-
5 Receivables from international organizations		-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions		-	-	431,239	-	147,991	-	1,143,212	-	-	-	1,722,442
7 Exposures to corporates		-	-	-	-	-	-	3,149,219	-	-	-	3,149,219
8 Retail exposures		-	-	-	-	-	-	-	-	-	-	-
9 Exposures secured by residential property		-	-	-	-	-	-	-	-	-	-	-
10 Exposures secured by commercial real estate		-	-	-	-	-	-	-	-	-	-	-
11 Past-due loans		-	-	-	-	-	-	-	-	-	-	-
12 Higher-risk categories by the Agency Board		-	-	-	-	-	-	-	-	-	-	-
13 Mortgage-backed securities		-	-	-	-	-	-	-	-	-	-	-
14 Short-term receivables from banks and intermediary institutions and short-term corporate receivables		-	-	-	-	-	-	-	-	-	-	-
15 Investments in the nature of collective investment enterprise		-	-	-	-	-	-	-	-	-	-	-
16 Investments in equities		-	-	-	-	-	-	-	-	-	-	-
17 Other receivables		-	-	-	-	-	-	16,780	-	-	-	16,780
18 Total		1,564,231	-	431,239	-	147,991	-	5,762,076	-	-	-	7,905,537

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

#### 8. Disclosures regarding Counterparty Credit Risk

##### 8.1. Qualitative Disclosures on Counterparty Credit Risk

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

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

Current Period 31.12.2023		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standart Approach-CCR	-	-	-	-	-	-
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	-	-
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	-	-
6	<b>Total</b>	-	-	-	-	-	-

  

Prior period 31.12.2022		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standart Approach-CCR	-	235	-	-	235	47
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	-	-
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	-	-
6	<b>Total</b>	-	-	-	-	-	47

##### 8.3. Credit Valuation Adjustment (CVA) Capital Charge

	Current Period 31.12.2023		Prior period 31.12.2022	
	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Total portfolio value with comprehensive approach CVA capital adequacy				
1 (i) Value at risk component (including 3*multiplier)	-	-	-	-
2 (ii) Stressed Value at Risk (including 3*multiplier)	-	-	-	-
3 All portfolios subject to Standardised CVA capital obligation	-	-	235	47
4 <b>Total amount of CVA capital adequacy</b>	-	-	235	47

##### 8.4. Standardised approach - CCR exposures by regulatory portfolio and risk weights

Current Period 31.12.2023	0%	10%	20%	50%	75%	100%	150%	Other	Total risk
<b>Asset classes/ Risk weight</b>									
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
Corporate receivables	-	-	-	-	-	-	-	-	-
Retail receivables	-	-	-	-	-	-	-	-	-
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-



# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### IX. EXPLANATIONS ON RISK MANAGEMENT (Continued)

##### 8. Disclosures regarding Counterparty Credit Risk (Continued)

Prior period 31.12.2022									Total
Asset classes/ Risk weight	0%	10%	20%	50%	75%	100%	150%	Other	risk
Central governments and central banks receivables	-	-	-	-	-	-	-	-	-
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	-	-	235	-	-	-	-	235
Corporate receivables	-	-	-	-	-	-	-	-	-
Retail receivables	-	-	-	-	-	-	-	-	-
Mortgage receivables	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Mortgage- backed securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables	-	-	-	-	-	-	-	-	-
Investments in nature of collective investment enterprise	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>235</b>	-	-	-	-	<b>235</b>

##### 8.5. Composition of collateral for CCR exposure

The Bank has no collaterals used for counterparty credit risk.

##### 8.6. Credit derivatives

The Bank has no credit derivative.

##### 8.7. Risks to Central Counterparty

The Bank has no risks to central counterparty.

#### 9. Securitization disclosures

The Bank has no securities.

#### X. EXPLANATIONS ON MARKET RISK

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

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

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

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

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

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

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

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### X. EXPLANATIONS ON MARKET RISK (Continued)

##### 2. Market risk under standardised approach

		Current Period 31.12.2023 Risk Weighted Asset	Prior period 31.12.2022 Risk Weighted Asset
	<b>Outright products</b>		
1	Interest rate risk (general and specific)	-	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	157,077	90,319
4	Commodity risk	-	-
	<b>Options</b>		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	<b>Securitisation</b>	-	-
9	<b>Total</b>	<b>157,077</b>	<b>90,319</b>

#### XI. EXPLANATIONS ON OPERATIONAL RISK

The Bank used the “Basic Indicator Method” in computation of its operational risk. The amount subject to operational risk is calculated annually in accordance with the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” published in the Official Gazette No. 29111 dated 6 September 2014. In the basic indicator method, the amount subject to operational risk is calculated by multiplying the average of 15% of the gross revenue amounts of the last three years by 12,5. Since the Bank started operations as of May 9, 2018, there is no gross income for the last three years. In current period calculated operational risk amount is TL 651,530 (December 31, 2022: TL 541,364).

	2 PY Amount	1 PY Amount	CY Amount	Total / Total number of years for which gross income is positive	Rate (%)	Total
<b>Current Period</b>						
Gross income	208,307	346,060	488,081	347,483	15	52,122
The amount subject to operational risk (Total*12,5)						651,530

	2 PY Amount	1 PY Amount	CY Amount	Total / Total number of years for which gross Income is positive	Rate (%)	Total
<b>Previous Period</b>						
Gross income	311,816	208,307	346,060	288,728	15	43,309
The amount subject to operational risk (Total*12,5)						541,364

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

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

	Current period		Prior period	
	Book Value	Fair Value	Book Value	Fair Value
<b>Financial Assets</b>	<b>2,495,309</b>	<b>2,496,097</b>	<b>2,538,861</b>	<b>2,550,179</b>
Due from Money Market	-	-	-	-
Due from Banks	2,282,739	2,282,739	638,447	638,422
Financial Assets That Fair Value Difference is Reflected on Their Comprehensive Income	-	-	-	-
Financial Assets Valued at Their Amortized Cost	128,362	129,150	1,368,229	1,379,572
Loans	84,208	84,208	532,185	532,185
<b>Financial Liabilities</b>	<b>1,363,306</b>	<b>1,363,306</b>	<b>548,337</b>	<b>548,337</b>
Bank Deposits	298	298	490	490
Other Deposits	769,365	769,365	335,785	335,785
Funds borrowed from other financial institutions	410,151	410,151	106,943	106,943
Subordinated loans	-	-	-	-
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	183,492	183,492	105,119	105,119

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### XII. EXPLANATIONS REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued)

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

Aforesaid fair value hierarchy is determined as follows:

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

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

Current period	1st Level	2nd Level	3rd Level	Total
<b>Financial Assets</b>	-	-	-	-
<b>Financial Assets at Fair Value Through Profit or Loss</b>	-	-	-	-
Trading Derivative Financial Assets	-	-	-	-
<b>Financial Liabilities</b>	-	-	-	-
Trading Derivative Financial Liabilities	-	-	-	-
<b>Prior period</b>	<b>1st Level</b>	<b>2nd Level</b>	<b>3rd Level</b>	<b>Total</b>
<b>Financial Assets</b>	-	-	-	-
<b>Financial Assets at Fair Value Through Profit or Loss</b>	-	-	-	-
Trading Derivative Financial Assets	-	-	-	-
<b>Financial Liabilities</b>	-	<b>149,893</b>	-	<b>149,893</b>
Trading Derivative Financial Liabilities	-	149,893	-	149,893

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

None.

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 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	28,835	1,108,390	2,258	120,727
Other	-	-	-	-
<b>Total</b>	<b>28,835</b>	<b>1,108,390</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	2,301	922,378	2,258	11,843
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	26,534	186,012	-	108,884
<b>Total</b>	<b>28,835</b>	<b>1,108,390</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 December 31, 2023, there are no financial assets at fair value through profit or loss subject to repurchase agreement (December 31, 2022: None).

As of December 31, 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				
Domestic	2,045,211	6,812	263,187	223,533
Foreign	-	230,716	263,187	223,533
Foreign head-offices and branches	-	-		151,727
<b>Total</b>	<b>2,045,211</b>	<b>237,528</b>	<b>263,187</b>	<b>375,260</b>

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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	176,191	123,411	-	-
USA, Canada	30	19	-	-
OECD Countries *	54,495	28,297	-	-
Off-shore Banking Regions	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>230,716</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>	<b>514</b>	-	-	<b>514</b>
Additions during the Period	1,674	-	-	1,674
Disposal	(242)	-	-	(242)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	-	-	-	-
<b>Balances at End of Period</b>	<b>1,946</b>	-	-	<b>1,946</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 December 31, 2023, there are no financial assets at fair value through other comprehensive income subject to repurchase agreement (December 31, 2022: None). As of December 31, 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 DECEMBER 31, 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>84,208</b>	-	-	-
Loans Given to Enterprises	-	-	-	-
Export Loans	-	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	-	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	84,208	-	-	-
<b>Specialized Loans</b>	-	-	-	-
<b>Other Loans</b>	-	-	-	-
<b>Total</b>	<b>84,208</b>	-	-	-

<b>Expected Credit Losses</b>	<b>Standard Loans</b>	<b>Loans Under Close Monitoring</b>
12 Months Expected Credit Loss	291	-
Significant Increase in Credit Risk	-	-
<b>Total</b>	<b>291</b>	-

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

	Standard Loans	Loans Under Close Monitoring	
		Loans without Revised Contract Terms	Restructured Loans
Short-term Loans	-	-	-
Medium and Long-term Loans	84,208	-	-
<b>Total</b>	<b>84,208</b>	-	-

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

None (December 31, 2022: None).

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

None (December 31, 2022: None).

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

	<b>Current Period</b>	<b>Prior Period</b>
Public	-	225,047
Private	84,208	307,138
<b>Total</b>	<b>84,208</b>	<b>532,185</b>

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 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)****6.7. Distribution of domestic and foreign loans**

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	84,208	532,185
Foreign Loans	-	-
<b>Total</b>	<b>84,208</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 December 31, 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>3,437</b>	-	-	<b>3,437</b>
Additions during the Period	1	-	-	1
Disposal	(3,252)	-	-	(3,252)
Debt Sale	-	-	-	-
Write-offs	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	105	-	-	105
<b>Balances at End of Period</b>	<b>291</b>	-	-	<b>291</b>

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

None (December 31, 2022: None).

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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 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 December 31, 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	128,362	1,105,426
Treasury Bonds	-	262,803
Other Public Debt Securities	-	-
<b>Total</b>	<b>128,362</b>	<b>1,368,229</b>

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

	Current Period	Prior Period
Debt Securities	128,362	1,368,229
<i>Quoted at Stock Exchange</i>	<i>128,362</i>	<i>1,368,229</i>
<i>Unquoted at Stock Exchange</i>	-	-
Value Increases/Impairment Losses (-)	-	-
<b>Total</b>	<b>128,362</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>	<b>1,044,541</b>
Foreign exchange differences in monetary assets	-	-
Purchases during the year	870,131	1,545,950
Disposals through Sales and Redemptions	(2,109,998)	(1,222,262)
Value decrease equivalent	-	-
<b>Period end balance</b>	<b>128,362</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	7	-	-	7
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>7</b>	-	-	<b>7</b>

##### 8. Information on associates

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



# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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)

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

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

##### 11. Information on lease receivables

The Bank does not have lease receivables as of December 31, 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

	Buildings	Leased Tangible Assets	Right-of-use Assets (*)	Vehicles	Other tangible assets(**)	Securities acquired through financial leasing	Total
<b>Prior Period</b>							
Cost	-	-	18,589	150	10,819	-	29,558
Accumulated depreciation (-)	-	-	10,055	125	8,004	-	18,184
<b>Net book value</b>	-	-	<b>8,534</b>	<b>25</b>	<b>2,815</b>	-	<b>11,374</b>
<b>Current Period</b>							
<b>Net book value at beginning of the period</b>	-	-	<b>8,534</b>	<b>25</b>	<b>2,815</b>	-	<b>11,374</b>
Additions	-	-	3,418	-	13,442	-	16,860
Transfers	-	-	-	-	-	-	-
Disposals (-) (Cost)	-	-	419	-	-	-	419
Disposals (-) (depreciation)	-	-	419	-	-	-	419
Impairment (-)	-	-	-	-	-	-	-
Depreciation (-)	-	-	3,498	25	1,811	-	5,334
<b>Closing Net Book Value at Period End</b>	-	-	<b>7,616</b>	-	<b>14,446</b>	-	<b>20,068</b>
Cost at the end of current period	-	-	21,588	150	24,264	-	44,221
Accumulated depreciation at end of current period(-)	-	-	13,134	150	9,818	-	22,889
<b>Current Period</b>	-	-	<b>8,454</b>	-	<b>14,446</b>	-	<b>21,332</b>

(\*) Includes office and car leases accounted within scope of TFRS 16.

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

##### 14. Information on intangible assets

Costs	Rights	
	Current Period	Prior Period
Opening Balance, January 1	15,572	11,640
Additions	3,676	3,932
Disposed Off(-)	-	-
<b>Closing Balance, December 31</b>	<b>19,248</b>	<b>15,572</b>

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 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)****14. Information on intangible assets (Continued)**

<b>Accumulated Depreciation</b>	<b>Current Period</b>	<b>Prior Period</b>
Opening Balance, January 1	11,303	9,597
Disposed Off(-)	-	-
Depreciation	2,507	1,706
<b>Closing Balance, December 31</b>	<b>13,810</b>	<b>11,303</b>
<b>Net Book Value, December 31</b>	<b>5,438</b>	<b>4,269</b>

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

None (December 31, 2022: None).

**16. Information on current tax assets**

None (December 31, 2022: 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 December 31, 2023, net deferred tax assets amounted to TL 52,250 (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 55,502 (December 31, 2022: TL 73,455) and the tax liability amounting to TL 3,252 (December 31, 2022: TL 525).

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

	<b>Accumulated Temporary Differences</b>		<b>Deferred Tax Assets/(Liabilities)</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
- Retirement Pay and Unused Vacation Provision	4,010	3,641	1,203	910
- Bonus Provision	70,315	37,807	21,095	9,451
- Differences Arising from Market Value of Derivative Financial Instruments	-	155,900	-	38,975
- Commission charged in advance	32,225	26,483	9,667	6,621
- Expected Credit Loss According to TFRS 9	40,186	35,611	12,056	8,903
- MTM-TFRS16 difference	36,928	26,615	11,079	6,654
- MTM-TFRS difference for interest income/expense	56	152	17	38
- MTM – SL securities interest difference	1,285	7,613	385	1,903
<b>Deferred Tax Assets</b>	<b>185,005</b>	<b>293,822</b>	<b>55,502</b>	<b>73,455</b>
- Tangible Assets Amortization Differences	(10,839)	(2,102)	(3,252)	(525)
- MTM – SL securities interest difference	-	-	-	-
<b>Deferred Tax Liabilities</b>	<b>(10,839)</b>	<b>(2,102)</b>	<b>(3,252)</b>	<b>(525)</b>
<b>Deferred Tax Assets/(Liabilities), Net</b>	<b>174,166</b>	<b>291,720</b>	<b>52,250</b>	<b>72,930</b>

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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)

##### 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	136,775	-	623,464	-	-	-	-	-	760,239
Residents in Turkey	136,775	-	623,464	-	-	-	-	-	760,239
Residents Abroad	-	-	-	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	9,126	-	-	-	-	-	-	-	9,126
Other Ins. Deposits	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Interbank Deposits	298	-	-	-	-	-	-	-	298
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	298	-	-	-	-	-	-	-	298
Special Finan. Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>146,199</b>	<b>-</b>	<b>623,464</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>769,663</b>

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

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### 1.2. Information on saving deposits under insurance

#### 1.2.1. Amounts exceeding the insurance limit

In accordance with the “Regulation 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, all deposit and participation funds at the credit institutions except the funds of the official institutions, credit institutions and financial institutions started to be insured.

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
<b>Saving deposits</b>				
Deposits	1,033	435	8,093	1,227
Foreign currency saving deposits	2,223	798	758,016	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 December 31, 2023 (December 31, 2022: None).

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

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

#### 2. Information on derivative financial liabilities

##### 2.1. Negative differences table related to derivative financial liabilities

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	-	-	149,893	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	-	<b>149,893</b>	-

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

### 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	-	410,151	-	106,943
<b>Total</b>	<b>-</b>	<b>410,151</b>	<b>-</b>	<b>106,943</b>

#### 3.2. Maturity structure of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	325,764	-	13
Medium and Long-term	-	84,387	-	106,930
<b>Total</b>	<b>-</b>	<b>410,151</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 December 31, 2023, total net lease liability amount of the Bank is TL 43,431 (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).

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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)

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

###### 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	37,942	31,611
<b>Total</b>	<b>37,942</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 grand total 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	1,689	570
Period expenses	(19)	955
Payments made	-	-
Actuarial Difference	(246)	173
<b>Closing Balance, December 31</b>	<b>1,433</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 December 31, 2023 and December 31, 2022, the ceiling of the provision for employment termination benefits is TL 35,058,58 (full TL) and TL 19,982,83 (full TL).

In the financial statements of December 31, 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	24,82%	9,11%
Interest Rate	27,45%	9,40%

As of December 31, 2023, total provision for employee benefits amounting to TL 74,325 (December 31, 2022: TL 41,448) is composed of TL 2,577 unused vacation provision (December 31, 2022: TL 1,943), TL 70,315 bonus provision (December 31, 2022: TL 37,807), TL 1,433 provision for employee termination benefits (December 31, 2022: 1,698 TL).

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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. Explanations on Tax Liability

As of December 31, 2023, the Bank has current tax liability of TL 71,226 (December 31, 2022: TL 32,060).

The Bank has a corporate tax amount of TL 103,143 (December 31, 2022: TL 86,430) to be paid after the deduction of the prepaid corporate tax of TL 43,613 (December 31, 2022: 59,734) from the corporate tax calculated as TL 59,531 (December 31, 2022: 26,696).

##### 8.1. Information on tax payables

	Current Period	Prior Period
Corporate taxes payable	59,530	26,696
Taxation on securities	394	57
Property tax	9	19
Banking and Insurance Transaction Tax (BITT)	1,476	1,026
Taxes on foreign exchange transactions	-	-
Value added taxes payable	1,070	353
Other	7,334	3,222
<b>Total</b>	<b>69,813</b>	<b>31,373</b>

##### 8.2. Information on premium

	Current Period	Prior Period
Social Security Premiums- Employee	573	293
Social Security Premiums- Employer	728	332
Unemployment Insurance- Employee	37	21
Unemployment Insurance- Employer	74	41
Other	-	-
<b>Total</b>	<b>1,412</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).

## **BANK OF CHINA TURKEY A.Ş.**

### **NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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)**

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

##### **11. Information on Shareholders' equity**

###### **11.1. Paid in Capital**

The Bank's paid-in capital is TL 1,051,230 as of December 31, 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).

###### **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 TL 269,736 TL as of December 31, 2022, 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. Dividends amounting to TL 269,736 were paid to the shareholders on March 29, 2023.

###### **11.10. Information on minority interest**

None (December 31, 2022: None).



**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 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****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**

	<b>Current Period</b>	<b>Prior Period</b>
Guarantees	6,713,579	4,957,703
Bills of Exchange and Acceptances	-	-
Letters of Credit	-	-
<b>Total</b>	<b>6,713,579</b>	<b>4,957,703</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Temporary letter of guarantees	48,859	48,600
Revocable letters of guarantee	-	-
Letters of guarantee given in advance	162,083	109,534
Other letter of guarantees	219,587	137,848
<b>Total</b>	<b>430,529</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	6,713,579	4,957,703
With Original Maturity of 1 Year or Less Than 1 Year	159,545	125,040
With Original Maturity of More Than 1 Year	6,559,034	4,790,165
Other Non-Cash Loans	430,529	295,982
<b>Total</b>	<b>7,144,108</b>	<b>5,253,685</b>

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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. Information on off-balance sheet commitments (Continued)

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

	December 31, 2023			
	TL	(%)	FC	(%)
Agricultural	-	-	-	-
Farming and Livestock	-	-	-	-
Forestry	-	-	-	-
Fishing	-	-	-	-
Manufacturing	-	-	1,783,715	24,97
Mining	-	-	-	-
Production	-	-	458,996	6,42
Electric, Gas, Water	-	-	1,324,719	18,54
Construction	-	-	-	-
Services	-	-	5,360,393	75,03
Wholesale and Retail Trade	-	-	-	-
Hotel and Food Services	-	-	-	-
Transportation and Telecommunication	-	-	2,837,173	39,71
Financial Institutions	-	-	2,523,220	35,32
Real Estate and Leasing Ser,	-	-	-	-
Professional Services	-	-	-	-
Education Services	-	-	-	-
Health and Social Services	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	-	<b>7,144,108</b>	<b>100</b>

	December 31, 2022			
	TL	(%)	FC	(%)
Agricultural	-	-	-	-
Farming and Livestock	-	-	-	-
Forestry	-	-	-	-
Fishing	-	-	-	-
Manufacturing	-	-	1,140,448	21,71
Mining	-	-	-	-
Production	-	-	299,024	5,69
Electric, Gas, Water	-	-	841,424	16,02
Construction	-	-	-	-
Services	-	-	4,113,237	78,29
Wholesale and Retail Trade	-	-	-	-
Hotel and Food Services	-	-	-	-
Transportation and Telecommunication	-	-	1,885,480	35,89
Financial Institutions	-	-	2,227,757	42,40
Real Estate and Leasing Ser,	-	-	-	-
Professional Services	-	-	-	-
Education Services	-	-	-	-
Health and Social Services	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	-	<b>5,253,685</b>	<b>100</b>

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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)

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

31.12.2023	Group 1		Group 2	
Non-cash loans	TL	FC	TL	FC
Letters of Guarantee	-	430,529	-	-
Acceptance and Acceptance Loans	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Securities Issuance Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	6,713,579	-	-
<b>Total</b>	-	<b>7,144,108</b>	-	-

31.12.2022	Group 1		Group 2	
Non-cash loans	TL	FC	TL	FC
Letters of Guarantee	-	295,982	-	-
Acceptance and Acceptance Loans	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Securities Issuance Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	4,957,703	-	-
<b>Total</b>	-	<b>5,253,685</b>	-	-

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

Current Period	Stage 1	Stage 2	Stage 3	Total
<b>Balances at End of Prior Period</b>	<b>31,611</b>	-	-	<b>31,611</b>
Additions during the Period	8,796	-	-	8,796
Disposal	(8,726)	-	-	(8,726)
Sold Credits	-	-	-	-
Deleted from Active	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign Currency Differences	6,262	-	-	6,262
<b>Balances at End of Period</b>	<b>37,942</b>	-	-	<b>37,942</b>

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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)

##### 2. Explanations on financial derivatives

Current period	Current period Types of Derivative Transactions		Prior period Types of Derivative Transactions	
	Trading	Hedging	Trading	Hedging
<b>Types of Trading Transactions</b>				
<b>Foreign currency related derivative transactions (I)</b>	-	-	288,612	-
Currency forward transactions	-	-	-	-
Currency swap transactions	-	-	288,612	-
Futures transactions	-	-	-	-
Options	-	-	-	-
<b>Interest related derivative transactions (II)</b>	-	-	-	-
Forward rate agreements	-	-	-	-
Interest rate swaps	-	-	-	-
Interest rate options	-	-	-	-
Interest rate futures	-	-	-	-
<b>Other derivative transactions for trade (III)</b>	-	-	-	-
<b>Total trading derivative transactions (I+II+III)</b>	-	-	288,612	-
<b>Types of hedging transactions</b>	-	-	-	-
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Foreign currency investment hedges	-	-	-	-
<b>B. Total hedging related derivatives</b>	-	-	-	-
<b>Total derivative transactions (A+B)</b>	-	-	288,612	-

##### 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).

#### 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	18,916	13,304	37,514	13,890
Short-term Loans	-	-	-	-
Medium/Long-term Loans	18,916	13,304	37,514	13,890
Interest on Loans Under Follow-up	-	-	-	-
Premiums Received from Resource	-	-	-	-
Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>18,916</b>	<b>13,304</b>	<b>37,514</b>	<b>13,890</b>

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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)

##### 1. Information on interest income (Continued)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	17,543	1	-
Domestic Banks	320,541	5,759	49,707	3,445
Foreign Banks	-	2,963	-	1,061
Branches and Head Office Abroad	-	-	-	-
<b>Total</b>	<b>320,541</b>	<b>26,265</b>	<b>49,708</b>	<b>4,506</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	57,394	-	199,808	-
<b>Total</b>	<b>58,900</b>	<b>-</b>	<b>199,808</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>9,054</b>	<b>-</b>	<b>3,107</b>
TR Central Bank	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	9,054	-	3,107
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>9,054</b>	<b>-</b>	<b>3,107</b>

###### 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).

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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. Information on Interest Expense (Continued)

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

	Current Period 31.12.2023							
	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
Turkish Currency								
Bank Deposits	-	-	-	-	-	-	-	-
Savings Deposits	-	-	-	-	-	-	-	-
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	1,777	-	-	-	-	-	1,777
Other Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	1,777	-	-	-	-	-	1,777
Foreign Currency								
Foreign Currency Account	-	2,616	12,444	-	-	-	-	15,060
Bank Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	2,616	12,444	-	-	-	-	15,060
Grand Total	-	4,393	12,444	-	-	-	-	16,837

	Prior Period 31.12.2022							
	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
Turkish Currency								
Bank Deposits	-	-	-	-	-	-	-	-
Savings Deposits	-	-	-	-	-	-	-	-
Public Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	1,537	-	-	-	-	-	1,537
Other Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	-	1,537	-	-	-	-	-	1,537
Foreign Currency								
Foreign Currency Account	-	1,497	4,343	2,873	-	-	-	8,713
Bank Deposits	-	-	-	-	-	-	-	-
7 Day Notice Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	1,497	4,343	2,873	-	-	-	8,713
Grand Total	-	3,034	4,343	2,873	-	-	-	10,250

##### 2.5. Interest expense on lease liabilities

	Current Period	Prior Period
Lease Interest Expenses	2,087	1,605
<b>Total</b>	<b>2,087</b>	<b>1,605</b>

##### 3. Information on dividend income

None (December 31, 2022: None).

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 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)

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

	Current Period	Prior Period
<b>Income</b>	<b>1,263,599</b>	<b>1,191,588</b>
Gains on Capital Market Operations	-	-
Gains on Derivative Financial Instruments	9,211	21,459
Foreign Exchange Gains	1,254,388	1,170,129
<b>Loss (-)</b>	<b>1,155,119</b>	<b>1,136,233</b>
Losses on Capital Market Operations	-	-
Losses on Derivative Financial Instruments	50,996	64,422
Foreign Exchange Losses	1,104,123	1,071,811
<b>Total</b>	<b>108,480</b>	<b>55,355</b>

##### 5. Information on other operating income

	Current Period	Prior Period
Adjustment to previous years expenses	5,740	3,843
Other	113	66
<b>Total</b>	<b>5,853</b>	<b>3,909</b>

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

	Current Period	Prior Period
<b>Expected Credit Losses</b>	<b>7,963</b>	<b>10,319</b>
12 Month Expected Credit Loss (Stage 1)	7,963	10,319
Significant increase in credit risk (Stage 2)	-	-
Non-Performing Loans (Stage 3)	-	-
<b>Marketable Securities Impairment Provision</b>	<b>-</b>	<b>-</b>
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets At Fair Value Through Other Comprehensive Income	-	-
<b>Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	-
<b>Total</b>	<b>7,963</b>	<b>10,319</b>

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 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**

	<b>Current Period</b>	<b>Prior Period</b>
Provision for Employee Termination Benefits	884	955
Provision for Bank's Social Aid Fund Deficit	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Charges of Tangible Assets	5,334	3,891
Impairment Losses on Intangible Assets	-	-
Impairment losses on goodwill	-	-
Amortization Charges of Intangible Assets	2,507	1,706
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	37,575	18,393
<i>Operational Leases Expenses</i>	-	-
<i>Repair and Maintenance Expenses</i>	463	227
<i>Advertisement Expenses</i>	-	-
<i>Other Expenses (*)</i>	37,112	18,166
<i>Losses on Sale of Assets</i>	-	-
Taxes	6,423	1,956
Other (**)	76,465	41,065
<b>Total</b>	<b>129,188</b>	<b>67,966</b>

(\*) The amount of TL 37,112 (December 31, 2022: TL 18,166) in the "Other Expenses" title consists of TL 17,233 (December 31, 2022: TL 9,735) IT services expenses, TL 2,164 (December 31, 2022: TL 648) outsource services, TL 4,769 (December 31, 2022: TL 3,201) data line service expenses, TL 12,946 (December 31, 2022: TL 4,580) other operating expenses,

(\*\*) The amount of TL 76,465 (December 31, 2022: TL 41,065) in the "Other" title consists of TL 63,667 December 31, 2022: TL 33,700) employee benefits provisions, TL 11,451 (December 31, 2022: TL 6,882) auditing services and advisory services, TL 1,347(December 31, 2022: TL 483) operational costs,

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Independent audit fees in the reporting period	1,152	971
Fees for tax advisory	179	115
Fees for other assurance services	-	-
Fees for other services except independent audit	-	-
<b>Total</b>	<b>1,331</b>	<b>1,086</b>

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

As of December 31, 2023, Profit before tax from continued operations is TL 470,423 (December 31, 2022: TL 344,640).



**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 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)**

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

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

The tax expense for the Period ended December 31, 2023 is TL 121,941 (December 31, 2022: TL 74,904).

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

As of December 31, 2023, operating profit after-tax is TL 348,482 (December 31, 2022: TL 269,736).

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

Interest income from ordinary banking transactions amounted to TL 437,926 (December 31, 2022: TL 305,426). Interest expenses arising from ordinary banking transactions are TL 33,172 (December 31, 2022: TL 19,006). As of December 31, 2023, operating profit after-tax is TL 348,482 (December 31, 2022: TL 269,736).

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.

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

**1. Information on 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.

It was decided to distribute unconsolidated net profit of TL 191,115 as of December 31, 2023, 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.

**2. Explanations on increase / decrease balance due to merger**

None.

**3. Explanations on Financial Assets Measured at Fair Value through Other Comprehensive Income**

None.

**4. Information on increases in cash flow hedges**

None.

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

None.

**6. Information on issuance of shares**

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

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

#### VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

##### 1. Information on cash and cash equivalent assets

###### a) Components of cash and cash equivalents and the accounting policy applied in their determination

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

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

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

###### a) Cash and cash equivalents at the beginning of period

	01.01.2023	01.01.2022
Cash	-	-
Cash equivalents	760,918	754,069
<i>Receivables from banks and money market</i>	638,447	674,034
<i>CBRT</i>	122,985	43,277
<b>Total</b>	<b>760,918</b>	<b>754,069</b>

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

	31.12.2023	31.12.2022
Cash	-	-
Cash equivalents	3,418,019	760,918
<i>Receivables from banks and money market</i>	2,282,739	638,447
<i>CBRT</i>	1,137,225	122,985
<b>Total</b>	<b>3,418,019</b>	<b>760,918</b>

##### 3. Disclosures for “effect of change in foreign currency rates cash and cash equivalents” in statements of cash flows

The effect of the change in foreign exchange rate on cash and cash equivalents consists of the sum of the exchange differences resulting from the conversion of the average balances of cash and cash equivalents in foreign currencies to TL at the beginning and end of the period on a monthly basis, and as of December 31, 2023, it is calculated as TL 215,491 (December 31, 2022: TL 57,050).

**BANK OF CHINA TURKEY A.Ş.****NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2023**

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

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****VII. EXPLANATIONS AND DISCLOSURES ON THE RISK GROUP OF THE BANK****1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period****a) Explanations and disclosures on the risk group of the Bank**

December 31, 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	-	-	42,026	295,982	-	-
Balance at the End of the Period	-	-	82,158	430,529	-	-
Interest and Commission Income Received	-	-	480	156,921	-	-

(\*) 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	-	-	39678	388,135	-	-
Balance at the End of the Period	-	-	42,026	295,982	-	-
Interest and Commission Income Received	-	-	131	105,526	-	-

(\*) 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**

<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>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Deposit (**)</b>						
Balance at the Beginning of the Period	-	-	263,907	74,203	-	-
Balance at the End of the Period	-	-	107,432	263,907	-	-
Interest Paid	-	-	3,107	945	-	-

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

(\*\*) As of December 31, 2023, the above table consists of the borrowings, foreign banks deposits and the interest paid to them, As of December 31, 2023, there is no deposit accepted by the Bank from the risk group, the balance consists entirely of loans received.

# BANK OF CHINA TURKEY A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023

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

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

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

##### 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 (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 December 31, 2023 TL, 12,735 (December 31, 2022: TL 12,764) was paid to the top management of the Bank.

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

As of December 31, 2023, the Bank has no other liabilities to the risk group arising from banking transactions (December 31, 2022: None).

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

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

**BANK OF CHINA TURKEY A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 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 AT DECEMBER 31, 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 December 31, 2023 have been prepared by PwC Independent Auditing and Independent Accounting Mali Müşavirlik A.Ş. and the independent audit report dated February 27, 2024 is presented before the unconsolidated financial statements.

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

None.

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