



**THE CENTRAL BANK OF THE  
REPUBLIC OF TURKEY  
FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR  
ENDED 31 DECEMBER 2018  
TOGETHER WITH INDEPENDENT  
AUDITORS' REPORT**



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(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH)

*Independent Auditors' Report*

To the Board of the Central Bank of the Republic of Turkey  
Ankara

**Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of the Central Bank of the Republic of Turkey ("the Bank"), which comprise the balance sheet as at 31 December 2018, the statements of profit or loss, changes in equity and cash flows for the year then ended, and notes, to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with the Law of the Central Bank of the Republic of Turkey and related legislation (Note I. A. (2)).

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **Other Matter**

The financial statements of the Bank for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on 5 March 2018.

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

The Bank management is responsible for the preparation and fair presentation of the financial statements in accordance with the Law of the Central Bank of the Republic of Turkey and related legislation (Note I. A. (2)), and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

## **Auditors' Responsibilities for the Audit of Financial Statements**

Our objectives are 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.)
- Obtain an understanding of 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's 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 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 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 financial statements, including the disclosures, and whether the 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.

**Additional paragraph for convenience translation to English:**

The accounting principles summarized in (Note I. A. (2)), differ from the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

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

A member firm of KPMG International Cooperative



Erdal Tıkmak, SMMM  
Partner

Istanbul, 22 February 2019

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## BALANCE SHEETS AS OF 31 DECEMBER 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Note (Section II)	Audited 31 December 2018	Audited 31 December 2017
<b>1. GOLD RESERVES</b>	<b>1</b>	<b>105,904,019</b>	<b>88,778,170</b>
1.1 International Standards		105,904,019	88,778,170
<b>2. FOREIGN CURRENCY BANKNOTES</b>		<b>18,069,286</b>	<b>10,581,358</b>
<b>3. FOREIGN CORRESPONDENTS</b>	<b>2</b>	<b>364,548,311</b>	<b>306,351,078</b>
3.1 Foreign Currency Securities		129,717,482	251,841,977
3.2 Deposit		49,324,207	21,989,216
3.3 Other		185,506,622	32,519,885
<b>4. RESERVE TRANCHE POSITION</b>	<b>10</b>	<b>825,727</b>	<b>606,030</b>
<b>5. SECURITIES PORTFOLIO</b>	<b>3</b>	<b>13,703,785</b>	<b>14,531,545</b>
5.1 Government Domestic Debt Securities		13,372,060	14,531,545
5.2 Other		331,725	-
<b>6. RECEIVABLES FROM MONETARY POLICY OPERATIONS</b>	<b>3</b>	<b>109,297,097</b>	<b>137,553,171</b>
6.1 Open Market Operations		34,940,725	34,295,896
6.2 Interbank Money Market Operations		74,356,372	103,257,275
<b>7. DOMESTIC CORRESPONDENTS</b>	<b>4</b>	<b>6,230,499</b>	<b>19,467,018</b>
<b>8. LOANS</b>	<b>5</b>	<b>80,982,290</b>	<b>47,714,676</b>
8.1 Domestic Loans		80,934,619	47,680,497
8.1.1 Discount Loans		80,934,619	47,680,497
8.1.2 Other Loans		-	-
8.2 Foreign Loans		47,671	34,179
<b>9. EQUITY PARTICIPATIONS</b>	<b>6</b>	<b>1,468,827</b>	<b>1,064,813</b>
<b>10. TREASURY LIABILITIES DUE TO SDR ALLOCATION</b>	<b>10</b>	<b>7,844,169</b>	<b>5,757,112</b>
<b>11. FIXED ASSETS (Net)</b>	<b>7</b>	<b>541,979</b>	<b>324,862</b>
<b>12. LOANS UNDER LEGAL FOLLOW-UP (Net)</b>	<b>5</b>	<b>-</b>	<b>-</b>
12.1 Loans Under Legal Follow-Up		8,188,811	5,843,448
12.2 Provision for Loans Under Legal Follow-Up (-)		(8,188,811)	(5,843,448)
<b>13. OTHER ASSETS</b>	<b>8</b>	<b>12,083,810</b>	<b>4,240,651</b>
13.1 Gold Reserve in Non-International Standards	<b>1</b>	688,885	499,631
13.2 Coins		83,670	61,492
13.3 Income Accruals		68,491	60,177
13.4 Other		11,242,764	3,619,350
<b>TOTAL ASSETS</b>		<b>721,499,799</b>	<b>636,970,484</b>

The accompanying notes are integral part of these financial statements.

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## BALANCE SHEETS AS OF 31 DECEMBER 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Note (Section II)	Audited 31 December 2018	Audited 31 December 2017
<b>1. CURRENCY IN CIRCULATION</b>	<b>9</b>	<b>132,261,722</b>	<b>131,457,662</b>
<b>2. PAYABLES DUE TO MONETARY POLICY OPERATIONS</b>	<b>3</b>	<b>13,597,426</b>	<b>19,808,749</b>
2.1 Open Market Operations		-	-
2.2 Interbank Money Market Operations		7,306,262	77,347
2.3 Liquidity Bills		-	-
2.4 Other		6,291,164	19,731,402
<b>3. DEPOSITS</b>	<b>11</b>	<b>412,279,674</b>	<b>377,768,522</b>
3.1 Public Sector		39,591,688	49,361,625
3.1.1 Treasury, General and Annexed Budget Administrations		39,583,630	49,351,416
3.1.2 Other		8,058	10,209
3.2 Banking Sector		368,580,903	323,504,239
3.2.1 Domestic Banks		189,583,161	94,825,686
3.2.1.1 Cash		162,467,878	84,832,301
3.2.1.2 Guarantees		27,115,283	9,993,385
3.2.1.2.1 Cash		27,115,283	9,993,385
3.2.1.2.2 Gold		-	-
3.2.2 Foreign Banks		20,316,851	2,429,962
3.2.3 Reserve Requirements		158,680,891	226,247,656
3.2.3.1 Cash		107,724,619	169,214,107
3.2.3.2 Gold		50,956,272	57,033,549
3.2.4 Other		-	935
3.3 Other Deposits		4,107,083	4,902,658
3.3.1 Foreign Exchange Deposits By Citizens Abroad		2,396,694	2,508,008
3.3.2 International Institutions		91,037	70,635
3.3.3 Funds		212,339	242,834
3.3.4 Other		1,407,013	2,081,181
<b>4. FOREIGN CORRESPONDENTS</b>	<b>17</b>	<b>10,614,052</b>	<b>2,842</b>
<b>5. RESERVE TRANCHE POSITION</b>	<b>10</b>	<b>825,727</b>	<b>606,030</b>
<b>6. SDR ALLOCATION</b>	<b>10</b>	<b>7,844,169</b>	<b>5,757,112</b>
<b>7. TAX LIABILITY</b>	<b>14</b>	<b>10,807,347</b>	<b>3,256,769</b>
7.1 Taxes Payable		10,776,873	3,242,852
7.2 Deferred Tax Liabilities		30,474	13,917
<b>8. PROVISIONS</b>	<b>13</b>	<b>416,662</b>	<b>386,451</b>
<b>9. SHARE CAPITAL AND LEGAL RESERVES</b>	<b>12</b>	<b>27,602,161</b>	<b>21,587,174</b>
9.1 Paid-in Share Capital		25	25
9.2 Adjustment to Paid-in Share Capital		46,209	46,209
9.3 Legal Reserves		27,555,927	21,540,940
<b>10. VALUATION ACCOUNT</b>	<b>15</b>	<b>45,004,665</b>	<b>55,296,111</b>
<b>11. PROFIT FOR THE YEAR</b>		<b>56,279,555</b>	<b>18,383,903</b>
<b>12. OTHER LIABILITIES</b>	<b>16</b>	<b>3,966,639</b>	<b>2,659,159</b>
12.1 Treasury Gold		114,315	441,776
12.2 Letter of Credits		115,917	274,759
12.3 Expense Accruals		49,468	54,566
12.4 Other		3,686,939	1,888,058
<b>TOTAL LIABILITIES</b>		<b>721,499,799</b>	<b>636,970,484</b>

The accompanying notes are integral part of these financial statements.

**THE CENTRAL BANK OF THE REPUBLIC OF TURKEY**

**STATEMENT OF PROFIT OR LOSS**

**FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Note	Audited 1 January - 31 December 2018	Audited 1 January - 31 December 2017
	(Section III)		
<b>I - INTEREST INCOME</b>	<b>1</b>	<b>30,135,305</b>	<b>17,060,636</b>
<b>II - INTEREST EXPENSE</b>	<b>2</b>	<b>(12,302,501)</b>	<b>(6,924,814)</b>
<b>III - NET INTEREST INCOME / (EXPENSE)</b>		<b>17,832,804</b>	<b>10,135,822</b>
<b>IV - NET COMMISSION AND SERVICE INCOME</b>		<b>676,185</b>	<b>594,529</b>
- Commission and Service Income		713,449	610,352
- Commission and Service Expenses		(37,264)	(15,823)
<b>V - NON-INTEREST INCOME</b>	<b>3</b>	<b>75,941,946</b>	<b>14,697,522</b>
<b>VI - NON-INTEREST EXPENSES</b>	<b>4</b>	<b>(27,569,468)</b>	<b>(3,941,454)</b>
<b>VII - PROFIT BEFORE TAXATION {III+IV+V-VI}</b>		<b>66,881,467</b>	<b>21,486,419</b>
	<b>Section II</b>		
<b>VIII - TAXATION</b>	<b>Note 14</b>	<b>(10,601,912)</b>	<b>(3,102,516)</b>
-Tax Provision		(10,610,547)	(3,091,368)
-Deferred Tax Income/(Expense)		8,635	(11,148)
<b>IX - NET PROFIT FOR THE YEAR {VII-VIII}</b>		<b>56,279,555</b>	<b>18,383,903</b>

The accompanying notes are integral part of these financial statements.

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	31 December 2018				31 December 2017			
OFF-BALANCE SHEET LIABILITIES	TL	FC (Original Currency) (Thousand)	FC (TL Equivalent) (Thousand)	Unit (Thousand)	TL	FC (Original Currency) (Thousand)	FC (TL Equivalent) (Thousand)	Unit (Thousand)
<b>A. Securities in Custody</b>	190,918,506	14,865	18,043	69	115,658,943	15,223	33,749	75
1. Marketable Securities in Custody – Free	177,635,829	1,005	5,286	-	103,212,804	5,139	25,993	-
2. Deal Securities	11	-	-	55	13	-	-	55
3. Istanbul Stock Exchange Members' Guarantee Letters	-	-	-	-	16,370	-	-	-
4. Government Debt Security Depot of Savings Deposits Insurance Fund, Exempt from Income Tax	11,893,617	-	-	-	11,040,707	-	-	-
5. Other	1,389,049	13,860	12,757	14	1,389,049	10,084	7,756	20
<b>B. Guarantees Received</b>	96,020,735	34,670,898	106,515,092	209	124,258,279	17,387,333	71,782,697	209
1. Government Debt Security Deposits of Bank under Foreign Exchange Market Guarantee	-	-	-	-	4,496,364	-	-	-
2. Bonds as Interbank Money Market Operations Guarantees	95,607,269	18,397,409	14,933,845	-	115,153,148	1,339,529	5,118,750	-
3. Government Debt Security Deposits Accepted as Guarantee for	-	-	-	-	4,602,426	105,000	396,050	-
4. Open Market Operations	-	-	-	-	-	-	-	-
5. Intermediary Institutions' Pledged Government Debt Security Deposits	413,466	16,273,489	91,581,247	209	6,341	15,942,804	65,267,897	209
<b>C. Obsolete and Reserve Banknotes</b>	104,348,854	-	-	-	97,829,312	-	-	-
1. Reserve Banknotes - Head Office	30,507,622	-	-	-	39,949,062	-	-	-
2. Reserve Banknotes – Branches, Banknotes Deposits and Other Units	73,840,973	-	-	-	57,323,324	-	-	-
3. Obsolete Banknotes - Head Office and Branches	-	-	-	-	94	-	-	-
4. Obsolete Banknotes – Branches, Banknotes deposits and Other Units	259	-	-	-	556,832	-	-	-
<b>D. Other</b>	360,649,626	133,943,133	29,358,751	506,967	336,686,213	10,126,409	15,343,739	323,813
1. Repurchase Agreements Pledge Account	-	-	-	-	-	-	-	-
2. Bank Treasury Bonds Portfolio and Security Deposits Received Through Repo Transactions	45,728,644	-	-	-	43,197,563	-	-	-
3. Customer Transactions Portfolio – Takasbank and MKK	283,355,968	-	-	-	278,237,677	-	-	-
4. Marketable Security Portfolio in Electronic Security Fund Transfer System	-	-	-	-	-	-	-	-
5. BIST Members' Treasury Bond Depot	-	-	-	-	520	-	-	-
6. Other	31,565,014	133,943,133	29,358,751	506,967	15,250,453	10,126,409	15,343,739	323,813
<b>E. Unpublished Marketable Securities Deposits in Electronic Marketable Security Transfer Recording</b>	576,177,339	-	-	-	526,678,666	-	-	-
<b>TOTAL (A+B+C+D+E)</b>	1,328,115,060	168,628,896	135,891,886	507,245	1,201,111,413	27,528,965	87,168,156	324,097

(\*) The balances presented in the Off Balance Sheet Commitments table consist of securities expressed in TL, foreign currency and units. TL and foreign currency securities are expressed in terms of the original amount of currency of their nominal values; blank letter of credits, letter of credits that account owners entrust for maintenance, gold and silver medallions and badges of service award, banknote samples, specimen catalogues, cheques with unknown costs are expressed in terms of units.

The accompanying notes are integral part of these financial statements.



# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Share Capital	Capital Reserves Due to Inflation Accounting	Legal Reserves	Equity Participations Value Increase Fund(*)	Retirement Pay Actuarial Gains /(Losses) (*)	Retained Earnings/ (Accumulated Deficit) (*)	Net Profit For the Year	Total Shareholders' Equity
<b>Balance at 1 January 2017</b>	25	46,209	18,411,946	793,545	2,490	9,558,640	-	28,812,855
Fair Value Increase /(Decrease) in Equity Participations	-	-	-	130,995	-	-	-	130,995
Profit Distribution	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
- Treasury	-	-	-	-	-	(6,420,923)	-	(6,420,923)
- Other Shareholders	-	-	-	-	-	(6,410,951)	-	(6,410,951)
- Employees	-	-	-	-	-	(3)	-	(3)
Transferred to Equity Reserves	-	-	-	-	-	(9,969)	-	(9,969)
Net Profit for the Year	-	-	3,128,994	-	-	(3,128,994)	-	-
<b>Balance at 31 December 2017</b>	25	46,209	21,540,940	924,540	2,490	8,723	18,383,903	40,906,830
<b>Balance at 1 January 2018</b>	25	46,209	21,540,940	924,540	2,490	18,392,626	-	40,906,830
Fair Value Increase /(Decrease) in Equity Participations	-	-	-	344,359	-	-	-	344,359
Profit Distribution	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
- Treasury	-	-	-	-	-	(12,375,742)	-	(12,375,742)
- Other Shareholders	-	-	-	-	-	(12,356,541)	-	(12,356,541)
- Employees	-	-	-	-	-	(3)	-	(3)
Transferred to Equity Reserves	-	-	-	-	-	(19,198)	-	(19,198)
Net Profit for the Year	-	-	6,014,987	-	-	(6,014,987)	-	-
<b>Balance at 31 December 2018</b>	25	46,209	27,555,927	1,268,899	2,490	1,897	56,279,555	85,155,002

(\*) Presented within other liabilities in balance sheet. (Refer to Note II.16)

The accompanying notes are integral part of these financial statements.

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## PROFIT DISTRIBUTION TABLES FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Audited 01.01. - 31.12.2018 (*)	Audited 01.01.- 31.12.2017(**)
<b>A. DISTRIBUTION OF PROFIT FOR THE YEAR</b>		
1. Profit for the year	66,881,467	21,486,419
2. Taxes Payable and Legal Liabilities	(10,610,547)	(3,102,516)
- Corporate Tax (Income Tax)	(10,610,547)	(3,091,368)
- Income Tax	-	-
- Other Taxes and Legal Liabilities	8,635	(11,148)
<b>NET PROFIT FOR THE YEAR</b>	<b>56,279,555</b>	<b>18,383,903</b>
3. Prior Year Profit/(Loss)	1,897	8,723
4. Legal Reserves	-	(6,014,987)
5. Other Legal Funds	-	-
<b>DISTRIBUTABLE PROFIT FOR THE YEAR</b>		<b>12,377,639</b>
6. Dividends to Shareholders	-	(3)
7. Dividends to Employees	-	(19,198)
<b>AMOUNT OF PAYABLE TO REPUBLIC OF TURKEY, MINISTRY OF TREASURY AND FINANCE ("TREASURY") ACCORDING TO THE CENTRAL BANK OF THE REPUBLIC OF TURKEY ("CBRT") LAW NO. 1211</b>		<b>- (12,356,541)</b>

- (\*) As of the date of these financial statements, there is no declared decision of the Board of the Bank related to the distribution of the profit for the year 2018. However, corporate tax provision is calculated based on the assumption that employees will be paid 2 months of salary as dividend. The profit distribution of the Bank for the year 2018 will be decided based on the resolution of the General Assembly to be held in 2019. Advance dividend payment is approved in the Extraordinary General Assembly of Central Bank of the Republic of Turkey held on 18 January 2019, it is decided to pay dividends in advance and TL 33.7 billion is distributed to shareholders with respect to legislation.
- (\*\*) In accordance with the resolution of the General Assembly, dated 12 April 2018, the Bank allocated reserves according to Article 60 of the CBRT Law, and the remaining amount was transferred to Treasury after distribution of dividends to shareholders and employees.

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Note (Section II, III, IV)	Audited 1 January – 31 December 2018	Audited 1 January – 31 December 2017
<b>Cash flows (used in) / from operations</b>			
Net profit for the year		56,279,555	18,383,903
Adjustments:			
Depreciation of fixed assets and amortization expenses	III, 4	55,022	40,183
Retirement pay provision	II, 13	32,552	25,061
Net interest income		(17,832,804)	(10,135,822)
Dividend income	III, 3	(11,632)	(11,141)
Net commission income		(676,185)	(594,529)
Taxation income/expense	II, 14	10,601,912	3,102,516
Increase/decrease in value of financial assets, net		819,255	700,038
(Profit) / loss resulting from fixed asset sales		(20)	(30)
Other		(2,350,461)	(370,348)
<b>Cash flows from operating income before changes in operating assets and liabilities</b>		<b>46,917,194</b>	<b>11,139,831</b>
Changes in operating assets and liabilities:			
Changes in gold reserves		(3,714,473)	(36,030,622)
Changes in marketable securities		187,152,705	58,324,579
Net change in loans and advances given		(22,740,910)	(7,302,022)
Net change in other assets		(7,211,023)	(1,429,859)
Net change in currency in circulation		804,060	8,497,750
Changes in liabilities due to money market operations		(6,199,723)	19,723,568
Net change in deposits		(54,570,492)	37,041,921
Net change in other liabilities		(40,106,826)	(10,813,091)
Taxes paid		(8,155,554)	(2,113,149)
Retirement payments made	II, 13	(2,342)	(76,471)
Interest received		30,060,186	14,767,759
Interest paid		(12,399,033)	(4,629,366)
Commissions received		705,133	593,485
Commissions paid		(37,264)	(15,823)
<b>Cash flows from / (used in) operations</b>		<b>110,501,638</b>	<b>87,678,490</b>
<b>Cash flows related to investments activities</b>			
Fixed asset purchases		(945,463)	(47,707)
Cash generated from fixed asset sales	III, 3	2,842	7,554
Dividend received		11,632	11,141
<b>Cash flows used in investments activities</b>		<b>(930,989)</b>	<b>(29,012)</b>
<b>Cash flows related to financing activities</b>			
Dividends paid		(12,375,742)	(6,420,923)
<b>Net cash used in financing activities</b>		<b>(12,375,742)</b>	<b>(6,420,923)</b>
<b>Effect of changes in exchange rates on cash and cash equivalents</b>		<b>48,936,759</b>	<b>7,652,976</b>
<b>Changes in cash and cash equivalents</b>		<b>146,131,666</b>	<b>88,881,531</b>
<b>Cash and cash equivalents at the beginning of the year</b>	IV, 1	<b>222,000,923</b>	<b>133,119,392</b>
<b>Cash and cash equivalents at the end of the year</b>	IV, 2	<b>368,132,589</b>	<b>222,000,923</b>

The accompanying notes are integral part of these financial statements.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2018

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

**I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE**

**A. Notes and explanations related to current year**

(1) The financial statements of the Central Bank of the Republic of Turkey ("the Bank" or "CBRT") as of 31 December 2018 have been approved by the Board of the Bank on 22 February 2019.

**(2) Detailed explanations of principal accounting policies applied by the Bank:**

The basis of presentation of the financial statements and accounting policies which are integral part of the accompanying financial statements are as follows:

**i. Basis of Presentation of the Financial Statements**

The Bank maintains its books of account in accordance with the Turkish Commercial Code numbered 6102, Tax Legislation and Law of the Central Bank of the Republic of Turkey numbered 1211 ("CBRT Law") and prepares its financial statements in accordance with the accounting policies below, which are in conformity with the aforementioned legislation. According to the 57th and 58th articles of the Central Bank Law, the accounting period of the Bank is the calendar year. At the end of each calendar year, the Bank submits its balance sheet and income statement to the Presidency of the Republic of Turkey along with the annual report prior to the General Assembly meeting and publishes the balance sheet in the Official Gazette.

**Additional paragraph for convenience translation into English**

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, these 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.

**ii. Accounting Principles**

Significant accounting principles applied in the preparation of the financial statements are as follows:

**a. Accounting of Income and Expenses**

Interest income and expense that are calculated by using the effective interest rate method are accounted for on an accrual basis.

The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate a shorter period.

Commissions and service fees collected or paid due to the transaction of CBRT with the domestic and foreign banks, Treasury, public entities and various persons or entities are recognized as income or expense in the period in which they are paid or collected. Income or expense accruals are recognized for those which will be collected or paid in the subsequent period. Commission and service income and expenses are accounted for on an accrual basis or recognized as income and expenses in the income statement in the period in which they are paid or collected depending on their nature.

In accordance with the article 61 of the CBRT Law amended with the Law No:6009 on 23 July 2010, in the event of a change in the value of the TL against the foreign currencies and a change in the gold prices in the international markets, the unrealized gains and losses arising from the revaluation of gold, foreign exchange and other assets and liabilities of the Bank those are originated in foreign currencies are classified into "Valuation Account" which is a transitory account on the balance sheet.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2018

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

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**I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)**

**a. Accounting of Income and Expenses (continued)**

The Valuation Account is not considered as income and expense during computation of corporate tax base. Realized foreign exchange gains and losses from foreign currency sales and purchase transactions are reflected to the income statement at the date of transaction.

**b. Foreign Currency Transactions**

The Bank's foreign currency transactions are converted into Turkish Lira over the foreign exchange rates at the date of the transaction. During the preparation of the financial statements, the assets and liabilities in foreign currency accounts are converted into Turkish Lira based on the foreign exchange rates and effective buying rates as of the balance sheet date.

As described in article a. above, according to Article 61 of the Central Bank Law, unrealized foreign exchange gains and losses are presented in "Valuation Account". In case of realization such gains and losses are transferred to profit or loss accounts.

**c. Gold Reserves**

Gold reserves of the Bank consists of international standards of gold held in the Bank vault, in overseas banks and in Istanbul Stock Exchange ("BIST") and non-international standard of gold held in the Bank vault. Gold reserves held abroad for the purpose of reserve management policy are kept in free depots. In addition, gold deposited for reserve requirement establishment by banks and finance companies are followed at banks abroad and BIST. The Bank, can make direct buying and selling transactions, gold custody accounts, forward gold deposit transactions, gold equivalent foreign currency and foreign currency equivalent gold swaps, location swaps, physical gold transfer operations and similar transactions for the purpose of gold reserves management.

Gold is initially recorded with the prices prevailing at the date of acquisition and is valued with fair value in subsequent periods. Fair value is determined on the last business day of the week and month, based on the gold price quoted at the London Bullion market exchange at 10:30 (2017: the average of the gold price quoted at the London Bullion market exchange at 10:30 and 15:00) (2018: 1,281.65 US Dollars/2017: 1,296.50 US Dollars) and on the basis of 1 ounce being equal to 31.1035 grams, presented on the balance sheet after being converted to Turkish Lira. Fair value changes of gold reserves both arising from changes in price and exchange rates are accounted for as unrealized gains or losses under "Valuation Account" in accordance with the Article 61 of the CBRT Law. Realized gains and losses are transferred to statement of profit or loss.

As of the end of year 2018, gold rate used in the valuation is TL/ounce 6,743 (2017: TL/ounce 4,890).

**d. Financial Instruments**

Turkish Lira and foreign currency securities held for the purpose of liquidity and reserve management are financial assets measured at fair value through profit or loss ("FVTPL"). Financial assets at FVTPL, are subjected to fair value valuation at the end of the month after initial recognition and profit or loss arising from valuation is reflected in profit/loss accounts. Interest earned from holding Financial assets at FVTPL is recognized in interest income.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS  
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**I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)**

**d. Financial Instruments (Continued)**

*Securities Portfolio*

The Bank's securities portfolio consists of securities purchased on Bank's own behalf in line with the article 52 about open market operations and article 53 about foreign currency operations of the CBRT Law. The securities are initially carried at their cost values including their transaction costs. After the initial recognition, profit or loss arising from revaluation according to their fair value is recognized in profit/loss accounts. Valuation differences between acquisition costs and revalued amounts according to their fair value are reflected to "3.Foreign Correspondents/3.1 Foreign Currency Securities" and "5.Securities Portfolio" captions in the balance sheet.

Fair value of the securities is determined with reference to quoted market prices in BIST; in case the quoted prices are not available fair value is determined using prices declared daily by the Bank and published in the Official Gazette. Foreign securities are valued with fair values determined with reference to quoted market prices in the international markets at the end of the month. Interest accrued during the holding of the securities, are shown as interest income.

*Open Market Operations - Securities Purchased Under Agreements to Resell*

The transactions of domestic currency securities purchased under agreements to resell are carried out by the Bank within the framework of open market operations.

Securities purchased under agreements to resell are accounted for as collateralized loans. Cash receivables originated from the transaction are classified as "6. Receivables Due to Monetary Policy Operations / 6.1 Open Market Operations" in the asset side where the securities received as collateral are classified under the off balance sheet accounts. Interest income is calculated on an accrual basis using the effective interest method at the end of each month. Interest income generated from the securities purchased under agreements to resell operations at maturity is recorded in the statement of profit or loss.

*Open Market Operations - Securities Sold Under Agreements to Repurchase*

Securities sold under agreements to repurchase are accounted for as collateralized deposits received by the Bank. Securities given as collateral are classified under "5. Securities Portfolio" in the asset side where the cash that will be paid at the maturity is classified under "2. Payables Due to Monetary Policy Operations / 2.1 Open Market Operations" in the liability side. Interest amount to be paid to the banks are accrued at the end of each month using effective interest method. Interest expense for the securities sold under agreements to repurchase operations at maturity is recorded in the statement of profit or loss.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2018

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**I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)**

**d. Financial Instruments (Continued)**

*Foreign Exchange Deposits Operations Against Turkish Lira Deposits*

Exchange deposits given is classified under "7. Domestic Correspondents" in the asset side and TL deposits received is classified under "2. Payables Due to Monetary Policy Transactions/ 2.4 Other" in the liability side. Interest amount collected from exchange deposits and paid to the TL deposits are accrued at the end of each month using effective interest method. Interest income arising from the operations at maturity and interest expense paid for the related operations are recorded in the statement of profit or loss.

*TL Based Forward Foreign Exchange Sales*

At effective date, TL receivables with foreign exchange sales commitment is recognized under the off-balance sheet items. At the end of months, gains from the increase in value and loss decrease in value are classified under "12. Other Liabilities / 12.4 Other" in the liability side and "13. Other Assets / 13.4 Other" in the asset side respectively. TL payments/collections related to foreign currency exchange rate difference arising from the operations at maturity are recorded in the statement of profit or loss.

For Turkish Lira based forward foreign exchange buy-sell transactions at BIST VIOP, appreciation and depreciation of contracts are reflected daily in statement of profit/loss.

*Money Exchange Transactions*

FC debts and TL receivables subjected to the money exchange agreement are recognized under the off-balance sheet at value date and classified under "3. Foreign Correspondents / 3.3. Other" in the asset side and "3. Deposits at Bank / 3.2 Banking Sector Deposits / 3.2.2 Foreign Banks in the liability side respectively. Interest collected/paid in the framework of money exchange agreement is accrued at the end of each month using effective interest method. Interest collected/paid within the maturity date is recorded in the statement of profit or loss.

*Swap Transactions*

In Turkish Lira/foreign currency swap transactions buy/sell is realized at value date. At value date, foreign currency buy/sell commitments and TL loans/receivables are recognized at off-balance sheet items. At the end of the months, appreciation is recognized in "12. Other Liabilities / 12.4 Other", depreciation is recognized in "15. Other Assets / 15.4 Other". Interest collected and paid is accrued at month ends using the effective interest rate method. Gain/loss arising at the maturity and amounts related to interest is recorded in the statement of profit and loss.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS  
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**I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)**

**d. Financial Instruments (Continued)**

*Loans and Impairment*

Loans granted by the Bank, are financial assets generated by lending money to the borrower. At the initial recognition, they are measured at cost. After the initial recognition, they are measured at amortized cost using the "effective interest rate" method. All loans and advances given, are recognized when cash is transferred to the debtor.

Loans 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.

Interest income from loans measured at amortized cost is recognized in the statement of profit or loss.

*Impairment*

As of 31 December 2017, the Bank, has implemented incurred loss model in the calculation of provision for impairment. However, beginning from 1 January 2018, the Bank has changes its accounting policy and started to adopt expected credit loss model in the calculation of provision for impairment. Expected credit loss model is probability-weighted and includes reasonable and supportable information on past events, current conditions and forecast of future economic conditions.

The expected credit loss model includes instruments that are recorded financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income and, debt securities, contract assets, credit commitments and financial guarantee contracts.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

- 1) Probability-weighted and neutral amount determined by taking into account possible outcomes,
- 2) Time value of money
- 3) Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit losses known as loss provision or provision varies according to the degree of increase in credit risk. There are two measurements according to the general approach:

-12 Month Expected Credit Losses (Stage 1), applies to all assets unless there is a significant deterioration in credit quality.

-Lifetime Expected Credit Losses (Stage 2 and 3), is applied when a significant increase in credit risk.



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**I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)**

**d. Financial Instruments (Continued)**

*Impairment (continued)*

In the calculation of the expected credit loss, parameters used are presented below:

Probability of Default: It refers to the likelihood that a loan will default at the related maturity. In the calculation of probability of default, transition matrix data of credit rating agencies are used.

Loss Given Default: It refers to the ratio of loss resulting from the default of a loan.

Exposure at Default: It represents amount of risk for cash loans

*Definition of Default*

The Bank considers a debt as default on the conditions stated below (Stage 3), and defaulted loans are subjected to lifetime impairment and classified as Stage 3 by the Bank.

- 1) Deterioration of financial position of counterparty and economic conditions
- 2) Other objective criteria approved by management
- 3) Loans are more than 90 days past due

*Definition of Significant Increase in Credit Risk*

Loans that are not expected to have default risk in the future and that do not have a significant increase in credit risk are subject to 12 month expected credit loss and classified as Stage 1.

Loans which debtors have deterioration in their solvency and cash flows, problems in fulfilling the contract conditions (principal and/or interest payments delaying more than 30 days) and there is significant increase in credit risk of the debtor, are subjected to lifetime credit loss and classified as Stage 2.

Since, the change in accounting policy explained above has no significant effect on financial statements, prior period financial statements have not been restated.

Provision provided in a period are recorded in statement of profit or loss of the related period. At the date when legal actions are completed and receivables are identified as uncollectible, loans are removed from financial statements. If loans and advances, which provision had been provided in the prior periods, are collected, the amount of collection is recognized by decreasing provision provided in the period.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS  
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**I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)**

**d. Financial Instruments (Continued)**

*Equity Participations*

The Bank classified its investments in the Bank for International Settlements ("BIS"), Society for Worldwide Interbank Financial Telecommunication ("SWIFT"), International Islamic Liquidity Management ("IILM") as equity participations.

Equity participations are initially recorded with their acquisition costs. In subsequent periods to initial recognition, equity participations are measured at fair value and classified as fair value through other comprehensive income, irrevocably.

The fair value of BIS's shares that Bank holds are calculated as 70% the Bank's net asset on the BIS shares and converted to Turkish Lira with TL/SDR exchange rate at the end of the year. This valuation method is the method that determines purchase and sales prices of BIS shares.

The fair value of SWIFT's shares is determined by using the per share value announced by SWIFT.

Income and expenses arising from changes in fair value are recognized under other liabilities. A dividend related to investments in equity participations are recorded to the statement of profit or loss in the period when the right to receive dividend occurs.

*Financial Liabilities*

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Foreign exchange deposits by citizens abroad accounts are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

**e. Banknotes in Circulation**

According to the article 4 of Central Bank Law, the Bank has the exclusive privilege of issuing banknotes in Turkey. According to the article 36 of CBRT Law, banknotes in circulation are recognized in "1.Banknotes in Circulation" under liabilities. The Bank may change the banknotes in circulation with the new banknotes, if necessary. Banknotes in circulation are presented at nominal value in the financial statements.

The Bank's semi-finished banknote inventory produced in banknote printing office are presented under "15.Other Assets" at cost. The expenses related to banknotes are capitalized and the banknotes are recorded as expense when the banknotes are transferred to reserve depot. Cost of finished and semi-finished goods consist of general expenses such as; direct cost, depreciation expense, payroll expense, banknote transportation cost and other production cost.

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**I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)**

**e. Banknotes in Circulation (Continued)**

*Demonetized Currency - Turkish Lira and New Turkish Lira*

With the Council of Ministers' decision issued in Official Gazette on 5 May 2007, it was decided that the phrase "New" on the New Turkish Lira and New Kuruş that were put into circulation on 1 January 2005, are removed as of 1 January 2009, and Turkish Lira banknotes have been put into circulation as of the same date. Accordingly, the legal circulation period of New Turkish Lira banknotes that were in circulation between 1 January 2009 and 31 December 2009 along with Turkish Lira banknotes expired as of 31 December 2009. New Turkish Lira banknotes will be redeemed during the period of 10 years starting from 1 January 2010 to 31 December 2019 at the Bank and the branches of T.C. Ziraat Bankası A.Ş.

It is most unlikely that significant amounts of demonetized currency will be returned for redemption.

**f. Fixed Assets**

Fixed assets consist of land, buildings, fixtures, vehicles and software products.

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The depreciation rates of the fixed assets are as follows:

Buildings	2 - 4%
Vehicles, Furniture and Fixture	2 - 50%
Leasehold Improvements	10 - 20%
Software	7-33%

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS  
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**I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)**

**g. Provisions**

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions include amounts provided for future probable losses in accordance with the article 59 of the CBRT Law for insurance, money in transit, retirement pay and taxation.

*Retirement Bonus and Severance Payments*

According to the Turkish legislation and labor union agreements, employment termination benefits are paid upon the retirement of employees or in the case of layoff. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized under actuarial gain/loss account in other liabilities.

**h. Taxes**

The Bank is subject to corporation tax in accordance with the Turkish tax legislation. In addition, the Bank is liable for income withholding tax of third parties.

The Corporate Tax Law No.5520 has come into effect with the announcement at the Official Gazette No: 26205 dated 21 June 2007. Most of the articles of the Corporate Tax Law are effective from 1 January 2006. Accordingly, in accordance with No:32 corporation tax is payable, at a rate of 20% effective from 1 January 2006, on the total income of the Bank after adjusting for certain disallowable expenses and exempt income in accordance with tax legislation and Central Bank Law No:1211.

The law numbered 7061 on amendment on certain taxes and laws and other acts was published on the Official Gazette dated 5 December 2017 and numbered 30261, the 20% corporate tax rate, will be applied as 22% for entities' corporate income belonging to the taxation periods of 2018, 2019 and 2020 as amended in the provisional clause of article 10 of the Law. Current year tax liabilities, are paid as the amount after offsetting prepaid taxes.

Except changes on corporate tax rate, the exemption of 75% applied to gains from the sales of properties held by the entities has been reduced to rate of 50% with deferred tax rate to be applied on temporary differences arising on the revaluation of assets will be considered 10% instead of 5% in case of carrying amount of properties recovered through sales.

Income taxes stated in the financial statements include the change in the current tax and deferred tax.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS  
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**I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)**

**h. Taxes (continued)**

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit by using balance sheet method and by using prevailing tax rates. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. According to article 61 of CBRT Law, deferred tax is not calculated for "valuation account" which is not subjected to corporate tax base.

Deferred tax liability or asset are indicated at financial statements considering their estimated effects on increase or decrease rate of tax amount that will pay future period which no temporary differences. Deferred tax asset are accounted when the probability of providing tax advantages are occurred in future period. When it is understood as being utilized that deducting from related assets made provision.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority intends to settle its current tax assets and liabilities on a net basis.

**i. Custody Operations**

The assets belonging to several individuals and organizations are classified in the off balance sheet accounts, since these assets are held for custody purposes only.

**j. Comparative Information and Restatement of Prior Year Financial Statements**

In order to allow the determination of the financial position and performance trends, the financial statements of the Bank are prepared comparatively with the prior period. Certain classifications are made in the previous year financial statements and the significant differences are disclosed in order to maintain comparability with the current year financial statement. The Bank hasn't made any reclassification on the previous year's financial statements.

**k. Change in Accounting Estimates and Errors**

If changes in accounting estimates are related to only one period, they are applied in the period when changes in estimates are made. If the changes are related to future periods, they are applied both in the period when changes in estimates are made and future periods prospectively. There is no significant change in accounting estimates of Bank in current year. Significant changes in accounting policy are applied retrospectively and prior period financial statements are restated. There is no significant accounting error identified by the Bank in current year.

**l. Changes in Accounting Policies**

Significant changes in accounting policy are applied retrospectively and prior period financial statements are restated.

**NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2018**

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

**I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)**

**(3) Changes in accounting policies in the current period and their financial effects:**

There is no change in accounting policies except for the changes disclosed in section I.d.

**(4) Compliance of the Bank with the fundamental accounting principles of going concern, matching and consistency:**

These financial statements have been prepared based on the fundamental principles of accounting; going concern assumption, matching principle, and consistency; assuming that the Bank will continue its operations without interruption in the future.

**(5) The US dollar ("US Dollar") and Euro ("EUR") bid rates used in the preparation of the balance sheet at year-end and the US\$ and EUR bid rates announced by the Bank for the last five working days prior to balance sheet date are as follows:**

**a. The Bank's "Exchange Rate for the Translation of Foreign Currency Items"**

	<b>31 December 2018</b>	<b>31 December 2017</b>
(1 Euro = TL)	TL 6.0280	TL 4.5155
(1 US Dollar = TL)	TL 5.2609	TL 3.7719

**b. EUR and US Dollar bid rates announced by the Bank as of the balance sheet date and for the last five working days prior to balance sheet date are as follows:**

**EUR and US Dollar bid rates as of the balance sheet date:**

	<b>31 December 2018</b>	<b>31 December 2017</b>
<b>Euro</b>	TL 6.0280	TL 4.5155
<b>US Dollar</b>	TL 5.2609	TL 3.7719

**Prior to Balance Sheet Date (Euro)**

	<b>31 December 2018</b>	<b>31 December 2017</b>
Bid rate of the 1st Day	TL 6.0280	TL 4.5155
Bid rate of the 2nd Day	TL 6.0245	TL 4.5155
Bid rate of the 3rd Day	TL 6.0185	TL 4.5478
Bid rate of the 4th Day	TL 6.0419	TL 4.5385
Bid rate of the 5th Day	TL 6.0291	TL 4.5116

**Prior to Balance Sheet Date (US Dollar)**

	<b>31 December 2018</b>	<b>31 December 2017</b>
Bid rate of the 1st Day	5.2609 TL	3.7719 TL
Bid rate of the 2nd Day	5.2889 TL	3.7719 TL
Bid rate of the 3rd Day	5.2832 TL	3.8104 TL
Bid rate of the 4th Day	5.3034 TL	3.8197 TL
Bid rate of the 5th Day	5.2926 TL	3.8029 TL

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

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NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL  
STRUCTURE (continued)

(6) Information on assets and liabilities denominated in foreign currencies, their US Dollar and TL equivalents and the foreign currency position are as follows:

	<u>31 December 2018</u>		<u>31 December 2017</u>	
	Thousand TL	Million US Dollar	Thousand TL	Million US Dollar
I- Foreign Currency Assets				
1) Gold Reserves	105,904,019	20.130	88,778,170	23,537
2) Foreign Currency Banknotes	18,069,286	3.435	10,581,358	2,805
3) Foreign Correspondents	364,548,311	69.294	306,351,078	81,219
4) Reserve Tranche Position	825,727	157	606,030	161
5) Securities Portfolio	-	-	-	-
6) Receivables From Monetary Policy Operations	-	-	-	-
7) Domestic Correspondents	6,230,499	1.184	19,467,018	5,161
8) Loans	80,982,290	15.393	47,714,676	12,650
9) Equity Participations	1,468,827	279	1,064,813	282
10) Treasury Liabilities Due to SDR Allocation	7,844,169	1.491	5,757,112	1,526
11) Fixed Assets (Net)	-	-	-	-
12) Loans Under Legal Follow-Up (Net)	-	-	-	-
13) Deferred Tax Assets	-	-	-	-
14) Other Assets	1,377,531	262	8,090	2
<b>Total Foreign Currency Assets</b>	<b>587,250,659</b>	<b>111,625</b>	<b>480,328,345</b>	<b>127,343</b>
II- Foreign Currency Liabilities				
1) Currency in Circulation	-	-	-	-
2) Payables Due to Monetary Policy Operations	-	-	-	-
3) Deposits	334,846,390	63.648	295,108,667	78,238
a) Public Sector	22,097,912	4.200	9,197,732	2,438
b) Banking Sector	309,251,672	58.783	281,690,971	74,681
c) Other Deposits	3,496,806	665	4,219,964	1,119
4) Foreign Correspondents	10,614,052	2.018	2,842	1
5) Reserve Tranche Position	825,727	157	606,030	161
6) SDR Allocation	7,844,169	1.491	5,757,112	1,526
7) Tax Liability	-	-	-	-
8) Provisions	-	-	-	-
9) Share Capital and Legal Reserves	-	-	-	-
10) Valuation Account	-	-	-	-
11) Profit for the Year	-	-	-	-
12) Other Liabilities	923,376	176	1,188,401	315
<b>Total Foreign Currency Liabilities</b>	<b>355,053,714</b>	<b>67,490</b>	<b>302,663,052</b>	<b>80,241</b>
<b>Net Foreign Currency Position</b>	<b>232,196,945</b>	<b>44,136</b>	<b>177,665,293</b>	<b>47,102</b>

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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

### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### (7) Book value of property and equipment, accumulated depreciation and their insurance coverage:

	31 December 2018				31 December 2017			
	Cost	Accumulated depreciation	Net book value	Insurance coverage	Cost	Accumulated depreciation	Net book value	Insurance Coverage
Furniture								
And Fixture	392,985	228,090	164,895	290,343	287,780	198,429	89,351	241,833
Property	542,837	165,753	377,084	332,473	398,247	162,736	235,511	308,312
	935,822	393,843	541,979	622,816	686,027	361,165	324,862	550,145

#### (8) Information on significant contingent losses and gains that cannot be quantified:

As of 31 December 2018, there is a number of legal proceedings outstanding against the Bank amounting to TL 6,025, US Dollar 64,578,582 and EUR 114,600 (31 December 2017: TL 4,363, US Dollar 64,596,952 and EUR 222,397). No provisions are provided in the accompanying financial statements for such legal proceedings based on the views of legal counsel.

#### (9) Other matters which may have a material impact on the financial statements, or which should be explained for facilitating a better understanding of the financial statements:

##### *Valuation Account*

As explained in the article 2-ii-b, Section "A. Notes and Explanations related to Current Year" of the Section - I "Notes and Explanations related to the Bank and its Financial Structure", the "Valuation Account" in the balance sheet represents the unrealized foreign exchange gains and losses as at the balance sheet date. Realized foreign exchange gains and losses are recognized in the income statement during the period.

### B. Other notes and explanations

#### (1) Events occurred after the balance sheet date, affecting the financial activities and/or financial structure significantly and therefore require explanation:

Advance dividend payment is approved in the Extraordinary General Assembly of CBRT held on 18 January 2019, it is decided to pay dividends in advance and TL 33.7 billion is distributed to shareholders with respect to legislation.

#### (2) Information on the Bank's foreign branches:

There are no foreign branches; however the Bank has representatives working in Turkish Representations of the Republic of Turkey Ministry of Affairs in Frankfurt, London, New York, Beijing, Tokyo, Washington and Doha.



# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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

### I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

#### C. The independent audit firm that audits the financial statements:

The financial statements for the year ended 31 December 2018 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative, a Swiss entity). The independent auditor's report is presented in front of the financial statements and notes to the financial statements.

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS

#### (1) Gold Reserves

In accordance with the article 53 of the CBRT Law, the Bank manages gold and foreign exchange reserves of the Country in the context of the monetary policy targets and applications. For this purpose the Bank performs banking operations in domestic and foreign markets including forward or spot purchase/sale of gold, foreign currency, marketable securities, derivative instruments and lending/borrowing transactions in accordance with the procedures and rules determined by its own safe investment, liquidity and yield priorities.

As of 31 December 2018 , the Bank has 488,531,099 grams pure gold which meets international standards (31 December 2017: 564,654,454), 3,177,798 grams pure gold which does not meet the international standards. All of the gold reserve which does not meet the international standards is kept in Bank's Head Office and 345,575 grams at this reserve (31 December 2017: 345,575) belongs to Treasury and is also presented in the balance sheet under "Other Liabilities" account.

The gold reserve as of 31 December 2018 is valued with the gold prices quoted in the London Bullion Market at 10:30 a.m. (2017: the gold prices quoted in the London Bullion Market at 10:30 a.m.) and on the basis of 1 ounce being equal to 31.1035 grams.

Gold	31 December 2018		31 December 2017	
	Pure Gram	Balance	Pure Gram	Balance
<b>Gold in International Standards</b>	<b>488,531,099</b>	<b>105,904,019</b>	<b>564,654,454</b>	<b>88,778,170</b>
CBRT's own gold	253,290,053	54,908,346	199,440,853	31,357,177
Care of the BOE	5,939,153	1,287,493	109,759,799	17,257,057
Care of BIS	-	-	18,736,294	2,945,826
Domestic gold	247,350,900	53,620,853	70,944,489	11,154,294
Required reserves of the banks	235,059,291	50,956,272	362,749,625	57,033,549
Care of the BOE	90,668,485	19,655,160	265,646,065	41,766,378
Care of BIST	144,390,806	31,301,112	97,103,560	15,267,171
Treasury's own gold	181,755	39,401	2,464,247	387,444
<b>Gold in Non-International Standard</b>	<b>3,177,798</b>	<b>688,885</b>	<b>3,177,798</b>	<b>499,631</b>
CBRT	2,832,223	613,971	2,832,223	445,298
Treasury	345,575	74,914	345,575	54,333

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

#### (2) Foreign Correspondents

	31 December 2018		31 December 2017	
	Thousand TL	Million US Dollar	Thousand TL	Million US Dollar
Foreign Currency Securities	129,717,482	24,657	251,841,977	66,768
Deposit	49,324,207	9,376	21,989,216	5,830
Other	185,506,622	35,261	32,519,885	8,621
- Demand deposits	178,435,328	33,917	27,326,773	7,244
- SDR holdings account	7,070,036	1,344	5,190,498	1,376
- Other	1,258	-	2,614	1
<b>Total</b>	<b>364,548,311</b>	<b>69,294</b>	<b>306,351,078</b>	<b>81,219</b>

Foreign Correspondents account consists of foreign currency securities held as foreign currency reserves and the current accounts of the Bank held on its foreign correspondents. Foreign currency securities consist of government bonds and treasury bills issued by foreign government and kept in custody at foreign banks.

As of 31 December 2018, foreign currency securities held for reserve purpose amounting to TL 129,717,482 (31 December 2017: TL 251,841,977) are valued with the prices quoted in the international markets where they are traded at the balance sheet date.

#### (3) Securities Portfolio and Receivables Due to Monetary Policy Operations

##### (a) Information on Securities Portfolio

As of 31 December 2018, securities portfolio amounting to TL 13,703,785 consists of government bonds with outright purchase. (As of 31 December 2017: The securities portfolio amounting to TL 14,531,545 consists of government bonds with outright purchase.)

Breakdown of securities portfolio as of 31 December 2018 are as follows:

	31 December 2018			
	Acquisition Cost	Accrual (net)	Carrying Amount	Fair Value
<b><u>Purchases under Agreements to Resell:</u></b>				
Treasury Bills and Government Bonds				
1. Fixed Income	-	-	-	-
2. Indexed to Inflation	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
<b><u>Outright Purchases:</u></b>				
Treasury Bills and Government Bonds				
1. Fixed Income	14,210,833	(507,048)	13,703,785	13,703,785
2. Indexed to Inflation	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
<b>TOTAL</b>	<b>14,210,833</b>	<b>(507,048)</b>	<b>13,703,785</b>	<b>13,703,785</b>

THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2018

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

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

(3) Securities Portfolio and Receivables Due to Monetary Policy Operations (continued)

(a) Information on Securities Portfolio (continued)

As of 31 December 2018 the nominal values of TL securities acquired by outright purchases amounts to TL 15,402,000. (31 December 2017: 14,956,000 TL)

Breakdown of securities portfolio as of 31 December 2017 are as follows:

	31 December 2017			
	Acquisition Cost	Accrual (net)	Carrying Amount	Fair Value
<b><u>Purchases under Agreements to Resell:</u></b>				
Treasury Bills and Government Bonds				
1. Fixed Income	-	-	-	-
2. Indexed to Inflation	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
<b><u>Outright Purchases:</u></b>				
Treasury Bills and Government Bonds				
1. Fixed Income	14,557,548	(26,003)	14,531,545	14,531,545
2. Indexed to Inflation	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
<b>TOTAL</b>	<b>14,557,548</b>	<b>(26,003)</b>	<b>14,531,545</b>	<b>14,531,545</b>

(b) Receivables Due to Monetary Policy Operations

As of 31 December 2018, breakdown of the securities purchased under agreement to resell recognized in off-balance sheet is as follows:

	31 December 2018	
	Nominal	Fair value
<b><u>Purchases under Agreements to Resell:</u></b>		
Treasury Bills and Government Bonds		
1 Fixed Income	30,326,644	34,917,974
2 Inflation-Indexed	-	-
3 Indexed	-	-
4 Foreign Currency	-	-
5 Floating Rate	-	-
<b>TOTAL</b>	<b>30,326,644</b>	<b>34,917,974</b>

  

	31 December 2017	
	Nominal	Fair value
<b><u>Purchases under Agreements to Resell:</u></b>		
Treasury Bills and Government Bonds		
1 Fixed Income	28,241,563	34,403,522
2 Inflation-Indexed	-	-
3 Indexed	-	-
4 Foreign Currency	-	-
5 Floating Rate	-	-
<b>TOTAL</b>	<b>28,241,563</b>	<b>34,403,522</b>

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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

### **SHEET COMMITMENTS (Continued)**

#### **(3) Securities Portfolio and Receivables Due to Monetary Policy Operations (continued)**

##### **(b) Receivables Due to Monetary Policy Operations (continued)**

Receivables Due to Monetary Policy- Open Market Operations at the asset side of the balance sheet as of 31 December 2018 – Securities purchased under agreements to resell presented under Open Market Operations consists of TL 34,940,725 of cost and the accrued interest income (31 December 2017: TL 34,295,896). As of 31 December 2018, the accrued interest on securities purchased under agreements to resell amounting to TL 100,419 (31 December 2017: TL 35,896) is presented in the Receivables from Monetary Policy Operations - Open Market Operations.

In addition, as of 31 December 2018, there is TL 74,356,372 of Money Market receivable including income accruals due from the transactions the Bank entered into on its behalf (31 December 2017: TL 103,257,275). Interest income accrual amounting to TL 196,678 (31 December 2017: TL 109,575) are accounted for in the same account.

In addition, as of 31 December 2018, TL 13,597,426 the Bank received from Interbank Money Market including expense accruals (31 December 2017: TL 19,808,749) as the counterparty of the transaction was presented as Liabilities due Monetary Policy Operations - Interbank Money Market Operations and Foreign exchange deposits transactions against Turkish Lira. Accrued interest expense of this liability; TL 4,562; (31 December 2017: TL 47) and TL 18,719 (31 December 2017: TL 34,834) for the counterparty of transactions and foreign exchange deposits transactions against Turkish was also accounted in the same account respectively.

#### **(4) Domestic Correspondents**

Under domestic correspondents caption, CBRT foreign currency deposit operations and Turkish Lira depots and TL deposit equivalent foreign currency deposits which has started on 18 January 2017, are represented. As of 31 December 2018, the amount of domestic correspondents account is TL 6,230,499 (31 December 2017: TL 19,467,018). Accrued income of foreign exchange deposits against Turkish Lira deposits is TL 1,936 (31 December 2017: TL 4,052)

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

#### 5) Loans

##### (a) Information on domestic loans:

As of 31 December 2018 loans to domestic banks comprised of discount loans amounting to TL 80,934,619 (31 December 2017: TL 47,680,497).

##### (b) Information on loans and advances given to shareholders and employees

None (31 December 2017: None).

##### (c) Information on Foreign Loans:

Foreign loans represent the receivables initially originated from the commercial transactions made under treaties with the foreign central banks and subsequently converted to loans.

##### (d) Information on loans under legal follow-up (net):

The total balance consists of receivables related with the trading transactions with Iraq and became uncollectible due to the Gulf Crisis. The balance is classified as loans under legal follow-up and it is fully provisioned.

Movements in the allowance for loans and receivables under legal follow-up:

	31 December 2018		31 December 2017	
	Thousand TL	Thousand US Dollar	Thousand TL	Thousand US Dollar
<b>Opening balance</b>	<b>5,843,448</b>	<b>1,549,205</b>	<b>5,423,981</b>	<b>1,541,254</b>
- Increases during the Period (+) (*)	36,045	7,336	28,976	7,951
- Transfers from Other Follow-up Accounts (+)	-	-	-	-
- Transfers to Other Follow-up Accounts (-)	-	-	-	-
- Collections during the Period (-)	-	-	-	-
- Write-offs (-)	-	-	-	-
- Foreign Exchange Differences	2,309,318	-	390,491	-
<b>Closing balance</b>	<b>8,188,811</b>	<b>1,556,541</b>	<b>5,843,448</b>	<b>1,549,205</b>
	(8,188,811)			(1,549,205)
- Allowance (-)	)	(1,556,541)	(5,843,448)	)
<b>Net balance after allowance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) As of 31 December 2018, TL 36,045 of increase during the period (31 December 2017: TL 28,976) represents accrued interest on the loans and receivables under follow-up.

According to the article 61 of the CBRT Law, foreign currency denominated loans under follow-up are revalued at period ends and unrealized gains and losses arising from the revaluation are classified into the "Valuation Differences" which is a transitory account. Allowances for the related receivables including foreign currency valuation differences are recognized in the statement of profit or loss.

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

#### 6) Equity Participations

As of 31 December 2018 and 2017, the Bank's equity participations are as follows:

Title	Share rate (%)	Total Paid-in Share Capital	31 December 2018 Acquisition Cost	31 December 2017 Acquisition Cost	31 December 2018 Carrying Value	31 December 2017 Carrying Value
Bank for International Settlements (BIS) (*) (**)	1.43	(*) 698,900,000 SDR	(*) 10,000,000 SDR	(*) 10,000,000 SDR	1,415,969	1,026,926
International Islamic Liquidity Management Corporation (IILM)	13.33	75,000,000 USD	10,000,000 USD	10,000,000 USD	52,609	37,719
S.W.I.F.T.	0.007	13,726,750 Euro	18,320 Euro	18,320 Euro	249	168
<b>Total Equity Participations</b>					<b>1,468,827</b>	<b>1,064,813</b>

(\*) In BIS, against 8,000 shares of Bank, paid is SDR 10,000,000, unpaid is SDR 30,000,000.

(\*\*) Its fair value is calculated as 70% of Bank's right on net worths.

The Bank, carries the investments in BIS and SWIFT, whose fair values can be reliably measured, at their fair value in the financial statements. The Bank's recognize revaluated cost of IILM as its fair value. In current year, TL 404,013 of valuation increase; which is TL 27,274 the foreign currency valuation difference; was accounted for in the "Valuation Account"; and the remaining TL 376,739 after deducting deferred tax effect of TL 25,192 and amounting to TL 378,821 was accounted for as "Fair value increase/(decrease) in equity participations" under "Other Liabilities". (Refer to Not II. 16)

<b>Movement of equity participations</b>	<b>2018</b>	<b>2017</b>
Opening balance (1 January )	1,064,813	917,956
Change in fair value for the year	376,739	137,892
The effect of foreign currency valuation for the year	27,275	8,965
<b>Ending Balance (31 December)</b>	<b>1,468,827</b>	<b>1,064,813</b>

During 2018, there is not any purchase or disposal of equity participation.

During 2018 the dividend amounting to TL 11,632 was collected from Bank for International Settlements (2017: TL 11,141).

#### (7) Fixed Assets

As of 31 December 2018, the cost of property and related accumulated depreciation amounts to TL 542,837 (31 December 2017: TL 398,247) and TL 165,753 (31 December 2017: TL 162,736) respectively, whereas the cost of furniture and fixture and related accumulated depreciation amounts to TL 392,985 (31 December 2017: TL 287,780) and TL 228,090 (31 December 2017: TL 198,429) respectively.

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

The movements of fixed assets as of 31 December 2018 and 2017 are as below:

	Immovables	Fixture	Software	Total
Net balance sheet value as of 1 January 2018	235,511	80,461	8,890	324,862
Purchases	148,907	90,439	35,614	274,960
Disposals (net) (*)	(2,771)	(50)	--	(2,821)
Current year charge	(4,562)	(33,789)	(16,671)	(55,022)
Net balance sheet value as of 31 December 2018	377,085	137,061	27,833	541,979

	Immovables	Fixture	Software	Total
Net balance sheet value as of 1 January 2017	577,356	79,508	3,761	660,625
Purchases	29,628	28,821	12,607	71,056
Disposals (net) (*)	(366,140)	(114)	--	(366,254)
Current year charge	(5,333)	(27,754)	(7,478)	(40,565)
Net balance sheet value as of 31 December 2017	235,511	80,461	8,890	324,862

(\*) Disposals are presented at net amounts.

#### (8) Other Assets

Other assets- The list of other account is presented below:

	31 December 2018	31 December 2017
Temporary tax to be deducted from corporate tax	7,222,981	2,158,795
Taxes to be deducted from income tax withholding	502,021	141,039
Receivables from foreign exchange sales with future value date	1,844,115	326,315
Construction in progress expenses	1,120,548	450,044
Difference on increase in value of Turkish Lira-settled forward foreign exchange	305,883	404,313
Banknote printing inventory	66,861	52,040
Collection banknote depot	3,668	3,668
Letter of credit expenses of banknote printing office	214	690
Medallion depot	112	112
Other materials and warehouses	-	5,418
Other	176,361	76,917
<b>Total</b>	<b>11,242,764</b>	<b>3,619,351</b>

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

#### (8) Other Assets (Continued)

Other assets– The breakdown of accrued income account is presented as follows:

	31 December 2018	31 December 2017
Commissions and expenses to be collected from Treasury(*)	32,608	35,408
EFT commission income accrual	20,678	18,508
Other	15,205	6,261
<b>Total Interest and Income Accruals</b>	<b>68,491</b>	<b>60,177</b>

(\*) With the decision of the Board of the Bank numbered 9525/19124 dated 4 October 2011, Regulation on Tariffs has been amended. According to the amendment, starting from 12 October 2011, commissions and fees are charged to the Republic of Turkey Ministry of Finance and Treasury due to the transactions with the public administrations within the scope of overall budget.

#### (9) Currency in circulation

According to the article 1 of CBRT Law, the Bank has the exclusive privilege of issuing banknotes in Turkey. As of 31 December 2018, the banknotes in circulation amount to TL 132,261,723 (31 December 2017: TL 131,457,662).

<b>Movement of banknotes in circulation</b>	<b>2018</b>	<b>2017</b>
1 January Balance	131,457,662	122,959,913
Banknotes issued into circulation	48,951,300	50,964,983
Banknotes withdrawn from circulation and destroyed	(48,147,240)	(42,467,234)
<b>31 December Balance</b>	<b>132,261,722</b>	<b>131,457,662</b>

#### (10) Reserve Tranche Position

As of 18 February 2016, under the scope of the membership to the International Monetary Fund ("IMF"), the country quota of Turkey was increased by SDR 3,202,800,000, reaching SDR 4,658,600,000.

As of 31 December 2017, Reserve Tranche Position represents the prepayment of SDR 112,775,000 for the total IMF quota of SDR 4,658,600,000 and is recorded in the "Foreign Currency Reserves - Reserve Tranche Position" under the assets and in the "Reserve Tranche Position" under liabilities. As of 31 December 2018, the balance of the account amounts to TL 825,727 (31 December 2017: TL 606,030).

SDR 112,307,000 (31 December 2017: SDR 112,307,000) allocated to Turkey in accordance with the protocol signed with the IMF has been used by the Treasury and is classified as "Treasury Liabilities due to SDR Allocation" under assets and as "SDR Allocation" under liabilities. Additionally, as of 28 August 2009 and 9 September 2009, the amounts of SDR 883,122,365 and SDR 75,900,364 have been allocated as General SDR allocation and Special SDR allocation respectively to the Treasury by IMF where the Bank act as an intermediary institution and are accounted for as explained. As of 31 December 2018, the balance is TL 7,844,169 (31 December 2017: 5,757,112 TL).



# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

#### (11) Deposits

The deposits balance is composed of deposits from the Treasury, public institutions, the banking sector, citizens abroad, international institutions and funds.

##### *Public Sector and Banking Sector Deposits*

According to article 41 of the CBRT Law, deposits of the public institutions are non-interest bearing except for the deposits of the Treasury. With the amendment in article 41 of CBRT Law numbered 1211 as of 13 February 2011, principles and procedures about charging interest on deposits of Treasury in custody of the Bank are decided to be determined jointly by the Bank and the Treasury. Within this scope, protocol between the Bank and the Treasury which is entitled as "Principles and Procedures about Charging Interest on Deposits of the Republic of Turkey Ministry of Finance and Treasury in Custody of the Central Bank of Republic of Turkey" is signed as of 12 October 2011 and the interest is started to be charged on the deposits of Treasury in custody of the Bank. Public sector deposits other than the deposits of the Treasury are demand deposits.

The deposits of the banking sector consist of two-day notice foreign currency deposits, TL demand deposits and reserve deposits. Interest has been paid for the required reserves since 3 November 2014. Also, interest has been started to be paid for the foreign currency required reserves since 5 May 2015.

##### *Deposits by citizens abroad*

As of 31 December 2018, deposits by citizens abroad amounting to TL 2,396,694 (31 December 2017: TL 2,508,008) consist of deposits by Turkish citizens living abroad.

The maturity of Deposits by Citizens Abroad account is 3 years. There is no newly opened account due to liquidation process of worker remittances. The maturity date of expired accounts are not renewed as of 1 January 2015. These accounts are monitored on a non-interest bearing account with accrued interest.

Distribution of deposits by citizens abroad accounts according to type of currency is presented as follows:

Foreign Currency	31 December 2018			31 December 2017		
	Foreign Currency Balance (000)	Thousand TL Equivalent	Interest rates (*)	Foreign Currency Balance (000)	Thousand TL Equivalent	Interest rates (*)
Euro	375,417	2,263,011	-	527,205	2,380,594	0.00% - 0.25%
US Dollar	19,708	103,670	-	26,173	98,722	-
CHF	5,314	28,352	-	7,109	27,404	-
Other	255	1,661	-	259	1,288	-
<b>Total</b>		<b>2,396,694</b>			<b>2,508,008</b>	

(\*) Minimum interest rates of the deposit accounts other than the ones mentioned above are 0.00%, 0.00%, 0.00% and 0.00% for EUR, US Dollar, CHF and GBP respectively as of 31 December 2018 (31 December 2017: 0.00%, 0.00%, 0.00% and 0.00% for EUR, US Dollar, CHF and GBP respectively).

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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

### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

#### (11) Deposits (Continued)

##### *Deposits by International Institutions*

Deposits by the international institutions represents the TL thousand equivalent of the balance transferred to the Bank by the IMF as "special drawing rights" ("SDR"). The Bank is designated as "the depositor" to regulate the relations of the Treasury and the IMF. As of 31 December 2018, TL 67,951 (31 December 2017: TL 56,869) which represents the minimum quota amount denominated in SDR is recorded as the deposit balance of IMF. In addition to this, the balance of the amount of TL 24 is used for tracking revenues such as IMF's sales revenues of publication and administrative expenses which took place within the limits of a member country and used only in the currency of the member country (31 December 2017: TL 18). In addition, as of 31 December 2018, there is TL 22,310 of deposit belonging to African Development Bank (AfDB) within the Bank's deposits by international institutions account (31 December 2017: TL 13,381).

##### *Deposits of Funds*

Deposits of funds consist of the demand accounts of various funds controlled by the Presidency of the Republic of Turkey.

#### (12) Share Capital and Legal Reserves

According to the article 5 of the CBRT Law, the nominal capital of the Bank is TL 25,000 (full TL basis) and it is divided into 250,000 shares, with a par value of Kr 10 each. The capital may be increased with the approval of the Government. The shares are divided into (A), (B), (C) and (D) classes. The (A) group shares belong solely to the Treasury and cannot be lower than 51% of the capital.

The representation of Bank's capital between 31 December 2018 and 2017:

		31 December 2018	31 December 2017
Nominal capital		25	25
Inflation	adjustment	to	share
capital		46,209	46,209
<b>Total capital</b>		<b>46,234</b>	<b>46,234</b>

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

(12) Share Capital and Legal Reserves (continued)

The list of Bank's shareholders is presented below:

	31 December 2018		31 December 2017	
	Share Amount TL (*)	Share Rate %	Share Amount TL (*)	Share Rate %
Treasury	13,780	55	13,780	55
T.C. Ziraat Bankası A.Ş.	4,806	19	4,806	19
Mervak İç ve Dış Ticaret A.Ş.	1,280	5	1,280	5
Türkiye Garanti Bankası A.Ş.	621	3	621	3
Türkiye İş Bankası A.Ş.	582	2	582	2
T.C. Sosyal Güvenlik Kurumu	422	2	350	2
Türkiye Kızılay Derneği	301	1	301	1
Türkiye Halk Bankası A.Ş.	277	1	277	1
Other	2,931	12	3,003	12
<b>Total nominal capital</b>	<b>25,000</b>	<b>100</b>	<b>25,000</b>	<b>100</b>

(\*) Share amounts are stated in full TL basis.

20% of the annual gross profit of the Bank is allocated as legal reserves each year. Additionally, after the deduction of legal reserves on gross profit and first dividends to shareholders, 10% of the remaining balance is allocated as extraordinary reserves.

By the decision of General Assembly of the Bank held on 12 April 2018, net profit for the year 2017 amounting to TL 21,482,097 in book entries kept in line with the provisions of Tax Procedure Law numbered 213, the Bank distributed dividends amounting to TL 19,198 to employees, TL 3 to shareholders and transferred TL 6,014,987 to legal reserves. The remaining amount of TL 12,356,541 is transferred to Treasury.

(13) Provisions

*Retirement Bonus and Severance Payments*

As of 31 December 2018, the Bank calculated retirement pay provision amounting to TL 173,605 (31 December 2017: TL 143,395) and recorded the full provision under the provision account.

Movement of employment termination is presented below:

	2018	2017
<b>1 January balance</b>	<b>143,395</b>	<b>194,805</b>
Interest and service cost	32,552	25,061
Paid during the year	(2,342)	(76,471)
<b>31 December balance</b>	<b>173,605</b>	<b>143,395</b>

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## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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### II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

#### (13) Provisions (continued)

##### *Insurance Provision for Money in Transit*

As of 31 December 2018, the Bank, calculated provision for the transfer insurance of banknotes, cash and securities amounting to TL 243,056 (31 December 2017: TL 243,056) and recorded the provision amount under the provision account.

#### (14) Tax Liability

##### Corporate Tax

	<b>31 December 2018</b>	<b>31 December 2017</b>
Corporate tax	10,610,547	3,091,368
Other taxes (*)	166,326	151,484
<b>Tax obligation – net</b>	<b>10,776,873</b>	<b>3,242,852</b>

(\*) It consists of income tax, bank insurance transactions tax, stamp duty and value added tax.

The Bank is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Bank's results for the current year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

As of 31 December 2018, the effective tax rate is 22% (2017: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2018 is 22%. (2017: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Tax expense for the years 2018 and 2017 is as follows:

	<b>1 January – 31 December 2018</b>	<b>1 January – 31 December 2017</b>
- Corporate tax (expense)	(10,610,547)	(3,091,368)
- Deferred tax income/(expense)	8,635	(11,148)
<b>Tax expense</b>	<b>(10,601,912)</b>	<b>(3,102,516)</b>

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

(14) Tax Liability (continued)

Deferred Tax

As of 31 December 2018 and 31 December 2017, the details of temporary differences and calculated deferred tax assets/ (liabilities) are presented below:

	Total temporary differences	Deferred tax assets/(liabilities)
	31 December 2018	31 December 2018
Employee benefit obligation	173,605	38,193
Fixed asset depreciation adjustment	23,562	5,184
Fair value increase of equity participations	(1,342,750)	(73,851)
<b>Net Liability</b>	<b>(1,145,583)</b>	<b>(30,474)</b>

  

	Total temporary differences	Deferred tax assets/(liabilities)
	31 December 2017	31 December 2017
Employee benefit obligation	143,395	28,679
Fixed asset depreciation adjustment	30,319	6,063
Fair value increase/(decrease) of equity participations	(973,188)	(48,659)
<b>Net Assets</b>	<b>(799,474)</b>	<b>(13,917)</b>

As of 31 December 2018 and 2017, movement of deferred tax assets is presented below:

	2018	2017
<b>1 January balance</b>	<b>(13,917)</b>	<b>4,128</b>
Deferred tax associated with the income statement, net	8,635	(11,148)
Deferred tax associated with other liabilities (*)	(25,192)	(6,897)
<b>31 December Balance</b>	<b>(30,474)</b>	<b>(13,917)</b>

(\*) Associated with the fair value increase/ (decrease) in equity participations and actuarial gain.

Reconciliation of tax expense is presented below:

	%	2018	%	2017
<b>Profit/(loss) before tax</b>		<b>66,881,467</b>		<b>21,486,419</b>
Provision calculated over the corporate tax rate	22	14,713,923	20	4,297,284
Tax free income	(6.1)	(4,124,329)	(5.5)	(1,196,431)
Undeductible expenses	-	22,436	-	1,663
Other	-	(10,118)	-	-
<b>Tax expense/(income)</b>	<b>15.9</b>	<b>10,601,912</b>	<b>14.5</b>	<b>3,102,516</b>

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II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)

(15) Valuation Account

As explained in the article 2-ii-a, Section "A. Notes and Explanations related to the Current Year" of the section - I "Notes and Explanations related to the Bank and its Financial Structure", the "Valuation Account" in the balance sheet represents the unrealized foreign exchange gains and losses and price changes of gold as at the balance sheet date. Foreign exchange gains and losses and price changes of gold realized during the period are recognized in the income statement.

(16) Other Liabilities

As of 31 December 2018, TL 74,914 (31 December 2017: TL 54,333) of other liabilities is the gold reserve in non-international standard kept in bank on behalf of Treasury and TL 39,401 (31 December 2017: TL 387,443) is the gold reserve in international standard kept in BIST on behalf of Treasury.

Other liabilities – other is presented below:

	<u>31 December</u> <u>2018</u>	<u>31 December</u> <u>2017</u>
Payables due to foreign exchange sales with future value date	1,819,640	320,612
Increase /(decrease) in equity participatipns	1,268,899	924,540
Account transactions with subsequent dates	1,098	141,886
Withholding tax belongs to repo interest written as income via rediscount	15,082	5,385
Seized and prudent money	408	637
Amounts waiting for the application of beneficiaries	553	784
Debts from bonds waiting for court decisions	5,473	4,025
Bills and money orders to be paid	303	18,983
Retirement pay provision actuarial gain	2,490	2,490
Payments to heirs as a result of death	16,168	10,733
Interests waiting because of its being under the limit	19,285	14,431
Money to be liquidated to the following period	974	10,441
Prior year's gains / (losses)	1,897	8,723
Increase in value of Turkish Lira-settled forward foreign exchange	305,883	404,313
Other	228,786	20,075
<b>Total</b>	<b>3,686,939</b>	<b>1,888,058</b>

Other liabilities –Breakdown of accrual expenses are shown below:

	<u>31 December</u> <u>2018</u>	<u>31 December</u> <u>2017</u>
IMF payments	14,072	6,884
Exchange rate difference from foreign exchange sale with future value date	25,320	37,221
Other	10,076	10,461
<b>Total Accrual Expenses</b>	<b>49,468</b>	<b>54,566</b>

**THE CENTRAL BANK OF THE REPUBLIC OF TURKEY**

**NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

**II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF BALANCE SHEET COMMITMENTS (Continued)**

**(17) Foreign Banks**

As of 31 December 2018 and 31 December 2017, foreign bank balances are presented below:

	<b>2018</b>		<b>2017</b>	
	<b>TL</b>	<b>Thousand US Dollar</b>	<b>TL</b>	<b>Thousand US Dollar</b>
Foreign banks	10,614,052	2,017,535	2,842	754

**III. NOTES AND EXPLANATIONS TO THE STATEMENT OF PROFIT OR LOSS**

**(1) Interest Income**

	<b><u>1 January – 31 December 2018</u></b>	<b><u>1 January – 31 December 2017</u></b>
Interests received from transactions of purchases under agreements to resell	11,713,015	3,249,405
Interest received from interbank monetary policy operations	11,356,862	8,936,681
Interests received from TL and FC securities	5,070,791	3,986,373
Interest received from banks	1,389,432	563,892
Interest received from loans	605,205	324,285
<b>Total</b>	<b>30,135,305</b>	<b>17,060,636</b>

**(2) Interest Expense**

	<b><u>1 January – 31 December 2018</u></b>	<b><u>1 January – 31 December 2017</u></b>
Interest paid to banks	7,556,052	4,681,120
Interest paid to Treasury accounts	4,296,485	2,206,889
Interest paid to IMF general use of resources	68,391	29,116
Interest paid to interbank monetary policy operations	381,566	6,912
Interest paid to deposits by citizens abroad	7	777
<b>Total</b>	<b>12,302,501</b>	<b>6,924,814</b>

**(3) Non-Interest Income**

	<b><u>1 January – 31 December 2018</u></b>	<b><u>1 January – 31 December 2017</u></b>
Foreign exchange gains	71,655,718	14,585,539
Other non-interest income	4,274,596	100,842
Dividend	11,632	11,141
<b>Total</b>	<b>75,941,946</b>	<b>14,697,522</b>

"Foreign Exchange Gains" consists of realized gains on foreign currency trading transactions during the current year.

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III. NOTES AND EXPLANATIONS TO THE STATEMENT OF PROFIT OR LOSS (Continued)

(4) Non-Interest Expenses

	<u>1 January – 31 December 2018</u>	<u>1 January – 31 December 2017</u>
Loss from Turkish Lira-settled forward foreign exchange transactions	15,268,191	-
Losses on purchase and sale of securities and fair value decreases	1,666,929	1,761,302
Provision for non-performing loans	2,345,363	419,467
Wages and salaries	766,355	763,646
General administrative and banknote expenses	326,181	249,887
Foreign exchange transaction losses	5,006,626	617,108
Depreciation expense	55,022	40,183
Social security expenses	93,889	84,768
Other non-interest expenses	2,040,912	5,093
<b>Total</b>	<b>27,569,468</b>	<b>3,941,454</b>

"Foreign Exchange Losses" consists of realized losses on foreign currency trading transactions during the current year.

Provisions for non-performing loans consists of the provisions provided for the accrued interest income on non-performing loans amounting to TL 36,045 (2017: TL 14,323) and provision provided for the foreign exchange difference on non-performing loans amounting to TL 2,309,318 occurred due to fluctuations in foreign exchange rates during the year (2017: TL 405,144).

IV. NOTES AND EXPLANATIONS TO CASH FLOW STATEMENT

(1) Cash and cash equivalents at the beginning of the period:

	<b>1 January 2018</b>	<b>1 January 2017</b>
Foreign Currency Banknotes	10,581,358	6,259,811
Coins	61,492	131,585
Foreign Correspondents / Deposit	21,967,858	24,385,360
Foreign Correspondents / Other	32,519,549	6,846,836
Receivables from Money Market Operations	137,407,700	95,495,800
Domestic Correspondents	19,462,966	-
<b>Cash and cash equivalents</b>	<b>222,000,923</b>	<b>133,119,392</b>

(2) Cash and cash equivalents at the end of the period:

	<b>31 December 2018</b>	<b>31 December 2017</b>
Foreign Currency Banknotes	18,069,286	10,581,358
Coins	83,670	61,492
Foreign Correspondents / Deposit	49,244,446	21,967,858
Foreign Correspondents / Other	185,506,622	32,519,549
Receivables from Money Market Operations	109,000,001	137,407,700
Domestic Correspondents	6,228,564	19,462,966
<b>Cash and cash equivalents</b>	<b>368,132,589</b>	<b>222,000,923</b>



# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

## NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS

### AS OF 31 DECEMBER 2018

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

## V. SUPPLEMENTARY FINANCIAL STATEMENTS

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

CURRENT PERIOD(31 December 2018)	No Maturity	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 years	5 years and over	Undistributed	Total
<b>ASSET</b>								
Gold Reserves	105,904,019	-	-	-	-	-	-	105,904,019
Foreign Currency Banknotes	18,069,286	-	-	-	-	-	-	18,069,286
Foreign Correspondents	185,506,622	52,680,170	4,673,619	32,298,912	88,722,781	666,207	-	364,548,311
Reserve Tranche Position	825,727	-	-	-	-	-	-	825,727
Securities Portfolio	-	-	1,152,289	1,454,692	8,653,673	2,443,131	-	13,703,785
Receivables from Money Market Operations	-	109,297,097	-	-	-	-	-	109,297,097
Domestic Correspondents	-	6,230,499	-	-	-	-	-	6,230,499
Loans	47,671	7,844,816	17,537,737	55,552,066	-	-	-	80,982,290
Equity Participations	1,468,827	-	-	-	-	-	-	1,468,827
Treasury Liability due to SDR Allocation	7,844,169	-	-	-	-	-	-	7,844,169
Fixed Assets (Net)	-	-	-	-	-	-	541,979	541,979
Loans Under Legal Follow-up (net)	-	-	-	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-	-	-
Other Assets	12,006,820	-	12,683	-	-	-	64,307	12,083,810
<b>Total Assets</b>	<b>331,673,141</b>	<b>176,052,582</b>	<b>23,376,328</b>	<b>89,305,670</b>	<b>97,376,454</b>	<b>3,109,338</b>	<b>606,286</b>	<b>721,499,799</b>
<b>LIABILITY</b>								
Currency in Circulation	132,261,722	-	-	-	-	-	-	132,261,722
Payables due to Money Market Operations	-	13,597,426	-	-	-	-	-	13,597,426
Deposits	28,811,448	383,468,226	-	-	-	-	-	412,279,674
Foreign Correspondents	10,614,052	-	-	-	-	-	-	10,614,052
Reserve Tranche Position	825,727	-	-	-	-	-	-	825,727
SDR Allocation	7,844,169	-	-	-	-	-	-	7,844,169
Tax Liability	-	-	10,807,347	-	-	-	-	10,807,347
Provisions	-	-	-	-	-	-	-	-
Share Capital and Legal Reserves	-	-	-	-	-	-	416,662	416,662
Valuation Account	-	-	-	-	-	-	27,602,161	27,602,161
Profit for the Year	-	-	-	-	-	-	45,004,665	45,004,665
Other Liabilities	-	-	-	-	-	-	56,279,555	56,279,555
<b>Total Liabilities</b>	<b>182,166,440</b>	<b>397,833,709</b>	<b>10,807,347</b>	<b>89,305,670</b>	<b>97,376,454</b>	<b>-</b>	<b>130,692,303</b>	<b>721,499,799</b>
<b>Net Liquidity Position</b>	<b>149,506,701</b>	<b>(221,781,127)</b>	<b>12,568,981</b>	<b>89,305,670</b>	<b>3,109,338</b>	<b>-</b>	<b>(130,086,017)</b>	<b>-</b>

# THE CENTRAL BANK OF THE REPUBLIC OF TURKEY

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### FV. SUPPLEMENTARY FINANCIAL STATEMENTS (Continued)

#### Presentation of Assets and Liabilities according to their remaining maturities

PRIOR PERIOD (31 December 2017)	No Maturity	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 years	5 years and over	Undistributed	Total
<b>ASSET</b>								
Gold Reserves	88,778,170	-	-	-	-	-	-	88,778,170
Foreign Currency Banknotes	10,581,358	-	-	-	-	-	-	10,581,358
Foreign Correspondents	32,519,886	30,497,455	57,480,883	127,536,811	57,707,913	608,130	-	306,351,078
Reserve Tranche Position	606,030	-	-	-	-	-	-	606,030
Securities Portfolio	-	-	1,802,885	3,904,518	7,528,948	1,295,194	-	14,531,545
Receivables from Money Market Operations	-	137,553,171	-	-	-	-	-	137,553,171
Domestic Correspondents	-	19,467,018	-	-	-	-	-	19,467,018
Loans	34,179	6,800,498	12,233,369	28,646,630	-	-	-	47,714,676
Equity Participations	1,064,813	-	-	-	-	-	-	1,064,813
Treasury Liability due to SDR Allocation	5,757,112	-	-	-	-	-	-	5,757,112
Fixed Assets (Net)	-	-	-	-	-	-	324,862	324,862
Loans Under Legal Follow-up	-	-	-	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-	-	-
Other Assets	4,170,137	-	6,206	-	-	-	64,308	4,240,651
<b>Total Assets</b>	<b>143,511,685</b>	<b>194,318,142</b>	<b>71,523,343</b>	<b>160,087,959</b>	<b>65,236,861</b>	<b>1,903,324</b>	<b>389,170</b>	<b>636,970,484</b>
<b>LIABILITY</b>								
Currency in Circulation	131,457,662	-	-	-	-	-	-	131,457,662
Payables due to Money Market Operations	-	19,808,749	-	-	-	-	-	19,808,749
Deposits	7,905,920	369,860,342	-	-	2,260	-	-	377,768,522
Foreign Correspondents	2,842	-	-	-	-	-	-	2,842
Reserve Tranche Position	606,030	-	-	-	-	-	-	606,030
SDR Allocation	5,757,112	-	-	-	-	-	-	5,757,112
Tax Liability	-	-	3,256,769	-	-	-	-	3,256,769
Provisions	-	-	-	-	-	-	386,451	386,451
Share Capital and Legal Reserves	-	-	-	-	-	-	21,587,174	21,587,174
Valuation Account	-	-	-	-	-	-	55,296,111	55,296,111
Profit for the Year	-	-	-	-	-	-	18,383,903	18,383,903
Other Liabilities	922,421	526,199	-	-	-	-	1,210,539	2,659,159
<b>Total Liabilities</b>	<b>146,651,987</b>	<b>390,195,290</b>	<b>3,256,769</b>	<b>160,087,959</b>	<b>2,260</b>	<b>-</b>	<b>96,864,178</b>	<b>636,970,484</b>
<b>Net Liquidity Position</b>	<b>(3,140,302)</b>	<b>(195,877,148)</b>	<b>68,266,574</b>	<b>160,087,959</b>	<b>65,234,601</b>	<b>1,903,324</b>	<b>(96,475,008)</b>	<b>-</b>