



BANK OF CHINA TURKEY A.Ş.

ANNUAL ACTIVITY REPORT 2024



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ON THE BOARD OF DIRECTORS' ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH**

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

1. Opinion

We have audited the annual report of Bank of China Turkey A.Ş. (the "Bank") for the 1 January - 31 December 2024 period.

In our opinion, the unconsolidated financial information and the analysis made by the Board of Directors by using the information included in the audited unconsolidated financial statements regarding the Bank's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set unconsolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the scope of "Regulation on Independent Audit" published on the Official Gazette No.29314 dated 2 April 2015. Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report 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 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. Our Audit Opinion on the Full Set Unconsolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 24 February 2025 on the full set unconsolidated financial statements for the 1 January - 31 December 2024 period.



4. Board of Director's Responsibility for the Annual Report

The Bank management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102, and "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No.26333 dated 1 November 2006 are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Bank's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
 - events of particular importance that occurred in the Bank after the operating year,
 - the Bank's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Banking Regulation and Supervision Agency, Ministry of Trade and other relevant institutions.



5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC, Communiqué and "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015 provisions regarding whether or not the unconsolidated financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited unconsolidated financial statements of the Bank and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited unconsolidated financial statements and with the information obtained in the course of audit.

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

Özge Arslan Yılmaz, SMMM
Independent Auditor

Istanbul, 24 February 2025



BANK OF CHINA TURKEY A.Ş.

BANK OF CHINA TURKEY A.Ş.

STATEMENT REGARDING ANNUAL ACTIVITY REPORT AS AT 31 DECEMBER 2024

This Annual Activity Report for year 2024 of Bank of China Turkey A.Ş. has been prepared in accordance with the “Regulation on the Procedures and Principles for Preparation and Publishing of Annual Report by Banks” published in the Official Gazette no.26333 dated 1 November 2006 by Banking Regulation and Supervision Agency, and enclosed herewith.

Xiaoqing ZHANG

Chairman of the
Board of Directors

Qingyan ZHAO

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

Yan HAISI

Member of the
Board of Directors

Xiaoming GAO

Member of the
Board of Directors and
General Manager

Özgür DALGIÇ

Member of the
Board of Directors and
Member of the Audit
Committee

Dalei DING

Assistant General
Manager

Kun ZHAO

Head of Financial and
Operational Control
Department

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A- GENERAL INFORMATION

Related Period : **01.01.2024 – 31.12.2024**
 Trade name : Bank of China Turkey Anonim Şirketi
 Trade registry number : 65510-5 (İstanbul Tic. Sicil Müd.)
 Registered Address : Esentepe Mah. Büyükdere Cad. Tekfen Tower Binası No: 209 Kat: 21 PK
 34394 4. Levent/Şişli/İstanbul
 Contact:
 Phone : +90 212 260 88 88
 Fax : +90 212 279 88 66
 E-mail address : contact@bankofchina.com.tr
 Website Address : www.bankofchina.com.tr

1) Financial summary information regarding the activity period

| Thousand (TL) | 31/12/2024 | 31/12/2023 | 31/12/2022 | 31/12/2021 | 31/12/2020 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Total Assets | 6,434,022 | 3,777,344 | 2,784,718 | 2,662,692 | 2,004,474 |
| Cash Assets and Central Bank | 2,414,334 | 1,137,225 | 122,985 | 249,873 | 43,398 |
| Banks | 1,853,218 | 2,282,739 | 638,447 | 625,417 | 712,785 |
| Loans | 500,428 | 84,208 | 532,185 | 654,721 | 589,720 |
| Loans Measured at Amortised Cost | 1,462,107 | 128,362 | 1,368,229 | 1,044,541 | 614,303 |
| Derivative Financial Assets | | - | - | - | - |
| Other Assets | 203,935 | 144,810 | 122,872 | 88,140 | 44,268 |
| Total Liabilities and Equity | 6,434,022 | 3,777,344 | 2,784,718 | 2,662,692 | 2,004,474 |
| Deposits | 2,119,725 | 769,663 | 336,275 | 367,907 | 204,189 |
| Provision | 142,945 | 112,267 | 73,059 | 40,051 | 12,974 |
| Borrowings | 882,577 | 410,151 | 106,943 | 180,930 | 74,203 |
| Derivative Financial Liabilities | | - | 149,893 | 199,564 | 79,019 |
| Other Liabilities | 196,103 | 151,099 | 95,173 | 102,637 | 42,477 |
| Equity | 3,092,672 | 2,334,164 | 2,023,375 | 1,771,603 | 1,591,612 |
| Letter of Guarantees | 524,653 | 430,529 | 295,982 | 388,135 | 405,598 |
| Other Guarantees | 8,054,482 | 6,713,579 | 4,957,703 | 2,963,605 | 1,120,291 |
| Derivatives | - | - | 288,612 | 469,487 | 505,220 |
| Capital Adequacy Ratio (%) | 29.44 | 28.11 | 30.22 | 35.84 | 62.71 |
| Equity/Assets (%) | 48.07 | 61.79 | 71.13 | 66.53 | 79.40 |

| Thousand (TL) | 01/01/2024- 31/12/2024 | 01/01/2023- 31/12/2023 | 01/01/2022- 31/12/2022 | 01/01/2021- 31/12/2021 | 01/01/2020- 31/12/2020 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Net Interest Income | 1,231,779 | 404,754 | 286,420 | 243,722 | 142,262 |
| Non-Interest Income | 249,772 | 195,773 | 142,397 | 59,407 | 35,447 |
| Trading Income/Loss | 37,685 | 108,480 | 55,355 | 42,123 | 30,233 |
| Total Operating Income/(Expense) | 1,519,236 | 709,007 | 484,172 | 345,252 | 207,942 |
| Personnel Expenses | 172,694 | 107,286 | 65,156 | 34,866 | 26,199 |
| Net Other Operating Income/Expenses (-) | 201,282 | 123,335 | 64,057 | 38,643 | 25,347 |
| Loan Provisions | 576 | 7,963 | 10,319 | 16,589 | 744 |
| Net Profit/(Loss) before Tax | 1,144,684 | 470,423 | 344,640 | 255,154 | 155,652 |
| Tax Provision (-) | 337,400 | 121,941 | 74,904 | 64,039 | 36,711 |
| Net Profit / Loss for the Period | 807,284 | 348,482 | 269,736 | 191,115 | 118,941 |

| Financial Ratios (%) | 31/12/2024 | 31/12/2023 | 31/12/2022 | 31/12/2021 | 31/12/2020 |
|--------------------------|------------|------------|------------|------------|------------|
| Return on Assets | 12.55 | 9.23 | 9.69 | 7.18 | 5.93 |
| Return on Equity | 26.52 | 15.05 | 13.62 | 11.01 | 7.55 |
| Capital Adequacy Ratio | 29.44 | 28.11 | 30.22 | 35.84 | 62.71 |
| Loans/Total Assets | 7.78 | 2.23 | 19.11 | 24.59 | 29.42 |
| Securities/ Total Assets | 22.72 | 3.40 | 49.13 | 39.23 | 30.65 |
| Banks/ Total Assets | 28.80 | 60.43 | 22.93 | 43.49 | 33.56 |
| Deposits/Total Assets | 32.95 | 20.38 | 12.08 | 13.82 | 10.19 |
| NPL | - | - | - | - | - |

2) Bank's history and modifications of articles of associations within the year and their reasons

Bank of China Turkey A.S. is established on January 10th, 2017, major shares holder being Bank of China Limited. The BRSA granted the operational banking license to Bank of China Turkey A.Ş. as of 01/12/2017 and such license has been published on the Official Gazette on 07/12/2017.

As China's most internationalized and diversified bank, Bank of China Limited provides a comprehensive range of financial services to customers across the Chinese mainland as well as 64 countries and regions. The Bank's core business is commercial banking, including corporate banking, personal banking, and financial markets services.

There are no changes occurred regarding the Articles of Association or the shareholder structure within the accounting period this Report pertains to.

3) Bank's capital structure, changes in capital and shareholder structure within the year and information on qualified shares

- a)- Capital : TL 1,051,230,000
 b)- Shareholding Structure : The capital and shareholding structure of the Bank is as follows.

| NAME, SURNAME/TITLE OF THE SHAREHOLDER | RESIDENTIAL ADDRESS | NUMBER OF SHARES | AMOUNT OF CAPITAL (TL) |
|--|---|------------------|------------------------|
| 1-Bank of China Limited | No.1 Fuxingmen Nei Dajie Beijing/China 100818 | 1,051,229,996 | TL 1,051,229,996 |
| 2-Maxon Limited | 23/F Bank of China Tower 1 Garden Road Hong Kong | 1 | TL 1 |
| 3-Best Stream Limited | 23/F Bank of China Tower 1 Garden Road Hong Kong | 1 | TL 1 |
| 4-Union Favour Limited | 23/F Bank of China Tower 1 Garden Road Hong Kong | 1 | TL 1 |
| 5-Well Ocean Limited | 23/F Bank of China Tower 1 Garden Road Hong Kong | 1 | TL 1 |

- c)- There are no existing privileged shares.

d)- Explanation on Qualified Shares:

Pursuant to the definition of “qualified share” given by the Banking Law numbered 5411, the owners of the existing qualified shares within the Bank capital and their share rates are explained below:

| Name Surname/Trade Name | The Amount of Shares | Share Rate | Paid Shares | Unpaid Shares |
|-------------------------|----------------------|------------|---------------|---------------|
| Bank of China Limited | 1,051,230,000 | 99.99% | 1,051,230,000 | - |

4) Explanations regarding the chairman and the members of board of directors, general manager and assistants and their shares

The Chairman and members of the Board of Directors, the members of Audit Committee, the General Manager and his assistants do not have any shares in the Bank.

5) The Evaluation of the chairman of the board of directors and the general manager for the activity period and their expectations for the future

Bank of China Turkey A.Ş., being the subsidiary of a Global Systemically Important Financial Institution, Bank of China Ltd, is increasing its presence in the Turkish market with a long term point of view.

Bank of China Ltd. has increased its global operations as of end of 2024 and is now active across the Chinese mainland as well as 64 countries and regions all around the world. The Bank has been present in Türkiye through its Istanbul Representative Office since 2011. The decision to establish a subsidiary in Türkiye was taken in 2015 after which, in May 2016, the Banking License was obtained from the BRSA and upon completion of all the necessary steps on May 9th 2018 Bank of China Turkey A.Ş. became operational. Our Bank is targeting to grow in Türkiye, a Belt and Road country, in parallel with the Turkish and global economy.

Global growth is expected to come in at a 3.1% pace in 2024, slightly lower than 2023, and below the pre-pandemic norm of 3.6% from 2000 to 2019. In 2025, growth is expected to accelerate to 3.2% before post-election policies in the US dampen global growth to 3.0% in 2026. The pace of inflation is forecast to continue cooling between now and mid-2025.¹ The forecast thereafter depends heavily on the pace of tariffs and whether we see a full-blown trade war erupt.

¹ <https://www.aa.com.tr/en>

Most major central banks, except for the Bank of Japan, have initiated rate-cutting cycles. The US dollar initially weakened following the start of the Federal Reserve's first rate cut in September. However, the US dollar reversed course and moved up on higher inflation expected post-election. Russia and Türkiye, along with Eastern European nations, are expected to struggle with inflation for longer.

Global inflation has cooled in response to higher rates, slower growth, excess supply and a drop in energy prices. Service sector inflation is beginning to moderate as well. A lingering concern is outsized wage gains in Europe where productivity growth lags. There is a backlash forming to foreign tourism, as it is further propping up service sector inflation.

Delays in the effects of monetary policy will push the influence of rate cuts into the second half of 2025 and 2026. A tailwind can be seen for big-ticket consumer purchases and business investment. Much is contingent upon headwinds due to retaliatory tariffs.

Mergers and acquisitions activity is poised to increase with lower rates and a record amount of dry powder in the private equity space. Policy uncertainty, anti-corporate sentiment and protectionist policies could curb the largest and cross-border deals. Heightened levels of policy uncertainty tend to reduce the number of M&A transactions, increase the length of time to their completion and curb the premiums firms are willing to pay for deals.

Fiscal policy may be more stimulative. COVID-era appropriations have lapsed, but market participants are betting on a new wave of stimulus. The biggest gains in spending are expected to be in pensions, healthcare and defense. Tax cuts are expected to be extended in full in the US; what is unknown is how multinationals not located in the US will be treated.

Türkiye's economy in 2024 experienced one of its most transformative years in recent memory, marked by critical policy adjustments aimed at tackling inflation, stabilizing markets and preparing for sustainable growth.

The year began with the continuation of strict monetary policies. The main focus of the economic management this year was taming inflation, which had plagued Türkiye for years.

Following the resignation of Governor Hafize Gaye Erkan in February, Fatih Karahan took over as head of the Central Bank of Türkiye as the bank maintained an aggressive tightening policy, raising interest rates to a peak of 50% by mid-year.

This policy succeeded in reducing inflation to a 17-month low of 47.09% by November, marking a turning point in the country's battle against soaring prices.

In late December, the central bank cut its policy rate for the first time in nearly two years. The decision to trim the policy rate from 50% to 47.5% signaled a cautious move to support economic growth as inflationary pressures eased.

The bank emphasized that it remained committed to maintaining price stability and would monitor inflation closely before making further adjustments.

The international community took note. Global credit rating agencies upgraded Türkiye's rating significantly throughout 2024.

In July, Moody's raised Türkiye's long-term foreign- and domestic-currency issuer and foreign-currency senior unsecured ratings to 'B1' from 'B3' with a positive outlook, citing effective monetary policies and improved economic stability.

Then in September, Fitch Ratings upgraded Türkiye's long-term foreign currency issuer default rating to 'BB-' from 'B+' with a stable outlook, reflecting improved external buffers, reduced contingent foreign exchange liabilities, the expectation of lower inflation and lower current account deficits.

The most notable upgrade came in November when S&P Global raised Türkiye's long-term sovereign credit rating from 'B+' to 'BB-.' This reflected a growing confidence in Türkiye's economic management and its commitment to addressing structural challenges.

In addition to these rating upgrades, Türkiye saw a significant improvement in its international reserves which hit a record level of \$159.4 billion as of December 6.

Türkiye's five-year credit default swaps (CDS) dipped below 250 basis points on December 6 for the first time since February 2020, leading to easier access to financing with decreased costs, satisfying foreign investors.

The performance of Türkiye's benchmark BIST 100 stock index also reflected renewed investor sentiment. Throughout 2024, the index saw a robust recovery, rising nearly 34% by year-end, led by gains in the banking and industrial sectors.

Increased foreign investment flowed into Turkish equities as international investors responded positively to the central bank's policies and the government's commitment to structural reforms.

Despite these positive developments, the country faced ongoing challenges. The unemployment rate rose to 8.8% in October, reflecting the economic adjustments and the impact of high interest rates on job creation.

The government continued to prioritize job creation as part of its broader economic agenda, focusing on fostering an environment conducive to business growth and attracting foreign direct investment.

GDP growth in Türkiye slowed during the course of 2024. The economy grew by 5.5% year-on-year in the first quarter, 2.4% in the second quarter and 2.1% in the third quarter.

The Turkish economy contracted by 0.2% quarter-on-quarter in both the second and third quarters of 2024, reversing 1.2% growth in the first quarter.

On the fiscal front, the government took measures to protect households from the lingering effects of high prices. A 30% hike in the minimum wage for 2025 was announced, aiming to balance the needs of workers with the broader economic effort to keep inflation under control.

As 2024 comes to a close, Türkiye stands at a crossroads. The year's successes in curbing inflation and restoring confidence provide a solid foundation, but careful navigation will be required in 2025 to sustain these gains while fostering economic growth.

We are positive about Türkiye's future and fully supportive of the economic policy. We will continue to finance the projects which will support the Turkish economy. Infrastructure projects related to highways, airports and energy; telecommunication projects to support the accessibility and the speed of connectivity as well as the coverage; investment projects of top corporates of Türkiye related to sustainability; investment projects of Chinese companies in Türkiye will continue to be on our agenda in 2025.

We would like to take this opportunity to extend our gratitude to our shareholder, our dedicated employees, our customers, local regulators and government for their continuous support. Also, we would like to present our gratitude to our former Board Member Ms. Xiaofeng Zhang for her work and continuous support. We also welcome Mr. Yan Haisi as our new Board Member and wish him success.

Chairman of the Board of Directors

Xiaoqing ZHANG

General Manager

Xiaoming GAO

6) Explanation of the number of personnel and branches, type of services and activities of the bank and evaluation of the position of the Bank in the sector

Bank of China Turkey A.Ş. has 46 employees as of December 31, 2024. The Bank is operating only through its Head Office and does not have any branches as of end of 2024. Although the Bank has the full license from the banking regulator, the actual business is concentrated in Corporate Banking. The Bank only serves to legal entity customers and does not provide any cash services.

Bank of China Turkey A.Ş. aims to work with top tier corporates; local, multinational, Chinese or International, which have solid financials and easy access to financial sources. As per the "One Belt One Road" initiative the Bank also concentrates in the banking needs of Chinese companies having investment appetite in Türkiye.

Main service areas of the Bank are related to Trade Finance, Corporate Loans, Project Finance, Deposits and Foreign Currency transactions. Thanks to the global network of Bank of China of around 11 thousand branches in China and 64 countries and regions around the world, Bank of China Turkey A.Ş. has vast opportunities to finance the international trade. Another major aim is to support the infrastructural projects of Türkiye. Therefore, Bank of China Turkey A.Ş. is concentrating on financing of these huge projects together with other branches of the group and thus, investing its resources to the development of the country.

One of the most important competitive advantages of the Bank in the sector is its global network and the cooperation opportunities with this network. Another one is the increasing appetite from Chinese corporates to invest in Türkiye. Since Türkiye has become part of the Belt and Road Initiative in 2015, more and more Chinese companies are interested in investing in Türkiye. Being the most internationally active bank in China, most of the Chinese going out customers are already the clients of Bank of China in China and thus potential clients for Bank of China Turkey A.Ş. as they invest in Türkiye.

7) Information on research and development practices related to new services and activities given

Bank of China Turkey A.Ş.'s product portfolio is composed of cash and non-cash loans as well as trade finance products, deposits and currency transactions. The Bank aims to enlarge its product portfolio in time as per the requests of its customers. Since the Bank is concentrating on corporate clients most of the products that will be utilized will be tailor-made designed according to the needs of the customers. On the Treasury side, the Bank is working on extending its infrastructure to be able to offer its clients derivative products. The Bank has become a direct participant to CIPS system of China as of October 2023. CIPS is the RMB payment system in China and the direct participation enables the Bank to realize RMB transfers all through its working hours. We hope that this will be an important step to increase the utilization of RMB in Türkiye.

B- INFORMATION ABOUT MANAGEMENT AND CORPORATE GOVERNANCE APPLICATIONS

1) Corporate Governance

The Bank, strictly follows the rules and regulations within the scope of the applicable legislation, closely tracks changes in the related legislation and continuously enhances its corporate governance capabilities. Xiaoming Gao and Özgür Dalgıç have carried out the duties as the members of the Corporate Governance Committee during the year of 2024 and Xiaofeng Zhang has carried out the duty as the members of the Corporate Governance Committee till November 30, 2024 which had been formed in order to comply with the applicable legislation with the Regulation on the Corporate Governance Principles of the Banks and its annex, the Corporate Governance Principles of the Banks. Yan Haisi who has been appointed as the Board of Director Member through the Board of Directors Resolution numbered 2024/45 and dated December 5, 2024, has been selected as the Member and the Chair Person of the Corporate Governance Committee by the Board of Directors on December 17, 2024. The Committee follows the Bank's progress in respect of the corporate governance principles and policies and informs the Board of Directors as it deems necessary.

The Bank attaches great importance to corporate principles and rules. In order to continuously update the corporate governance policies according to the legislative requirements and the Bank's progress and to perform activities in strict compliance with these policies, the Bank's Board of Directors, with guidance from its Corporate Governance Committee, has gone through all the related documents which need to be prepared/amended by the Board including but not limited to the Corporate Governance Committee Charter, Corporate Governance Policy and the Board of Directors Charter, and has applied necessary changes to some other policies and charters. Utmost importance is given to the comprehensive support of the Bank's systems to the effective operation of its corporate governance.

The Bank promotes innovative practices in corporate governance and constantly takes measures for the smooth operations of the Board of Directors and develops mechanisms and precautions in respect of information security and shareholder engagement. This supports the systematic decision-making and constructive work of the Board, promotes the transparency of the Bank and allows the Bank to properly meet its responsibilities to its shareholders as well.

The Bank enhances its corporate governance system in a forward-looking and exploratory manner. The Board of Directors pays close attention to the internal control and risk management and continuously endeavors to enhance the Bank's level of compliance with the legislation. In addition, the Bank closely monitors all the latest developments in domestic and international corporate governance principles and policies.

2) Information about the chairman and members of the board of directors, members of the audit committee, general manager and assistants and managers of the units within the scope of internal systems

Board of Directors

The Board of Directors constitutes of five board members. On the last Ordinary General Assembly meeting on March 26, 2024; it has been unanimously resolved to elect Xiaoqing Zhang, Özgür Dalgıç, Qingyan Zhao and Xiaofeng Zhang along with Xiaoming Gao, who is the General Manager and the natural member of the Board of Directors, as the members of the Board of Directors of the Company to hold duty for two years.

Upon the resignation of Xiaofeng Zhang, one of the members of the Board of Directors, on November 30, 2024, the Board of Directors decided to appoint Yan Haisi on December 5, 2024 to complete the term of office of his predecessor and to submit it to the approval of the first general assembly in accordance with the provision of Article 363/1 of the Turkish Commercial Code.

As of the Board of Directors Resolution dated March 27, 2024, Mr. Xiaoqing Zhang has been appointed as the Chairman of the Board of Directors, and Ms. Qingyan Zhao has been appointed as the Deputy Chairman (Vice Chairman) of the Board of Directors.

| Name Surname | Duty | Assigned Date | Education | Professional Experience |
|---------------------|--|---|---|--------------------------------|
| Xiaoqing Zhang | Member of the Board of Directors Chairman of the Board of Directors | Elected as a Member of the Board of Directors at the General Assembly dated March 26, 2024. Elected as the Chairman of the Board of Directors with the decision of the Board of Directors dated March 27, 2024. | * Wuhan University, Finance, Phd * Tsinghua University, Business Administration, Master's Degree * Renmin University of China, Industrial Economics, Bachelor Degree | 30 Years |
| Xiaoming Gao | Member of the Board of Directors General Manager | He is the natural member of the Board of Directors since he is the General Manager of the Bank. Elected as a Member of the Board of Directors at the General Assembly dated March 26, 2024. | *University of International Business and Economics, Economics, Phd *University of International Business and Economics, International Trade, Bachelor Degree *Beijing Institute of Light Industry, Department of Automation Engineering, Computer and Application, Bachelor Degree | 32 Years |
| Qingyan Zhao | Deputy Chairman (Vice Chairman) of the Board of Directors | Elected as a Member of the Board of Directors at the General Assembly dated March 26, 2024. Elected as the Deputy Chairman (Vice Chairman) of the Board of Directors with the decision of the Board of Directors dated March 27, 2024. | ** Xiamen University major of the Accounting, Master's Degree in Management * Nankai University major of the International Finance, Bachelor's Degree in Economics. | 30 Years |

| Name Surname | Duty | Assigned Date | Education | Professional Experience |
|--------------|---|--|---|-------------------------|
| Yan Haisi | Member of the Board of Directors | Appointed as a member of the Board of Directors with the decision of the Board of Directors dated December 5, 2024.. | *Finance, Central South University Master's Degree *Technical economy, school of economic management, Hunan University Bachelor's degree | 18 Years |
| Özgür Dalgıç | Member of the Board of Directors and Internal Systems Officer | Elected as a Member of the Board of Directors at the General Assembly dated March 26, 2024. | *Loughborough University, Banking and Finance, Master Degree * Ankara University , Business Administration, Bachelor Degree | 33 Years |

Managers of Internal Systems

| Name Surname | Duty | Assigned Date | Education | Professional Experience |
|----------------|--|---------------|--|-------------------------|
| Ferhun Ateş(*) | Head of Internal Control & Compliance Department | 04/05/2017 | *Ankara University, Business Administration, PHD *Gazi University, Institute of Social Sciences, Master in Business Administration *Ankara University, Faculty of Political Sciences, Economics, Bachelor Degree | 25 Years |
| Hülya Bayır | Head of Risk Management Department | 04/05/2017 | *Hacettepe University , Finance, PHD *Vanderbilt University, Economic Development, MA *Hacettepe University, Finance, MS *Ankara University, Finance, Bachelor Degree | 33 Years |
| Gürkan Sezgün | Head of Internal Audit Department | 04/05/2017 | *Marmara University, Business Administration, Bachelor Degree | 25 Years |

(*) Ferhun ATEŞ resigned from his duty as of 30th September 2024.

Audit Committee

| Name Surname | Duty | Assigned Date | Education | Professional Experience |
|----------------|--------------------|---|--|-------------------------|
| Qingyan Zhao | Committee Chairman | December 5, 2023 | Xiamen University major of the Accounting, Master's Degree in Management * Nankai University major of the International Finance, Bachelor's Degree in Economics. | 30 Years |
| Özgür Dalgıç | Committee Member | May 4, 2017 (As per the Board of Directors Resolution dated December 5, 2023, he continues to the same duty.) | *Loughborough University, Banking and Finance, Master Degree * Ankara University , Business Administration, Bachelor Degree | 33 Years |
| Xiaoqing Zhang | Committee Member | March 9, 2024 | * Wuhan University, Finance, Phd * Tsinghua University, Business Administration, Master's Degree * Renmin University of China, Industrial Economics, Bachelor Degree | 30 Years |

Assistant General Managers

| Name Surname | Duty | Assigned Date | Education | Professional Experience |
|------------------|-----------------------------------|---|---|-------------------------|
| Dalei Ding | Assistant/Acting General Manager | Following his first time appointment on 03/06/2019, his appointment as the Acting/Assistant General Manager has been repeated by the Board resolution dated 19/07/2021. | * Central Finance and Economy Institute, Finance and Banking, Bachelor Degree | 28 Years |
| Onur Sekizyeralı | Assistant /Acting General Manager | Appointed as the Acting/Assistant General Manager by the Board resolution dated 23/12/2024. | * Bilkent University Bachelor of Science in Management, Bachelor Degree | 27 Years |

3) Information on the mandate and professional experience of the auditors

In the General Assembly Meeting dated 26 March 2024, PwC BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş. was authorized about auditing process and preparation of audit reports. The audit agreement is for 1-year term.

4) The activities of the credit committee and the committees affiliated to the board of directors or established under the risk management systems in accordance with the internal systems of banks to assist the board of directors and the names and surnames of the chairman and the members of these committees and their essential duties

Audit Committee

The Committee, in accordance with the provisions of the Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Procedure has been established to support to Board of Directors by monitoring the integrity of financial statements, the operations of internal systems and other aspects of the Bank's financial management in accordance with the duties and responsibilities as well as to set up and maintenance of necessary processes to ensure compliance of the Bank with all applicable laws, other regulations and internal regulations. Members of the Committee is composed of Qingyan Zhao (Committee Chairman), Xiaoqing Zhang and Özgür Dalgıç who are non-executive directors of Board. Özgür Dalgıç who is located in Türkiye also serves as Internal Systems Officer in the Bank. During the year, the Audit Committee convened 5 times and took 7 resolutions.

Risk Committee

The Committee has been established to assist the Board of Directors in monitoring the risk management structure of the Bank; the Bank's risk management and risk assessment guidelines and policies required to fulfill the duties and responsibilities of the Committee regarding market, credit, operations, liquidity, strategy, reputation risks and other risks; the risk tolerance and appetite of the Bank; the capital, liquidity and funds of the Bank and the risk management performance of the bank. Committee Members is composed of Xiaoming Gao (General Manager); Yan Haisi (Chairman of the Committee) and Özgür Dalgıç (Internal Systems Officer) who are the Board members. The regular reports have been submitted to Committee for information and Committee took 3 resolution.

Steering Committee on Prevention of Anti Money Laundering

The Committee has been established to ensure that the Bank's compliance with the anti-money laundering and counter-terrorism legislation and the global Bank of China policies and procedures, and the implementation of its policies and procedures to carry out the Compliance program in accordance with the legislation and global policies, to review them in case of new regulations and amendments in the relevant legislation, to evaluate the impacts on the Bank, and to assess the issues identified in the examinations by internal and external auditors and regulators, and to determine and evaluate the risk appetite for the prevention of financing of money laundering and terrorism.

Committee Members is composed of the General Manager Xiaoming GAO and Internal Systems Officer Özgür Dalgıç who are co-chairman of the Committee, Assistant General Manager Dalei Ding, Assistant General Manager and Head of Corporate Banking Department Onur Sekizyaralı, Head of Internal Control and Compliance Ferhun Ateş, AML and Compliance Manager Nazlı İpek Tüzün, Head of Banking Services Department Zhi Gu as part of the committee and Head of Internal Audit Gurkan Sezgun is part of the committee without having voting right and other participants could be involved upon agenda of the Committee, if needed. The committee was convened quarterly and was discussed the updated AML and Combatting the Finance of Terrorism Policy, KYC Process, FATF Evaluation, the AML Steering Committee Charter, recent developments about the E.U and the U.S sanctions, and sanctions screening activities of the Bank.

Remuneration Committee

With remuneration policy, Bank of China Turkey A.Ş. aims to create an effective remuneration system, hire capable employees who will support the Bank to reach its goals and provide a sustainable process.

In order to carry out the supervision of the Bank's remuneration policy and its implementation on behalf of the Board of Directors, a Remuneration Committee was established in accordance with the regulations of the Banking Regulation and Supervision Agency and Bank of China policies.

The current structure of Remuneration Committee is below:

| Name Surname | Duty |
|---------------------|--------------------|
| Qingyan Zhao | Committee Chairman |
| Xiaoqing Zhang | Committee Member |

The meeting is held as often as required by the Remuneration Committee with the condition of meeting at least once a year.

The Remuneration Committee reviews the remuneration policy of the Bank at least once annually, with a purpose to assess if changes are required. In order to ensure effectiveness of remuneration policy, the Board of Directors review it at least once a year as well. During the year, the Remuneration Committee convened 1 time and approved 2 resolutions.

In the implementation of remuneration practices in Bank of China Turkey A.Ş., “The Guide for Best Remuneration Practices in Banks” which is published by BRSA in 31 March 2016 dated Official Gazette are taken into consideration as reference.

Corporate Governance Committee

The Committee’s purpose is to act on behalf of the Board in fulfilling the following responsibilities:

- Oversight of corporate governance practices of the Bank, including review of the Bank’s Corporate Governance Guidelines and carry out development studies in this regard;
- Annual performance evaluation process of the Board and its committees;
- Oversight of the Bank’s regulatory compliance with corporate governance principles and carry out development studies in this regard
- Making suggestions to the Board, when necessary, regarding corporate governance issues.

The meeting is held as often as required by the Corporate Governance Committee with the condition of meeting at least once a year.

The current structure of the Corporate Governance Committee which was first constituted on 04/05/2017 is as follows:

| Name Surname | Duty |
|---------------------|--------------------|
| Yan Haisi | Committee Chairman |
| Xiaoming Gao | Committee Member |
| Özgür Dalgıç | Committee Member |

Credit Committee

The Credit Committee is the mechanism for credit evaluations and decision-making of the Bank. Credit Committee has the responsibility to approve new credit proposals and annual reviews (including modifications and changes to conditions) within the scope of Delegated Level of Authority defined by Board. Duties, responsibilities and working principles of Credit Committee are defined in Credit Committee Charter. Since the Board of Directors and the Credit Committee are composed of the same members, there is no actual Credit Committee.

5) Information on the attendance of the members of the Board of Directors and the audit committee and other subcommittees to the relevant meetings held during the accounting period

Qingyan Zhao, Xiaoqing Zhang attended 2 audit committee meetings and Özgür Dalgıç attended 5 audit committee meetings within 2024.

6) Audit committee's assessments on the operation of internal control, internal audit and risk management systems and information about their activities within the accounting period

The departments of the Bank within the scope of internal systems are the Internal Control and Compliance; Internal Audit and Risk Management. These departments are carried out as directly reported to the Internal Systems Officer and the Audit Committee and independent from each other and the executive units. Internal systems and Audit Committee activities are carried out as compliant with the regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process and in line with the Bank's scope of transactions and activities. Committee convened 5 times and took 7 resolutions and informed the Board of Directors by reports.

Internal Control and Compliance Department is carried out in accordance to Internal Control and Compliance Policy, which is based on the Banking Law, Law on Prevention of Laundering Proceeds of Crime, Law on Prevention of the Financing of Terrorism and related sub-regulations and Bank of China global practices. Internal Control and Compliance is authorized to monitor, inspect and control all activities in the units /departments of the Bank. Internal Control and compliance activities and how they will be performed are designed together with the relevant units by Internal Control and Compliance, taking into account all the characteristics of the activities carried out by the Bank. Compliance activities are; in order to ensure compliance of all activities and new activities carried out and planned by the Bank with all applicable laws and other applicable legislation giving priority to the legislation regarding the prevention of laundering of criminal proceeds and the fight against financing of terrorism; monitoring all applicable legislation, reviewing new legislation or amended regulations and informing and directing personnel; committees and senior management, Audit Committee / Internal Systems Responsible and Board of Directors of the Bank to a necessary extent.

Reports were prepared within the scope of Internal Control and Compliance Policy and Audit Committee and Senior Management were informed.

In this scope;

- Following the legislative amendments, top management and related units were informed, opinions on draft amendments were given and opinions were drawn on the questions of the top management and in-bank units regarding the legislation.
- New decisions and actions taken by the authorities were closely monitored and necessary measures were taken within the bank.

- Reviewed policy, procedure and application instruction with in the Bank were assessed with in the framework of banking regulations.
- Internal control activities were carried out regularly and Internal Control Reports were prepared quarterly.
- IT Internal Control Plan was prepared and which was presented to Audit Committee approval and the activities were carried out with in this context.
- Internal polişcy and procedures regarding the prevention of money laundering have been reviewed and updated. Sanctions were followed meticulously and reported to senior management.
- Bank’s relations with BDDK were coordinated and matters required by the bank were presented both BDDK and TBB.
- Periodic corporate risk assessments have been carried out in accordance with global policies regarding the evaluation of the efficiency of the implemented monitoring and control activities, residual risk and inherent risk.
- Rectification Management Procedure which regulates the correction process of the findings detected by Regulatory Agency, Independent and internal auditor and mother company auditors was enacted.
- Annual AML training on legislation, compliance program of the Bank, sanctions were given to staff and attended the annual MASAK workshop designed by TBB.
- The product risk analysis requested by MASAK, the national risk assessment study, as well as other risk analysis studies were completed and forwarded to MASAK via TBB. A statistical report on audit and training activities was prepared and sent to MASAK at the end of the first quarter.

Risk management activities are the management of the risk caused from banking activities in accordance with the risk policy by considering the scale of the Bank and its activities.

In this scope,

- The General Risk Limit Policy, Liquidity Risk Management Policy, Operational Risk Policy, Market Risk Management Policy and all other relevant policies have been revised. In addition, the Credit Risk Management Policy and Liquidity Contingency Plan - have been approved by Board of Directors. Internal Capital Adequacy Assessment Process is being coordinated by involvement of all other relevant departments.
- The Risk Committee, the Audit Committee and the Senior Management and the Board of Directors are informed about the Bank's risks through periodic reports.
- The risk limits are reviewed regularly by the Internal Systems Officer, Head of Risk Management, Risk Committee and the Bank's senior management in a way not to exceed the

legal limits stated in the legislation and if deemed necessary, they are redefined with the approval of the Board of Directors.

- Risks are measured according to international and local regulations, Bank policies and procedures, using methods accepted in international practices appropriate to the Bank's structure, stress test and scenario analyzes are carried out and reported regularly to senior management, Risk Committee and Board of Directors. Risk measurements are included in the Bank's decision-making processes.

In the scope of Internal Audit activities;

- The Annual Internal Audit Plan, IS Internal Audit Plan, Risk Assessment Report and Risk Matrix were prepared and audits were carried out in accordance with the plan. Related units' responses were taken, corrective actions were scheduled and followed up, Audit Committee, Senior Management and Board of Directors were informed.
- 2024 Management Assertion Audit Plan was prepared and the audit activities were carried out and the results were shared with the Independent Auditor by obtaining the approval of the senior management and the Board of Directors.
- Meetings were held with the independent auditors and independent audit activities, the findings were evaluated, corrective actions were taken and monitored, the senior management, the Audit Committee and the Board of Directors were informed.

7) A summary Board report submitted to the General Assembly

We believe that 2024 was a successful year for Bank of China Turkey A.Ş.

As of December 31, 2024, the Bank's total assets stood at TL 6,434,022 thousand (31 December 2023: TL 3,777,344 thousand), total loans at TL 500,428 thousand (31 December 2023: TL 84,208 thousand) and customer deposits except for Bank's deposits at TL 2,119,725 thousand (31 December 2023: TL 769,365 thousand) .

As of the end of 2024, the Bank's net profit was TL 807,284 thousand (31 December 2023: TL 348,482 thousand). As of December 31, 2024, the Bank's total equity amounted to TL 3,044,092 thousand (31 December 2023: TL 2,315,935 thousand) with a capital adequacy ratio of 29.44% (31 December 2023: 28,11%).

Bank receivables, the major component of Bank's assets amounted to TL 1,853,218 thousand (31 December 2023: TL 2,282,739 thousand), excluding receivables from the Central Bank of Türkiye.

Cash and Central Bank of Türkiye, the component of Bank's assets, reached TL 2,414,334 thousand (31 December 2023: 1,137,225) at year's end. Loans reached TL 500,428 thousand (31 December 2023: 84,208) at year's end, increased by 494% compared to 2023.

At year-end 2024, Bank of China Turkey A.Ş. reported total assets as TL 6,434,022 thousand (31 December 2023: TL 3,777,344 thousand), increased by 70% year-to-year,

Bank of China Turkey A.Ş. reported TL 1,231,779 thousand (31 December 2023: TL 404,754 thousand) net interest income in 2024. The Bank's net profit is TL 807,284 thousand (31 December 2023: TL 348,482 thousand) for the fiscal year. The average return on equity was 26,52% in 2024, which was 15% in the previous year.

We will continue to strengthen our Bank, expand our product and service coverage, and diversify our financing capability to better serve our customers and grow stronger and stronger.

8) Information on human resources applications

The Bank's vision is to be a globally preferred Bank in Türkiye by providing services that add high value to society.

The Bank's mission is to provide financial services that create excellent values for its customers and shareholders, by strengthening the financial cooperation between Türkiye and China. It is aimed to support the trade between two countries while contributing to the realization of the China's "One Belt One Road" initiative and Türkiye's "the Middle Corridor Plan".

The Bank's values;

- Professionalism
- Integrity
- Performance
- Responsibility
- Innovation
- Prudence

In the recruitment processes, the Bank concentrates to hire new employees who are in line with the global values of the Bank, who pursue excellence, are honest, responsible, open to development and are prone to team work. In the future, the Bank aims to hire experienced and competent professionals in line with its vision, mission and values.

With performance management process, the Bank aims to achieve to establish moderate incentive and constraint mechanism, to enhance the duty performance capacity of employees at various levels and to improve the employees' career development and performance advancement.

As of 31 December 2024, number of employees in Bank of China Turkey A.Ş. is 46 (31 December 2023: 44) Bank of China Turkey A.Ş. pays attention to the implementation of the remuneration policy

by providing equal opportunities to our employees, and ensuring that the practices related to remuneration and promotion are in compliance with the relevant legislation, ethical values and strategic objectives of the Bank.

With the remuneration policy, the Bank aims to bring new professionals to the Bank and to increase/maintain the motivation of the employees who has high level of performance. In the process of determining the remuneration policy, sectorial data are taken into consideration in order to show a competitive attitude in the sector, to bring new competent and experienced professionals to the Bank and increase the motivation of the employees. Within the budget of the relevant year, salary increases are mainly based on some factors such as general inflation level in Türkiye and the employee's performance in the relevant period.

It is aimed in the Bank to support the professional and personal development of the employees through training and development activities such as internal trainings, oversea trainings organized by the Parent Company in China and online trainings carried out by the London Training Center and New York Global Training Center. Due to the pandemic, all trainings and seminars were held online in 2022. Trainings, which require all employees' participation and compulsory by local institutions and the Parent Company, were carried out online by internal trainers and participation of all employees was ensured.

With the disappearance of the pandemic conditions, return to the office was made as of 01/10/2023. Trainings, which require all employees' participation and compulsory by local institutions and the Parent Company, were carried out online or face to face by internal trainers and participation of all employees was ensured. The new employees attended the face to face orientation program and received the equipment they needed, in the office, on the date they started to work.

9) Transactions of the Bank with the related risk group

The Bank carries out various transactions with the Group companies within the scope of its activities. The resulting profit/loss are associated with the income statement.

The operations of Bank of China Turkey A.Ş. with its risk group including the summary information are explained in detail in the footnotes of the financial statements.

| Amount – Thousand TL | 2024 | 2023 | 2022 |
|---|---------|---------|---------|
| <i>Balance Sheet</i> | | | |
| Banks | 614,015 | 230,552 | 150,763 |
| Derivative financial assets valued at fair value through profit and loss | - | - | - |
| Derivative financial liabilities valued at fair value through profit and loss | - | - | 152,547 |
| Banking Deposits | 2,496 | 298 | 490 |

| | | | |
|---|---------|---------|---------|
| Borrowings | 882,007 | 409,873 | 106,861 |
| Other Liabilities | - | - | - |
| <i>Income Statement</i> | | | |
| Interest Income from banks | 2,164 | 2,880 | 979 |
| Interest Expense to banks | 7,341 | 8,858 | 3,107 |
| Fees and Commissions Income | 213,702 | 179,361 | 126,129 |
| Fee and Commission Expense | - | - | - |
| Profit on Derivative Financial Transactions | - | - | - |
| Loss on Derivative Financial Transactions | - | 41,785 | 42,963 |
| Loss on Spot Financial Transactions | 6,919 | - | - |
| <i>Off-Balance Sheet</i> | | | |
| Guarantees and Letter of Credits | 524,653 | 430,529 | 295,982 |
| Derivatives | - | - | 369,298 |

10) Information on the activities of the members of the governing body on behalf of the Bank itself or its printing activities and the activities within the scope of the activities within the scope of the competition bank

The Board of Directors members have made no transaction with the Bank on their or other persons' behalf pursuant to the permission given by the General Assembly and no activity within the scope of noncompetition has been carried by the board members.

11) Information on the subjects of activity and the persons and institutions from which the support is received in accordance with the regulation on authorization of Banks' support services and authorization of support service organizations

| Name of Supporting Service Company | Explanation of Service |
|---|--|
| Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. | Core Banking Application License and Application Service, Software Development and Support Service |
| NGN Bilgi Teknolojileri Veri Merkezi Hizmetleri ve Danışmanlık A.Ş. | Primary Data Center Server Hosting Service |
| Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. | Disaster Recovery Centre Server Hosting Service |
| Maro Uluslararası Bilgi Teknolojileri Danışmanlık, Geliştirme, Destek Hizmetleri Sanayi ve Ticaret A.Ş. | TCMB IBS system integration application development and support service |
| Fineksus Bilişim Çözümleri Ticaret A.Ş. | PayGate Maestro, PayGate Inspector Licence, Development and Support |

C- FINANCIAL INFORMATION AND RISK MANAGEMENT ASSESSMENT

1) **Independent Auditor's report**

The attached independent auditor's report as of 31 December 2024 is presented to General Assembly.

2) **Information on risk management policies and risk management explanations by risk types**

Risk management covers the measurement and monitoring of risks, the control and reporting of risks within certain limits. Risk Management is independent from the executive units and fulfills her responsibilities to the Board of Directors through the Internal Systems Officer, Audit Committee and Risk Committee.

The policies for each of the quantifiable risks such as Enterprise Risk Management Policy and Credit Risk, Market Risk, Liquidity Risk, Operational risk have been established for the determination, measurement and control of the risks that the Bank may be exposed to due to its activities and have been approved and enacted by Board of Directors.

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

Reputational Risk Policy has been approved by Board of Directors to improve the level of reputational risk management, and reduce the impact of and losses arising from reputational risk events.

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

The risk limits are reviewed regularly by the Internal Systems Officer, Head of Risk Management, Risk Committee and the Bank's senior management in a way not to exceed the legal limits stated in the legislation and if deemed necessary, they are redefined with the approval of the Board of Directors. International Financial Reporting Standard 9 (IFRS9) Impairment Methodology Document has been approved by IFRS9 Committee as a procedure. Stress Test Implementation Fundamentals Procedure has been approved for application of stress tests.

Risks are measured according to international and local regulations, Bank policies and procedures, using methods accepted in international practices appropriate to the Bank's structure, stress test and scenario analyzes are carried out and reported regularly to senior management, Risk Committee and Board of Directors. Risk measurements are included in the Bank's decision-making processes.

The Bank started working with a consultancy firm to increase its capacity on sustainability and climate risk.

Credit Risk Management

The Bank identifies the credit risk as the credit risk by the borrower or by the counterparty from failing to pay the loan or failing to fulfill a contractual obligation. The general principles related to the credit risk management of the Bank are determined within the framework of the Credit Risk Management Policy and the limits for risk appetite are determined within the framework of the General Risk Limit Policy:

The Credit Policy has been established and approved by the Board of Directors in order to establish a credit risk management framework to manage credit risks; to help maintain a high level of credit portfolio quality; to support early detection and active management of real and potential credit issues in order to minimize the financial losses, and to ensure compliance with local legislation and main shareholder regulations on general and specific loan provisions. Together with the credit policy, Credit Allocation Procedure, Credit Monitoring Procedure, Loan Disbursement Procedure, Asset Classification Procedure, Periodic Inventory of Credit Assets Procedure, Customer Credit Rating Procedure and Collateral Procedure constitute the Bank's credit risk management framework. The International Financial Reporting Standard 9 (IFRS9) Policy was approved by the Board of Directors as the Bank started to allocate provisions according to IFRS9 Methodology in 2020.

The main principle of the credit risk policy is to monitor and control the risk yield structure arising from the credit risk of the Bank and when necessary, determine the policies for correction; to identify, measure, report, monitor and control the risks to which the Bank is exposed when determining the procedure and limit and the risks arising from the transactions with the risk group of the Bank.

In order to mitigate all risks related to errors, deficiencies, irregularities and abuses and to prevent conflicts of interest; marketing, approval, disbursement and monitoring tasks of loans are executed by the authorities of different units by taking into consideration the principle of segregation of duties.

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 counterparty level and the group level.

A rating system is used for the evaluation and examination of credits in the Bank; for discovering of early warning signals of deteriorated risks to allow for special monitoring of loans; for effectively managing problematic loans and for producing proper and effective risk-based pricing mechanisms.

The principle of triple defense line has been adopted in the management of credit risk. Controls of operational unit are the first line of defense; risk management, legal compliance and internal control the second line of defense; Internal Audit is the third line of defense. The Bank's credit risk measurement and monitoring activities are carried out directly by Risk Management under the Internal Systems Officer.

The Senior Management, Risk Committee and the Board of Directors are regularly informed about developments in the quality of the loan portfolio, stress test and scenario analysis, and limits on risk appetite.

Market Risk Management

Bank defines the market risk as the risk of loss in value and return of in or off balance sheet assets as a result of changes in rates and prices in financial markets. Within the framework of the market risk policy, the Bank's basic principles regarding market risk management, duties and responsibilities of the parties involved in market risk management and the process of measuring, monitoring and reporting of market risk have been determined.

The limits for risk appetite are determined by the Board of Directors in the General Risk Limit Policy and monitored in this scope.

Liquidity Risk Management

The Bank identifies 'liquidity risk' as the risk that the Bank may fail to meet funding requirements or may fail to do so at a reasonable cost.

Under normal and stressful market conditions, liquidity risk is defined, measured, limited and reporting standards are set by Liquidity Risk Management Policy. This Policy is reviewed by the Risk Committee every year and approved by the Board of Directors when necessary. Where there is a significant change in the Bank's business strategy or legal requirements, the Board of Directors approves these changes in line with the recommendations of the Risk Committee.

The Bank's appetite for liquidity risk is determined under the General Risk Limit Policy. Business units are responsible for complying with the risk appetite determined within the framework of the General Risk Limit Policy and to remain within the limits.

Operational Risk Management

The operational risk management framework includes all processes of identifying, measuring, evaluating, controlling, reducing, monitoring and reporting the operational risks that the Bank is exposed to. The Bank considers the need for operational risk management in strategic and operational planning, daily and operational risk management and decision taking mechanism at all levels within the organization. Activities are carried out to establish the operational risk culture across the Bank.

3) Financial benefits to members of the board of directors and senior executives

Total amount of the granted monetary advantages such as salary, premium, bonus to the Board of Directors members, within the year of 2024, is net amounting to TL 18,019 thousand (31 Dec 2023: TL 12,735 thousand). There is no such payment made to the Board members not holding a certain executive or non-executive position/duty in the Bank. No attendance fee has been paid to any of the Board members.

4) Information on ratings if any and ratings provided by rating agencies

None.

5) Information on the Bank's investments in the related accounting period

Tangible Asset Investment:

As of 31 December 2024, the Bank has tangible fixed assets amounting to TL 57,222 thousand (31 December 2023: TL 22,900 thousand).

An important part of tangible fixed assets consists of operating lease development costs, vehicle, furniture and furnishing and office machinery mainly related to IT.

Investment in Intangible Assets:

As of 31 December 2024, the Bank has intangible assets amounting to TL 12,569 thousand (31 December 2023: TL 5,438 thousand).

Intangible assets are the operating license and development costs that the Bank pays for its systems.

6) Information on direct and indirect subsidiaries and shares of the Bank

The Bank does not have any direct or indirect affiliates.

7) Information on the Bank's own shares

None.

8) Explanations on the special audit and public audit in the accounting period

Quarterly limited audits and annual audit were conducted by the independent auditors of the Bank.

Bank's shareholders performed an audit for the Bank in 2024.

9) Information on the lawsuits against the Bank and the cases and possible results that can affect the Bank's financial status and activities

None.

10) Explanations regarding the administrative or judicial sanctions imposed on the members of the bank and the governing body due to unlawful practices

None.

11) Information on the rationale and the reasons if the general assembly resolutions were not fulfilled, if the objectives were not met or if the resolutions were not fulfilled in the past periods

Decisions of the past General Assembly were fulfilled.

12) Extraordinary general assembly meetings within the year

No extraordinary general assembly meeting was held in 2024.

13) Information on the donations and assistance provided by the Bank within the year and expenditures within the framework of social responsibility projects

None. (2023: TL 560,000 thousand)

14) Legal transactions with the beneficiary company or a company based on a dominant enterprise or a legal entitlement to the benefit of a company dependent on the company, and other measures avoided for the beneficiary company or a company dependent on it in the previous year

Bank of China Turkey A.S. has performed legal transactions with Bank of China Limited and its foreign subsidiaries in the form of financial transactions. None of these legal transactions were performed in accordance with the initiative or interest of Bank of China Limited or its related companies.

In all these legal proceedings, the agreements were concluded as it is signed between third parties. In accordance with the initiative or interest of Bank of China Limited or its affiliated companies, no prevention has been applied that would result in damage to the Bank.

Information on the transactions carried out within the Group Companies is detailed in the Bank's Affiliation Report.

15) Information if the above-mentioned legal process is taken or the measure is taken or avoided at the moment according to their own circumstances and conditions, according to each legal act is provided in an appropriate manner and whether the provision of measures taken from the company to prevent the damage of the company did not hurt, whether the loss of the Company is not equivalent or equalized

As of the date of the transactions conducted between Bank of China Turkey A.S. and Bank of China Limited and other subsidiaries of the main shareholder, there are no circumstances or conditions existing for the beneficiary of Bank of China Limited or its affiliated parties.

There is no measure taken by the Bank in favor of these companies and there is no harm to the Bank.

D- FINANCIAL INFORMATION

1) Analysis and evaluation of the management body on the financial situation and activity results, the degree of realization of the planned activities, the status of the Bank against the determined strategic targets

During 2024, the number of customers and transaction volume increased in line with Bank of China Limited's global strategies. In 2025, we aim to reinforce the perception of a reliable, permanent and global business partner by establishing long term relationships with its customers.

In line with the targets set by the Board of Directors, an annual budget is created and the compliance of the operating results with the budget is monitored. Profit/Loss Balances, Balance Sheet and risk-weighted assets are approved by the Board of Directors within the scope of the internal capital adequacy process.

The decisions taken by the General Assembly are carried out by the Board of Directors without exception.

2) Information on the Bank's sales, efficiency, revenue generation capacity, profitability, debt / equity ratio and other issues that will give an idea about the results of bank operations compared to previous years and prospective expectations

Bank of China Turkey A.Ş. started its activities on May 09, 2018 after a rather long intense preparation period. During 2024, Bank of China Turkey A.Ş., Receivables from banks, the major component of our Bank's assets, amounted to TL 1,853,218 thousand (31 December 2023: TL 2,282,739 thousand), excluding receivables from the Central Bank of Türkiye. During 2024, Cash and Cent Bank of Türkiye, the other key item of the Bank's assets, reached TL 2,414,334 thousand (31 December 2023: TL 1,137,225 thousand) at year's end. Loans, another component of our Bank's assets, reached TL 500,428 thousand (31 December 2023: TL 84,208 thousand) at year's end, increased by 494% compared to 2023. Cash loan is in foreign currencies.

On the liabilities side, Bank of China Turkey A.Ş.'s borrowings are TL 882,577 thousand (31 December 2023: TL 410,151 thousand) in 2024. Demand and time deposits from non-banking clients are TL 1,981,287 thousand (31 December 2023: TL 769,365 thousand), increased by 258% compared to 2023.

Bank of China Turkey A.Ş. reported net interest income of TL 1,231,779 thousand (31 December 2023: TL 404,754 thousand) in 2024. Profit before taxes from continuing operations amounted to TL 1,144,684 thousand (31 December 2023: TL 470,423 thousand). The Bank's net profit is TL 807,284 thousand (31 December 2023: TL 348,482 thousand) for the fiscal year.

As of 31 December 2024, the Bank has a total of TL 8,579,135 thousand (31 December 2023: TL 7,144,108 thousand) non-cash loans consisting of letters of guarantee amounting to TL 524,653 thousand (31 December 2023: TL 430,529 thousand) and other guarantees amounting to TL 8,054,482 thousand. (31 December 2023: TL 6,713,579 thousand)

As of 31 December 2024, the Bank reported total shareholders' equity of TL 3,092,672 thousand (31 December 2023: TL 2,334,164 thousand), which is increased by TL 758,508 compared to 2023.

As of 31 December 2024, the Bank's capital adequacy ratio is 29,44 % (31 December 2023: 28,11%) and is well above the minimum rate determined by the relevant legislation. At the same time, the Bank's liquidity and FX rates are above the minimum level determined by the legislation.

3) Assessment and management body evaluations regarding whether the capital of the Bank is unrequited or whether it is submerged in debt or not

None.

4) Measures to be taken to improve the financial structure of the Bank, if any

None.

5) Explanations on government incentives

None.

6) Information on the dividend distribution policy and the proposal on how to use the undistributed profit if the profit distribution will not be made

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 the year 2023 in the amount of TL 348,482, in accordance with the General Assembly dated March 26, 2024 as follows: TL 23,521 to be transferred to legal reserves, TL 276,217 to be transferred to undistributed profits and TL 48,744 to be distributed as cash dividend. On March 27, 2024, TL 348,482 was transferred to reserves and dividend payable accounts. 48,744 TL of dividends were paid to shareholders on 30 April 2024.

Bank's net income of 2024 after tax TL 807,284 is retained at previous years' profit account. The authorized body of the Bank regarding the distribution of profit is the General Assembly and as of the date of these financial statements, the annual ordinary General Assembly has not been held yet. As of the report date, there is no decision taken regarding the profit distribution for year 2024.

7) Summary financial information for a period of five years including the reporting period

The comparative financial information of the Bank for the past periods is presented in the previous sections of the Annual Report.

E- OTHER

1) Disclosures about special events that occurred in the Bank after the end of the operating year and which may affect the rights of shareholders, creditors and other related persons and organizations

None.

2) Additional information deemed appropriate by the governing body

None.